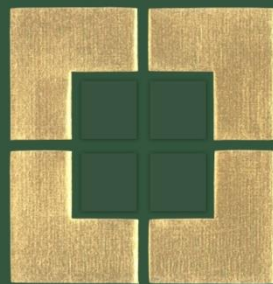


**Cameron
Independent School District**

August 31, 2017

Financial Statements



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

CERTIFIED PUBLIC ACCOUNTANTS

CAMERON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2017

**CAMERON INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF BOARD	3	
Independent Auditors' Report	5-7	
Management's Discussion and Analysis	9-14	
 <u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Position	17	A-1
Statement of Activities	19	B-1
Governmental Fund Financial Statements:		
Balance Sheet	20-21	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22	C-2
Statement of Revenues, Expenditures and Changes in Fund Balance	24-25	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	27	C-4
Agency Fund Financial Statements:		
Statement of Assets and Liabilities	28	E-1
Notes to the Financial Statements	29-46	
 <u>Required Supplementary Information</u>		
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	48	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability Teacher Retirement System	49	G-2
Schedule of the District's Contributions - Teacher Retirement System	50	G-3
Notes to Required Supplementary Information	51	
 <u>Combining Schedules</u>		
Nonmajor Governmental Funds:		
Combining Balance Sheet	54-55	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	56-57	H-2
 <u>Required TEA Schedules</u>		
Schedule of Delinquent Taxes Receivable	60-61	J-1
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Child Nutrition Program	62	J-4
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Debt Service Fund	63	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>	67-68	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	69-70	
Schedule of Findings and Questioned Costs	71-72	
Schedule of Prior Audit Findings and Corrective Action Plan	73	
Schedule of Expenditures of Federal Awards	75	K-1
Notes to Schedule of Expenditures of Federal Awards	77	

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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, 2017, at a meeting of the Board of Trustees of such school district on the 11th day of December, 2017.



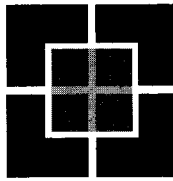
Signature of Board Secretary



Signature of Board President

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

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BROCKWAY
GERSBACH
FRANKLIN &
NIEMEIER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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, 2017, 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.

INDEPENDENT AUDITORS' REPORT

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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 14, budgetary comparison information on page 48 of the schedule of the District's proportionate share of the net pension liability on page 49, and the schedule of District contributions on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, 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.

INDEPENDENT AUDITORS' REPORT

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.

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 60 through 63. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance



Temple, Texas
December 8, 2017

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2017**

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, 2017. Please read it in conjunction with the Independent Auditors' Report on pages 5 - 7, and the District's Basic Financial Statements which begin on page 17.

FINANCIAL HIGHLIGHTS

- The General Fund ended the year with a fund balance of \$ 5,916,670.
- The General Fund had a decrease in total expenditures of approximately \$ 434,000 from the prior year, due to decrease in capital outlay for construction. General Fund expenditures were approximately \$ 662,000 less than budgeted expenditures.
- During the year the District generated \$ 19,313,056 in tax and other revenues for governmental activities. These revenues exceeded the District's governmental activities expenses by \$ 935,063.
- The total cost of all the District's programs decreased \$ 118,981 from the prior year due primarily to less general administration and interest expense in the prior year.

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, 2017**

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, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities increased from \$ 7,474,203 to \$ 8,409,266. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$ 3,868,428 at August 31, 2017. This is an increase of \$ 594,653 in governmental unrestricted net position.

**Table I
Cameron Independent School District**

NET POSITION

	Governmental Activities 2017	Governmental Activities 2016
Current and Other Assets	\$ 8,069,606	\$ 6,686,125
Capital Assets	23,453,300	24,832,117
Total Assets	31,522,906	31,518,242
Deferred Outflows of Resources	1,633,455	1,874,052
Other Liabilities	825,526	857,604
Long-Term Liabilities	23,630,079	24,823,802
Total Liabilities	24,455,605	25,681,406
Deferred Inflows of Resources	291,490	236,685
Net Position:		
Invested in Capital Assets, Net of Related Debt	3,382,670	3,188,423
Restricted	1,158,168	1,012,005
Unrestricted	3,868,428	3,273,775
Total Net Position	\$ 8,409,266	\$ 7,474,203

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2017**

**Table II
Cameron Independent School District**

CHANGES IN NET POSITION

	Governmental Activities 2017	Governmental Activities 2016
Revenues:		
Program Revenues:		
Charges for Services	\$ 225,053	\$ 219,815
Operating Grants and Contributions	2,529,085	2,994,668
General Revenues:		
Maintenance and Operations Taxes	3,688,926	3,305,164
Debt Service Taxes	1,154,764	1,103,008
State Aid - Formula Grants	11,437,959	11,531,821
Investment Earnings	75,111	61,907
Miscellaneous Income	202,158	87,710
Total Revenues	19,313,056	19,304,093
Expenses:		
Instruction, Curriculum and Media Services	10,192,269	10,086,868
Instructional and School Leadership	955,123	943,583
Student Support Services	787,995	797,306
Food Services	1,302,024	1,272,365
Extracurricular Activities	1,565,322	1,559,706
General Administration	669,280	797,201
Plant Maintenance, Security, and Data Processing	2,067,050	2,092,406
Community Services	19,008	45,160
Debt Services - Interest and Bond Fees	692,720	786,594
Payments to Other Districts/Agencies	127,202	115,785
Total Expenses	18,377,993	18,496,974
Excess of Revenues Over Expenses	935,063	807,119
Change in Net Position	935,063	807,119
Net Position - Beginning	7,474,203	6,667,084
Net Position - Ending	\$ 8,409,266	\$ 7,474,203

