

**CAMERON INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE**  
**YEAR ENDED AUGUST 31, 2012**

# CAMERON INDEPENDENT SCHOOL DISTRICT

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**CAMERON INDEPENDENT SCHOOL DISTRICT  
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CERTIFICATE OF BOARD

Cameron Independent School District  
Name of School District

Milam  
County

166901  
Co.—District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2012 at a meeting of the Board of Trustees of such school district on the 10<sup>th</sup> day of December, 2012.

\_\_\_\_\_  
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)



**KIMMY JACKSON  
& ASSOCIATES, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION INCLUDING THE SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

**Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cameron Independent School District (the District), as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cameron Independent School District, as of August 31, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION INCLUDING THE SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

The Management's Discussion and Analysis and budgetary comparison information on pages 5 through 12 and 40 through 41, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

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

Although the combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements, they 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.

The Texas Education Agency requires school districts to include certain information in the annual Financial Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Kimmy Jackson & Associates, LLC*

December 10, 2012

# **CAMERON INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended August 31, 2012**

This discussion and analysis of the Cameron Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2012. It should be read in conjunction with the District's financial statements, which begin on page 16 of this report.

## **FINANCIAL HIGHLIGHTS**

- The District's total combined net assets at August 31, 2012 were \$ 9,465,482.
- For the fiscal year ended August 31, 2012, the District's total expenses were \$ 136,480 less than the \$15,435,390 generated from ad valorem tax collections, State foundation program entitlements and other grants and miscellaneous revenues.
- The General Fund reported a fund balance of \$ 4,495,625 at August 31, 2012.
- The Debt Service Fund reported a fund balance of \$ 301,536 at August 31, 2012.
- The District had no current year audit findings.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2012**

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

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

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

#### **FUND FINANCIAL STATEMENTS**

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

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

The District has the following kinds of funds:

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



**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2012**

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

The District's combined net assets were \$ 9,465,482 at August 31, 2012. *Table 1* focuses on the net assets while *Table 2* shows the revenues and expenses that changed the net asset balance during the fiscal year ended August 31, 2012.

**Table 1  
Net Assets**

Description	Governmental Activities		Total Percentage Change
	2012	2011	2012-2011
Current Assets	\$ 5,775,011	\$ 5,496,972	5.06%
Capital Assets	22,639,774	23,716,688	-4.54%
Total Assets	28,414,785	29,213,660	-2.73%
Current Liabilities	489,843	609,658	-19.65%
Long-Term Liabilities	18,459,460	18,733,852	-1.46%
Total Liabilities	18,949,303	19,343,510	-2.04%
Net Assets:			
Invested in Capital Assets	4,140,438	4,942,260	-16.22%
Restricted	374,611	304,988	22.83%
Unrestricted	4,950,433	4,622,902	7.08%
Total Net Assets	\$ 9,465,482	\$ 9,870,150	-4.10%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2012**

**Table 2  
Changes in Net Assets**

Description	Governmental Activities		Total Percentage Change
	2012	2011	2012-2011
<b>Program Revenues</b>			
Charges for Service	\$ 241,170	\$ 311,857	-22.67%
Operating Grants and Contributions	2,702,988	3,013,714	-10.31%
General Revenues -			
Property taxes	3,550,888	3,514,603	1.03%
State Foundation Program	8,412,708	8,646,367	-2.70%
Investment Earnings	82,086	143,699	-42.88%
Other Revenues	445,550	417,514	6.71%
Total Revenues	15,435,390	16,047,754	-3.82%
 <b>Program Expenditures</b>			
Instruction	8,225,946	9,273,086	-11.29%
Instructional Resources and Media Services	150,548	156,827	-4.00%
Curriculum and Staff Development	175,518	113,354	54.84%
School Leadership	822,314	806,637	1.94%
Guidance and Counseling	299,724	289,853	3.41%
Health Services	104,502	105,907	-1.33%
Student Transportation	280,836	213,276	31.68%
Food Services	971,612	906,823	7.14%
Extracurricular Activities	1,176,793	937,028	25.59%
General Administration	582,521	629,821	-7.51%
Plant Operating and Maintenance	977,092	1,308,987	-25.36%
Security and Monitoring Services	10,064	22,332	-54.93%
Data Processing Services	344,874	328,243	5.07%
Community Services	45,571	29,511	54.42%
Interest on Debt	708,730	700,511	1.17%
Bond Issuance Costs and Fees	4,800	-	0.00%
Payments Related to Shared Service Arrangements	417,465	135,155	208.88%
Total Expenses	15,298,910	15,957,351	-4.13%
 <b>Increase in Net Assets</b>	 \$ 136,480	 \$ 90,403	 50.97%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2012**

**GOVERNMENTAL ACTIVITIES**

Revenues for the District decreased by approximately \$ 612,364 or 3.82%, while expenses decreased by approximately \$ 658,441 or 4.13%.

