

CITY OF CAMERON, MISSOURI

**FINANCIAL STATEMENTS TOGETHER
WITH INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Cameron, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cameron as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administration. 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 significant estimates made by the administration, 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, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cameron as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 March 12, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 3 through 12 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Westbrook & Co., P.C.

March 12, 2013



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Cameron's annual financial report presents a review of the City's financial performance during the fiscal year that ended September 30, 2012. Please read this section in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the end of the fiscal year by approximately \$37 million. Net assets is comprised of \$26.4 million invested in capital assets, (net of related debt); \$1.8 million restricted for debt service, capital outlay, parks and recreation, public library, municipal band and other purposes; \$1.1 million unrestricted and available for governmental purposes; and \$7.7 million unrestricted and available for the City's business-type activities.
- The City's total net assets increased approximately \$1.2 million. Of this amount, approximately \$850,000 was an increase from the City's governmental activities and \$356,000 was an increase from business-type activities.
- The City's long-term debt increased approximately \$2.2 million (51%) during the current fiscal year.
- The City Council decided in fiscal year 2011 - 2012 to place on the November 8, 2011 ballot two sales tax issues. These issues were a $\frac{1}{4}$ of one cent storm water improvement sales tax and $\frac{1}{2}$ of one cent transportation improvement sales tax. Sales tax issues were passed November 8, 2011 and went into effect April 2012.
- In spring 2012, the City of Cameron issued the 2012 A & B Certificates of Participation to advance storm water and transportation improvements within the city limits. Debt issue 2012A was for \$2,795,000 in storm water improvements primarily along Walnut Street. Debt issue 2012B was for \$520,000 the transportation improvements on West Eighth Street. The 2012 A & B Certificates of Participation are to be paid by future sales tax collections of the $\frac{1}{4}$ of one cent storm water improvement and $\frac{1}{2}$ of one cent transportation improvement sales taxes, respectively.
- The Public Works Department completed a storm water improvement project to East Grand Avenue to improve drainage around a section of highway that had once been the location of a railroad overhead bridge.
- The Public Works Department with assistance of City of Cameron Utility Department in fiscal year 2011-2012 prepared city infrastructure for the rebuilding of West Eighth Street from Harris to Godfrey, including all intersections. The West Eighth Street project was not completed until fiscal year 2012- 2013, with the project contracted with Freeman Construction.

- The City with assistance from Missouri Department of Transportation (State Block Grant) improved the airport taxiway and hangar surfaces. The City received Grant Funding in fiscal year 2011-2012 in the amount of \$200,000. This project received final approval early in fiscal year 2011-2012 with the assistance of additional grant funding.
- The Water department has started the Chloramine water plant improvements with engineering services provided by HDR. This project was still in design phase at the end of fiscal year 2011-2012.

Overview of the Financial Statements

This annual report consists of four parts – management’s discussion and analysis (this section), the basic financial statements, required supplementary information, and a supplementary section that presents combining statements for the non-major governmental funds.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
 - ❖ The governmental funds statements tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.
 - ❖ Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the electric, water and wastewater systems.
 - ❖ Fiduciary fund statements are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of “required supplementary information” that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds which are added together and presented as a single column in the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole using 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 year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

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

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads, buildings and facilities.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities* - Most of the City's basic services are included here, such as public safety, public works, parks and recreation, and general administration. Sales taxes, property taxes, and fees and charges finance most of these activities.
- *Business-type activities* - The City charges fees to cover the costs of certain services it provides. The City's electric system, water and wastewater systems, and solid waste collections are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or "major" funds – not the City as a whole. Funds are the accounting devices the City uses to keep track of specific sources of funding and spending on particular programs.

The City has three types of funds:

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term decisions. Both the governmental funds balance sheet and the governmental funds

statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

- *Proprietary funds:* The City has one type of proprietary fund, the enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
- *Fiduciary funds:* The City maintains an agency fund. The fund accounts for monies held on behalf of the Municipal Court. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Financial Analysis of the City as a Whole

Net Assets

The following table reflects the condensed statements of net assets as of September 30, 2012 and 2011:

Table MDA - 1
City of Cameron's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current & other assets	\$ 5,943,735	\$ 2,347,070	\$ 9,605,958	\$ 9,183,891	\$ 15,549,693	\$ 11,530,961
Capital assets	11,550,188	11,593,015	18,907,173	19,900,453	30,457,361	31,493,468
Total assets	17,493,923	13,940,085	28,513,131	29,084,344	46,007,054	43,024,429
Liabilities:						
Other liabilities	754,943	680,691	1,055,996	1,036,888	1,810,939	1,717,579
Long-term liabilities	3,550,964	399,522	4,085,012	5,031,793	7,635,976	5,431,315
Total liabilities	4,305,907	1,080,213	5,141,008	6,068,681	9,446,915	7,148,894
Net assets:						
Invested in capital assets, net of related debt	11,439,212	11,337,561	14,925,579	15,253,244	26,364,791	26,590,805
Restricted	1,158,663	813,164	697,211	1,265,727	1,855,874	2,078,891
Unrestricted	1,114,113	709,147	7,749,333	6,496,692	8,863,446	7,205,839
Total net assets	\$ 13,711,988	\$ 12,859,872	\$ 23,372,123	\$ 23,015,663	\$ 37,084,111	\$ 35,875,535

As seen in table MDA-1, the City's combined net assets increased to \$37 million from \$35.8 million as a result of the increase in net assets reflected in table MDA-2.

The largest portion of the City's net assets, \$26.3 million (71%), reflects its investment in capital assets (land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure) less any related debt, used to acquire those assets that are still outstanding. An additional portion of the City's net assets, \$1.9 million (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$8.9 million (24%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

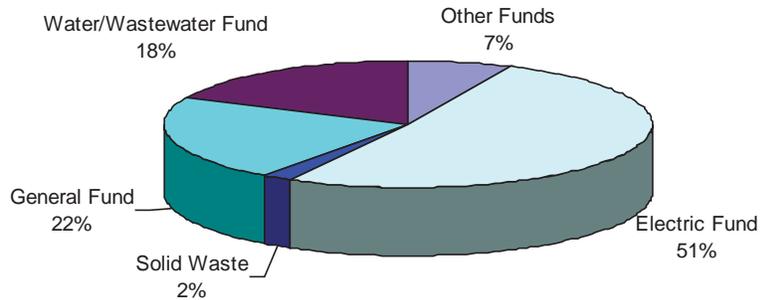
Change in Net Assets

The following table reflects the revenues and expenses from the City's activities:

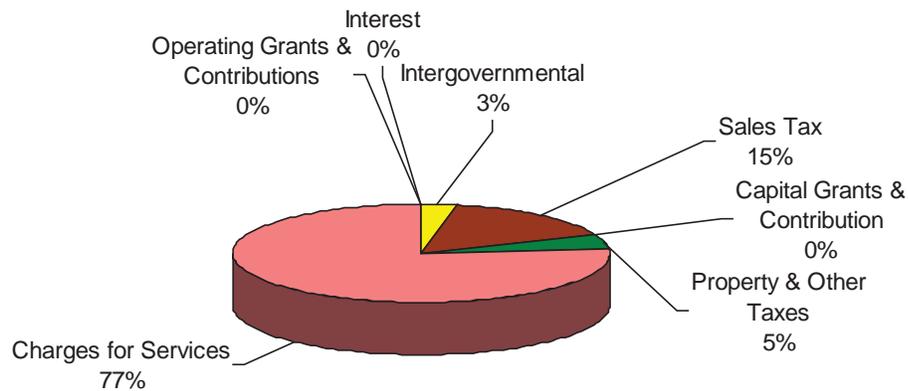
MDA -2 City of Cameron's Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for services	\$ 827,813	\$ 925,614	\$ 10,950,659	\$ 10,910,740	\$ 11,778,472	\$ 11,836,354
Operating grants and contributions	62,189	52,162	-	-	62,189	52,162
Capital grants	328,362	380,356	1,883	321,326	330,245	701,682
General Revenues:						
Property Taxes	741,289	691,420	-	-	741,289	691,420
Sales and Use Taxes	1,826,441	1,411,784	473,788	484,380	2,300,229	1,896,164
Other taxes	166,868	141,990	-	-	166,868	141,990
Intergovernmental	331,992	352,521	78,707	86,769	410,699	439,290
Interest	33,155	34,071	37,580	65,210	70,735	99,281
Loss on disposal	-	-	(2,250)	50	(2,250)	50
Total Revenues	<u>4,318,109</u>	<u>3,989,918</u>	<u>11,540,367</u>	<u>11,868,475</u>	<u>15,858,476</u>	<u>15,858,393</u>
Expenses						
General government	440,711	500,083	-	-	440,711	500,083
Public safety	1,948,816	2,107,318	-	-	1,948,816	2,107,318
Public works	1,302,286	1,563,371	-	-	1,302,286	1,563,371
Parks and recreation	232,493	230,200	-	-	232,493	230,200
Municipal band	53,246	137,624	-	-	53,246	137,624
Public library	148,569	68,410	-	-	148,569	68,410
Low-income housing	2,001	4,000	-	-	2,001	4,000
Interest long-term debt	52,484	54,979	-	-	52,484	54,979
Electric system	-	-	7,039,911	7,462,413	7,039,911	7,462,413
Water/wastewater system	-	-	3,150,290	3,351,593	3,150,290	3,351,593
Solid Waste	-	-	279,093	282,834	279,093	282,834
Total Expenses	<u>4,180,606</u>	<u>4,665,985</u>	<u>10,469,294</u>	<u>11,096,840</u>	<u>14,649,900</u>	<u>15,762,825</u>
Excess (deficiency) before transfers	137,503	(676,067)	1,071,073	771,635	1,208,576	95,568
Transfers	<u>714,613</u>	<u>605,875</u>	<u>(714,613)</u>	<u>(605,875)</u>	-	-
Change in net assets	852,116	(70,192)	356,460	165,760	1,208,576	95,568
Beginning net assets	<u>12,859,872</u>	<u>12,930,064</u>	<u>23,015,663</u>	<u>22,849,903</u>	<u>35,875,535</u>	<u>35,779,967</u>
Ending net assets	<u>\$ 13,711,988</u>	<u>\$ 12,859,872</u>	<u>\$ 23,372,123</u>	<u>\$ 23,015,663</u>	<u>\$ 37,084,111</u>	<u>\$ 35,875,535</u>

For the fiscal year ended September 30, 2012, government-wide revenues totaled \$15,858,476. Approximately 77% of all revenues are for charges for services and 15% from sales tax. See Table MDA - 3 and Table MDA - 4.