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's total revenues increased by approximately \$ 9,000 from the prior year. The District's cost of all programs and services decreased from the prior year by approximately \$ 119,000. The change is primarily due to the decrease in general administration expenses.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 20) reported a combined fund balance of \$ 7,076,685, which is \$ 1,415,960 more than last year's total of \$ 5,660,725. This is due primarily to an increase in ADA and property tax revenue and also fewer capital outlays in 2017.

The District's General Fund balance of \$ 5,916,670 reported on page 20 differs from the General Fund's budgeted fund balance of \$ 4,383,247 reported in the budgetary comparison schedule on page 48 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 CTE Director and a technology position, TRS surcharges for the high school principal, shifting the athletic budget to spring rather than fall billing, adding a wrestling program and various summer projects. Additionally, tax revenues and state funding both increased while SHARS revenue estimates were less than expected. An adjustment was also made to cover accruals.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had \$ 23,453,300, 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	\$ 147,253
Furniture and Equipment	<u>286,333</u>
Total	<u><u>\$ 433,586</u></u>

Debt

At year-end, the District had \$ 19,276,330 in bonds and loans outstanding versus \$ 20,316,837 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 36.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal year 2017 budget and tax rates. One of those factors is the overall economy in the state of Texas. The Texas State Legislature restored funding to public education slightly, but did not restore funding to the level cut during the previous biennium.

ADA is relatively stable from 2017. The District will use its revenues to finance programs it currently offers. The District has added no major new programs or initiatives to the 2018 budget. However, due to the increase in ADA, several new faculty and staff positions will be added. The budget for 2017–2018 is \$ 16,275,246.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain the same at the close of 2018.

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, 2017**

Data Control Codes		<u>Primary Government</u> Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 6,225,195
1220	Property Taxes Receivable (Delinquent)	262,830
1230	Allowance for Uncollectible Taxes	(78,849)
1240	Due from Other Governments	1,660,430
	Capital Assets:	
1510	Land	728,654
1520	Buildings, Net	21,157,628
1530	Furniture and Equipment, Net	1,567,018
1000	Total Assets	<u>31,522,906</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Amount on Refunding	435,978
1705	Deferred Outflow Related to TRS	1,197,477
1700	Total Deferred Outflows of Resources	<u>1,633,455</u>
LIABILITIES		
2110	Accounts Payable	124,777
2140	Interest Payable	26,961
2160	Accrued Wages Payable	599,127
2190	Due to Student Groups	40,322
2200	Accrued Expenditures	16,343
2300	Unearned Revenues	17,996
	Noncurrent Liabilities:	
2501	Due Within One Year	1,162,909
2502	Due in More Than One Year	19,343,699
2540	Net Pension Liability (District's Portion)	3,123,471
2000	Total Liabilities	<u>24,455,605</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS	<u>291,490</u>
2600	Total Deferred Inflows of Resources	291,490
NET POSITION		
3200	Net Investment in Capital Assets	3,382,670
3820	Restricted for Federal and State Programs	219,783
3850	Restricted for Debt Service	938,385
3900	Unrestricted	3,868,428
3000	Total Net Position	<u>\$ 8,409,266</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, 2017**

Data Control Codes	1	Program Revenues		Net (Expense)
		3	4	Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 9,685,121	\$ 4,165	\$ 749,065	\$ (8,931,891)
12 Instructional Resources and Media Services	222,679	-	1,197	(221,482)
13 Curriculum and Instructional Staff Development	284,469	-	661	(283,808)
23 School Leadership	955,123	-	6,273	(948,850)
31 Guidance, Counseling and Evaluation Services	342,800	-	2,273	(340,527)
32 Social Work Services	35,000	-	-	(35,000)
33 Health Services	121,125	-	1,423	(119,702)
34 Student (Pupil) Transportation	289,070	-	4,371	(284,699)
35 Food Services	1,302,024	133,147	988,804	(180,073)
36 Extracurricular Activities	1,565,322	87,741	2,952	(1,474,629)
41 General Administration	669,280	-	2,658	(666,622)
51 Facilities Maintenance and Operations	1,645,407	-	5,064	(1,640,343)
52 Security and Monitoring Services	19,071	-	-	(19,071)
53 Data Processing Services	402,572	-	1,338	(401,234)
61 Community Services	19,008	-	117	(18,891)
72 Debt Service - Interest on Long-Term Debt	690,914	-	762,889	71,975
73 Debt Service - Bond Issuance Cost and Fees	1,806	-	-	(1,806)
93 Payments related to Shared Services Arrangements	127,202	-	-	(127,202)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 18,377,993</u>	<u>\$ 225,053</u>	<u>\$ 2,529,085</u>	<u>(15,623,855)</u>
Data Control Codes				
General Revenues:				
Taxes:				
MT	Property Taxes, Levied for General Purposes			3,688,926
DT	Property Taxes, Levied for Debt Service			1,154,764
SF	State Aid - Formula Grants			11,437,959
IE	Investment Earnings			75,111
MI	Miscellaneous Local and Intermediate Revenue			202,158
TR	Total General Revenues			<u>16,558,918</u>
CN	Change in Net Position			935,063
NB	Net Position - Beginning			<u>7,474,203</u>
NE	Net Position - Ending			<u>\$ 8,409,266</u>

