

**CITY OF CAMERON, MISSOURI**

**FINANCIAL STATEMENTS TOGETHER  
WITH INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**CITY OF CAMERON, MISSOURI  
TABLE OF CONTENTS**

**INDEPENDENT AUDITORS' REPORT**..... 1

**REQUIRED SUPPLEMENTARY INFORMATION:**

Management’s Discussion and Analysis..... 3

**BASIC FINANCIAL STATEMENTS:**

**Government-Wide Financial Statements**

Statement of Net Position ..... 14

Statement of Activities..... 15

**Fund Financial Statements**

Governmental Funds Financial Statements:

Balance Sheet..... 16

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position..... 17

Statement of Revenues, Expenditures and Changes in  
Fund Balances..... 18

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
In Fund Balances of Governmental Funds to the Statement of Activities ..... 19

Proprietary Funds Financial Statements:

Statement of Net Position ..... 20

Statement of Revenues, Expenses and Changes in Fund  
Net Position ..... 21

Statement of Cash Flows ..... 22

Fiduciary Fund Financial Statements:

Statement of Assets and Liabilities ..... 23

Notes to the Basic Financial Statements ..... 24

**REQUIRED SUPPLEMENTARY INFORMATION:**

Budgetary Comparison Schedule - General Fund ..... 49

Budgetary Comparison Schedule - Stormwater Improvement Fund ..... 50

Budgetary Comparison Schedule - Transportation Improvement Fund ..... 51

**CITY OF CAMERON, MISSOURI  
TABLE OF CONTENTS**

Notes to the Budgetary Comparison Schedules .....	52
Schedule of Funding Progress - Retirement Plan .....	53
<b>SUPPLEMENTARY INFORMATION:</b>	
<b>Non-Major Governmental Funds:</b>	
Combining Balance Sheet.....	55
Combining Balance Sheet - Non-Major Special Revenue Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Special Revenue Funds .....	58
<b>Fiduciary Funds:</b>	
Statement of Changes in Position and Liabilities .....	59
Schedule of Expenditures of Federal Awards.....	60
<b>INTERNAL CONTROL AND COMPLIANCE:</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	62
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance as Required by OMB Circular A-133.....	64
Schedule of Findings and Questioned Costs .....	66

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Cameron, Missouri

### **Report on the Financial Statements**

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, Missouri, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***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, Missouri, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 13 and 49 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the table of contents including the schedule of expenditures of federal awards, is required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2015, 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 and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Westbrook & Co., P.C.*

Richmond, Missouri  
May 22, 2015



## 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, 2014. 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 \$41 million. Net assets is comprised of \$28.4 million invested in capital assets, (net of related debt); \$2.6 million restricted for debt service, capital outlay, parks and recreation, public library, municipal band and other purposes; \$1.5 million unrestricted and available for governmental purposes; and \$8.6 million unrestricted and available for the City's business-type activities.
- The City's total net assets increased approximately \$2.9 million. Of this amount, \$1.9 million was an increase from the City's governmental activities and \$1 million was an increase from business-type activities.
- The City's long-term debt increased approximately \$400,000 during the current fiscal year.
- The Public Works and Utility Department's started the Walnut Street project which included improving the Walnut Street storm water system, pedestrian sidewalks, and curb and gutter on Walnut Street from Grand Avenue south to Evergreen. In addition to the City the investing \$ 2.7 million in the Walnut street project, the Missouri Department of Transportation performed a street surface milling and overlay of the full project area. Full ancillary construction to the project area was completed in fiscal year 2013 - 2014.
- The City received from Missouri Department of Natural Resources a \$100,000 grant for the Cameron Reservoir Multi-Use Trail. The trail construction phase was completed in fiscal year 2013 – 2014.
- The Water department - Chloramines water plant improvements project construction was completed in fiscal year 2013 – 2014. HDR Engineering oversaw the project, which was contracted with David Ross Construction. The Chloramines improvement is being financed by a Missouri Department of Natural Resources grant and State Revolving Fund 2013 bonding instrument.
- The Library received equipment and program grants. These grants assist the Library in providing excellent service, media, and technology to our citizens and the surrounding area.
- The City was awarded by the Missouri Department of Transportation two transportation enhancement grants N. Walnut Street one is pedestrian access over U.S. Highway 36 and pedestrian sidewalk N.

Walnut Street from Grand Avenue to U.S. Highway 36. The grants were awarded in fiscal year 2012 - 2013, design and construction will not be approved until fiscal year 2014 - 2015.

### **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 an optional 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 operation 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 position 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 position and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance 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 Position

The following table reflects the condensed statements of net position as of September 30, 2014 and 2013:

Table MDA - 1  
City of Cameron's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>Restated 2013</u>	<u>2014</u>	<u>Restated 2013</u>	<u>2014</u>	<u>Restated 2013</u>
<b>Assets:</b>						
Current & other assets	\$ 5,703,691	\$ 5,777,538	\$ 11,039,587	\$ 10,787,687	\$ 16,743,278	\$ 16,565,225
Capital assets	<u>15,278,522</u>	<u>12,955,542</u>	<u>19,292,394</u>	<u>18,496,221</u>	<u>34,570,916</u>	<u>31,451,763</u>
Total assets	<u>20,982,213</u>	<u>18,733,080</u>	<u>30,331,981</u>	<u>29,283,908</u>	<u>51,314,194</u>	<u>48,016,988</u>
<b>Liabilities:</b>						
Other liabilities	2,158,625	1,653,450	2,195,433	1,871,564	4,354,058	3,525,014
Long-term liabilities	<u>2,907,853</u>	<u>3,091,669</u>	<u>2,914,967</u>	<u>3,157,596</u>	<u>5,822,820</u>	<u>6,249,265</u>
Total liabilities	<u>5,066,478</u>	<u>4,745,119</u>	<u>5,110,400</u>	<u>5,029,160</u>	<u>10,176,878</u>	<u>9,774,279</u>
<b>Net position:</b>						
Net investment in capital assets	12,605,970	10,988,769	15,828,620	14,808,907	28,434,590	25,797,676
Restricted	1,807,510	2,328,379	815,884	771,024	2,623,394	3,099,403
Unrestricted	<u>1,502,255</u>	<u>670,823</u>	<u>8,577,077</u>	<u>8,674,817</u>	<u>10,079,332</u>	<u>9,345,640</u>
Total net position	<u>\$ 15,915,735</u>	<u>\$ 13,987,971</u>	<u>\$ 25,221,581</u>	<u>\$ 24,254,748</u>	<u>\$ 41,137,316</u>	<u>\$ 38,242,719</u>

As seen in table MDA-1, the City's combined net position increased to \$41 million from \$38 million as a result of the increase in net position reflected in table MDA-2.