**Table MDA - 3
City of Cameron - Revenues by Fund**

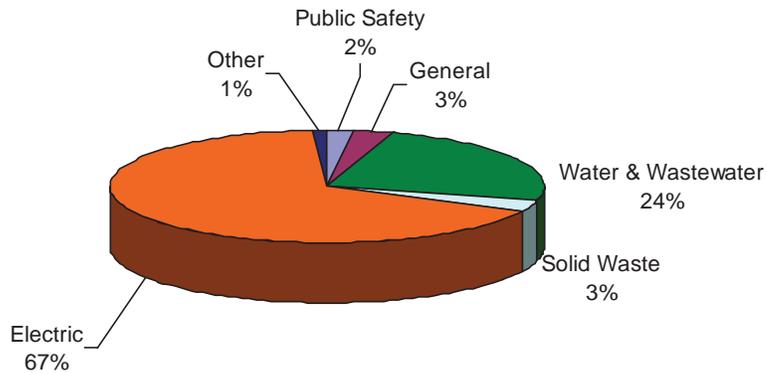


**Table MDA - 4
City of Cameron - Sources of Revenues**



Charges for services are derived from users of the City’s programs such as governmental programs and fees for the users of the City’s electric, water and wastewater systems and solid waste collections. As seen in Table MDA - 5, the City’s electric, water and wastewater systems account for approximately 94% of all charges for services.

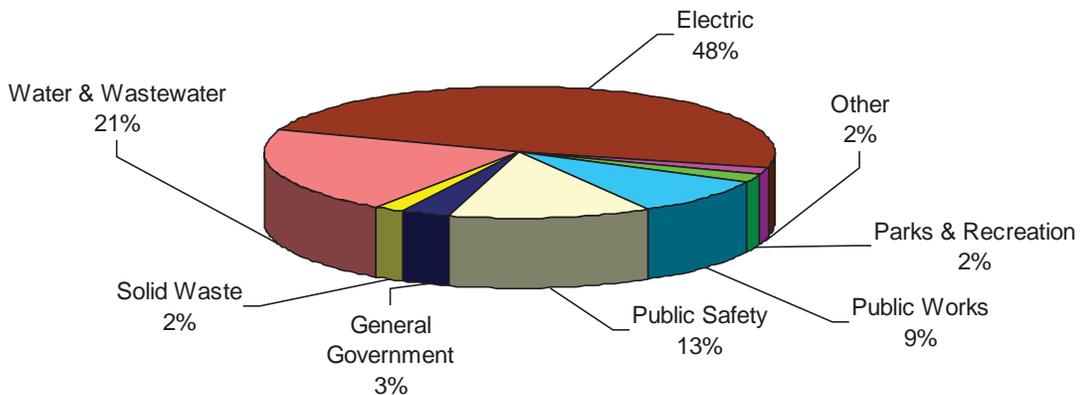
**Table MDA - 5
City of Cameron - Analysis of Charges for Services**



The second largest revenue source for the entire city is sales tax which during the 2012 fiscal year equaled \$2,300,229. The City of Cameron has a 1% sales tax to fund general governmental activities, a .125% sales tax for park and recreation equipment, a .375% sales tax for wastewater activities, a .25% sales tax for storm water improvements (new 2012), and a .5% sales tax for transportation improvements (new 2012). In addition, the City has a Tax Increment Financing District and sales tax received for that district is restricted to funding activities within the restricted area. Sales tax activity increased from last fiscal year in the amount of \$404,065.

The City's expenses cover a range of services. Approximately 71% of all city expenses during the 2012 fiscal year are related to business-type activities.

**Table MDA - 6
City of Cameron - Functional Expenses**



Governmental Activities

Governmental activities increased the City's net assets by \$852,116. Sales taxes, the largest governmental category, were \$1,826,441. For the fiscal year ended September 30, 2012, revenues totaled \$15,858,476 (governmental and business-type). Revenues from governmental activities were \$4,318,109, or 27%, of the total City revenue (an increase of \$328,191 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,218,364. Table MDA - 7 shows expenses and program revenues of the governmental activities for the years ended September 30, 2012 and 2011:

Table MDA - 7
Net Cost of City of Cameron's Governmental Activities

	2012			2011		
	Cost of Services	Program Revenue	Net Cost of Service	Cost of Services	Program Revenue	Net Cost of Service
General government	\$ 440,711	\$ 417,405	\$ 23,306	\$ 500,083	\$ 501,390	\$ (1,307)
Public safety	1,948,816	285,746	1,663,070	2,107,318	458,307	1,649,011
Public works	1,302,286	469,740	832,546	1,563,371	376,066	1,187,305
Parks and recreation	232,493	24,967	207,526	230,200	5,420	224,780
Municipal band	53,246	-	53,246	68,410	-	68,410
Public library	148,569	20,506	128,063	137,624	16,949	120,675
Low-income housing	2,001	-	2,001	4,000	-	4,000
Interest on long-term debt	52,484	-	52,484	54,979	-	54,979
Total	<u>\$ 4,180,606</u>	<u>\$ 1,218,364</u>	<u>\$ 2,962,242</u>	<u>\$ 4,665,985</u>	<u>\$ 1,358,132</u>	<u>\$ 3,307,853</u>

As noted in Table MDA - 7, expenses from governmental activities totaled \$4,180,606. However, the net costs of these services were \$2,962,242. The difference represents direct revenues from charges for services of \$827,813, operating grants and contributions of \$62,189, and capital grants and contributions of \$328,362. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City's net assets by \$356,460. Key elements of the change in net assets are as follows:

- Electric system operating revenue decreased \$145,358 from the prior year, while operating expenses decreased \$418,651.
- Water and wastewater system operating revenues increased \$185,515 from the prior year, while operating expenses decreased \$165,647.

Financial Analysis of the City's Funds

General Fund revenues exceeded expenditures. The fund balance of the General Fund increased \$560,276 to the amount of \$1,064,638. There was an increase in fund balance for the Governmental Funds of \$4,011,481, which brings the Governmental Fund's balance at September 30, 2012 to \$5,333,357.

General Fund Budgetary Highlights

Difference between the original and the final approved budget can be summarized as follows:

- Administration, Police, Public Works departments salary line items were adjusted to expected positions filled as of September 30, 2012.
- Total original expense budget of \$3,606,902 was increased to \$3,650,272. The reasons for the increase are stated above.
- The actual amounts on budgetary basis were \$3,899,571 in revenue verses \$3,449,295 in expenses. This change to the fund balance at the end of the year after transfers in and out was an increase of \$560,276.

Capital Assets and Debt Administration

This year's major capital asset activity for governmental activities includes:

- Airport completed construction and received approval from Missouri Department of Transportation on the terminal/hangar area expansion project that was largely funded with a Missouri Department of Transportation grant funds.
- Police Department received radio grant for interoperable radios to enhance communications with other departments in emergency situations.
- Fire Department received radio grant for interoperable radios to enhance communications with other departments in emergency situations.
- The Parks fund was not able to start the capital projects in fiscal year 2011-2012, but projects are planned to start in fiscal year 2012-2013.

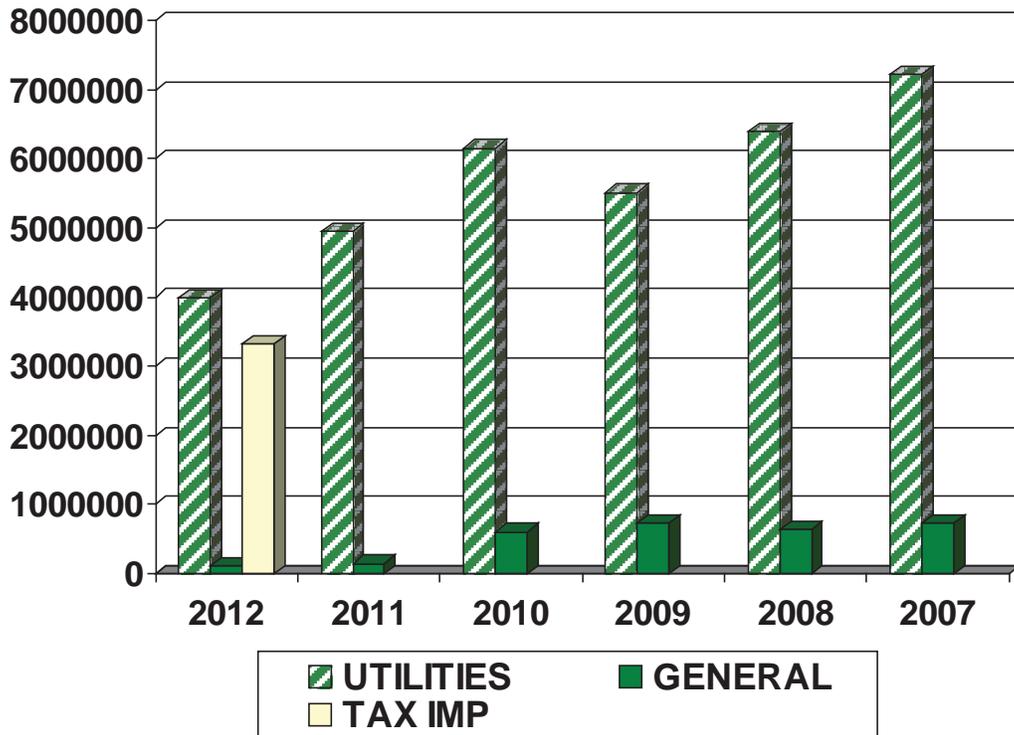
This year's major capital asset activity for business-type activities includes:

- Continued working on GIS programs and improved the City's website.
- Sewer treatment/collection had Lift-station SCADA improvements
- Sewer system continued the Sewer Basin Evaluation Study.
- The consideration for Automatic Meter Reading, for water services was removed from the fiscal year 2011-2012 budgets.

The budgeted capital projects for fiscal year 2011-2012 totaled \$1,846,366 with several projects being carried over to the next budget year.

Long-term debt principal payments totaled \$1,122,050. Additional debt in form of certificates of participation amounting to \$3,315,000 were issued, these certificates of participation will be re-paid with specific future sales tax revenues.

**City of Cameron
Long - Term Debt
(Millions)**



Factors expected to have Significant Future Effect on Financial Position and Results of Operation

The City Council continues to strive for long-term sustainable improvements to the community. The areas of interest for the City Council: infrastructure, beautification, quality of life, and community resources.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about this report contact any of the following persons:

Mark Gaugh, City Manager
 Barbara O'Connor, City/Finance Clerk
 Carmen Weigand, Accounting Specialist

At 205 N Main, Cameron, Missouri 64429 or (816) 632-2177.

**CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 970,981	\$ 203,697	\$ 1,174,678
Certificates of deposit	642,971	5,422,314	6,065,285
Restricted cash	3,127,065	-	3,127,065
Receivables, net:			
Taxes	1,134,671	93,262	1,227,933
Utilities	-	1,486,498	1,486,498
Grants	10,311	-	10,311
Accrued interest	269	3,139	3,408
Accounts	68,544	-	68,544
Due from other governments	-	71,712	71,712
Internal balances	(112,021)	112,021	-
Prepaid expenses	100,944	74,690	175,634
Inventory	-	1,025,501	1,025,501
Total current assets	5,943,735	8,492,834	14,436,569
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	1,058,204	1,058,204
Special assessments, net	-	9,767	9,767
Land held for resale	100,476	-	100,476
Due from other governments	331,662	-	331,662
Deferred bond issue costs, net	91,834	45,153	136,987
Capital assets, net	11,550,188	18,907,173	30,457,361
Total noncurrent assets	12,074,160	20,020,297	32,094,457
Total Assets	18,017,895	28,513,131	46,531,026
LIABILITIES			
Current liabilities:			
Accounts payable	210,960	651,726	862,686
Accrued interest payable	1,440	43,277	44,717
Deferred revenue	542,543	-	542,543
Customer deposits payable	-	360,993	360,993
Total current liabilities	754,943	1,055,996	1,810,939
Noncurrent liabilities:			
Due in one year	216,312	609,277	825,589
Due in more than one year	3,334,652	3,475,735	6,810,387
Total non-current liabilities	3,550,964	4,085,012	7,635,976
Total liabilities	4,305,907	5,141,008	9,446,915
NET ASSETS			
Invested in capital assets, net of related debt	11,439,212	14,925,579	26,364,791
Restricted for:			
Debt service	-	697,211	697,211
Capital outlay	352,915	-	352,915
Parks and recreation	525,333	-	525,333
Public library	96,484	-	96,484
Municipal band	183,209	-	183,209
Other purposes	722	-	722
Unrestricted	1,114,113	7,749,333	8,863,446
Total net assets	\$ 13,711,988	\$ 23,372,123	\$ 37,084,111

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government	\$ 440,711	\$ 399,766	\$ 17,639	\$ -	\$ (23,306)	\$ -	\$ (23,306)
Public safety	1,948,816	250,335	32,411	3,000	(1,663,070)	-	(1,663,070)
Public works	1,302,286	164,479	-	305,261	(832,546)	-	(832,546)
Parks and recreation	232,493	4,866	-	20,101	(207,526)	-	(207,526)
Public library	148,569	8,367	12,139	-	(128,063)	-	(128,063)
Municipal band	53,246	-	-	-	(53,246)	-	(53,246)
Low-income housing	2,001	-	-	-	(2,001)	-	(2,001)
Interest on long-term debt	52,484	-	-	-	(52,484)	-	(52,484)
Total governmental activities	<u>4,180,606</u>	<u>827,813</u>	<u>62,189</u>	<u>328,362</u>	<u>(2,962,242)</u>	<u>-</u>	<u>(2,962,242)</u>
Business-type activities:							
Electric	7,039,911	7,842,184	-	-	-	802,273	802,273
Water and wastewater	3,150,290	2,803,961	-	1,883	-	(344,446)	(344,446)
Solid waste	279,093	304,514	-	-	-	25,421	25,421
Total business-type activities	<u>10,469,294</u>	<u>10,950,659</u>	<u>-</u>	<u>1,883</u>	<u>-</u>	<u>483,248</u>	<u>483,248</u>
Total primary government	<u>\$ 14,649,900</u>	<u>\$ 11,778,472</u>	<u>\$ 62,189</u>	<u>\$ 330,245</u>	<u>(2,962,242)</u>	<u>483,248</u>	<u>(2,478,994)</u>
General revenues:							
Property tax					741,289	-	741,289
Sales and use taxes					1,826,441	473,788	2,300,229
Other local taxes					166,868	-	166,868
Gain (loss) on sale of equipment					-	(2,250)	(2,250)
Intergovernmental					331,992	78,707	410,699
Interest revenue					33,155	37,580	70,735
Transfers					714,613	(714,613)	-
Total general revenues and transfers					<u>3,814,358</u>	<u>(126,788)</u>	<u>3,687,570</u>
Change in net assets					852,116	356,460	1,208,576
Net assets, beginning of year					<u>12,859,872</u>	<u>23,015,663</u>	<u>35,875,535</u>
Net assets, end of year					<u>\$ 13,711,988</u>	<u>\$ 23,372,123</u>	<u>\$ 37,084,111</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	<u>GENERAL FUND</u>	<u>STORMWATER IMPROVEMENT FUND</u>	<u>TRANSPORTATION IMPROVEMENT FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 457,371	\$ 73,305	\$ 207,606	\$ 232,699	\$ 970,981
Certificates of deposit	155,326	-	-	487,645	642,971
Restricted cash	-	2,636,892	490,173	-	3,127,065
Receivables, net:					
Taxes	680,560	42,619	85,239	326,253	1,134,671
Grants	10,311	-	-	-	10,311
Accounts	62,531	-	-	6,013	68,544
Accrued interest	130	-	-	139	269
Due from other governments	331,662	-	-	-	331,662
Land held for resale	100,476	-	-	-	100,476
	<u>1,798,367</u>	<u>2,752,816</u>	<u>783,018</u>	<u>1,052,749</u>	<u>6,386,950</u>
Total Assets	<u>\$ 1,798,367</u>	<u>\$ 2,752,816</u>	<u>\$ 783,018</u>	<u>\$ 1,052,749</u>	<u>\$ 6,386,950</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 118,283	\$ 60,059	\$ 17,143	\$ 15,475	\$ 210,960
Deferred revenue	503,425	-	-	227,187	730,612
Due to other funds	112,021	-	-	-	112,021
	<u>733,729</u>	<u>60,059</u>	<u>17,143</u>	<u>242,662</u>	<u>1,053,593</u>
Total Liabilities	<u>733,729</u>	<u>60,059</u>	<u>17,143</u>	<u>242,662</u>	<u>1,053,593</u>
Fund balances:					
Nonspendable	100,476	-	-	-	100,476
Restricted	-	2,692,757	213,445	810,087	3,716,289
Committed	-	-	552,430	-	552,430
Unassigned	964,162	-	-	-	964,162
	<u>1,064,638</u>	<u>2,692,757</u>	<u>765,875</u>	<u>810,087</u>	<u>5,333,357</u>
Total Fund Balances	<u>1,064,638</u>	<u>2,692,757</u>	<u>765,875</u>	<u>810,087</u>	<u>5,333,357</u>
	<u>\$ 1,798,367</u>	<u>\$ 2,752,816</u>	<u>\$ 783,018</u>	<u>\$ 1,052,749</u>	<u>\$ 6,386,950</u>
Total Liabilities and Fund Balances	<u>\$ 1,798,367</u>	<u>\$ 2,752,816</u>	<u>\$ 783,018</u>	<u>\$ 1,052,749</u>	<u>\$ 6,386,950</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

Fund Balances - Total Governmental Funds \$ 5,333,357

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial
resources and, therefore, are not reported in the governmental funds:

Governmental capital assets	\$ 29,902,653	
Less: accumulated depreciation	<u>(18,352,465)</u>	11,550,188

Prepaid insurance is reported as an expenditure in the governmental funds but the unused economic benefit is reflected as an asset in the Statement of Net Assets.	100,944
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Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(1,440)
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Certain revenue that was earned and accrued in the current period but not received until after 60 days is deferred in the fund statement but recognized under full accrual.	188,069
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Long-term liabilities are not due and payable in the current period,
and therefore, are not reported as liabilities in the governmental funds.

2012A Certificates of participation	(2,795,000)	
2012B Certificates of participation	(520,000)	
Note payable - Cameron Rural Fire Department	(42,481)	
Capital lease - street sweeper	(29,647)	
Capital lease - folder/sorter machine	(38,848)	
Bond issue costs	91,834	
Compensated absences payable	<u>(124,988)</u>	<u>(3,459,130)</u>

Net Assets of Governmental Activities \$ 13,711,988

CITY OF CAMERON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	GENERAL FUND	STORMWATER IMPROVEMENT FUND	TRANSPORTATION IMPROVEMENT FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Sales tax	\$ 1,222,610	\$ 148,805	\$ 297,610	\$ 157,416	\$ 1,826,441
Property tax	450,395	-	-	290,894	741,289
Other local taxes	87,608	-	-	79,260	166,868
Intergovernmental	331,992	-	-	-	331,992
Licenses, permits and fees	351,265	-	-	-	351,265
Charges for services	325,669	-	-	-	325,669
Grants	344,890	-	-	32,240	377,130
Fines and forfeitures	92,432	-	-	-	92,432
Interest	29,463	73	37	3,582	33,155
Miscellaneous	58,634	-	-	13,233	71,867
Total Revenues	<u>3,294,958</u>	<u>148,878</u>	<u>297,647</u>	<u>576,625</u>	<u>4,318,108</u>
EXPENDITURES:					
Current:					
General government	420,598	-	-	-	420,598
Public safety	1,838,243	-	-	-	1,838,243
Public works	798,423	-	-	-	798,423
Parks and recreation	-	-	-	191,987	191,987
Public library	-	-	-	147,018	147,018
Municipal band	-	-	-	53,261	53,261
Low-income housing	-	-	-	2,001	2,001
Capital outlay	302,044	170,431	38,853	145,858	657,186
Debt service:					
Principal	81,428	-	-	-	81,428
Interest and fees	8,559	80,690	12,919	43,927	146,095
Total Expenditures	<u>3,449,295</u>	<u>251,121</u>	<u>51,772</u>	<u>584,052</u>	<u>4,336,240</u>
Excess (deficiency) of revenues over expenditures	<u>(154,337)</u>	<u>(102,243)</u>	<u>245,875</u>	<u>(7,427)</u>	<u>(18,132)</u>
Other financing sources (uses):					
Certificate of participation proceeds	-	2,795,000	520,000	-	3,315,000
Transfers in	714,613	-	-	-	714,613
Total other financing sources (uses)	<u>714,613</u>	<u>2,795,000</u>	<u>520,000</u>	<u>-</u>	<u>4,029,613</u>
Net change in fund balances	560,276	2,692,757	765,875	(7,427)	4,011,481
Fund balance, beginning of year	<u>504,362</u>	<u>-</u>	<u>-</u>	<u>817,514</u>	<u>1,321,876</u>
Fund balance, end of year	<u>\$ 1,064,638</u>	<u>\$ 2,692,757</u>	<u>\$ 765,875</u>	<u>\$ 810,087</u>	<u>\$ 5,333,357</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ 4,011,481

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases	677,935	
Depreciation expense	(720,762)	(42,827)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Debt payments	81,428	
Debt proceeds	(3,315,000)	
Bond issue costs	93,609	(3,139,963)

Governmental funds report expenditures for insurance and similar services extending over more than one accounting period as expenditures in the period of acquisition:

Prepaid insurance		4,343
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Accrued interest expense on long-term debt is reported in the government-wide Statement of Activities and changes in net assets, but does not require the use of current financial resources; therefore accrued interest expense is not reported as an expenditure in governmental funds.