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017**

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds
ASSETS				
1110	Cash and Cash Equivalents	\$ 4,979,741	\$ 942,495	\$ 302,959
1220	Property Taxes - Delinquent	201,704	61,126	-
1230	Allowance for Uncollectible Taxes (Credit)	(60,511)	(18,338)	-
1240	Due from Other Governments	1,622,874	-	37,556
1260	Due from Other Funds	15,706	-	-
1000	Total Assets	<u>\$ 6,759,514</u>	<u>\$ 985,283</u>	<u>\$ 340,515</u>
LIABILITIES				
2110	Accounts Payable	\$ 121,335	\$ -	\$ 3,442
2160	Accrued Wages Payable	545,100	-	54,027
2170	Due to Other Funds	-	-	15,706
2190	Due to Student Groups	-	-	40,322
2200	Accrued Expenditures	10,955	-	5,388
2300	Unearned Revenues	17,996	-	-
2000	Total Liabilities	<u>695,386</u>	<u>-</u>	<u>118,885</u>
DEFERRED INFLOWS OF RESOURCES				
2600	Unavailable Revenue - Property Taxes	147,458	46,898	-
	Total Deferred Inflows of Resources	<u>147,458</u>	<u>46,898</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	219,783
3480	Retirement of Long-Term Debt	-	938,385	-
Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	1,847
3600	Unassigned Fund Balance	5,916,670	-	-
3000	Total Fund Balances	<u>5,916,670</u>	<u>938,385</u>	<u>221,630</u>
4000	Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,759,514</u>	<u>\$ 985,283</u>	<u>\$ 340,515</u>

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

Total
Governmental
Funds

\$	6,225,195
	262,830
	(78,849)
	1,660,430
	15,706
<hr/>	
\$	8,085,312
<hr/>	

\$	124,777
	599,127
	15,706
	40,322
	16,343
	17,996
<hr/>	

814,271

194,356

194,356

219,783
938,385

1,847
5,916,670

7,076,685

\$	8,085,312
<hr/>	

**CAMERON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2017**

Total Fund Balances - Governmental Funds		\$ 7,076,685
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	40,908,672
	Furniture and equipment	4,678,274
	Accumulated depreciation	<u>(22,862,300)</u>
	Total capital assets	<u>\$ 23,453,300</u> 23,453,300
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	\$ 435,978
	Deferred outflows related to TRS	<u>1,197,477</u>
		<u><u>1,633,455</u></u> 1,633,455
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.	194,356
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	\$ (26,961)
	Bonds	(19,255,000)
	Capital leases	(21,330)
	Premiums/discounts	(1,230,278)
	Net pension liability	<u>(3,123,471)</u>
		<u><u>\$ (23,657,040)</u></u> (23,657,040)
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	<u>(291,490)</u>
19	Net Position of Governmental Activities	<u><u>\$ 8,409,266</u></u>

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

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**CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 4,047,756	\$ 1,166,460	\$ 133,146
5800 State Program Revenues	11,437,959	762,889	94,271
5900 Federal Program Revenues	47,984	-	1,548,334
5020 Total Revenues	<u>15,533,699</u>	<u>1,929,349</u>	<u>1,775,751</u>
EXPENDITURES:			
Current:			
0011 Instruction	8,229,763	-	589,259
0012 Instructional Resources and Media Services	168,212	-	-
0013 Curriculum and Instructional Staff Development	216,548	-	64,750
0023 School Leadership	907,820	-	-
0031 Guidance, Counseling and Evaluation Services	331,425	-	-
0032 Social Work Services	35,000	-	-
0033 Health Services	116,667	-	-
0034 Student (Pupil) Transportation	504,894	-	-
0035 Food Services	505	-	1,163,638
0036 Extracurricular Activities	1,027,018	-	-
0041 General Administration	661,637	-	-
0051 Facilities Maintenance and Operations	1,580,908	-	-
0052 Security and Monitoring Services	19,071	-	-
0053 Data Processing Services	324,629	-	-
0061 Community Services	13,920	-	4,867
Debt Service:			
0071 Principal on Long-Term Debt	-	1,020,000	-
0072 Interest on Long-Term Debt	-	713,300	-
0073 Bond Issuance Cost and Fees	-	1,806	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	127,202	-	-
6030 Total Expenditures	<u>14,265,219</u>	<u>1,735,106</u>	<u>1,822,514</u>
1200 Net Change in Fund Balances	1,268,480	194,243	(46,763)
0100 Fund Balance - September 1 (Beginning)	4,648,190	744,142	268,393
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,916,670</u>	<u>\$ 938,385</u>	<u>\$ 221,630</u>