The largest portion of the City's net position, \$28.4 million (69%), 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 position, \$2.6 million (6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position, \$10 million (25%), represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

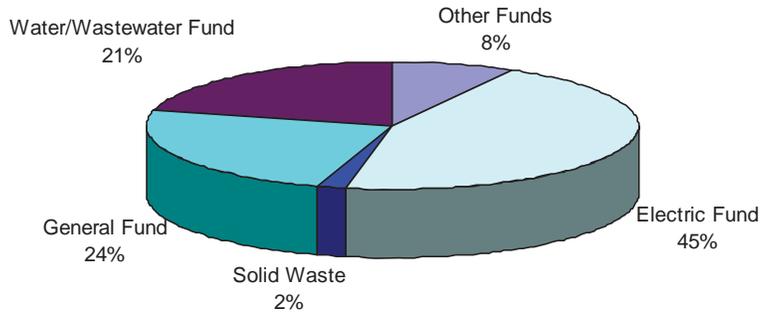
Changes in Net Position

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

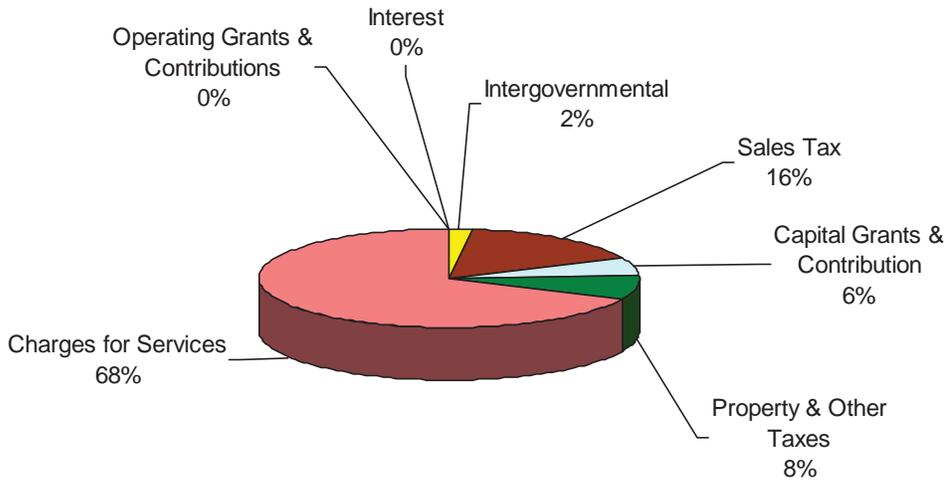
MDA -2 City of Cameron's Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 869,182	\$ 993,002	\$ 11,413,019	\$ 11,277,996	\$ 12,282,201	\$ 12,270,998
Operating grants and contributions	21,365	32,498	10,922	-	32,287	32,498
Capital grants	762,411	8,363	307,032	265,896	1,069,443	274,259
General Revenues:						
Property Taxes	650,135	884,556	-	-	650,135	884,556
Sales and Use Taxes	2,445,804	2,323,853	496,923	476,087	2,942,727	2,799,940
Other taxes	775,137	736,323	-	-	775,137	736,323
Sale of land	-	-	-	-	-	-
Intergovernmental	334,106	320,722	57,034	65,278	391,140	386,000
Interest	20,038	15,608	22,356	21,971	42,394	37,579
Loss on disposal	-	(9,522)	-	-	-	(9,522)
Total Revenues	<u>5,878,178</u>	<u>5,305,403</u>	<u>12,307,286</u>	<u>12,107,228</u>	<u>18,185,464</u>	<u>17,412,631</u>
<b>Expenses</b>						
General government	579,484	425,340	-	-	579,484	425,340
Public safety	1,973,884	1,926,273	-	-	1,973,884	1,926,273
Public works	757,429	2,271,537	-	-	757,429	2,271,537
Parks and recreation	254,394	238,618	-	-	254,394	238,618
Municipal band	55,956	72,263	-	-	55,956	72,263
Public library	158,469	152,643	-	-	158,469	152,643
Low-income housing	-	-	-	-	-	-
Interest long-term debt	170,798	170,067	-	-	170,798	170,067
Electric system	-	-	7,640,936	7,473,524	7,640,936	7,473,524
Water/wastewater system	-	-	3,364,273	3,240,987	3,364,273	3,240,987
Solid Waste	-	-	335,244	325,912	335,244	325,912
Total Expenses	<u>3,950,414</u>	<u>5,256,741</u>	<u>11,340,453</u>	<u>11,040,423</u>	<u>15,290,867</u>	<u>16,297,164</u>
Change in net position	1,927,764	48,662	966,833	1,066,805	2,894,597	1,115,467
Beginning net position, restate	<u>13,987,971</u>	<u>13,702,927</u>	<u>24,254,748</u>	<u>23,250,707</u>	<u>38,242,719</u>	<u>36,953,634</u>
Ending net position	<u>\$ 15,915,735</u>	<u>\$ 13,751,589</u>	<u>\$ 25,221,581</u>	<u>\$ 24,317,512</u>	<u>\$ 41,137,316</u>	<u>\$ 38,069,101</u>

For the fiscal year ended September 30, 2014, government-wide revenues totaled \$18,185,464. Approximately 67.5% of all revenues are from charges from services and 16.2% from sales tax. See Table MDA - 3 and Table MDA - 4.