1,777

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	19,080	
Amortization of bond issuance costs	(1,775)	17,305

Change in Net Assets of Governmental Activities **\$ 852,116**

CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	ELECTRIC	WATER/ WASTEWATER	SOLID WASTE	TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 357,874	\$ (189,057)	\$ 34,880	\$ 203,697
Certificates of deposit	4,221,035	907,830	293,449	5,422,314
Receivables:				
Taxes	-	93,262	-	93,262
Utilities	1,073,363	375,634	37,501	1,486,498
Accrued interest	2,342	532	265	3,139
Due from other governments	71,712	-	-	71,712
Due from other funds	112,021	-	-	112,021
Prepaid expenses	36,104	37,880	706	74,690
Inventory	540,684	484,817	-	1,025,501
Total current assets	6,415,135	1,710,898	366,801	8,492,834
Noncurrent assets:				
Restricted cash and cash equivalents	240,530	817,674	-	1,058,204
Special assessments, net	9,767	-	-	9,767
Deferred bond issue costs, net	-	45,153	-	45,153
Capital assets, net	3,250,317	15,599,524	57,332	18,907,173
Total noncurrent assets	3,500,614	16,462,351	57,332	20,020,297
Total assets	\$ 9,915,749	\$ 18,173,249	\$ 424,133	\$ 28,513,131
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 449,521	\$ 180,214	\$ 21,991	\$ 651,726
Customer deposits payable	240,530	120,463	-	360,993
Compensated absences payable	55,793	47,625	-	103,418
Accrued interest payable	-	43,277	-	43,277
Revenue bonds payable	-	454,700	-	454,700
Notes payable	-	51,159	-	51,159
Total current liabilities	745,844	897,438	21,991	1,665,273
Noncurrent liabilities:				
Revenue bonds payable	-	3,273,700	-	3,273,700
Notes payable	-	202,035	-	202,035
Total noncurrent liabilities	-	3,475,735	-	3,475,735
Total liabilities	745,844	4,373,173	21,991	5,141,008
Net Assets:				
Invested in capital assets, net of related debt	3,250,317	11,617,930	57,332	14,925,579
Restricted for debt service	-	697,211	-	697,211
Unrestricted	5,919,588	1,484,935	344,810	7,749,333
Total net assets	9,169,905	13,800,076	402,142	23,372,123
Total liabilities and net assets	\$ 9,915,749	\$ 18,173,249	\$ 424,133	\$ 28,513,131

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
OPERATING REVENUES:				
Charges for services	\$ 7,776,725	\$ 2,768,975	\$ 304,514	\$ 10,850,214
Other	<u>65,459</u>	<u>34,986</u>	<u>-</u>	<u>100,445</u>
Total Operating Revenues	<u>7,842,184</u>	<u>2,803,961</u>	<u>304,514</u>	<u>10,950,659</u>
OPERATING EXPENSES:				
Production	5,697,828	929,300	-	6,627,128
Sewer treatment	-	527,763	-	527,763
Transmission & distribution	843,576	424,221	276,407	1,544,204
Administration	263,939	205,504	135	469,578
Depreciation	<u>234,568</u>	<u>833,172</u>	<u>2,551</u>	<u>1,070,291</u>
Total Operating Expenses	<u>7,039,911</u>	<u>2,919,960</u>	<u>279,093</u>	<u>10,238,964</u>
Operating Income (Loss)	<u>802,273</u>	<u>(115,999)</u>	<u>25,421</u>	<u>711,695</u>
Nonoperating Revenues (Expenses):				
Interest revenue	27,857	8,062	1,661	37,580
Taxes	-	473,788	-	473,788
Intergovernmental revenue	-	78,707	-	78,707
Loss on sale of assets	(2,250)	-	-	(2,250)
Interest expense and fees	<u>-</u>	<u>(230,330)</u>	<u>-</u>	<u>(230,330)</u>
Total Nonoperating Revenues (Expenses)	<u>25,607</u>	<u>330,227</u>	<u>1,661</u>	<u>357,495</u>
Income (loss) before contributions and transfers	<u>827,880</u>	<u>214,228</u>	<u>27,082</u>	<u>1,069,190</u>
CONTRIBUTIONS AND TRANSFERS:				
Grant revenue	-	1,883	-	1,883
Transfers out	<u>(555,858)</u>	<u>(148,755)</u>	<u>(10,000)</u>	<u>(714,613)</u>
Total contributions and transfers	<u>(555,858)</u>	<u>(146,872)</u>	<u>(10,000)</u>	<u>(712,730)</u>
Change in net assets	272,022	67,356	17,082	356,460
Net assets, beginning of year	<u>8,897,883</u>	<u>13,732,720</u>	<u>385,060</u>	<u>23,015,663</u>
Net assets, end of year	<u>\$ 9,169,905</u>	<u>\$ 13,800,076</u>	<u>\$ 402,142</u>	<u>\$ 23,372,123</u>

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 7,524,600	\$ 2,757,635	\$ 306,219	\$ 10,588,454
Cash receipts from other funds for services	324,742	17,488	-	342,230
Cash payments for other operating services	(116,242)	(129,943)	(135)	(246,320)
Cash payments to suppliers	(6,067,163)	(1,455,005)	(277,051)	(7,799,219)
Cash paid to employees	(619,374)	(507,771)	-	(1,127,145)
Net cash provided by operating activities	<u>1,046,563</u>	<u>682,404</u>	<u>29,033</u>	<u>1,758,000</u>
Cash flows from noncapital financing activities:				
Advance to other funds	70,838	-	-	70,838
Transfers to other funds	(555,858)	(148,755)	(10,000)	(714,613)
Net cash used by noncapital financing activities	<u>(485,020)</u>	<u>(148,755)</u>	<u>(10,000)</u>	<u>(643,775)</u>
Cash flows from capital and related financing activities:				
Capital improvements & motor vehicle sales tax received	-	450,928	-	450,928
Capital grants received	-	59,200	-	59,200
Acquisition and construction of capital assets	-	(99,260)	-	(99,260)
Proceeds from sale of capital assets	20,000	-	-	20,000
Principal paid on revenue bonds	-	(616,724)	-	(616,724)
Principal paid on note payable	-	(48,891)	-	(48,891)
Interest and fees paid on debt	-	(506,769)	-	(506,769)
Net cash provided (used) in capital and related financing activities	<u>20,000</u>	<u>(761,516)</u>	<u>-</u>	<u>(741,516)</u>
Cash flows from investing activities:				
Interest received on bond escrow accounts	-	78,707	-	78,707
Interest received on cash accounts	30,037	9,822	1,828	41,687
Change in certificates of deposit	(335,437)	(390,802)	(51,759)	(777,998)
Net cash used by investing activities	<u>(305,400)</u>	<u>(302,273)</u>	<u>(49,931)</u>	<u>(657,604)</u>
Net increase (decrease) in cash and cash equivalents	276,143	(530,140)	(30,898)	(284,895)
Cash and cash equivalents, beginning of year	<u>322,261</u>	<u>1,158,757</u>	<u>65,778</u>	<u>1,546,796</u>
Cash and cash equivalents, end of year	<u>\$ 598,404</u>	<u>\$ 628,617</u>	<u>\$ 34,880</u>	<u>\$ 1,261,901</u>
Cash and cash equivalents	\$ 357,874	\$ (189,057)	\$ 34,880	\$ 203,697
Restricted cash and cash equivalents	<u>240,530</u>	<u>817,674</u>	<u>-</u>	<u>1,058,204</u>
Cash and cash equivalents, end of year	<u>\$ 598,404</u>	<u>\$ 628,617</u>	<u>\$ 34,880</u>	<u>\$ 1,261,901</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 802,273	\$ (115,999)	\$ 25,421	\$ 711,695
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	234,568	833,172	2,551	1,070,291
Changes in assets and liabilities:				
(Increase) decrease in utilities receivable	5,215	(28,838)	1,705	(21,918)
(Increase) decrease in other receivables	243	-	-	243
(Increase) decrease in prepaid expenses	(961)	(2,003)	(302)	(3,266)
(Increase) decrease in inventory	(14,634)	(4,737)	-	(19,371)
Increase (decrease) in accounts payable	(6,582)	(12,223)	(342)	(19,147)
Increase (decrease) in compensated absences	7,943	3,768	-	11,711
Increase (decrease) in customer deposits payable	<u>18,498</u>	<u>9,264</u>	<u>-</u>	<u>27,762</u>
Net cash provided by operating activities	<u>\$ 1,046,563</u>	<u>\$ 682,404</u>	<u>\$ 29,033</u>	<u>\$ 1,758,000</u>

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
SEPTEMBER 30, 2012

	<u>AGENCY FUND</u>
ASSETS	
Cash	\$ <u>345</u>
LIABILITIES	
Court bonds payable	\$ <u>345</u>

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cameron, Missouri (The City) operates under an elected mayor/council legislative form of government. The City Manager is the chief administrative officer of the City. The City provides services to residents in many areas, including law enforcement, fire protection, animal control, electrical, water, wastewater, solid waste and airport services, community enrichment and development, recreation, and various social services.

Principles Used to Determine Scope of Entity: The City's reporting entity includes the City's governing board and all related organizations. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the City's financial statements. The following entity has been blended in the City's annual financial statement, as it is part of the City's entity based on the criteria established in GASB Statement No. 39:

Tax Increment Financing (TIF) Commission: This component unit is governed by an 11-member board, of which 6 members are appointed by the City Council. The remaining 5 members are appointed by the respective taxing districts' boards. The TIF Commission is legally separate from the City but has no budget or financial operations. The City authorized the Commission to exercise all powers enumerated under the Act, except the final approval of plans, projects and the designation of redevelopment areas.

The TIF Commission is presented as a blended component unit because its sole purpose is to finance and construct improvements to the designated redevelopment area.

The City has determined that no other outside agency besides the organization listed above meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would result in the City being considered a component unit of the entity.

Related organizations excluded from the reporting entity: The City's officials are also responsible for appointing the members of the Board of Commissioners of the Housing Authority of the City of Cameron, the Industrial Development Authority of the City of Cameron, one member of the ACCD-911 board, and one member to the local hospital board. The City's accountability for these organizations does not extend beyond making the appointments.

Basis of Presentation: The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a particular function. 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 City's funds, including its fiduciary funds. Separate statements for each fund category, governmental, proprietary and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

In the Fund financial statements, fund balance consist of five classifications: 1) Nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. 2) Restricted fund balance are amounts restricted to specific purposes. 3) Committed fund balance are amounts that can only be used for specific purposes as pursuant to official action by the Council prior to the end of the reporting period. 4) Assigned fund balance are amounts the City intends to use for a specific purpose but is neither restricted nor committed. The Council has the authority to assign fund balances. 5) Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general ledger.

The order of spending, regarding the restricted and unrestricted fund balance, when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those restricted fund balance classification could be used.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Funds - The following are the City's major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

Stormwater Improvement Fund: This fund is used to account for the proceeds and interest earnings on the City's stormwater improvement sales tax. Included in this fund are expenditures for stormwater improvements.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transportation Improvement Fund: This fund is used to account for the proceeds and interest earnings on the City's transportation improvement sales tax. Included in this fund are expenditures for street improvement.

Proprietary Funds - The following are the City's major proprietary funds:

Electric Fund: This fund accounts for the acquisition, operation, and maintenance of the City's power and light utility facilities and services.

Water and Wastewater Fund: This fund accounts for the acquisition, operation, and maintenance of the City's water and wastewater utility facilities and services.

Solid Waste Fund: This fund accounts for the provision of solid waste collection.

Fiduciary Funds - The following are the City's fiduciary funds:

Agency Fund: This fund accounts for monies held on behalf of the Municipal Court.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: These funds account for proceeds of specific revenue sources and include the following: Parks and Recreation, Public Library, Municipal Band and Low-Income Housing.

Debt Service Funds: These funds account for the servicing of the general-long term debt of the City and include the TIF Special Allocation Fund.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds do not have a measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenues from property taxes are recognized in the period 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 activities and business-type activities and all enterprise funds of the City follow all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as FASB statements and interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recognized only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease are reported as other financing sources.