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

Total
Governmental
Funds

\$	5,347,362
	12,295,119
	1,596,318
	<u>19,238,799</u>

8,819,022
168,212
281,298
907,820
331,425
35,000
116,667
504,894
1,164,143
1,027,018
661,637
1,580,908
19,071
324,629
18,787

1,020,000
713,300
1,806

<u>127,202</u>

<u>17,822,839</u>

1,415,960

<u>5,660,725</u>

\$	<u>7,076,685</u>
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**CAMERON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017**

Total Net Change in Fund Balances - Governmental Funds \$ 1,415,960

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	\$ 433,586	
Depreciation expense	(1,812,403)	
	\$ (1,378,817)	(1,378,817)

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.

(1,350)

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:

Bond principal repayments	\$ 1,020,000	
Capital lease principal repayments	20,507	
Amortization of bond issuance premiums	96,579	
Amortization of deferred amounts on refundings	(75,144)	
Net adjustment	\$ 1,061,942	1,061,942

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.

950

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 \$ 295,195. 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 \$ 261,911. 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 \$ 196,826. The net result is a decrease in the change in net position.

(163,622)

Change in Net Position of Governmental Activities \$ 935,063

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AUGUST 31, 2017**

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 61,077
Total Assets	\$ 61,077
LIABILITIES	
Due to Student Groups	\$ (61,077)
Total Liabilities	\$ (61,077)

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, 2017**

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, 2017**

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, 2017**

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.

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.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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

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

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

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

Capital Assets

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

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

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

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

Compensated Absences

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

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.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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.

E. OTHER ACCOUNTING POLICIES

The District chose to include the campus activity funds as a special revenue fund (fund 461) versus an agency fund. These funds are used for the benefit of the District's campuses such as breakroom supplies but not for operational costs of the District. Campus principals determine how these funds are used.

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.

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.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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.

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, 2017, 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, 2017, the carrying amount of the District's deposits was \$ 6,225,195 and the bank balance was \$ 6,339,511. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2017, were covered by FDIC insurance or by pledged securities by the District's agent bank in the District's name.

Policies Governing Deposits and Investments

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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.

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, 2017 consisted of the following balances:

Fund	Due from Other Funds	Due to Other Funds
<u>General Fund:</u>		
Non-major Special Revenue Funds	\$ 15,706	\$ -
Total General Fund	15,706	-
<u>Non-major Special Revenue Funds:</u>		
General Fund	-	15,706
Total Non-major Special Revenue Funds	-	15,706
TOTAL	<u>\$ 15,706</u>	<u>\$ 15,706</u>

D. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Land	\$ 728,654	\$ -	\$ -	\$ 728,654
Building and Improvements	40,761,419	147,253	-	40,908,672
Furniture and Equipment	4,428,440	286,333	(36,499)	4,678,274
Totals at Historic Cost	45,918,513	433,586	(36,499)	46,315,600
Less Accumulated Depreciation for:				
Buildings and Improvements	(18,269,508)	(1,481,536)	-	(19,751,044)
Furniture and Equipment	(2,816,888)	(330,867)	36,499	(3,111,256)
Total Accumulated Depreciation	(21,086,396)	(1,812,403)	36,499	(22,862,300)
Governmental Activities Capital Assets, Net	<u>\$ 24,832,117</u>	<u>\$ (1,378,817)</u>	<u>\$ -</u>	<u>\$ 23,453,300</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 758,403
Instructional Resources and Media Services	51,834
Curriculum Development	589
School Leadership	26,189
Guidance, Counseling and Evaluation Services	5,561
Health Services	2,342
Student Transportation	84,949
Food Services	119,169
Extracurricular Activities	555,694
General Administration	1,083
Facilities Maintenance and Operations	131,161
Data Processing Services	75,429
Total Depreciation Expense	<u><u>\$ 1,812,403</u></u>

E. LEASES

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

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

Date of Issue and Purpose	Interest Rate	Maturity Date	Amounts Outstanding 9/1/2016	Issued Current Year	(Retired) Current Year	Amounts Outstanding 8/31/2017	Due Within One Year
6/20/2013 Copier Lease	4.6%	6/20/2018	<u>\$ 41,837</u>	<u>\$ -</u>	<u>\$ (20,507)</u>	<u>\$ 21,330</u>	<u>\$ 21,330</u>

The required payments to maturity are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2018	21,330	605	21,935
	<u>\$ 21,330</u>	<u>\$ 605</u>	<u>\$ 21,935</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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, 2017, were as follows:

Date of Issue and Purpose	Interest Rate	Amounts Outstanding 9/1/2016	Issued Current Year	(Retired/ Refunded) Current Year	Amounts Outstanding 8/31/2017	Due Within One Year
11/1/2010						
Unlimited Tax Refunding Bonds, Series 2010	3.0-4.0%	\$ 11,470,000	\$ -	\$ (430,000)	\$ 11,040,000	\$ 440,000
7/15/2014						
Unlimited Tax School Building Bonds, Series 2014	2.0-4.0%	5,160,000	-	(175,000)	4,985,000	180,000
11/1/2015						
Unlimited Tax Refunding Bonds, Series 2015	4.0%	3,645,000	-	(415,000)	3,230,000	425,000
Total		\$ 20,275,000	\$ -	\$ (1,020,000)	\$ 19,255,000	\$ 1,045,000

Debt service requirements are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2018	\$ 1,045,000	\$ 686,100	\$ 1,731,100
2019	1,075,000	655,425	1,730,425
2020	1,110,000	623,250	1,733,250
2021	1,145,000	589,500	1,734,500
2022	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
	\$ 19,255,000	\$ 5,982,925	\$ 25,237,925

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, 2017.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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

Long-term liability activity for the year ended August 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions/ Amortization	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 20,275,000	\$ -	\$ (1,020,000)	\$ 19,255,000	\$ 1,045,000
Capital Leases	41,837	-	(20,507)	21,330	21,330
Bond Premium	1,326,857	-	(96,579)	1,230,278	96,579
Net Pension Liability	3,180,108	205,984	(262,621)	3,123,471	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 24,823,802</u>	<u>\$ 205,984</u>	<u>\$ (1,399,707)</u>	<u>\$ 23,630,079</u>	<u>\$ 1,162,909</u>

The following is a summary of deferred amounts on refunding for the year ended August 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Unlimited Tax Refunding Bonds	\$ 511,521	\$ -	\$ (75,543)	\$ 435,978	\$ (75,543)

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, 2017, are summarized below. Most federal grants shown below are passed through the TEA and all are reported on the statement of net position as Due from Other Governments.

Fund	State Entitlements	State & Federal Grants	Total
General	\$ 1,622,874	\$ -	\$ 1,622,874
Nonmajor Governmental Funds	-	37,556	37,556
Total	<u>\$ 1,622,874</u>	<u>\$ 37,556</u>	<u>\$ 1,660,430</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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	\$ 3,647,200	\$ 1,140,913	\$ -	\$ 4,788,113
Penalties, Interest and Other				
Tax-Related Income	43,076	13,851	-	56,927
Investment Income	66,655	11,696	-	78,351
Food Sales	-	-	133,146	133,146
Extracurricular Student Activities	87,741	-	-	87,741
Other	203,084	-	-	203,084
Total	\$ 4,047,756	\$ 1,166,460	\$ 133,146	\$ 5,347,362

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.

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/TRS%20Documents/CAFR-2016.pdf>, 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.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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

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

	<u>Contribution Rates</u>	
	<u>2016</u>	<u>2017</u>
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Current fiscal year employer contributions	\$ 295,195	
Current fiscal year member contributions	746,778	
2016 measurement year NECE on-behalf contributions	472,880	

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

Actuarial Assumptions. The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
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)	2115
Inflation	2.50%
Salary Increases	3.50% to 9.50% including inflation
Benefit Changes during the year	None
Ad hoc post employment benefit changes	None

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

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, 2017**

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

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:	\$ 4,834,080	\$ 3,123,471	\$ 1,672,528

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2017, the District reported a net pension liability of \$ 3,123,471 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	\$ 3,123,471
State's Proportionate Share that is Associated with the District	5,613,014
Total	\$ 8,736,485

The net pension liability was measured as of August 31, 2016 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, 2015 thru August 31, 2016.

At August 31, 2016, the employer's proportion of the collective net pension liability was 0.0082657%, which is a decrease of 0.0007307% from its proportion measured as of August 31, 2015.

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, 2017, the District recognized pension expense of \$ 582,497 and revenue of \$ 582,497 for support provided by the State.

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

At August 31, 2017, 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	\$ 48,975	\$ 93,265
Changes in actuarial assumptions	95,198	86,578
Difference between projected and actual investment earnings	264,489	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	493,620	111,647
Total as of August 31, 2016 measurement date	902,282	291,490
Contributions paid to TRS subsequent to the measurement date	295,195	-
	\$ 1,197,477	\$ 291,490

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
2018	\$ 105,842
2019	105,842
2020	274,546
2021	92,878
2022	43,054
Thereafter	(11,370)
	\$ 610,792

K. RETIREE HEALTH PLAN

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2017-2015.

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 49,527	1.0%	\$ 76,195	0.55%	\$ 41,907
2016	0.65%	\$ 45,228	1.0%	\$ 69,581	0.55%	\$ 38,270
2015	0.65%	\$ 55,957	1.0%	\$ 86,088	0.55%	\$ 47,349

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

In accordance with GASB Statement No. 24, the District has recognized as revenues and expenditures, contributions made by the State to TRS on-behalf of the District's employees. The State made contributions related to on-behalf Medicare Part D payments for the years ended August 31, 2017, 2016 and 2015 of \$ 49,650, \$ 35,221 and \$ 36,874, respectively. These revenues equal expenditures and are reflected in the fund financial statements for the General Fund.