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

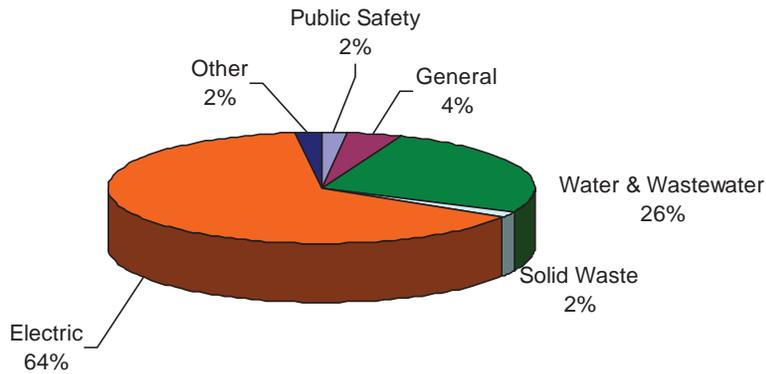


**Table MDA - 4  
City of Cameron - Sources of Revenues**



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 92% of all charges for services.

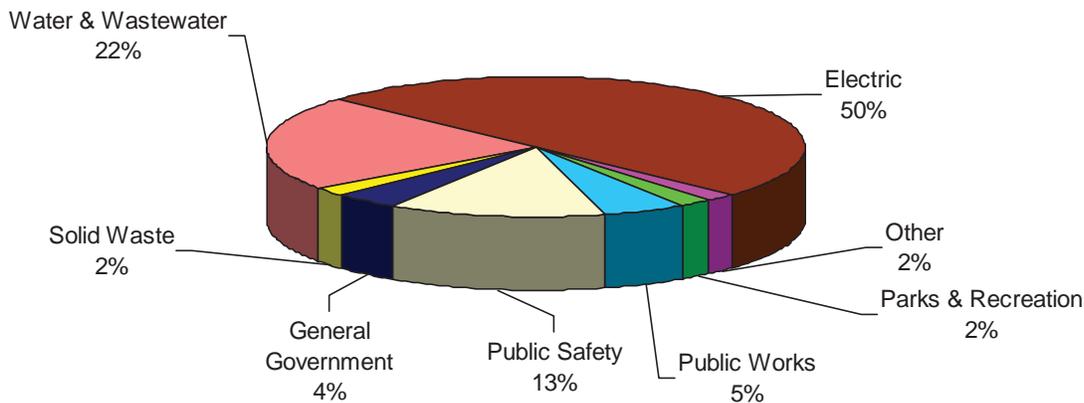
**Table MDA - 5  
City of Cameron - Analysis of Charges for Services**



The second largest revenue source for the entire city is sales tax which during the 2014 fiscal year equaled \$2,942,727. 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 \$142,787.

The City's expenses cover a range of services. Approximately 74% of all city expenses during the 2014 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 position by \$1.9 million. Sales taxes, the largest governmental category, were \$445,804. For the fiscal year ended September 30, 2014, revenues totaled \$18,185,464 (governmental and business-type). Revenues from governmental activities were \$5,878,178, or 32%, of the total City revenue (an increase of \$572,775 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,652,958. Table MDA - 7 shows expenses and program revenues of the governmental activities for the years ended September 30, 2014 and 2013:

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

	2014			2013		
	Cost of Services	Program Revenue	Net Cost of Service	Cost of Services	Program Revenue	Net Cost of Service
General government	\$ 579,484	\$ 469,952	\$ 109,532	\$ 425,340	\$ 537,643	\$ (112,303)
Public Safety	1,973,884	541,482	1,432,402	1,926,273	313,227	1,613,046
Public Works	757,429	488,503	268,926	2,271,537	157,729	2,113,808
Park and recreation	254,394	134,328	120,066	238,618	3,603	235,015
Municipal band	55,956	33	55,923	72,263	75	72,188
Public library	158,469	18,660	139,809	152,643	21,586	131,057
Interest on long-term debt	<u>170,798</u>	<u>-</u>	<u>170,798</u>	<u>170,067</u>	<u>-</u>	<u>170,067</u>
Total	<u>\$ 3,950,414</u>	<u>\$ 1,652,958</u>	<u>\$ 2,297,456</u>	<u>\$ 5,256,741</u>	<u>\$ 1,033,863</u>	<u>\$ 4,222,878</u>

As noted in Table MDA - 7, expenses from governmental activities totaled \$3,950,414. However, the net costs of these services were \$2,297,456. The difference represents direct revenues from charges for services of \$869,182, operating grants and contributions of \$21,365, and capital grants and contributions of \$762,411. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City’s net position by \$966,833. Key elements of the change in net position are as follows:

- Electric system operating revenue increased \$143,5570 from the prior year, while operating expenses increased \$167,412,
- Water and wastewater system operating revenues increased \$8,172 from the prior year, while operating expenses increased \$149,235.

### **Financial Analysis of the City's Funds**

General Fund expenditures exceeded revenues. The fund balance of the General Fund decreased \$74,894 to the amount of \$1,411,793. There was a decrease in fund balance for the Governmental Funds of \$635,093, which brings the Governmental Funds total balance to \$3,508,076.

### **General Fund Budgetary Highlights**

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

- The construction of the Multi Use Trails at the reservoir was included in the general fund budget. This project's construction phase was completed in fiscal year 2013 – 2014, with grant funds expected to be received by the city, mid fiscal year 2014 - 2015
- City Council contributed in the "Moose Station" recreation equipment addition to Recreation Park, with equipment area surfacing materials.
- A City-wide administrative expense that continues to grow with our increased technology enhancements is the fees associated with the processing of credit and debit cards. The usage of this payment medium is growing and very convenient for our citizens. Usage of the City's online utility payment system is increasing exponentially. Staff is starting to explore the usage of online payments for other City related services in addition to utility payments.
- Total original expense budget of \$4,148,188 was increased to \$4,289,536. The reasons for the increase are stated above.
- The actual amounts on budgetary basis were \$4,220,891 in revenue versus \$4,240,785 in expenses. This change to the fund balance at the end of the year was a decrease of \$74,894.