Property tax, sales tax, gasoline tax, motor vehicle tax, franchise taxes, interest, and revenues from other governmental units associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric, Water and Wastewater, and Solid Waste Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pooled Cash and Temporary Investments: Cash resources of the individual funds are combined to form a pool of cash and temporary investments. Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. government securities, carried at cost. Each fund's portion of the pool is displayed on the government-wide statement of net assets as cash and cash equivalents, investments or restricted assets. Interest earned is allocated to contributing funds based on cash and temporary investment balances. Deposits are held separately by some of the City's funds. Additionally, certain restricted assets, related to bond ordinances and indentures and certificates of lease participation, are held in escrow by financial institutions' trust departments.

Receivables: The City records as accounts receivable in the Proprietary Fund financial statements the amount of accrued, but unbilled revenue for the Electric, Water and Wastewater, and Solid Waste Funds determined by prorating actual subsequent billings, net of an allowance for uncollectible.

Inventory: Inventories of the proprietary funds consists of electric, water and wastewater utility materials and are stated at cost.

Restricted Assets: These assets consist of cash, certificates of deposit, and escrowed funds held in trust. They are restricted as to use for debt service, bond reserves and system replacement and extension as provided by bonding resolutions.

Customer Deposits: The City collects a refundable deposit from a new customer prior to initiating metered service. Customer deposits are reported in restricted assets.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Transactions: The City has the following types of interfund transactions:

Loans - amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e., due to other funds) in borrower funds.

Services provided and used - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statement of net assets.

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Capital Assets: Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, and similar items) reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated historical cost. Contributions of capital assets are recorded at estimated fair value at the date of donation. Additions, improvements and expenditures that add to the value of an asset or significantly extend the useful life of an asset are capitalized.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the useful life of an asset are not capitalized.

Depreciation is computed on all assets using the straight-line method over the estimated useful lives of the related assets, which range as follows:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Improvements	10 - 20
Street network	10 - 30
Equipment	3 - 7
Publications	10

Fully depreciated capital assets are included in the capital assets accounts until their disposal.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued):

Property, plant, and equipment financed by capital leases are reflected as assets and corresponding liabilities, and the related depreciation expense is provided on the same basis as assets financed with other resources. General capital assets financed by capital leases are reported as an expenditure and other financing source in the governmental funds.

While construction projects are in process, all associated costs are recorded as construction work in progress. Once completed all costs, including legal, engineering, and construction costs, are reclassified to the depreciable capital assets category and depreciated over the estimated useful life.

Long-term Obligations:

Bond Premiums, Discounts and Issuance Costs - In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Compensated Absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based upon length of service. Sick leave may be accumulated to a maximum of ninety days. Upon retirement, compensation for sick leave is paid at 50% of the employee's current rate of pay for eligible employees. Upon termination, compensation for accumulated vacation will be paid to the employee. All vested or accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Operating Revenue and Expenses: Operating revenues and expenses for proprietary funds result from providing services and delivering goods in connection with the City's electric, solid waste, water and sewer operations. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Deferred and Unearned Revenues: The City's deferred and unearned revenue in the governmental funds represent amounts due, which are measurable, but not available. Unearned revenue in the statement of net assets represents property tax levied for future years and receipts that the City has not met all eligibility requirements imposed by the provider.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets: Net assets represent the difference between assets and liabilities. In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Capitalization of Interest: Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types with the fund financial statements. There was no interest capitalized in fiscal year 2012.

Statement of Cash Flows: The City defines cash and cash equivalents used in the statement of cash flows as all cash and highly liquid investments with an original maturity of three months or less when purchased (both restricted and unrestricted).

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Economic Activity Taxes (EATS): As allowed by the Real Property Tax Increment Allocation Redevelopment Act and Sections 99.800 through 99.865 of the Revised Statutes of Missouri (and in conjunction with the City's creation of the Tax Increment Financing (TIF) Commission of Cameron, Missouri), the City is allowed to capture 50% of the total additional revenue from sales taxes imposed by the City, the County of DeKalb, Missouri, or any other taxing districts over the amount of such taxes generated by economic activities within the TIF redevelopment project area (District) as measured in the calendar year prior to the adoption of the District, while tax increment financing remains in effect.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Economic Activity Taxes (EATS) continued: As the area of the TIF district contained no economic activities prior to the TIF adoption, all existing taxes collected in the periods subsequent to TIF adoption from the TIF district are subject to 50% capture. New taxes imposed after the issuance of the TIF special obligation bonds are also subject to being captured at the discretion of the City and the TIF Commission. Any new taxes not pledged for debt service on TIF obligations are to be distributed to the appropriate taxing districts as surplus. The tax amounts are provided in cooperation with the Missouri Department of Revenue and the various participants of the TIF District. All tax amounts are posted to the TIF special allocation fund. The tax amounts not subject to capture are distributed to the appropriate funds as an operating transfer from the TIF special allocation fund. The economic activity taxes (EATS) are to be used for repayment of debt associated with revenue bonds used to finance phase I of the TIF redevelopment project, and to repay the General Fund for amounts advanced for the phase II infrastructure.

NOTE B - CASH AND INVESTMENTS

State statutes permit the City to invest its monies as follows: 1) obligations of the United States Government or any agency or instrumentality, including repurchase agreements; 2) bonds of the State of Missouri, of the United States, or of any wholly owned corporation of the United States, and other short-term obligations of the United States; 3) under limited circumstances, commercial paper and banker's acceptances; and 4) deposit accounts with insured financial institutions provided those accounts are entirely insured by the FDIC or collateralized with government securities that have a fair value exceeding the deposit amount.

State statutes require that all deposits in financial institutions be fully collateralized by certain U.S. Government or Governmental Agency securities, certain state or political subdivision debt obligations, surety bonds, or certain letters of credit.

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. At September 30, 2012, the bank balances of the City's deposits totaled \$1,927,148. The City's deposits were entirely covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name.

Interest rate risk: Interest rate risk is defined as the risk that the fair value of the City's investments will decrease as a result of increases in interest rates. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal interest rate risk policy.

Investments: The City is a participant in the "State Revolving Fund (SRF) Program." Under terms of the SRF Program agreement, the State of Missouri purchases bonds issued by the participants. Additionally, moneys from the revolving loan fund are used to fund a bond reserve account for each participant. Interest earned from the bond reserve account is used by the master trustee to fund a portion of each participant's interest payments on these bonds. As bond principal is retired, the master trustee withdraws a proportionate amount from the bond reserve fund and returns those monies to the State Revolving Fund.

Investment Policy: The City's investment policy limits investment of excess funds in local banks in the form of time deposits. All accounts under the control of the City adhere to this policy. Accounts under the control of a trustee follow the investment requirements of the applicable trust agreements.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE B - CASH AND INVESTMENTS (continued)

Credit risk: Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's funds that are directed to a Trustee are invested by the Trustee for the benefit of the City in guaranteed investment contracts. Such investment agreements constitute an obligation of the credit provider and the trustees review the rating, by a nationally recognized rating service of each credit provider's unsecured long-term debt. As such, the guaranteed investment contracts are unrated.

Concentration of credit risk: Concentration of credit risk is the risk loss attributed to the magnitude of a government's investment in a single user. The City's investment policy places no limit on the amount the City may invest in any one issuer.

NOTE C - CERTIFICATES OF DEPOSIT

Certificates of deposit of the City as of September 30, 2012 are as follows:

Fund	Amount
Major governmental funds:	
General fund	\$ 155,326
Nonmajor governmental funds:	
Special revenue funds:	
Parks and recreation	333,817
Municipal band	133,620
Public library	20,208
Total special revenue	487,645
Total governmental funds	642,971
Enterprise Funds:	
Major Funds:	
Electric fund	4,221,035
Water and wastewater fund	907,830
Solid waste fund	293,449
Total enterprise funds	5,422,314
Total	\$ 6,065,285

Certificates of Deposit: Certificates of deposit with maturities in excess of three months are reported separately and are considered deposits for custodial risk determination. As of September 30, 2012, the total deposits were covered by securities held by the bank's trust department.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE D - TAXES

Property taxes are finalized and levied by September 1 and become delinquent after December 31 each year. Property taxes attach as an enforceable lien on property as of January 1. The current taxes receivable represent the 2012 levy plus any uncollected amounts from a prior year levy. Property taxes that are not available for current year operations are shown as deferred revenue.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2012 for purposes of local taxation was:

General	\$	0.6117
Parks and recreation		0.1502
Library		0.1717
Band		<u>0.0858</u>
Total	\$	<u>1.0194</u>

NOTE E - RESTRICTED ASSETS

Cash and cash equivalents are restricted for the following purposes:

Major Enterprise Funds:

Electric Fund:

Customer deposits	\$	240,530
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Water and Wastewater Fund:

Customer deposits		120,463
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Revenue bond reserves and accounts:

Principal and interest retirement		349,914
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Revenue bond retirement		20,368
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Depreciation and replacement		218,864
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Depreciation and replacement - Series 1998 debt		<u>108,065</u>
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Total enterprise funds	\$	<u>1,058,204</u>
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NOTE F - LAND HELD FOR SALE

In January 1996 the City acquired land in the "Crossroads Corporate Center." The land is held for resale and has a cost basis of \$100,476.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE G - RECEIVABLES

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2012 were as follows:

	Total Receivables	Allowance	Net Receivables
Business-type activities:			
Major enterprise funds:			
Electric	\$ 1,212,419	\$ 139,056	\$ 1,073,363
Water and wastewater	416,007	40,373	375,634
Solid waste	44,001	6,500	37,501
Total	\$ 1,672,427	\$ 185,929	\$ 1,486,498

Taxes receivable represent the net collectible ad valorem taxes, local sales taxes, capital improvement sales taxes, state gasoline tax and vehicle sales tax and fees. Balances at September 30, 2012 were as follows:

Fund	Total Receivables	Allowance	Net Receivables
Governmental activities:			
General:			
Ad valorem	\$ 461,916	\$ 5,304	\$ 456,612
Sales taxes	170,075	-	170,075
Gasoline tax	42,125	-	42,125
Vehicle sales tax & fees	11,748	-	11,748
Total general	685,864	5,304	680,560
Stormwater improvement fund:			
Sales tax	42,619	-	42,619
Transportation improvement fund:			
Sales tax	85,239	-	85,239
Nonmajor governmental funds:			
Special revenue funds:			
Ad valorem	307,879	3,534	304,345
Sales taxes	21,259	-	21,259
Vehicle sales tax & fees	649	-	649
Total special revenue	329,787	3,534	326,253
Total governmental funds	1,143,509	8,838	1,134,671
Business-type activities:			
Major enterprise funds:			
Water and wastewater fund:			
Sales taxes	93,808	2,384	91,424
Vehicle sales tax & fees	1,838	-	1,838
Total business-type activities	95,646	2,384	93,262
Total	\$ 1,239,155	\$ 11,222	\$ 1,227,933

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE H - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2012 were as follows:

Fund	Due From	Due To
Major governmental funds:		
General fund	\$ -	\$ 112,021
Enterprise funds:		
Electric fund	112,021	-
Total	\$ 112,021	\$ 112,021

Interfund payables include \$111,221 in the General Fund which represents advances from the Electric Fund for the purchase of land held for resale and related costs which is being repaid as parcels of land are sold. This payable is expected to be fully repaid.