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, 2017 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:

**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

Program	CFDA Number	District Value
State and Local	--	\$ 131,869
IDEA-B,	84.027	415,271
IDEA-B, Preschool	84.173	8,566
Total		<u>\$ 555,706</u>

The expenditures under the above programs were classified as follows:

Classification	Amount
6100 - Payroll Costs	\$ 395,943
6200 - Contracted Services	114,968
6300 - Supplies and Materials	27,291
6400 - Other Operating Costs	17,504
6500 - Debt Service	-
6600 - Capital Outlay	-
	<u>\$ 555,706</u>

O. HEALTH CARE COVERAGE AND MAINTENANCE OF EFFORT

During the year ended August 31, 2017, 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 \$ 721,500 for the 185 participating employees at August 31, 2017. There were 251 employees eligible for coverage at August 31, 2017.

P. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 8, 2017, the date in which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
		Original	Final		Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 3,761,900	\$ 3,846,900	\$ 4,047,756	\$ 200,856
5800	State Program Revenues	10,921,688	10,926,688	11,437,959	511,271
5900	Federal Program Revenues	115,000	65,000	47,984	(17,016)
5020	Total Revenues	<u>14,798,588</u>	<u>14,838,588</u>	<u>15,533,699</u>	<u>695,111</u>
	EXPENDITURES:				
	Current:				
0011	Instruction	8,530,447	8,530,447	8,229,763	300,684
0012	Instructional Resources and Media Services	185,250	185,250	168,212	17,038
0013	Curriculum and Instructional Staff Development	217,975	229,975	216,548	13,427
0023	School Leadership	966,860	978,360	907,820	70,540
0031	Guidance, Counseling and Evaluation Services	376,100	376,100	331,425	44,675
0032	Social Work Services	35,000	35,000	35,000	-
0033	Health Services	145,300	145,300	116,667	28,633
0034	Student (Pupil) Transportation	598,059	598,059	504,894	93,165
0035	Food Services	-	-	505	(505)
0036	Extracurricular Activities	1,055,050	1,088,285	1,027,018	61,267
0041	General Administration	729,698	729,698	661,637	68,061
0051	Facilities Maintenance and Operations	1,527,015	1,663,015	1,580,908	82,107
0052	Security and Monitoring Services	21,000	21,000	19,071	1,929
0053	Data Processing Services	350,300	371,975	324,629	47,346
0061	Community Services	10,000	25,000	13,920	11,080
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts	126,067	126,067	127,202	(1,135)
6030	Total Expenditures	<u>14,874,121</u>	<u>15,103,531</u>	<u>14,265,219</u>	<u>838,312</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(75,533)</u>	<u>(264,943)</u>	<u>1,268,480</u>	<u>1,533,423</u>
	OTHER FINANCING SOURCES (USES):				
8911	Operating Transfers Out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balances	<u>(75,533)</u>	<u>(264,943)</u>	<u>1,268,480</u>	<u>1,533,423</u>
0100	Fund Balance - September 1 (Beginning)	<u>4,648,190</u>	<u>4,648,190</u>	<u>4,648,190</u>	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 4,572,657</u>	<u>\$ 4,383,247</u>	<u>\$ 5,916,670</u>	<u>\$ 1,533,423</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2017**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability (Asset)	0.008265662%	0.008996400%	0.006393600%
District's Proportionate Share of Net Pension Liability (Assett)	\$ 3,123,471	\$ 3,180,108	\$ 1,707,819
State's Proportionate Share of the Net Pension Liability (Assett) associated with the District	<u>5,613,014</u>	<u>5,414,269</u>	<u>4,516,526</u>
Total	<u>\$ 8,736,485</u>	<u>\$ 8,594,377</u>	<u>\$ 6,224,345</u>
District's Covered Employee Payroll	\$ 8,990,042	\$ 8,878,985	\$ 8,609,608
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered Employee Payroll	34.74%	35.82%	19.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

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 CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR FISCAL YEAR 2017**

	Fiscal Year Ended August 31,		
	2017	2016	2015
Contractually Required Contribution	\$ 295,195	\$ 261,991	\$ 266,388
Contribution in Relation to the Contractually Required Contribution	<u>(295,195)</u>	<u>(261,991)</u>	<u>(266,388)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 9,705,865	\$ 8,990,042	\$ 8,878,985
Contributions as a Percentage of Covered Employee Payroll	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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2017**

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, 2017**

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Vocational Education Basic Grant	255 ESEA II, A Training and Recruiting
ASSETS					
1110	\$ 26,599	\$ 201,201	\$ 16,302	\$ -	\$ -
1240	-	19,705	-	-	17,009
1000	<u>\$ 26,599</u>	<u>\$ 220,906</u>	<u>\$ 16,302</u>	<u>\$ -</u>	<u>\$ 17,009</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	\$ -	\$ -	\$ -	\$ -	\$ -
2160	24,208	28,191	-	-	1,628
2170	-	-	-	-	15,215
2190	-	-	-	-	-
2200	2,391	2,831	-	-	166
2000	<u>26,599</u>	<u>31,022</u>	<u>-</u>	<u>-</u>	<u>17,009</u>
Fund Balances:					
Restricted Fund Balance:					
3450	-	189,884	16,302	-	-
Assigned Fund Balance:					
3590	-	-	-	-	-
3000	<u>-</u>	<u>189,884</u>	<u>16,302</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 26,599</u>	<u>\$ 220,906</u>	<u>\$ 16,302</u>	<u>\$ -</u>	<u>\$ 17,009</u>