Significant factors affecting the increase of \$ 136,480 in net assets included:

- The District's M & O tax rate and I & S tax rate stayed the same at \$1.04 and \$0.30, respectively per \$100 of assessed valuation for the 2012 fiscal year. The net result of an increase in total taxes assessed of \$ 95,384 increased collections totaling \$98,173 over the prior year.
- Charges for services and investments earnings decreased \$70,687 and \$ 61,613, respectively, while operating grants and contributions decreased \$ 310,726 and state foundation program revenues decreased \$233,659 for the fiscal year 2012 when compared to fiscal year 2011.
- For the fiscal year ended August 31, 2012, the District's data processing services, student transportation costs and community service costs increased \$ 16,631, \$ 67,560 and \$ 16,060, respectively. The District also had decreased expenditures of \$ 1,047,140 for instructional costs and \$331,895 for plant operating and maintenance costs.

**COST OF DISTRICT'S FUNCTIONS**

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

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

Description	Total Cost of Services		Net Cost of Services		
	2012	2011	2012	2011	% Change
Instruction	\$ 8,225,946	\$ 9,273,086	\$ 6,803,324	\$ 7,777,936	-12.53%
Food Service	971,612	906,823	(124,026)	(179,639)	-30.96%
Plant Main. And Operations	977,092	1,308,987	951,743	935,531	1.73%
Extracurricular Activities	1,176,793	937,028	1,060,378	795,229	33.34%
Interest on Long-Term Debt	708,730	700,511	708,730	700,511	1.17%
School Leadership	822,314	806,637	735,854	766,852	-4.04%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2012**

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

At the close of the fiscal year ending August 31, 2012, the District's combined governmental funds (as presented in the balance sheet, Exhibit C-1 on page 19 of this report) reported a combined fund balance of \$ 5,113,853. This compares to a combined fund balance of \$ 4,722,597 at August 31, 2011.

**Budgetary Highlights**

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

During the period ended August 31, 2012, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. There were material changes between the original budget and the final amended budget in functions 36 and 51. These changes were the result of additional travel expenses for co-curricular groups who participated in state level competitions and increased maintenance expenses that occurred during the year.

Actual revenues were less than budgeted revenues by \$ 207,238 and actual expenditures were less than budgeted expenditures by \$ 780,077 for an overall positive budget variance of \$ 572,839.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or valued (if donated) of an amount determined by the Board. During the fiscal year ended August 31, 2012 the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000, were not included in the capital assets inventory.

At August 31, 2012, the District had a total of \$ 37,883,551 invested in capital assets such as land, buildings, vehicles and equipment (*see Table 4*). This total includes \$ 274,817 invested during the fiscal year ended August 31, 2012.

*Table 4* shows the classifications of capital assets together with the District's accumulated cost and depreciation of those assets. More detailed information regarding the District's capital assets is presented on page 30 of the notes to the financial statements.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2012**

**Table 4  
Capital Assets and Depreciation**

Asset Description	Governmental Activities		Total Percentage Change
	2012	2011	2012-2011
Land	\$ 734,376	\$ 734,376	0.00%
Buildings and Improvement	33,878,471	33,878,471	0.00%
Vehicles and Equipment	3,270,704	2,995,887	9.17%
Total Historic Cost	37,883,551	37,608,734	0.73%
Accumulated Depreciation	15,243,779	13,892,048	9.73%
Net Capital Assets	\$ 22,639,772	\$ 23,716,686	-4.54%

*Long-Term Debt*

At August 31, 2012, the District had four bond issues outstanding of which the unpaid principal totaled \$ 18,335,000. In addition, the District's debt included one maintenance tax note that totaled \$ 145,000 for the repair and renovation of school buildings.

Table 5 summarizes the District's outstanding debt at August 31, 2012. More detailed information regarding the District's debt obligations is presented on page 31 of the notes to the financial statements.

**Table 5  
Analysis of Debt**

Description of Debt Outstanding	Governmental Activities		Total Percentage Change
	2012	2011	2012-2011
Bonds Payable	\$ 18,335,000	\$ 19,065,000	-3.83%
Maintenance Tax Note	145,000	210,000	-30.95%
Total Debt Outstanding	\$ 18,480,000	\$ 19,275,000	-4.12%

**CAMERON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
For the Year Ended August 31, 2012**

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

**Economic Factors**

The following factors were considered in establishing the District's budget for 2012-2013:

- Student population is expected to remain constant with a slight increase during 2012-2013 with the population increase being in the elementary grades. The overall population is expected to remain just over 1600 total students.
- The certified tax appraisal rolls for 2012-2013 had a freeze adjusted taxable value of \$251,847,119, a decrease of \$ 867,558 from the appraisal of 2011-2012. This is a decrease of 0.03% from the previous year.
- The approved tax rates for M&O and I&S during the 2013 tax year will be \$1.04 and \$.30 respectively. This is the same as the overall tax rate of \$1.34 in 2011-2012.
- There is no new construction scheduled for the 2012-2013 school year.
- Interest earnings continue at a substantially lower rate than previous years causing the earnings to remain low for the M&O accounts.
- Fund balances were maintained as high as possible during 2011-2012 school year in anticipation of a funding shortfall by the state that would affect the finances of the school district toward the end of the 2012-2013 school year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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## **BASIC FINANCIAL STATEMENTS**