NOTE I - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2012 consisted of the following:

	Electric Fund	Water and Wastewater Fund	Solid Waste Fund	Total
Transfer to:				
Major governmental funds:				
General fund	\$ 555,858	\$ 148,755	\$ 10,000	\$ 714,613
Nonmajor governmental funds:				
Park and recreation (special revenue) fund	-	-	-	-
Major business-type funds:				
Water and wastewater (enterprise) fund	-	-	-	-
Total	\$ 555,858	\$ 148,755	\$ 10,000	\$ 714,613

Transfers are used to (1) move revenues from the fund that budgets or ordinance requires to collect them to the fund that budgets or ordinance requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended September 30, 2012, \$35,000 was transferred from the Electric Fund to the General Fund for community development activities. Also included in the transfers schedule are the payments of \$520,858 and \$148,755 in fiscal year 2012 by the Electric and Water and Wastewater Funds, respectively, to the General Fund. The transfer represents data processing services, administrative surcharges and real estate taxes on plant in service (PILOT). The rate of 5% is applied to gross billed operating revenues less amounts written off to arrive at the administrative surcharge due the General Fund. Data processing services and PILOT are charged at a set amount. The Solid Waste Fund also transferred \$10,000 for recycling labor paid by the General Fund.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE J - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. All amounts of compensation deferred under the plan and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of plan participants and/or beneficiaries.

NOTE K - RETIREMENT PLAN

Plan Description

The City of Cameron participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

Full-time employees of the City of Cameron do not contribute to the pension plan. The June 30th statutorily required contribution rates are 13.8% (General) and 11.7% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE K - RETIREMENT PLAN (continued)

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 381,730
Interest on net pension obligation	3,419
Adjustment to annual required contribution	<u>(2,601)</u>
Annual pension cost	382,548
Actual contributions	<u>344,702</u>
Increase (decrease) in Net Pension Obligation	37,846
Net Pension Obligation, beginning of year	<u>47,154</u>
Net Pension Obligation, end of year	<u><u>\$ 85,000</u></u>

The annual required contribution (ARC) was determined as part of the February 29, 2009 and February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2012 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2009 was 30 years for the General division and 30 years for the Police division. The amortization period as of February 28, 2010 was 30 years for the General division and 30 years for the Police division.

Schedule of Employer Contributions and
Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$ 331,844	100.0%	\$ -
6/30/2011	399,607	88.2%	47,154
6/30/2012	382,548	90.1%	85,000

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE L - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 3,066,624	\$ -	\$ -	\$ 3,066,624
Construction in progress	<u>250,062</u>	<u>501,937</u>	<u>542,716</u>	<u>209,283</u>
Total nondepreciable assets	<u>3,316,686</u>	<u>501,937</u>	<u>542,716</u>	<u>3,275,907</u>
Depreciable capital assets:				
Buildings	3,005,456	145,858	-	3,151,314
Improvements	907,250	542,716	-	1,449,966
Equipment	4,189,177	9,390	10,000	4,188,567
Publications	539,000	20,750	-	559,750
Street network	<u>17,277,149</u>	<u>-</u>	<u>-</u>	<u>17,277,149</u>
Total depreciable assets	<u>25,918,032</u>	<u>718,714</u>	<u>10,000</u>	<u>26,626,746</u>
Less accumulated depreciation:				
Buildings	827,600	76,031	-	903,631
Improvements	331,144	67,879	-	399,023
Equipment	3,277,741	211,007	10,000	3,478,748
Publications	446,319	18,015	-	464,334
Street network	<u>12,758,899</u>	<u>347,830</u>	<u>-</u>	<u>13,106,729</u>
Total accumulated depreciation	<u>17,641,703</u>	<u>720,762</u>	<u>10,000</u>	<u>18,352,465</u>
Total depreciable capital assets, net	<u>8,276,329</u>	<u>(2,048)</u>	<u>-</u>	<u>8,274,281</u>
Total governmental activities capital assets	<u>\$ 11,593,015</u>	<u>\$ 499,889</u>	<u>\$ 542,716</u>	<u>\$ 11,550,188</u>

Depreciation expense was charged to functions as follows:

General government	\$ 21,142
Public safety	133,804
Public works	501,966
Parks and recreation	41,663
Public library	<u>22,187</u>
	<u>\$ 720,762</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE L - CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Business-type activities:				
Electric fund:				
Nondepreciable assets:				
Land	\$ 42,541	\$ -	\$ -	\$ 42,541
Construction in progress	-	-	-	-
Total nondepreciable capital assets	<u>42,541</u>	<u>-</u>	<u>-</u>	<u>42,541</u>
Depreciable capital assets:				
Buildings and improvements	3,552,563	-	-	3,552,563
Equipment	3,930,195	-	(30,000)	3,900,195
Total depreciable capital assets	<u>7,482,758</u>	<u>-</u>	<u>(30,000)</u>	<u>7,452,758</u>
Less accumulated depreciation:				
Buildings and improvements	1,003,977	143,853	-	1,147,830
Equipment	3,014,188	90,714	7,750	3,097,152
Total accumulated depreciation	<u>4,018,165</u>	<u>234,567</u>	<u>7,750</u>	<u>4,244,982</u>
Total depreciable capital assets, net	<u>3,464,593</u>	<u>(234,567)</u>	<u>(22,250)</u>	<u>3,207,776</u>
Total electric capital assets	<u>3,507,134</u>	<u>(234,567)</u>	<u>(22,250)</u>	<u>3,250,317</u>
Water and waste water fund:				
Nondepreciable assets:				
Land	710,551	-	-	710,551
Construction in progress	22,275	77,102	-	99,377
Total nondepreciable capital assets	<u>732,826</u>	<u>77,102</u>	<u>-</u>	<u>809,928</u>
Depreciable capital assets:				
Buildings and improvements	28,065,157	-	-	28,065,157
Equipment	4,079,799	22,157	-	4,101,956
Total depreciable capital assets	<u>32,144,956</u>	<u>22,157</u>	<u>-</u>	<u>32,167,113</u>
Less accumulated depreciation:				
Buildings and improvements	15,477,558	716,448	-	16,194,006
Equipment	1,066,788	116,723	-	1,183,511
Total accumulated depreciation	<u>16,544,346</u>	<u>833,171</u>	<u>-</u>	<u>17,377,517</u>
Total depreciable capital assets, net	<u>15,600,610</u>	<u>(811,014)</u>	<u>-</u>	<u>14,789,596</u>
Total water and wastewater capital assets	<u>16,333,436</u>	<u>(733,912)</u>	<u>-</u>	<u>15,599,524</u>
Solid waste fund:				
Nondepreciable assets:				
Land	46,705	-	-	46,705
Depreciable capital assets:				
Equipment	36,104	-	-	36,104
Less accumulated depreciation:				
Equipment	22,926	2,551	-	25,477
Total depreciable capital assets, net	<u>13,178</u>	<u>(2,551)</u>	<u>-</u>	<u>10,627</u>
Total solid waste capital assets	<u>59,883</u>	<u>(2,551)</u>	<u>-</u>	<u>57,332</u>
Total business-type activities capital assets	<u>\$ 19,900,453</u>	<u>\$ (971,030)</u>	<u>\$ (22,250)</u>	<u>\$ 18,907,173</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE L - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Electric	\$ 234,568
Water and wastewater	833,171
Solid waste	<u>2,551</u>
	<u>\$ 1,070,290</u>

NOTE M - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the Midwest Public Risk of Missouri (MPR), a nonprofit association organized to operate as a group self-insured risk pool. The purpose MPR is to seek the prevention or lessening of casualty and property losses to its member participants and injuries to persons or employees which might result in claims being made against such member participants. MPR operates as a risk management pool. The City has no direct control over budgeting, financing, the governing body or management selection.

MPR is funded by its member participants. Member assessments are collected in advance and are calculated based on members' property valuation and payroll data multiplied by a pool assessment factor. The assessment factor is based on the loss experience of the entire pool adjusted up or down for each member participant depending on that member's own loss experience. Member participants with a consistent record of costly claims will pay more than members with a consistent record of lesser claims activity. Coverage obtained by the City through MPR includes property, crime, general liability, auto liability, police professional and law enforcement liability, and public officials' liability. Losses from individual claims in excess of per-occurrence coverage limits (MPR's self-insured retention limits combined with excess insurance contract limits) remain the responsibility of the respective member participants.

In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, MPR and its member participants would be responsible for such defaulted amounts. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations. No supplemental assessments were required by MPR during fiscal 2012.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE N - COMMITMENTS AND CONTINGENCIES

Post Closure Costs of Landfill

As a result of a 1989 agreement between the City and the Missouri Department of Natural resources (DNR) relative to the closure of a solid waste landfill site, the City entered into a "Contract of Obligation" with DNR. The contract relates to the City's obligation for periodic post-closure maintenance of the old landfill. In the event that the City fails to provide proper post-closure care, it could become liable under the contract to pay to DNR a sum no greater than \$387,138. No less than annually, the City is required to reaffirm, in writing, its obligation to DNR. For the year ended September 30, 2012, the City did not incur any significant costs towards the periodic maintenance of the old landfill pursuant to DNR inspection of the site, and approval of the maintenance measures taken.

Federal and State Grants

The City receives financial assistance from various Federal and State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the City at September 30, 2012.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE O - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities during the year were as follows:

	Beginning Balance <u>October 1, 2011</u>	Additions	Retirements	Ending Balance <u>September 30, 2012</u>	Amount due within one year
Governmental Activities:					
Series 2012A Certificates of Participation	\$ -	\$ 2,795,000	\$ -	\$ 2,795,000	\$ 110,000
Series 2012B Certificates of Participation	-	520,000	-	520,000	45,000
Capital lease - street sweeper	58,362	-	28,715	29,647	29,647
Capital lease - folder/sorter machine	48,762	-	9,914	38,848	10,419
Note payable - pumper truck	21,559	-	21,559	-	-
Note payable - Cameron Rural Fire	63,721	-	21,240	42,481	21,246
Payable to other governments	63,050	-	63,050	-	-
Accrued compensated absences	144,068	-	19,080	124,988	124,988
Total Governmental Activities	<u>\$ 399,522</u>	<u>\$ 3,315,000</u>	<u>\$ 163,558</u>	<u>\$ 3,550,964</u>	<u>\$ 341,300</u>
Business-Type Activities:					
Electric Fund:					
Accrued compensated absences	\$ 47,850	\$ 7,943	\$ -	\$ 55,793	\$ 55,793
Water and Wastewater Fund:					
1992 Revenue Bonds	95,000	-	95,000	-	-
1993 Refunding Bonds	123,324	-	123,324	-	-
1996 Revenue Bonds	995,000	-	150,000	845,000	195,000
1998 Revenue Bonds	1,770,000	-	190,000	1,580,000	200,000
2009 Refunding & Improvement Bonds	1,361,800	-	58,400	1,303,400	59,700
Accreted interest	292,877	-	292,877	-	-
Note payable - odor control improvements	302,085	-	48,891	253,194	51,159
Accrued compensated absences	43,857	3,768	-	47,625	47,625
Total Water and Wastewater Fund	<u>4,983,943</u>	<u>3,768</u>	<u>958,492</u>	<u>4,029,219</u>	<u>553,484</u>
Total Business-Type Activities	<u>\$ 5,031,793</u>	<u>\$ 11,711</u>	<u>\$ 958,492</u>	<u>\$ 4,085,012</u>	<u>\$ 609,277</u>