### **Capital Assets and Debt Administration**

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

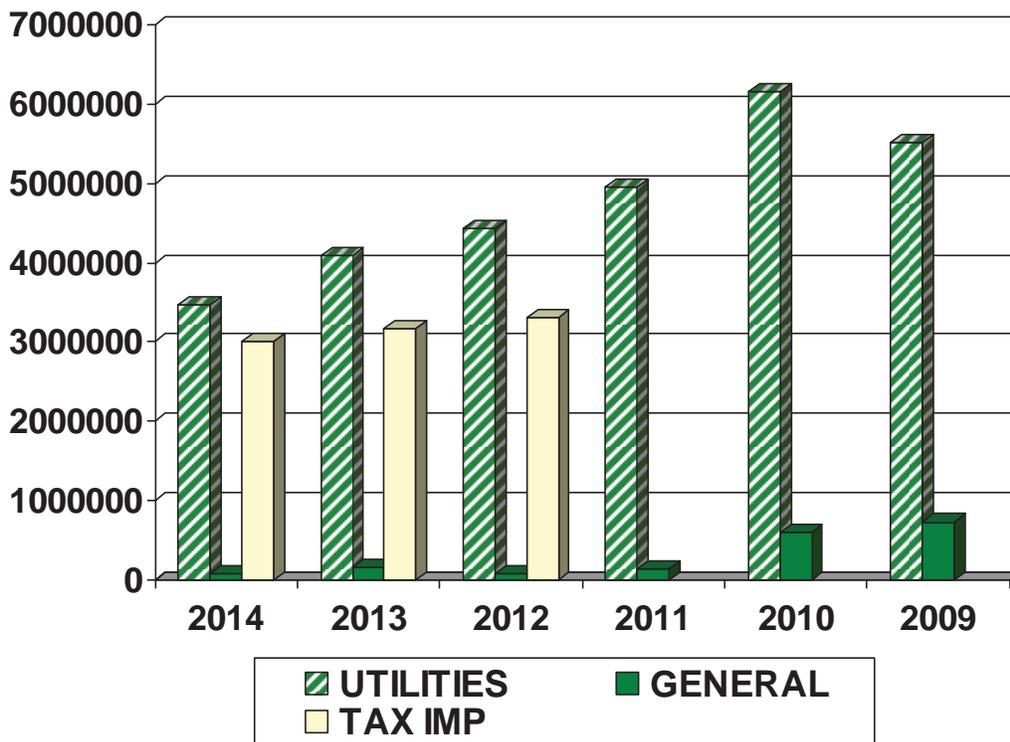
- City Hall received donations from residents to purchase an outdoor chime system to play periodically daily to replace the factory type whistle previously used.
- Fire department activated a new fire truck with the assistance of the Cameron Rural Fire District. The new truck added to our fleet an older truck was sold to an area rural fire district.
- Public Works purchased an excavator to assist with small maintenance street duties.
- The Parks fund completed a large Recreation Park renovation with new a community restroom building, park area lighting standards, and the park road resurfacing. These improvements started in fiscal year 2012 - 2013.
- The Parks fund received community donations to purchase new playground equipment that is handicapped accessible from the street surface to the new playground equipment.

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

- Electric department invested in a re-conductoring project from the West (water plant area) to the South portion of the city.
- Water plant improvements completed a “Chloramines Conversion” project which was partially funded by a \$490,500 grant from the Missouri Department of Natural Resources.
- Sewer system continued the Sewer Basin Evaluation Study with the project moving closer to construction for late fiscal year 2015.
- Sewer plant replaced a rotor and performed repairs to lift-station #10.
- City council approved purchase of an automated meter reading system for both electric and water systems July 2014. Financing and construction for this project did not occur until October 1, 2014.

Long-term debt principal payments totaled \$735,881. Additional debt in from State Revolving Fund bonds amounting to \$306,339 were issued, these bonds will be funded with utility revenues.

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



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

As of September 30, 2014 there were 3 outstanding lawsuits involving the City.