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CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2012

EXHIBIT A-1

Data	Primary Government
Control	
Codes	Governmental Activities
<hr/>	
ASSETS	
1110 Cash and Cash Equivalents	\$ 5,561,181
1220 Property Taxes Receivable (Delinquent)	301,702
1230 Allowance for Uncollectible Taxes	(90,510)
1240 Due from Other Governments	2,638
Capital Assets:	
1510 Land	734,376
1520 Buildings, Net	20,809,686
1530 Furniture and Equipment, Net	1,095,712
1000 Total Assets	<hr/> 28,414,785 <hr/>
LIABILITIES	
2110 Accounts Payable	33
2140 Interest Payable	39,876
2150 Payroll Deductions & Withholdings	(324)
2160 Accrued Wages Payable	187,901
2180 Due to Other Governments	262,357
Noncurrent Liabilities	
2501 Due Within One Year	935,000
2502 Due in More Than One Year	17,524,460
2000 Total Liabilities	<hr/> 18,949,303 <hr/>
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	4,140,438
3820 Restricted for Federal and State Programs	180,827
3850 Restricted for Debt Service	193,784
3900 Unrestricted Net Assets	4,950,433
3000 Total Net Assets	<hr/> \$ 9,465,482 <hr/>

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

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CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		3	4	
		Charges for Services	Operating Grants and Contributions	
	Expenses			Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 8,225,946	\$ -	\$ 1,422,622	\$ (6,803,324)
12 Instructional Resources and Media Services	150,548	-	7,877	(142,671)
13 Curriculum and Staff Development	175,518	-	39,767	(135,751)
23 School Leadership	822,314	-	86,460	(735,854)
31 Guidance, Counseling and Evaluation Services	299,724	-	72,001	(227,723)
33 Health Services	104,502	-	6,254	(98,248)
34 Student (Pupil) Transportation	280,836	-	11,913	(268,923)
35 Food Services	971,612	184,754	910,884	124,026
36 Extracurricular Activities	1,176,793	56,416	59,999	(1,060,378)
41 General Administration	582,521	-	18,657	(563,864)
51 Facilities Maintenance and Operations	977,092	-	25,349	(951,743)
52 Security and Monitoring Services	10,064	-	-	(10,064)
53 Data Processing Services	344,874	-	7,896	(336,978)
61 Community Services	45,571	-	33,309	(12,262)
72 Debt Service - Interest on Long Term Debt	708,730	-	-	(708,730)
73 Debt Service - Bond Issuance Cost and Fees	4,800	-	-	(4,800)
93 Payments related to Shared Services Arrangements	417,465	-	-	(417,465)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 15,298,910	\$ 241,170	\$ 2,702,988	(12,354,752)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	2,751,015
DT	Property Taxes, Levied for Debt Service	799,873
GC	Grants and Contributions not Restricted	8,412,708
IE	Investment Earnings	82,086
MI	Miscellaneous Local and Intermediate Revenue	445,550
TR	Total General Revenues	12,491,232
CN	Change in Net Assets	136,480
NB	Net Assets--Beginning	9,329,002
NE	Net Assets--Ending	\$ 9,465,482

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

CAMERON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 4,945,591	\$ 301,536	\$ 314,054	\$ 5,561,181
1220 Property Taxes - Delinquent	237,851	63,851	-	301,702
1230 Allowance for Uncollectible Taxes (Credit)	(71,355)	(19,155)	-	(90,510)
1240 Receivables from Other Governments	-	-	2,638	2,638
1000 Total Assets	<u>\$ 5,112,087</u>	<u>\$ 346,232</u>	<u>\$ 316,692</u>	<u>\$ 5,775,011</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110 Accounts Payable	\$ 33	\$ -	\$ -	\$ 33
2150 Payroll Deductions and Withholdings Payable	(324)	-	-	(324)
2160 Accrued Wages Payable	187,901	-	-	187,901
2180 Due to Other Governments	262,357	-	-	262,357
2300 Deferred Revenues	166,495	44,696	-	211,191
2000 Total Liabilities	<u>616,462</u>	<u>44,696</u>	<u>-</u>	<u>661,158</u>
Fund Balances:				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	180,827	180,827
3480 Retirement of Long-Term Debt	-	193,784	-	193,784
3600 Unassigned Fund Balance	4,495,625	107,752	135,865	4,739,242
3000 Total Fund Balances	<u>4,495,625</u>	<u>301,536</u>	<u>316,692</u>	<u>5,113,853</u>
4000 Total Liabilities and Fund Balances	<u>\$ 5,112,087</u>	<u>\$ 346,232</u>	<u>\$ 316,692</u>	<u>\$ 5,775,011</u>

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

CAMERON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2012

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 5,113,853</b>
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$37,608,734 and the accumulated depreciation was \$13,892,048. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.	4,401,812
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2012 capital outlays and debt principal payments is to increase (decrease) net assets.	1,090,357
<b>3</b> The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(1,351,731)
<b>4</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	211,191
<b>19 Net Assets of Governmental Activities</b>	<u><u>\$ 9,465,482</u></u>

CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 3,182,609	\$ 843,979	\$ 283,997	\$ 4,310,585
5800 State Program Revenues	8,379,250	674,567	204,298	9,258,115
5900 Federal Program Revenues	1,110	-	1,858,981	1,860,091
5020 Total Revenues	<u>11,562,969</u>	<u>1,518,546</u>	<u>2,347,276</u>	<u>15,428,791</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	6,345,669	-	1,101,100	7,446,769
0012 Instructional Resources and Media Services	150,548	-	-	150,548
0013 Curriculum and Instructional Staff Development	139,684	-	35,834	175,518
0023 School Leadership	771,302	-	51,012	822,314
0031 Guidance, Counseling and Evaluation Services	239,517	-	60,207	299,724
0033 Health Services	104,502	-	-	104,502
0034 Student (Pupil) Transportation	214,553	-	-	214,553
0035 Food Services	-	-	910,884	910,884
0036 Extracurricular Activities	855,278	-	39,007	894,285
0041 General Administration	581,996	-	-	581,996
0051 Facilities Maintenance and Operations	902,110	-	-	902,110
0052 Security and Monitoring Services	10,064	-	-	10,064
0053 Data Processing Services	532,163	-	-	532,163
0061 Community Services	13,013	-	32,558	45,571
Debt Service:				
0071 Principal on Long Term Debt	65,000	692,929	-	757,929
0072 Interest on Long Term Debt	8,288	758,053	-	766,341
0073 Bond Issuance Cost and Fees	-	4,800	-	4,800
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	417,465	-	-	417,465
6030 Total Expenditures	<u>11,351,152</u>	<u>1,455,782</u>	<u>2,230,602</u>	<u>15,037,536</u>
1200 Net Change in Fund Balances	211,817	62,764	116,674	391,255
0100 Fund Balance - September 1 (Beginning)	<u>4,283,808</u>	<u>238,772</u>	<u>200,018</u>	<u>4,722,598</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,495,625</u>	<u>\$ 301,536</u>	<u>\$ 316,692</u>	<u>\$ 5,113,853</u>

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

EXHIBIT C-4

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, 2012

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 391,255</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2012 capital outlays and debt principal payments is to increase (decrease) net assets.	1,090,357
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(1,351,731)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	6,599
<b>Change in Net Assets of Governmental Activities</b>	<hr/> <b>\$ 136,480</b> <hr/>

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



CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2012

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	Agency Fund
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 59,035
Total Assets	<u>\$ 59,035</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 59,035
Total Liabilities	<u>\$ 59,035</u>

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

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**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

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

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

**a. Basis of Presentation**

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

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

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

The District reports the following major governmental funds:

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

In addition, the District reports the following fund types:

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

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

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

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

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

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

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**3. Financial Statement Amounts**

**a. Property Taxes**

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

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

**b. Inventories and Prepaid Items**

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

**c. Capital Assets**

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30
Building Improvements	20
Vehicles	10
Equipment	3-15

**d. Receivable and Payable Balances**

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**e. Interfund Activity**

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

**f. Use of Estimates**

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

**g. Data Control Codes**

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

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

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

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

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

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**B. Deposits and Investments**

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

**1. Cash Deposits:**

At August 31, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,620,217 and the bank balance was \$5,627,190. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**2. Investments:**

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

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

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

The District had no investments that met these criteria at August 31, 2012.

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

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

**a. Credit Risk**

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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



**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**C. Capital Assets**

Capital asset activity for the year ended August 31, 2012, was as follows:

	Beginning Balances	Additions	Disposals	Ending Balances
Governmental activities:				
Land	\$ 734,376			\$ 734,376
Buildings and Improvements	33,878,471	-	-	33,878,471
Equipment & Vehicles	2,995,887	274,817	-	3,270,704
Totals at Historic Costs	37,608,734	274,817	-	37,883,551
Less Accumulated Depreciation for:				
Buildings and Improvements	(11,914,359)	(1,154,426)	-	(13,068,785)
Furniture and Equipment	(1,977,689)	(197,305)	-	(2,174,994)
Total Accumulated Depreciation	(13,892,048)	(1,351,731)	-	(15,243,779)
Governmental Activities Capital Assets, Net	\$ 23,716,686	\$ (1,076,914)	\$ -	\$ 22,639,772

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 710,004
Instructional Resources and Media Services	51,834
Curriculum Development	589
School Leadership	26,189
Guidance, Counseling & Evaluation Services	5,561
Health Services	2,342
Student (Pupil) Transportation	66,282
Food Services	83,661
Cocurricular/Extracurricular Activities	282,508
General Administration	525
Facilities Maintenance and Operations	89,482
Data Processing Services	32,754
Total Depreciation Expense	<u>\$ 1,351,731</u>

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**D. Interfund Balances and Activities**

1. There were no Interfund balances at August 31, 2012.

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

**E. Long-Term Obligations**

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2012, are as follows:

	Original Issue	Beginning Balance	Net Changes	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
<u>Bonds-</u>					
Building Bonds, Series 2002	\$ 15,000,000	\$ 925,000	\$ (295,000)	\$ 630,000	\$ 310,000
Refunding Bonds, Series 2006	7,095,000	5,645,000	(370,000)	5,275,000	390,000
Premium Capital Appreciation Bonds	895,000	580,179	(55,719)	524,460	65,000
Current Interest Bonds	12,200,000	11,885,000	-	11,885,000	-
Maintenance Note, Series 2004	600,000	210,000	(65,000)	145,000	70,000
Total Governmental Activities	<u>\$ 35,790,000</u>	<u>\$ 19,245,179</u>	<u>\$ (785,719)</u>	<u>\$ 18,459,460</u>	<u>\$ 835,000</u>
Accretion of interest on CABs				20,540	
Totals				<u>18,480,000</u>	

Bonded indebtedness of the District reflected in the general long-term debt and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. These bonds were issued as school building bonds or refunding bonds and the interest rates on the bonds ranged from 3.50% to 5.00%. Interest expense was \$758,053 for the year ended August 31, 2012.

Maintenance Tax Note of the District reflected in the general long-term debt and current requirements for principal and interest expenditures is accounted for in the General Fund. The District approved the maintenance note at a rate of 4.50% for the repair and renovation of school buildings. Interest expense was \$8,288 for the year ended August 31, 2012.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**2. Debt Service Requirements**

Debt service requirements on long-term debt at August 31, 2012, are as follows:

<u>Year Ending August 31,</u>	Governmental Activities		
	Principal	Interest	Total
2013	\$ 835,000	\$ 761,925	\$ 1,596,925
2014	865,000	727,753	1,592,753
2015	780,000	1,053,147	1,833,147
2016	795,000	617,488	1,412,488
2017	825,000	589,550	1,414,550
2018-2022	4,680,000	2,423,400	7,103,400
2023-2027	4,705,000	1,444,100	6,149,100
2028-2032	4,995,000	516,300	5,511,300
	-	-	-
<b>Totals</b>	<b>\$ 18,480,000</b>	<b>\$ 8,133,663</b>	<b>\$ 26,613,663</b>

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

**3. Advance Refunding of Debt**

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2012, there are no outstanding balances of bond issues that have been refunded and defeased in-substance.

**F. Commitments Under Non-capitalized Leases**

The District had no future commitments under operating (noncapitalized) lease agreements for facilities and equipment as of August 31, 2012.

Rental Expenditures in 2012	\$ 58,715
-----------------------------	-----------

**G. Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2012, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

# CAMERON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended August 31, 2012

#### H. Pension Plan

##### 1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing the Teacher Communications Department, 1000 Red River Street, Austin, TX 78701.

##### 2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal years. (2) State statute prohibits benefit improvements if, as a result of a 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. Contribution rates and contributions for fiscal years 2012-2010 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2012	6.40%	202,174	6.00%	472,385	472,385
2011	6.40%	82,848	6.644%	597,505	539,589
2010	6.40%	169,582	6.644%	586,604	529,745

# CAMERON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended August 31, 2012

#### I. Retiree Health Care Plan

##### 1. Plan Description

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

##### 2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2012-2010.

Contribution Rates						
Year	<u>Member</u>		<u>State</u>		<u>School District</u>	
	Rate	Amount	Rate	Amount	Rate	Amount
2012	0.65%	55,957	1.00%	86,088	0.55%	47,349
2011	0.65%	58,456	1.00%	89,931	0.55%	49,463
2010	0.65%	59,597	1.00%	91,688	0.55%	50,428

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2012, 2011, and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$22,663, \$22,510, and \$23,289, respectively.

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**J. Employee Health Care Coverage**

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$275 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2012, and terms of coverage and premium costs are included in the contractual provisions.

**K. Commitments and Contingencies**

**1. Contingencies**

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

**2. Litigation**

No reportable litigation was pending against the District at August 31, 2012.

**L. Shared Services Arrangements**

**Shared Services Arrangement - Fiscal Agent**

The District was the fiscal agent for a Shared Services Arrangement ("SSA") which provided alternative education services to the member districts in previous years. That arrangement was disbanded in the previous year; therefore, Cameron ISD is no longer a fiscal agent for shared service arrangements.

**Shared Services Arrangement - Membership**

The District participates in a shared services arrangement to be used to develop age appropriate comprehensive violence and drug/alcohol education prevention program. The shared services arrangement is funded under ESEA, Title IV Safe and Drug-Free School and Communities Act. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center - Region VI, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the shared services arrangement.

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

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended August 31, 2012**

**M. Worker's Compensation**

During the year ended August 31, 2012, the Cameron Independent School District participated in a self funded worker compensation program. Contributions were paid to a third party administrator, acting on behalf of the self funded pool. The contract between the Cameron Independent School District and the third party administrator is renewable September 1, 2012, and terms of coverage and contribution costs are included in the contractual provisions.

In accordance with state statutes, the District was protected against unanticipated catastrophic individual or aggregate loss by reinsurance coverage carried through Midwest Employees. Reinsurance coverage was in effect for individual claims exceeding \$500,000 and for aggregate claims with a statutory limit of \$5,000,000. Claims Administrative Services, Inc. reported that the District had no unpaid claims at August 31, 2012.