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. The City estimates that none of the compensated absences will be due within one year.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE P - LONG-TERM DEBT

Debt service requirements to maturity for all bonds and certificates of participation outstanding at September 30, 2012 are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Certificates of Participation</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 155,000	\$ 92,776	\$ 454,700	\$ 136,777
2014	145,000	107,862	476,000	113,320
2015	145,000	104,962	492,400	88,860
2016	150,000	102,062	518,800	63,248
2017	150,000	99,063	300,200	44,313
2018	150,000	96,063	311,600	32,536
2019	160,000	92,463	318,100	19,775
2020	160,000	88,338	69,600	12,506
2021	165,000	83,663	71,200	11,463
2022	220,000	78,650	72,800	10,394
2023	125,000	71,325	74,400	9,305
2024	125,000	66,950	76,000	8,191
2025	130,000	62,575	77,700	7,052
2026	135,000	57,375	79,400	5,888
2027	140,000	51,975	81,200	4,698
2028	150,000	46,375	83,000	3,481
2029	155,000	39,813	84,900	2,238
2030	160,000	33,031	86,400	966
2031	170,000	26,031	-	-
2032	425,000	18,594	-	-
Total	<u>\$ 3,315,000</u>	<u>\$ 1,419,946</u>	<u>\$ 3,728,400</u>	<u>\$ 575,011</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE Q - BONDS PAYABLE

Revenue bonds outstanding at September 30, 2012 consist of:

Water and Wastewater Fund:

Series 1996 C Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2016; interest of 5.90%	\$ 845,000
Series 1998 B Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2019; interest of 4.5% to 5.25%	1,580,000
Series 2009B Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds (State of Missouri - Direct Loan Program - ARRA) due in varying annual installments through July 1, 2030, interest of 1.49%	<u>1,303,400</u>
Total Water and Wastewater Fund revenue bonds	<u><u>\$ 3,728,400</u></u>

The water and wastewater bond ordinance and bond indentures require that the system be accounted for in a separate enterprise fund and that revenues are pledged for repayment. They also require that after sufficient current assets have been set aside to operate the systems, all remaining monies held in the fund be segregated and restricted in separate special reserves and accounts in the following sequence:

<u>Reserve</u>	<u>Restriction</u>
Principal and interest retirement	For the monthly accumulation of monies to meet the maturing revenue bond principal and interest requirements
Bond retirement	Paying principal and interest in the event of a deficiency in the current principal and interest account
Depreciation and replacement	For emergency replacement and repair of the system
System and equipment replacement	For ensuring replacement needs over the useful lives of the system assets

Surplus account monies are reflected as unrestricted cash. The required reserves are reported in the accompanying statement of net assets as follows:

	Water and Wastewater Enterprise Fund
Principal and interest retirement	\$ 349,914
Bond retirement	20,368
Depreciation and replacement	218,864
System and equipment replacement	<u>108,065</u>
Total revenue bond reserves	<u><u>\$ 697,211</u></u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE Q - BONDS PAYABLE (continued)

Various bond ordinances and indentures contain significant limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages.

NOTE R - CERTIFICATES OF LEASE PARTICIPATION

Stormwater Improvement Fund:

Series 2012A Certificates of Participation, due in varying annual installments through April 2032; interest at 2.00% to 4.375%	<u>\$ 2,795,000</u>
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Transportation Improvement Fund:

Series 2012B Certificates of Participation, due in varying annual installments through April 2022; interest at 2.00% to 3.125%	<u>\$ 520,000</u>
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NOTE S - CAPITAL LEASE OBLIGATIONS

On February 2, 2009, the City entered into a lease purchase agreement to finance the cost of a street sweeper. The lease is for five years requiring annual installments of \$30,612 through May 15, 2013, interest at 3.25%.

On February 17, 2011, the City entered into a lease purchase agreement to finance the cost of a folder/sorter machine. The lease is for 5 years requiring quarterly installments of \$3,042 through March 20, 2016, interest at 5%.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 197,082
Less: Accumulated depreciation	(80,903)
Total	\$ 116,179

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE S - CAPITAL LEASE OBLIGATIONS (continued)

Future minimum lease payments and the net present value of the minimum lease payments on the above leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental</u> <u>Activities</u>
2013	\$ 42,779
2014	12,168
2015	12,168
2016	<u>6,084</u>
Total minimum lease payments	73,199
Less amount representing interest	<u>(4,704)</u>
Present value of minimum lease payments	<u>\$ 68,495</u>

NOTE T - NOTES PAYABLE

Notes payable at September 30, 2012 consist of:

General Fund:

Note payable to Cameron Rural Fire District, due in annual installments of \$23,669 through April 15, 2014, interest at 5.5%, unsecured	\$ 42,481
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Water/wastewater Fund:

Note payable to a financial institution, due in semi-annual installments of \$31,528 through April 1, 2016, interest at 4.875%, secured by water/wastewater equipment	<u>253,194</u>
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Total notes payable	<u>\$ 295,675</u>
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Maturities of notes payable are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
2013	\$ 21,245	\$ 51,159
2014	21,236	53,719
2015	-	56,407
2016	<u>-</u>	<u>91,909</u>
	<u>\$ 42,481</u>	<u>\$ 253,194</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE U - CONDUIT DEBT - INDUSTRIAL REVENUE BONDS

The City has issued Industrial Revenue Bonds to provide financial assistance to a non-profit entity for construction of a building, the acquisition of medical equipment, and to re-finance existing debt, all deemed to be in the public interest. The bonds are secured by the building and equipment financed and are payable solely from payments received on the underlying loans. Neither the City, the State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the outstanding bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. These bonds were refinanced on May 17, 2007. As of September 30, 2012, the outstanding principal amount payable was \$18,315,000.

NOTE V - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City for the year ended September 30, 2012.

<u>Classification/Fund</u>	<u>Purpose</u>	
Nonspendable:		
General Fund	Land held for resale	\$ <u>100,476</u>
Restricted:		
Stormwater improvements	Capital outlay	2,692,757
Transportation improvements	Capital outlay	213,445
Parks and Recreation	Operate parks	525,333
Public Library	Operate library	96,484
Municipal band	Operate band	183,209
Low-income housing	Homebuyer program	722
TIF special allocation	Debt payments	<u>4,339</u>
Total Restricted		<u>3,716,289</u>
Committed:		
Transportation improvements	Capital outlay	<u>552,430</u>
Unassigned:		
General Fund		<u>964,162</u>
Total Fund Balances		<u>\$ 5,333,357</u>

NOTE W - COMMITMENTS

As of September 30, 2012 the City had entered into three contracts for street stormwater improvements and a chloramine project. The City has committed to \$85,558 of design costs related to the street improvements. Also related to the street improvements, the City has entered into a contract with a total cost of \$466,872. As of September 30, 2012, no costs had been incurred on this contract. In relation to the chloramine project, the City has entered into a contract with a total cost of \$169,935. As of September 30, 2012 there were \$152,509 of remaining costs related to the contract.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET		ELIMINATING ENTRIES	GENERAL FUND
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)			
REVENUES:							
Sales tax	\$ 1,220,000	\$ 1,220,000	\$ 1,222,610	\$ 2,610		\$ -	\$ 1,222,610
Property tax	416,000	416,000	436,332	20,332		-	436,332
Other local taxes	95,000	100,000	87,608	(12,392)		-	87,608
Intergovernmental	315,000	315,000	331,992	16,992		-	331,992
Gross receipts tax	505,750	505,750	521,886	16,136	(1)	(521,886)	-
In lieu of tax	84,000	84,000	80,440	(3,560)	(1)	(66,377)	14,063
Licenses, permits and fees	435,785	436,785	351,265	(85,520)		-	351,265
Charges for services	261,026	292,176	325,669	33,493		-	325,669
Interfund charges for services	10,000	16,350	16,350	-	(1)	(16,350)	-
Grants	55,000	523,000	344,890	(178,110)		-	344,890
Fines and forfeitures	95,700	98,200	92,432	(5,768)		-	92,432
Interest	32,750	32,785	29,463	(3,322)		-	29,463
Gain on sale of land	101,000	101,000	-	(101,000)		-	-
Miscellaneous	74,200	92,350	58,634	(33,716)		-	58,634
Total Revenues	<u>3,701,211</u>	<u>4,233,396</u>	<u>3,899,571</u>	<u>(333,825)</u>		<u>(604,613)</u>	<u>3,294,958</u>
EXPENDITURES:							
Current:							
General government	340,855	359,655	420,598	(60,943)		-	420,598
Public safety	2,105,750	1,902,522	1,838,243	64,279		-	1,838,243
Public works	1,019,430	968,740	798,423	170,317		-	798,423
Capital outlay	94,812	419,355	302,044	117,311		-	302,044
Debt Service:							
Principal	-	-	-	-	(2)	81,428	81,428
Interest and fees	-	-	-	-	(2)	8,559	8,559
Capital lease payments	46,055	-	89,987	(89,987)	(2)	(89,987)	-
Total Expenditures	<u>3,606,902</u>	<u>3,650,272</u>	<u>3,449,295</u>	<u>200,977</u>		<u>-</u>	<u>3,449,295</u>
Excess (deficiency) of revenues over expenditures	<u>94,309</u>	<u>583,124</u>	<u>450,276</u>	<u>(132,848)</u>		<u>(604,613)</u>	<u>(154,337)</u>
Other financing sources (uses):							
Transfers in	95,000	110,000	110,000	-	(1)	604,613	714,613
Transfers out	(83,250)	(45,000)	-	45,000		-	-
Total other financing sources (uses)	<u>11,750</u>	<u>65,000</u>	<u>110,000</u>	<u>45,000</u>		<u>604,613</u>	<u>714,613</u>
Net change in fund balance	106,059	648,124	560,276	(87,848)		-	560,276
Fund balance, beginning of year	<u>504,362</u>	<u>504,362</u>	<u>504,362</u>	<u>-</u>		<u>-</u>	<u>504,362</u>
Fund balance, end of year	<u>\$ 610,421</u>	<u>\$ 1,152,486</u>	<u>\$ 1,064,638</u>	<u>\$ (87,848)</u>		<u>\$ -</u>	<u>\$ 1,064,638</u>

See accompanying notes to the required supplementary information.

**CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - STORMWATER IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Sales tax	\$ -	\$ 300,000	\$ 148,805	\$ (151,195)
Interest	-	-	73	73
	<u>-</u>	<u>300,000</u>	<u>148,878</u>	<u>(151,122)</u>
EXPENDITURES:				
Capital outlay	-	250,000	170,431	79,569
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>50,000</u>	<u>(21,553)</u>	<u>(71,553)</u>
Other financing sources (uses):				
Certificate of participation proceeds	-	-	2,795,000	2,795,000
Net change in fund balance	-	50,000	2,773,447	2,723,447
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 2,773,447</u>	<u>\$ 2,723,447</u>

See accompanying notes to the required supplementary information.

**CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Sales tax	\$ -	\$ 610,000	\$ 297,610	\$ (312,390)
Interest	-	-	37	37
	<u>-</u>	<u>610,000</u>	<u>297,647</u>	<u>(312,353)</u>
EXPENDITURES:				
Capital outlay	-	610,000	38,853	571,147
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>258,794</u>	<u>258,794</u>
Other financing sources (uses):				
Certificate of participation proceeds	-	-	520,000	520,000
Net change in fund balance	-	-	778,794	778,794
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,794</u>	<u>\$ 778,794</u>

See accompanying notes to the required supplementary information.

CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2012

Budgets and Budgetary Accounting

The City Council follows the following procedures in establishing the budgetary data reflected in the government-wide financial statements:

1. Prior to October 1, the City Manager, who serves as the budget officer, submits to the City Council a proposed operating budget for all funds for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Total actual expenditures may not legally exceed total budgeted expenditures. All annual appropriations lapse at fiscal year-end.
2. Public hearings are conducted to obtain taxpayer comments. Prior to approval by the City Council, the budget document is available for public inspection.
3. Prior to October 1st, the budget is legally enacted by a vote of the City Council.
4. Subsequent to its formal approval of the budget, the City Council has the authority to make necessary adjustments to the budget by formal vote.

Budgets for the City's governmental funds are prepared in accordance with the basis of accounting utilized by those funds, except as follows:

- (1) Payments from the electric and water and wastewater enterprise funds are treated as revenue in the General Fund for budgetary purposes.
- (2) Payments on capital lease obligations are budgeted as a single line item in the budget and are not split between principal and interest components for budgetary purposes.

CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN
SEPTEMBER 30, 2012

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2010	\$ 5,283,768	\$ 6,579,637	\$ 1,295,869	80%	\$ 2,914,775	44%
2/28/2011	5,625,384	7,138,964	1,513,580	79%	2,884,417	52%
2/28/2012	4,901,073	6,367,107	1,466,034	77%	2,639,584	56%

NOTE: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

SUPPLEMENTARY INFORMATION

**CITY OF CAMERON, MISSOURI
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 228,504	\$ 4,195	\$ 232,699
Certificates of deposit	487,645	-	487,645
Receivables, net:			
Taxes	326,253	-	326,253
Accounts	5,869	144	6,013
Accrued interest	139	-	139
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,048,410</u>	<u>\$ 4,339</u>	<u>\$ 1,052,749</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 15,475	\$ -	\$ 15,475
Deferred revenues	227,187	-	227,187
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>242,662</u>	<u>-</u>	<u>242,662</u>
Fund Balances:			
Restricted	<u>805,748</u>	<u>4,339</u>	<u>810,087</u>
Total fund balances	<u>805,748</u>	<u>4,339</u>	<u>810,087</u>
Total liabilities and fund balances	<u>\$ 1,048,410</u>	<u>\$ 4,339</u>	<u>\$ 1,052,749</u>

**CITY OF CAMERON, MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2012**

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
ASSETS					
Cash and cash equivalents	\$ 148,614	\$ 32,406	\$ 29,762	\$ 17,722	\$ 228,504
Certificates of deposit	333,817	20,208	133,620	-	487,645
Receivables, net:					
Taxes	134,030	128,183	64,040	-	326,253
Accrued interest	101	8	30	-	139
Grants	-	5,869	-	-	5,869
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 616,562</u>	<u>\$ 186,674</u>	<u>\$ 227,452</u>	<u>\$ 17,722</u>	<u>\$ 1,048,410</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 13,794	\$ 1,672	\$ 9	\$ -	\$ 15,475
Deferred revenue	<u>77,435</u>	<u>88,518</u>	<u>44,234</u>	<u>17,000</u>	<u>227,187</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>91,229</u>	<u>90,190</u>	<u>44,243</u>	<u>17,000</u>	<u>242,662</u>
Fund Balances:					
Restricted	<u>525,333</u>	<u>96,484</u>	<u>183,209</u>	<u>722</u>	<u>805,748</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 616,562</u>	<u>\$ 186,674</u>	<u>\$ 227,452</u>	<u>\$ 17,722</u>	<u>\$ 1,048,410</u>

CITY OF CAMERON, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
REVENUES:			
Sales tax	\$ 157,416	\$ -	\$ 157,416
Property tax	290,894	-	290,894
Other local taxes	35,358	43,902	79,260
Grants	32,240	-	32,240
Interest	3,568	14	3,582
Miscellaneous	13,233	-	13,233
Total Revenues	<u>532,709</u>	<u>43,916</u>	<u>576,625</u>
EXPENDITURES:			
Current:			
Parks and recreation	191,987	-	191,987
Public library	147,018	-	147,018
Municipal band	53,261	-	53,261
Low-income housing	2,001	-	2,001
Capital outlay	145,858	-	145,858
Debt service:			
Principal	-	-	-
Other	-	43,927	43,927
Total Expenditures	<u>540,125</u>	<u>43,927</u>	<u>584,052</u>
Excess (deficiency) of revenues over expenditures	<u>(7,416)</u>	<u>(11)</u>	<u>(7,427)</u>
Fund balances, beginning of year	<u>813,164</u>	<u>4,350</u>	<u>817,514</u>
Fund balances, end of year	<u>\$ 805,748</u>	<u>\$ 4,339</u>	<u>\$ 810,087</u>

CITY OF CAMERON, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
REVENUES:					
Sales tax	\$ 157,416	\$ -	\$ -	\$ -	\$ 157,416
Property tax	107,148	122,540	61,206	-	290,894
Other local taxes	13,115	14,947	7,296	-	35,358
Grants	20,101	12,139	-	-	32,240
Interest	2,182	496	860	30	3,568
Miscellaneous	4,866	8,367	-	-	13,233
Total Revenues	<u>304,828</u>	<u>158,489</u>	<u>69,362</u>	<u>30</u>	<u>532,709</u>
EXPENDITURES:					
Current:					
Parks and recreation	191,987	-	-	-	191,987
Public library	-	147,018	-	-	147,018
Municipal band	-	-	53,261	-	53,261
Low-income housing	-	-	-	2,001	2,001
Capital outlay	93,248	52,610	-	-	145,858
Total Expenditures	<u>285,235</u>	<u>199,628</u>	<u>53,261</u>	<u>2,001</u>	<u>540,125</u>
Excess (deficiency) of revenues over expenditures	<u>19,593</u>	<u>(41,139)</u>	<u>16,101</u>	<u>(1,971)</u>	<u>(7,416)</u>
Fund balance, beginning of year	<u>505,740</u>	<u>137,623</u>	<u>167,108</u>	<u>2,693</u>	<u>813,164</u>
Fund balance, end of year	<u>\$ 525,333</u>	<u>\$ 96,484</u>	<u>\$ 183,209</u>	<u>\$ 722</u>	<u>\$ 805,748</u>

CITY OF CAMERON, MISSOURI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

		MUNICIPAL COURT FUND			
		Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
ASSETS					
Cash		\$ -	\$ 115,917	\$ 115,572	\$ 345
LIABILITIES					
Court bonds payable		\$ -	\$ 115,917	\$ 115,572	\$ 345

INTERNAL CONTROL AND COMPLIANCE



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

To the City Council
City of Cameron, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cameron as of and for the year ended September 30, 2012 which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12, 2013. These financial statements were prepared in accordance with generally accepted accounting principles. 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 City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 12-01, 12-02, and 12-03 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 12-04 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

We also noted certain matters that we have reported to the administration of the City in a separate letter dated March 12, 2013.

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

This report is intended solely for the information and use of the City Council, the administration and is not intended to be and should not be used by anyone other than those specified parties.

Westbrook & Co., P.C.

March 12, 2013

**CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

MATERIAL WEAKNESSES

12-01 FINANCIAL ACCOUNTING AND REPORTING

Criteria: The design and operation of internal control procedures should permit management to prevent, detect, and correct misstatements in the draft financial statements prepared by the auditor.

Condition: The City engages the auditor to assist in the preparation of the draft financial statements and City Manager is designated to oversee the audit services performed. We noted during our audit that the City personnel do not have sufficient experience in the applicable accounting principles and disclosure requirements used to prepare the draft financial statements. Further, the City does not have procedures to use disclosure checklists when reviewing the draft financial statements.

Cause: The City has not adopted policies and procedures designed to enhance the approval of the audited financial statements drafting process.

Effect: Lack of controls could allow misstatements in the draft financial statements to occur and go undetected.

Recommendation: The City should adopt policies and procedures designated to enhance the approval of the audited financial statement drafting process.

Auditee's Response: As part of the regular review by an outside accounting person/firm, we will develop appropriate controls/policies to coincide with enhancing the approval of the audited financial statements.

12-02 SEGREGATION OF DUTIES

Criteria: The City should segregate the duties for processing court receipts to provide adequate internal controls.

Condition: The municipal court clerk performs duties of receiving cash receipts for court costs, fines and bonds and she also records and deposits these receipts.

Cause: Municipal court duties for processing receipts are not segregated.

Effect: Lack of internal controls could allow for errors or fraud to occur.

Recommendation: Consideration should be given to reassigning duties and implementing administrative oversight to provide control over court receipts.

Auditee's Response: The City implemented a Justice Information System (JIS) whereby fines are recorded on the State's system. The Administrative assistant makes the bank deposit. The City Clerk will check the deposits against the bank statements each month.

**CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

12-03 GENERAL LEDGER

Criteria: The City should perform monthly accounting procedures to reconcile each general ledger account balance and activity to supporting detail to ensure financial data is accurate.

Condition: During our audit, we identified material misstatements in numerous general ledger account balances which were communicated to management.

Cause: The City does not perform monthly accounting procedures to reconcile each general ledger account balance to supporting detail records.

Effect: Errors or misstatements could occur and not be detected and corrected on a timely basis.

Recommendation: The City should implement monthly accounting procedures to reconcile each general ledger account balance and activity to supporting detail records.

Auditee's Response: City staff has already started reviewing general ledger account entries after entries are posted. Staff will review monthly detail transaction reports on all accounts as part of the month-end processing. This review will include all general ledger account transactions, consisting of entries generated from cash receipts at the front counter and monthly processing procedures. The City is considering the feasibility of obtaining services of an accounting professional with municipal government experience to review accounting procedures and statements on a regular basis. This should help improve the process of general ledger review.

SIGNIFICANT DEFICIENCY

12-04 INVENTORY CONTROLS

Criteria: Inventory internal controls should be implemented to properly record the value of inventory on the City's financial statements and track the purchase and use of inventory items to insure the efficient use of materials and supplies and prevent theft or loss of such items.

Condition: During our audit, we noted that the City does not have inventory controls to track the receipt and usage of items from inventory during the year.

Cause: The City has not implemented inventory control procedures to monitor the purchase and use of materials and supplies.

Effect: Waste, loss or theft of inventory items could occur and not be detected.

Recommendation: We recommend that the City implement inventory internal controls to track the receipt and usage of inventory items.

Auditee's Response: We know of no way to totally control small inventory items, but will consult with an independent accounting person/firm for ideas on inventory control.