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 POSITION  
SEPTEMBER 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,742,004	\$ 1,017,620	\$ 2,759,624
Certificates of deposit	1,106,246	5,510,731	6,616,977
Receivables, net:			
Taxes	1,208,587	97,359	1,305,946
Utilities	-	1,516,737	1,516,737
Grants	440,350	68,332	508,682
Accrued interest	393	2,339	2,732
Accounts	94,928	-	94,928
Due from other governments		62,636	62,636
Internal balances	(307,765)	307,765	-
Prepaid expenses	102,648	80,682	183,330
Inventory	-	1,114,344	1,114,344
Restricted cash and cash equivalents	772,988	1,250,927	2,023,915
Special assessments, net	-	10,115	10,115
Land held for resale	100,476	-	100,476
Due from other governments	442,836	-	442,836
Capital assets, net	<u>15,278,522</u>	<u>19,292,394</u>	<u>34,570,916</u>
Total Assets	<u>20,982,213</u>	<u>30,331,981</u>	<u>51,314,194</u>
<b>LIABILITIES</b>			
Accounts payable	1,151,149	1,051,747	2,202,896
Accrued interest payable	54,100	28,947	83,047
Unearned revenue	635,997	-	635,997
Customer deposits payable	-	435,043	435,043
Noncurrent liabilities:			
Due in one year	317,379	679,696	997,075
Due in more than one year	<u>2,907,853</u>	<u>2,914,967</u>	<u>5,822,820</u>
Total Liabilities	<u>5,066,478</u>	<u>5,110,400</u>	<u>10,176,878</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,605,970	15,828,620	28,434,590
Restricted for:			
Debt service	-	815,884	815,884
Capital outlay	1,350,955	-	1,350,955
Parks and recreation	215,442	-	215,442
Public library	80,417	-	80,417
Municipal band	159,922	-	159,922
Other purposes	774	-	774
Unrestricted	<u>1,502,255</u>	<u>8,577,077</u>	<u>10,079,332</u>
Total Net Position	<u>\$ 15,915,735</u>	<u>\$ 25,221,581</u>	<u>\$ 41,137,316</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government	\$ 579,484	\$ 447,115	\$ 9,677	\$ 13,160	\$ (109,532)	\$ -	\$ (109,532)
Public safety	1,973,884	279,331	-	262,151	(1,432,402)	-	(1,432,402)
Public works	757,429	134,403	-	354,100	(268,926)	-	(268,926)
Parks and recreation	254,394	1,328	-	133,000	(120,066)	-	(120,066)
Public library	158,469	6,972	11,688	-	(139,809)	-	(139,809)
Municipal band	55,956	33	-	-	(55,923)	-	(55,923)
Interest on long-term debt	170,798	-	-	-	(170,798)	-	(170,798)
Total governmental activities	<u>3,950,414</u>	<u>869,182</u>	<u>21,365</u>	<u>762,411</u>	<u>(2,297,456)</u>	<u>-</u>	<u>(2,297,456)</u>
Business-type activities:							
Electric	7,640,936	7,887,653	-	-	-	246,717	246,717
Water and wastewater	3,364,273	3,219,492	-	307,032	-	162,251	162,251
Solid waste	335,244	305,874	10,922	-	-	(18,448)	(18,448)
Total business-type activities	<u>11,340,453</u>	<u>11,413,019</u>	<u>10,922</u>	<u>307,032</u>	<u>-</u>	<u>390,520</u>	<u>390,520</u>
Total primary government	<u>\$ 15,290,867</u>	<u>\$ 12,282,201</u>	<u>\$ 32,287</u>	<u>\$ 1,069,443</u>	<u>(2,297,456)</u>	<u>390,520</u>	<u>(1,906,936)</u>
General revenues:							
Property tax					650,135	-	650,135
Sales and use taxes					2,445,804	496,923	2,942,727
Other local taxes					775,137	-	775,137
Intergovernmental					334,106	57,034	391,140
Interest revenue					20,038	22,356	42,394
Total general revenues					<u>4,225,220</u>	<u>576,313</u>	<u>4,801,533</u>
Change in net position					1,927,764	966,833	2,894,597
Net position, beginning of year, restated					13,987,971	24,254,748	38,242,719
Net position, end of year					<u>\$ 15,915,735</u>	<u>\$ 25,221,581</u>	<u>\$ 41,137,316</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	GENERAL FUND	STORMWATER IMPROVEMENT FUND	TRANSPORTATION IMPROVEMENT FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 615,029	\$ (24,243)	\$ 1,147,279	\$ 3,939	\$ 1,742,004
Certificates of deposit	607,392	-	-	498,854	1,106,246
Restricted cash	-	720,495	52,493	-	772,988
Receivables, net:					
Taxes	701,996	47,750	95,500	363,341	1,208,587
Grants	438,700	-	-	1,650	440,350
Accounts	94,784	-	-	144	94,928
Accrued interest	284	-	-	109	393
Due from other governments	442,836	-	-	-	442,836
Land held for resale	100,476	-	-	-	100,476
	<u>3,001,497</u>	<u>744,002</u>	<u>1,295,272</u>	<u>868,037</u>	<u>5,908,808</u>
Total Assets	<u>\$ 3,001,497</u>	<u>\$ 744,002</u>	<u>\$ 1,295,272</u>	<u>\$ 868,037</u>	<u>\$ 5,908,808</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 665,523	\$ 401,803	\$ 7,583	\$ 76,240	\$ 1,151,149
Due to other funds	246,931	-	-	60,834	307,765
	<u>912,454</u>	<u>401,803</u>	<u>7,583</u>	<u>137,074</u>	<u>1,458,914</u>
Total Liabilities	<u>912,454</u>	<u>401,803</u>	<u>7,583</u>	<u>137,074</u>	<u>1,458,914</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	371,429	-	-	264,568	635,997
Unavailable revenues - other	305,821	-	-	-	305,821
	<u>677,250</u>	<u>-</u>	<u>-</u>	<u>264,568</u>	<u>941,818</u>
Total Deferred Inflows of Resources	<u>677,250</u>	<u>-</u>	<u>-</u>	<u>264,568</u>	<u>941,818</u>
<b>FUND BALANCES</b>					
Nonspendable	100,476	-	-	-	100,476
Restricted	-	342,199	851,268	466,395	1,659,862
Committed	373,118	-	436,421	-	809,539
Unassigned	938,199	-	-	-	938,199
	<u>1,411,793</u>	<u>342,199</u>	<u>1,287,689</u>	<u>466,395</u>	<u>3,508,076</u>
Total Fund Balances	<u>1,411,793</u>	<u>342,199</u>	<u>1,287,689</u>	<u>466,395</u>	<u>3,508,076</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,001,497</u>	<u>\$ 744,002</u>	<u>\$ 1,295,272</u>	<u>\$ 868,037</u>	<u>\$ 5,908,808</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014**

**Fund Balances - Total Governmental Funds** \$ 3,508,076

Amounts reported for governmental activities in the  
Statement of Net Position 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	\$ 34,552,780	
Less: accumulated depreciation	<u>(19,274,258)</u>	15,278,522

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 Position.	102,648
--	---------

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(54,100)
--	----------

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.	305,821
---	---------

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	(2,585,000)	
2012B Certificates of Participation	(430,000)	
Capital lease - folder/sorter machine	(17,479)	
Capital lease - police vehicles	(62,191)	
Compensated absences payable	<u>(130,562)</u>	<u>(3,225,232)</u>

**Net Position of Governmental Activities** **\$ 15,915,735**

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	GENERAL FUND	STORMWATER IMPROVEMENT FUND	TRANSPORTATION IMPROVEMENT FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Sales tax	\$ 1,290,920	\$ 329,697	\$ 659,393	\$ 165,794	\$ 2,445,804
Property tax	417,769	-	-	232,366	650,135
Other local taxes	145,243	-	-	83,256	228,499
Intergovernmental	334,106	-	-	-	334,106
Gross receipts tax	546,638	-	-	-	546,638
Licenses, permits and fees	334,796	-	-	-	334,796
Charges for services	330,065	-	-	-	330,065
Interfund charges for services	16,350	-	-	-	16,350
Grants	634,712	-	-	44,688	679,400
Fines and forfeitures	116,073	-	-	-	116,073
Interest	14,128	179	3,606	2,125	20,038
Other revenue	40,091	-	-	23,333	63,424
Total Revenues	<u>4,220,891</u>	<u>329,876</u>	<u>662,999</u>	<u>551,562</u>	<u>5,765,328</u>
<b>EXPENDITURES:</b>					
Current:					
General government	472,034	-	-	-	472,034
Public safety	1,829,556	-	-	-	1,829,556
Public works	836,670	-	-	-	836,670
Parks and recreation	-	-	-	190,474	190,474
Public library	-	-	-	153,257	153,257
Municipal band	-	-	-	56,010	56,010
Capital outlay	1,034,412	860,721	137,223	449,087	2,481,443
Debt service:					
Principal	61,004	100,000	45,000	-	206,004
Interest and fees	7,109	96,594	13,282	57,988	174,973
Total Expenditures	<u>4,240,785</u>	<u>1,057,315</u>	<u>195,505</u>	<u>906,816</u>	<u>6,400,421</u>
Excess (deficiency) of revenues over expenditures	<u>(19,894)</u>	<u>(727,439)</u>	<u>467,494</u>	<u>(355,254)</u>	<u>(635,093)</u>
Other financing sources (uses):					
Transfers out	<u>(55,000)</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>
Net change in fund balances	(74,894)	(727,439)	467,494	(300,254)	(635,093)
Fund balance, beginning of year, restated	<u>1,486,687</u>	<u>1,069,638</u>	<u>820,195</u>	<u>766,649</u>	<u>4,143,169</u>
Fund balance, end of year	<u>\$ 1,411,793</u>	<u>\$ 342,199</u>	<u>\$ 1,287,689</u>	<u>\$ 466,395</u>	<u>\$ 3,508,076</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, 2014**