**N. Unemployment Compensation**

During the year ended August 31, 2012, Cameron ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Governmental Code. The Fund--Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Governmental Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2012, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

**O. Evaluation of Subsequent Events**

The District has evaluated subsequent events through December 10, 2012, the date which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**



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CAMERON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,048,707	\$ 3,069,707	\$ 3,182,609	\$ 112,902
5800	State Program Revenues	8,700,500	8,700,500	8,379,250	(321,250)
5900	Federal Program Revenues	-	-	1,110	1,110
5020	Total Revenues	11,749,207	11,770,207	11,562,969	(207,238)
EXPENDITURES:					
Current:					
0011	Instruction	6,656,500	6,689,529	6,345,669	343,860
0012	Instructional Resources and Media Services	160,400	160,400	150,548	9,852
0013	Curriculum and Instructional Staff Development	177,775	177,500	139,684	37,816
0023	School Leadership	829,600	829,600	771,302	58,298
0031	Guidance, Counseling and Evaluation Services	232,450	252,450	239,517	12,933
0033	Health Services	114,600	114,600	104,502	10,098
0034	Student (Pupil) Transportation	276,700	251,700	214,553	37,147
0035	Food Services	10,000	10,000	-	10,000
0036	Extracurricular Activities	916,800	931,800	855,278	76,522
0041	General Administration	645,800	645,800	581,996	63,804
0051	Facilities Maintenance and Operations	861,100	906,100	902,110	3,990
0052	Security and Monitoring Services	17,700	17,700	10,064	7,636
0053	Data Processing Services	344,050	562,050	532,163	29,887
0061	Community Services	19,600	40,600	13,013	27,587
Debt Service:					
0071	Principal on Long Term Debt	65,000	65,000	65,000	-
0072	Interest on Long Term Debt	8,500	8,500	8,288	212
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	517,900	467,900	417,465	50,435
6030	Total Expenditures	11,854,475	12,131,229	11,351,152	780,077
1200	Net Change in Fund Balances	(105,268)	(361,022)	211,817	572,839
0100	Fund Balance - September 1 (Beginning)	4,283,808	4,283,808	4,283,808	-
3000	Fund Balance - August 31 (Ending)	\$ 4,178,540	\$ 3,922,786	\$ 4,495,625	\$ 572,839

**CAMERON INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2012**

**Budgetary Information**

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

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

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

## **COMBINING SCHEDULES**

CAMERON INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2012

Data Control Codes		211	240	242	244
		ESEA I, A Improving Basic Program	National Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant
	<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ 250,840	\$ 17,130	\$ -
1240	Receivables from Other Governments	-	-	2,638	-
1000	<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 250,840</u>	<u>\$ 19,768</u>	<u>\$ -</u>
	<b>Fund Balances:</b>				
	<b>Restricted Fund Balance:</b>				
3450	Federal or State Funds Grant Restriction	-	161,284	19,543	-
3600	Unassigned Fund Balance	-	89,556	225	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>250,840</u>	<u>19,768</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 250,840</u>	<u>\$ 19,768</u>	<u>\$ -</u>

## EXHIBIT H-1 (Cont'd)

255 ESEA II.A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	287 Education Jobs Fund	404 Student Success Initiative	410 State Textbook Fund	461 Campus Activity Funds	482 Performing Arts Center
\$ -	\$ -	\$ 2,510	\$ -	\$ -	\$ 1,899	\$ 26,517	\$ 11,893
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,899</u>	<u>\$ 26,517</u>	<u>\$ 11,893</u>
-	-	-	-	-	-	-	-
-	-	2,510	-	-	1,899	26,517	11,893
-	-	2,510	-	-	1,899	26,517	11,893
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,899</u>	<u>\$ 26,517</u>	<u>\$ 11,893</u>

CAMERON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2012

Data Control Codes		483 Cameron Educator Grant	484 Centex Workforce Grant	485 ALCOA Foundation Grant	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 396	\$ 924	\$ 1,945	\$ 314,054
1240	Receivables from Other Governments	-	-	-	2,638
1000	Total Assets	<u>\$ 396</u>	<u>\$ 924</u>	<u>\$ 1,945</u>	<u>\$ 316,692</u>
<b>Fund Balances:</b>					
<b>Restricted Fund Balance:</b>					
3450	Federal or State Funds Grant Restriction	-	-	-	180,827
3600	Unassigned Fund Balance	396	924	1,945	135,865
3000	Total Fund Balances	<u>396</u>	<u>924</u>	<u>1,945</u>	<u>316,692</u>
4000	Total Liabilities and Fund Balances	<u>\$ 396</u>	<u>\$ 924</u>	<u>\$ 1,945</u>	<u>\$ 316,692</u>