EXHIBIT H-1

263 Title III Bilingual/ESL	270 Title IV, B Rural & Low Inc Sch Prg	289 Rural Educ. Achievement Program	410 State Textbook Fund	429 Ready to Read Grant	461 Campus Activity Funds	484 Centex Workforce Grant	486 Austin Food Bank Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,165	\$ 15,523	\$ -	\$ 40,322	\$ 217	\$ 1,630	\$ 302,959
272	-	-	234	336	-	-	-	37,556
<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 1,165</u>	<u>\$ 15,757</u>	<u>\$ 336</u>	<u>\$ 40,322</u>	<u>\$ 217</u>	<u>\$ 1,630</u>	<u>\$ 340,515</u>
\$ -	\$ -	\$ -	\$ 3,442	\$ -	\$ -	\$ -	\$ -	\$ 3,442
-	-	-	-	-	-	-	-	54,027
272	-	-	-	219	-	-	-	15,706
-	-	-	-	-	40,322	-	-	40,322
-	-	-	-	-	-	-	-	5,388
<u>272</u>	<u>-</u>	<u>-</u>	<u>3,442</u>	<u>219</u>	<u>40,322</u>	<u>-</u>	<u>-</u>	<u>118,885</u>
-	-	1,165	12,315	117	-	-	-	219,783
-	-	-	-	-	-	217	1,630	1,847
-	-	1,165	12,315	117	-	217	1,630	221,630
<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 1,165</u>	<u>\$ 15,757</u>	<u>\$ 336</u>	<u>\$ 40,322</u>	<u>\$ 217</u>	<u>\$ 1,630</u>	<u>\$ 340,515</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017**

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Vocational Education Basic Grant	255 ESEA II, A Training and Recruiting	
REVENUES:						
5700	Total Local and Intermediate Sources	\$ -	\$ 132,997	\$ 149	\$ -	\$ -
5800	State Program Revenues	-	5,248	-	-	-
5900	Federal Program Revenues	402,470	962,987	4,867	21,225	113,307
5020	Total Revenues	<u>402,470</u>	<u>1,101,232</u>	<u>5,016</u>	<u>21,225</u>	<u>113,307</u>
EXPENDITURES:						
Current:						
0011	Instruction	372,567	-	-	18,110	102,477
0013	Curriculum and Instructional Staff Development	25,036	-	-	3,115	10,830
0035	Food Services	-	1,142,511	6,806	-	-
0061	Community Services	4,867	-	-	-	-
6030	Total Expenditures	<u>402,470</u>	<u>1,142,511</u>	<u>6,806</u>	<u>21,225</u>	<u>113,307</u>
1200	Net Change in Fund Balance	-	(41,279)	(1,790)	-	-
0100	Fund Balance - September 1 (Beginning)	-	231,163	18,092	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 189,884</u>	<u>\$ 16,302</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

263 Title III Bilingual/ESL	270 Title IV, B Rural & Low Inc Sch Prg	289 Rural Educ. Achievement Program	410 State Textbook Fund	429 Ready to Read Grant	461 Campus Activity Funds	484 Centex Workforce Grant	486 Austin Food Bank Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,146
-	-	-	4,410	68,975	-	-	15,638	94,271
7,485	35,993	-	-	-	-	-	-	1,548,334
<u>7,485</u>	<u>35,993</u>	<u>-</u>	<u>4,410</u>	<u>68,975</u>	<u>-</u>	<u>-</u>	<u>15,638</u>	<u>1,775,751</u>
5,551	17,326	-	7,563	65,665	-	-	-	589,259
3,909	18,667	-	-	3,193	-	-	-	64,750
-	-	-	-	-	-	-	14,321	1,163,638
-	-	-	-	-	-	-	-	4,867
<u>9,460</u>	<u>35,993</u>	<u>-</u>	<u>7,563</u>	<u>68,858</u>	<u>-</u>	<u>-</u>	<u>14,321</u>	<u>1,822,514</u>
(1,975)	-	-	(3,153)	117	-	-	1,317	(46,763)
1,975	-	1,165	15,468	-	-	217	313	268,393
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,165</u>	<u>\$ 12,315</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 1,630</u>	<u>\$ 221,630</u>

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REQUIRED TEA SCHEDULES

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2017**

Last 10 Years Ended August 31,	(1) (2)		(3) Assessed/Appraised Value for School Tax Purposes
	Tax Rates		
	Maintenance	Debt Service	
2008 and Prior Years	\$ 1.34250	\$ 0.27850	Various
2009	1.040000	0.300000	\$ 257,466,601
2010	1.040000	0.270000	270,473,196
2011	1.040000	0.300000	276,174,127
2012	1.040000	0.300000	249,705,919
2013	1.040000	0.300000	254,853,505
2014	1.040000	0.280000	294,157,324
2015	1.040000	0.350000	266,013,936
2016	1.040000	0.350000	290,193,772
2017 (School Year Under Audit)	1.040000	0.330000	346,851,721
100 TOTALS			