**Net Change in Fund Balances - Total Governmental Funds** \$ (635,093)

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	2,954,162	
Depreciation expense	(717,690)	2,236,472

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 position.

Debt payments	206,003
---------------	---------

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	11,113
-------------------	--------

Revenues in the Statement of Activities that do not provide current financial resources are reported as unearned revenue in the governmental funds

Unbilled dispatch revenue	15,152	
Unearned grant revenue	97,698	112,850

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

4,175

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	(7,756)
----------------------	---------

**Change in Net Position of Governmental Activities** **\$ 1,927,764**

**CITY OF CAMERON, MISSOURI  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014**

	ELECTRIC	WATER/ WASTEWATER	SOLID WASTE	TOTALS
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 324,102	\$ 687,788	\$ 5,730	\$ 1,017,620
Certificates of deposit	4,404,464	911,274	194,993	5,510,731
Receivables:				
Taxes	-	97,359	-	97,359
Grants	-	68,332	-	68,332
Utilities	1,083,615	394,793	38,329	1,516,737
Accrued interest	1,819	438	82	2,339
Due from other governments	62,636	-	-	62,636
Due from other funds	307,765	-	-	307,765
Prepaid expenses	40,675	39,224	783	80,682
Inventory	602,846	511,498	-	1,114,344
Total current assets	6,827,922	2,710,706	239,917	9,778,545
Noncurrent assets:				
Restricted cash and cash equivalents	293,206	957,721	-	1,250,927
Special assessments, net	10,115	-	-	10,115
Capital assets, net	3,543,613	15,696,550	52,231	19,292,394
Total noncurrent assets	3,846,934	16,654,271	52,231	20,553,436
Total assets	\$ 10,674,856	\$ 19,364,977	\$ 292,148	\$ 30,331,981
<b>LIABILITIES AND NET POSITION</b>				
Current liabilities:				
Accounts payable	\$ 703,063	\$ 321,973	\$ 26,711	\$ 1,051,747
Customer deposits payable	293,206	141,837	-	435,043
Compensated absences payable	65,628	65,261	-	130,889
Accrued interest payable	-	28,947	-	28,947
Revenue bonds payable	-	492,400	-	492,400
Note payable	-	56,407	-	56,407
Total current liabilities	1,061,897	1,106,825	26,711	2,195,433
Noncurrent liabilities:				
Revenue bonds payable	-	2,823,055	-	2,823,055
Note payable	-	91,912	-	91,912
Total noncurrent liabilities	-	2,914,967	-	2,914,967
Total liabilities	1,061,897	4,021,792	26,711	5,110,400
Net Position:				
Net investment in capital assets	3,543,613	12,232,776	52,231	15,828,620
Restricted for debt service	-	815,884	-	815,884
Unrestricted	6,069,346	2,294,525	213,206	8,577,077
Total net position	9,612,959	15,343,185	265,437	25,221,581
Total liabilities and net position	\$ 10,674,856	\$ 19,364,977	\$ 292,148	\$ 30,331,981

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 7,809,687	\$ 3,184,347	\$ 305,669	\$ 11,299,703
Other revenue	<u>77,966</u>	<u>35,145</u>	<u>205</u>	<u>113,316</u>
Total Operating Revenues	<u>7,887,653</u>	<u>3,219,492</u>	<u>305,874</u>	<u>11,413,019</u>
<b>OPERATING EXPENSES:</b>				
Production	5,622,241	979,227	-	6,601,468
Sewer treatment	-	569,533	-	569,533
Transmission & distribution	819,974	412,351	317,693	1,550,018
Administration	994,381	414,735	15,000	1,424,116
Depreciation	<u>204,340</u>	<u>851,482</u>	<u>2,551</u>	<u>1,058,373</u>
Total Operating Expenses	<u>7,640,936</u>	<u>3,227,328</u>	<u>335,244</u>	<u>11,203,508</u>
Operating Income (Loss)	<u>246,717</u>	<u>(7,836)</u>	<u>(29,370)</u>	<u>209,511</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	15,652	6,243	461	22,356
Taxes	-	496,923	-	496,923
Intergovernmental revenue	-	57,034	-	57,034
Interest expense and fees	<u>-</u>	<u>(136,945)</u>	<u>-</u>	<u>(136,945)</u>
Total Nonoperating Revenues (Expenses)	<u>15,652</u>	<u>423,255</u>	<u>461</u>	<u>439,368</u>
Income (loss) before contributions	<u>262,369</u>	<u>415,419</u>	<u>(28,909)</u>	<u>648,879</u>
<b>CONTRIBUTIONS:</b>				
Grant revenue	<u>-</u>	<u>307,032</u>	<u>10,922</u>	<u>317,954</u>
Change in net position	262,369	722,451	(17,987)	966,833
Net position, beginning of year, restated	<u>9,350,590</u>	<u>14,620,734</u>	<u>283,424</u>	<u>24,254,748</u>
Net position, end of year	<u>\$ 9,612,959</u>	<u>\$ 15,343,185</u>	<u>\$ 265,437</u>	<u>\$ 25,221,581</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, 2014**