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CAMERON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ 192,963	\$ 225	\$ -
5800	State Program Revenues	-	4,968	-	-
5900	Federal Program Revenues	568,127	790,789	11,720	26,167
5020	Total Revenues	568,127	988,720	11,945	26,167
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	496,984	-	-	25,296
0013	Curriculum and Instructional Staff Development	5,192	-	-	871
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	60,207	-	-	-
0035	Food Services	-	899,164	11,720	-
0036	Extracurricular Activities	-	-	-	-
0061	Community Services	5,744	-	-	-
6030	Total Expenditures	568,127	899,164	11,720	26,167
1200	Net Change in Fund Balance	-	89,556	225	-
0100	Fund Balance - September 1 (Beginning)	-	161,284	19,543	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 250,840	\$ 19,768	\$ -

255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	287 Education Jobs Fund	404 Student Success Initiative	410 State Textbook Fund	461 Campus Activity Funds	482 Performing Arts Center
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,524	\$ 25,285
-	-	-	-	-	191,330	-	-
126,757	4,230	36,978	294,213	-	-	-	-
126,757	4,230	36,978	294,213	-	191,330	65,524	25,285
97,147	4,069	34,468	243,201	-	189,431	-	-
29,610	161	-	-	-	-	-	-
-	-	-	51,012	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	39,007	-
-	-	-	-	-	-	-	26,814
126,757	4,230	34,468	294,213	-	189,431	39,007	26,814
-	-	2,510	-	-	1,899	26,517	(1,529)
-	-	-	-	-	-	-	13,422
\$ -	\$ -	\$ 2,510	\$ -	\$ -	\$ 1,899	\$ 26,517	\$ 11,893

CAMERON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		483 Cameron Educator Grant	484 Centex Workforce Grant	485 ALCOA Foundation Grant	Total Nonmajor Governmental Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 283,997
5800	State Program Revenues	-	8,000	-	204,298
5900	Federal Program Revenues	-	-	-	1,858,981
5020	Total Revenues	-	8,000	-	2,347,276
EXPENDITURES:					
Current:					
0011	Instruction	1,628	7,076	1,800	1,101,100
0013	Curriculum and Instructional Staff Development	-	-	-	35,834
0023	School Leadership	-	-	-	51,012
0031	Guidance, Counseling and Evaluation Services	-	-	-	60,207
0035	Food Services	-	-	-	910,884
0036	Extracurricular Activities	-	-	-	39,007
0061	Community Services	-	-	-	32,558
6030	Total Expenditures	1,628	7,076	1,800	2,230,602
1200	Net Change in Fund Balance	(1,628)	924	(1,800)	116,674
0100	Fund Balance - September 1 (Beginning)	2,024	-	3,745	200,018
3000	Fund Balance - August 31 (Ending)	\$ 396	\$ 924	\$ 1,945	\$ 316,692

## **REQUIRED TEA SCHEDULES**

CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2012

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 and prior years	\$ 1.380000	\$ 0.320000	\$ 204,240,588
2004	1.400000	0.300000	213,350,294
2005	1.405000	0.295000	222,701,354
2006	1.410000	0.290000	240,742,592
2007	1.290000	0.290000	258,487,658
2008	1.040000	0.300000	257,466,601
2009	1.040000	0.300000	270,473,196
2010	1.040000	0.270000	276,174,127
2011	1.040000	0.300000	249,705,919
2012 (School year under audit)	1.040000	0.300000	254,853,505
1000 TOTALS			

(10) Beginning Balance 9/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2012
\$ 47,630	\$ -	\$ 10,179	\$ 1,173	\$ -	\$ 36,278
12,443	-	2,854	612	-	8,977
16,125	-	5,009	1,052	-	10,064
17,780	-	5,446	1,120	-	11,214
22,434	-	7,989	1,796	-	12,649
20,174	-	6,234	1,798	-	12,142
25,121	-	6,905	1,992	-	16,224
32,677	-	9,840	2,555	-	20,282
97,892	-	53,538	15,444	-	28,910
-	3,707,118	2,764,657	797,499	-	144,962
<u>\$ 292,276</u>	<u>\$ 3,707,118</u>	<u>\$ 2,872,651</u>	<u>\$ 825,041</u>	<u>\$ -</u>	<u>\$ 301,702</u>

CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014  
GENERAL AND SPECIAL REVENUE FUNDS  
AUGUST 31, 2012

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST**

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 195,249	\$ 203,182	\$ -	\$ -	\$ 398,431
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	5,587	-	-	-	5,587
6212	Audit Services	-	-	-	17,500	-	-	17,500
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	67,489	-	-	-	-	67,489
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	7,763	-	-	7,763
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	30,144	-	-	30,144
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	8,377	-	-	-	8,377
6290	Miscellaneous Contr.	11	-	88	2,464	-	-	2,563
6320	Textbooks and Reading	-	-	164	-	-	-	164
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	7,751	11,306	-	-	19,057
6410	Travel, Subsistence, Stipends	5,779	-	5,351	521	-	-	11,651
6420	Ins. and Bonding Costs	-	-	-	3,000	-	-	3,000
6430	Election Costs	11,997	-	-	-	-	-	11,997
6490	Miscellaneous Operating	6,155	-	8,416	11,847	-	-	26,418
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 23,942	\$ 67,489	\$ 230,983	\$ 287,727	\$ -	\$ -	\$ 610,141

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 13,581,755

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 274,817
Total Debt & Lease(6500)	(11)	73,288
Plant Maintenance (Function 51, 6100-6400)	(12)	887,610
Food (Function 35, 6341 and 6499)	(13)	389,003
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		287,727

SubTotal:

1,912,444

Net Allowed Direct Cost

\$ 11,669,311

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 33,996,539
Historical Cost of Building over 50 years old	(16)	\$ 650,501
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 137,297
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 3,152,636
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 561,022
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 126,644

(8) NOTE A: \$29,271 in Function 53 expenditures are included in this report on administrative costs.

No Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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, 2012

EXHIBIT J-4

FOR THE YEAR ENDED AUGUST 31, 2012					
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	\$ 240,100	\$ 240,100	\$ 192,963	\$ (47,137)
5800	State Program Revenues	27,000	27,000	4,968	(22,032)
5900	Federal Program Revenues	755,000	755,000	790,789	35,789
5020	Total Revenues	1,022,100	1,022,100	988,720	(33,380)
EXPENDITURES:					
0035	Food Services	1,012,700	1,002,800	899,164	103,636
6030	Total Expenditures	1,012,700	1,002,800	899,164	103,636
1200	Net Change in Fund Balances	9,400	19,300	89,556	70,256
0100	Fund Balance - September 1 (Beginning)	161,284	161,284	161,284	-
3000	Fund Balance - August 31 (Ending)	\$ 170,684	\$ 180,584	\$ 250,840	\$ 70,256



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, 2012

Data Control Codes			Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Budgeted Amounts				
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 869,150	\$ 869,150	\$ 843,979	\$ (25,171)
5800	State Program Revenues	720,000	720,000	674,567	(45,433)
5020	Total Revenues	1,589,150	1,589,150	1,518,546	(70,604)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	694,000	694,000	692,929	1,071
0072	Interest on Long Term Debt	760,000	760,000	758,053	1,947
0073	Bond Issuance Cost and Fees	5,000	5,000	4,800	200
6030	Total Expenditures	1,459,000	1,459,000	1,455,782	3,218
1200	Net Change in Fund Balances	130,150	130,150	62,764	(67,386)
0100	Fund Balance - September 1 (Beginning)	238,772	238,772	238,772	-
3000	Fund Balance - August 31 (Ending)	\$ 368,922	\$ 368,922	\$ 301,536	\$ (67,386)

## **FEDERAL AWARDS SECTION**

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**KIMMY JACKSON  
& ASSOCIATES, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**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***

**Independent Auditors' Report**

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

We have audited 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of the District's administration, Board of Trustees, others within the entity, Texas Education Agency and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kermy Jackson & Associates, LLC*

Temple, Texas  
December 10, 2012



**KIMMY JACKSON  
& ASSOCIATES, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Independent Auditors' Report**

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

Compliance

We have audited the compliance of Cameron Independent District (the District), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2012.

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)**

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the District's administration, Board of Trustees, others within the entity, Texas Education Agency, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kimmy Jackson & Associates, LLC*

Temple, Texas  
December 10, 2012

**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2012**

**I. Summary of Auditors' Results**

**A. Financial Statements**

Type of auditor's report issued:

Unqualified

Internal Control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are  
Not considered to be material weaknesses?

\_\_\_ Yes

X No

\_\_\_ Yes

X No None reported

Noncompliance material to financial statements  
noted?

\_\_\_ Yes

X No

**B. Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) that are not  
Considered to be material weakness(es)?

\_\_\_ Yes

X No

\_\_\_ Yes

X No None reported

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

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a) of OMB  
Circular A-133?

\_\_\_ Yes

X No

Identification of Major Programs:

CFDA Number(s)

Name of Federal  
Program or Cluster

84.010A  
10.553  
10.555

ESEA, Title I, Part A-Improving Basic Programs  
School Breakfast Program  
National School Lunch Program

Dollar threshold used to distinguish between  
type A and type B programs

\$300,000

Auditee qualified as low risk auditee?

X Yes

\_\_\_ No

**II. Financial Statement Findings**

NONE



**CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2012**

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

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

**Prior Year Findings:**

There were no prior year findings.

**Corrective Action Taken:**

No corrective action plan was required for the current year.

CAMERON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12-610101166901	\$ 568,127
Career and Technical - Basic Grant	84.048	12-420006166901	26,167
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	12-696001166901	34,468
Title III, Part A - English Language Acquisition	84.365A		4,230
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12-694501166901	126,757
Education Jobs Fund- ARRA	84.410	12-610101166901	294,213
Total Passed Through State Department of Education			\$ 1,053,962
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 1,053,962</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 267,990
*National School Lunch Program - Cash Assistance	10.555		471,279
*National School Lunch Prog. - Non-Cash Assistance	10.555		51,519
Total CFDA Number 10.555			522,798
Total Child Nutrition Cluster			790,788
Total Passed Through the State Department of Agriculture			\$ 790,788
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<b>\$ 790,788</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,844,750</b>

\*Clustered Programs

**CAMERON INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2012**

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

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

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

## SCHOOLS FIRST QUESTIONNAIRE

Cameron Independent School District

Fiscal Year 2012

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SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	50361