EXHIBIT J-1

(10) Beginning Balance 9/1/2016	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2017
\$ 25,603	\$ -	\$ 555	\$ 129	\$ (3,213)	\$ 21,706
7,912	-	220	63	-	7,629
9,081	-	214	56	-	8,811
11,411	-	1,454	420	-	9,537
13,311	-	1,799	519	189	11,182
15,330	-	2,499	721	375	12,485
18,769	-	4,526	1,219	(145)	12,879
32,625	-	9,978	3,358	(89)	19,200
105,271	-	106,469	35,831	71,210	34,181
-	4,751,869	3,503,338	1,111,636	(11,675)	125,220
<u>\$ 239,313</u>	<u>\$ 4,751,869</u>	<u>\$ 3,631,052</u>	<u>\$ 1,153,952</u>	<u>\$ 56,652</u>	<u>\$ 262,830</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, 2017**

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	\$ 164,800	\$ 164,800	\$ 132,997	\$ (31,803)
5800	State Program Revenues	5,000	5,000	5,248	248
5900	Federal Program Revenues	978,000	978,000	962,987	(15,013)
5020	Total Revenues	<u>1,147,800</u>	<u>1,147,800</u>	<u>1,101,232</u>	<u>(46,568)</u>
	EXPENDITURES:				
0035	Food Services	<u>1,200,375</u>	<u>1,204,875</u>	<u>1,142,511</u>	<u>62,364</u>
6030	Total Expenditures	<u>1,200,375</u>	<u>1,204,875</u>	<u>1,142,511</u>	<u>62,364</u>
1200	Net Change in Fund Balances	(52,575)	(57,075)	(41,279)	15,796
0100	Fund Balance - September 1 (Beginning)	231,163	231,163	231,163	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 178,588</u>	<u>\$ 174,088</u>	<u>\$ 189,884</u>	<u>\$ 15,796</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, 2017**

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	\$ 1,119,149	\$ 1,119,149	\$ 1,166,460	\$ 47,311
5800	State Program Revenues	739,803	739,803	762,889	23,086
5020	Total Revenues	<u>1,858,952</u>	<u>1,858,952</u>	<u>1,929,349</u>	<u>70,397</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,020,000	1,020,000	1,020,000	-
0072	Interest on Long-Term Debt	713,300	713,300	713,300	-
0073	Bond Issuance Cost and Fees	3,000	3,000	1,806	1,194
6030	Total Expenditures	<u>1,736,300</u>	<u>1,736,300</u>	<u>1,735,106</u>	<u>1,194</u>
1200	Net Change in Fund Balances	122,652	122,652	194,243	71,591
0100	Fund Balance - September 1 (Beginning)	<u>744,142</u>	<u>744,142</u>	<u>744,142</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 866,794</u>	<u>\$ 866,794</u>	<u>\$ 938,385</u>	<u>\$ 71,591</u>

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FEDERAL AWARDS SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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, 2017, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 8, 2017.

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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

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

Brochman, Dordick, Franklin & Nierman, P.C.

Temple, Texas
December 8, 2017

**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, 2017. 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, 2017.

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

Report on Internal Control Over Compliance

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

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.

Ernst & Young, LLP, Franklin A. Niemcewicz, P.C.

Temple, Texas
December 8, 2017

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017**

I. Summary of Auditors' Results

A. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes ___X___ No

B. Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	
10.555	Child Nutrition Cluster
10.559	

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

Auditee qualified as low risk auditee? ___X___ Yes ___ No

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017**

II. Financial Statement Findings

NONE

III. Federal Award Findings and Questioned Costs

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

**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2017**

Prior Year Findings:

None

Corrective Action Plan:

No corrective action plan was required for the current year.

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**CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017**

(1)	(2)	(3)	(4)	(5)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION				
<u>Passed Through State Department of Education</u>				
Rural Education Achievement Program	84.358B	S358B160043	\$ -	\$ 35,993
ESEA, Title I, Part A - Improving Basic Programs	84.010A	S010A160043	-	402,470
Career and Technical Education - Basic Grants	84.048A	V048A160043	-	21,225
English Language Acquisition	84.365A		-	7,485
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	S367A160041	-	113,307
Total Passed Through State Department of Education			-	580,480
TOTAL DEPARTMENT OF EDUCATION				580,480
U.S. DEPARTMENT OF AGRICULTURE				
<u>Passed Through State Department of Agriculture</u>				
*School Breakfast Program	10.553	201717N109946	-	322,473
*National School Lunch Program	10.555	201717N109946	-	570,553
*Summer Food Service Program for Children	10.559		-	4,867
Total Child Nutrition Cluster			-	897,893
Commodity Supplemental Food Program	10.565		-	69,961
Total Passed Through the State Department of Agriculture			-	967,854
TOTAL DEPARTMENT OF AGRICULTURE				967,854
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,548,334

*Clustered Programs

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**CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017**

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, 2017. 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.