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 7,535,312	\$ 3,184,127	\$ 305,065	\$ 11,024,504
Cash receipts from other funds for services	364,799	14,707	-	379,506
Cash payments for other operating services	(835,565)	(328,681)	(15,000)	(1,179,246)
Cash payments to suppliers	(5,688,585)	(1,516,488)	(313,564)	(7,518,637)
Cash paid to employees	(645,408)	(525,758)	-	(1,171,166)
Net cash provided (used) by operating activities	<u>730,553</u>	<u>827,907</u>	<u>(23,499)</u>	<u>1,534,961</u>
Cash flows from noncapital financing activities:				
Advance to/from other fund:	<u>(106,586)</u>	<u>-</u>	<u>-</u>	<u>(106,586)</u>
Net cash used by noncapital financing activities	<u>(106,586)</u>	<u>-</u>	<u>-</u>	<u>(106,586)</u>
Cash flows from capital and related financing activities:				
Capital improvements & motor vehicle sales tax received	-	492,436	-	492,436
Capital grants received	-	293,179	10,922	304,101
Acquisition and construction of capital assets	(678,902)	(1,112,880)	-	(1,791,782)
Principal paid on revenue bonds	-	(476,000)	-	(476,000)
Principal paid on note payable	-	(53,878)	-	(53,878)
Proceeds from bonds	-	306,339	-	306,339
Interest and fees paid on debt	-	(144,285)	-	(144,285)
Net cash provided (used) in capital and related financing activities	<u>(678,902)</u>	<u>(695,089)</u>	<u>10,922</u>	<u>(1,363,069)</u>
Cash flows from investing activities:				
Interest received on bond escrow accounts	-	57,034	-	57,034
Interest received on cash accounts	15,366	6,192	460	22,018
Change in certificates of deposit	(170,876)	(1,634)	(448)	(172,958)
Net cash provided (used) by investing activities	<u>(155,510)</u>	<u>61,592</u>	<u>12</u>	<u>(93,906)</u>
Net increase (decrease) in cash and cash equivalents	(210,445)	194,410	(12,565)	(28,600)
Cash and cash equivalents, beginning of year	<u>827,753</u>	<u>1,451,099</u>	<u>18,295</u>	<u>2,297,147</u>
Cash and cash equivalents, end of year	<u>\$ 617,308</u>	<u>\$ 1,645,509</u>	<u>\$ 5,730</u>	<u>\$ 2,268,547</u>
Cash and cash equivalents	\$ 324,102	\$ 687,788	\$ 5,730	\$ 1,017,620
Restricted cash and cash equivalents	<u>293,206</u>	<u>957,721</u>	<u>-</u>	<u>1,250,927</u>
Cash and cash equivalents, end of year	<u>\$ 617,308</u>	<u>\$ 1,645,509</u>	<u>\$ 5,730</u>	<u>\$ 2,268,547</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 246,717	\$ (7,836)	\$ (29,370)	\$ 209,511
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	204,340	851,482	2,551	1,058,373
Changes in assets and liabilities:				
(Increase) decrease in utilities receivable	12,762	(20,658)	(809)	(8,705)
(Increase) decrease in other receivables	(304)	-	-	(304)
(Increase) decrease in prepaid expenses	(6,106)	2,139	211	(3,756)
(Increase) decrease in inventory	(7)	(32,270)	-	(32,277)
Increase (decrease) in accounts payable	239,165	20,037	3,918	263,120
Increase (decrease) in compensated absences	6,458	6,234	-	12,692
Increase (decrease) in customer deposits payable	<u>27,528</u>	<u>8,779</u>	<u>-</u>	<u>36,307</u>
Net cash provided (used) by operating activities	<u>\$ 730,553</u>	<u>\$ 827,907</u>	<u>\$ (23,499)</u>	<u>\$ 1,534,961</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2014**

	<u>AGENCY FUND</u>
<b>ASSETS</b>	
Cash	\$ <u>1,301</u>
<b>LIABILITIES</b>	
Court bonds payable	\$ <u><u>1,301</u></u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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. The combined financial statements of the City include all organizations that raise and hold economic resources for the direct benefit of the City. The City has implemented GASB Statements No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*. GASB Statements No. 61 amended GASB Statement No. 14. GASB Statement No. 61 modified certain requirements for inclusion of component units in the financial reporting entity. 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. 61:

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 position 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 position 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, 2014**

**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, 2014**

**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 improvements.

**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, 2014**

**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 position as cash and cash equivalents, investments or restricted position. 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 position, 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, 2014**

**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 position.

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, 2014**

**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.

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 Inflows of Resources: This separate financial statement element, *deferred inflows of resources* represents an inflow of resources that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, gain on sale of land and certain unbilled dispatch fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

Net investment in capital assets - 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - consists of net position that does not meet the definition of restricted or net investment in capital assets.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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.

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.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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, 2014, the bank balances of the City's deposits totaled \$3,639,057. 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.

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.

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.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE C - CERTIFICATES OF DEPOSIT**

Certificates of deposit of the City as of September 30, 2014 are as follows:

Fund	Amount
Major governmental funds:	
General fund	\$ 607,392
Nonmajor governmental funds:	
Special revenue funds:	
Parks and recreation	335,381
Municipal band	134,315
Public library	29,158
Total special revenue	498,854
Total governmental funds	1,106,246
Enterprise Funds:	
Major Funds:	
Electric fund	4,404,464
Water and wastewater fund	911,274
Solid waste fund	194,993
Total enterprise funds	5,510,731
Total	\$ 6,616,977

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, 2014, the total deposits were covered by securities held by the bank's trust department.

**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 2014 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 2014 for purposes of local taxation was:

General	\$ 0.6114
Parks and recreation	0.1501
Library	0.1716
Band	0.0858
Total	\$ 1.0189

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE E - RESTRICTED ASSETS**

Cash and cash equivalents are restricted for the following purposes:

Major Governmental Funds:

Transportation Improvement Fund:

Reserve fund	\$ 46,806	
Revenue fund	<u>5,687</u>	\$ 52,493

Stormwater Improvement Fund:

Reserve fund	251,583	
Revenue fund	46,794	
Project Fund	<u>422,118</u>	<u>720,495</u>

Total governmental funds		\$ <u><u>772,988</u></u>
--------------------------	--	--------------------------

Major Enterprise Funds:

Electric Fund:

Customer deposits		\$ 293,206
-------------------	--	------------

Water and Wastewater Fund:

Customer deposits	\$ 141,837	
Revenue bond reserves and accounts:		
Principal and interest retirement	408,016	
Revenue bond retirement	9,650	
Depreciation and replacement	290,153	
Depreciation and replacement - Series 1998 debt	<u>108,065</u>	<u>957,721</u>

Total enterprise funds		\$ <u><u>1,250,927</u></u>
------------------------	--	----------------------------

**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.

**NOTE G - RECEIVABLES**

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2014 were as follows:

	<u>Total</u> <u>Receivables</u>	<u>Allowance</u>	<u>Net</u> <u>Receivables</u>
Business-type activities:			
Major enterprise funds:			
Electric	\$ 1,220,636	\$ 137,021	\$ 1,083,615
Water and wastewater	436,420	41,627	394,793
Solid waste	<u>44,728</u>	<u>6,399</u>	<u>38,329</u>
Total	<u><u>\$ 1,701,784</u></u>	<u><u>\$ 185,047</u></u>	<u><u>\$ 1,516,737</u></u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE G - RECEIVABLES (continued)**

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, 2014 were as follows:

<u>Fund</u>	<u>Total Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
<b>Governmental activities:</b>			
General fund:			
Ad valorem	\$ 464,266	\$ 4,876	\$ 459,390
Sales taxes	185,736	-	185,736
Gasoline tax	44,083	-	44,083
Vehicle sales tax & fees	12,787	-	12,787
Total general fund	<u>706,872</u>	<u>4,876</u>	<u>701,996</u>
<b>Stormwater improvement fund:</b>			
Sales tax	<u>47,750</u>	-	<u>47,750</u>
<b>Transportation improvement fund:</b>			
Sales tax	<u>95,500</u>	-	<u>95,500</u>
<b>Nonmajor governmental funds:</b>			
Special revenue funds:			
Ad valorem	342,543	3,250	339,293
Sales taxes	23,217	-	23,217
Vehicle sales tax & fees	831	-	831
Total special revenue	<u>366,591</u>	<u>3,250</u>	<u>363,341</u>
Total governmental funds	<u>1,216,713</u>	<u>8,126</u>	<u>1,208,587</u>
<b>Business-type activities:</b>			
Major enterprise funds:			
Water and wastewater fund:			
Sales taxes	97,610	2,606	95,004
Vehicle sales tax & fees	2,355	-	2,355
Total business-type activities	<u>99,965</u>	<u>2,606</u>	<u>97,359</u>
<b>Total</b>	<u>\$ 1,316,678</u>	<u>\$ 10,732</u>	<u>\$ 1,305,946</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE H - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at September 30, 2014 were as follows:

Fund	Due From	Due To
Major governmental funds:		
General fund	\$ 7,408	\$ 254,339
Nonmajor governmental funds:		
Special revenue funds:		
Parks and recreation	-	53,426
Band	-	7,408
Enterprise funds:		
Electric fund	307,765	-
Total	\$ 315,173	\$ 315,173

Interfund payable of \$254,339 in the General Fund, includes \$74,148 due to the Electric Fund for the purchase of land held for resale and related costs; \$26,238 for repayment of a generator; and \$153,151 for purchase of a fire truck. The amount \$53,426 due from the Parks and recreation fund to the Electric Fund is for repayment of a lighting project at the City parks.

**NOTE I - 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 J - 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.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE J - RETIREMENT PLAN (continued)**

Funding Status

Full-time employees of the City of Cameron do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 15.6% (General) and 13.7% (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.

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	\$	412,166
Interest on net pension obligation		7,525
Adjustment to annual required contribution		<u>(7,430)</u>
Annual pension cost		412,261
Actual contributions		<u>396,092</u>
Increase (decrease) in Net Pension Obligation		16,169
Net Pension Obligation, beginning of year		<u>103,798</u>
Net Pension Obligation, end of year	\$	<u><u>119,967</u></u>

The annual required contribution (ARC) was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 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 28, 2011 was 30 years for the General division and 30 years for the Police division. The amortization period as of February 29, 2012 was 16 years for the General division and 30 years for the Police division.

Schedule of Employer Contributions and  
Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 382,548	90.1%	\$ 85,000
6/30/2013	381,408	95.1%	103,798
6/30/2014	412,261	96.1%	119,967

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE K - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended September 30, 2014:

	Restated Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Governmental activities:				
Nondepreciable assets:				
Land	\$ 3,066,624	\$ -	\$ -	\$ 3,066,624
Construction in progress	1,492,394	2,341,897	3,254,001	580,290
Total nondepreciable assets	<u>4,559,018</u>	<u>2,341,897</u>	<u>3,254,001</u>	<u>3,646,914</u>
Depreciable capital assets:				
Buildings	3,223,420	556,696	2,000	3,778,116
Improvements	1,465,023	12,482	-	1,477,505
Equipment	4,190,033	357,090	291,496	4,255,627
Publications	579,569	22,129	-	601,698
Street network	17,875,051	2,917,869	-	20,792,920
Total depreciable assets	<u>27,333,096</u>	<u>3,866,266</u>	<u>293,496</u>	<u>30,905,866</u>
Less accumulated depreciation:				
Buildings	969,007	89,769	2,000	1,056,776
Improvements	469,518	70,451	-	539,969
Equipment	3,462,098	184,843	291,496	3,355,445
Publications	484,709	20,630	-	505,339
Street network	13,464,732	351,997	-	13,816,729
Total accumulated depreciation	<u>18,850,064</u>	<u>717,690</u>	<u>293,496</u>	<u>19,274,258</u>
Total depreciable capital assets, net	<u>8,483,032</u>	<u>3,148,576</u>	<u>-</u>	<u>11,631,608</u>
Total governmental activities capital assets	<u>\$ 13,042,050</u>	<u>\$ 5,490,473</u>	<u>\$ 3,254,001</u>	<u>\$ 15,278,522</u>

Depreciation expense was charged to functions as follows:

General government	\$ 23,141
Public safety	122,669
Public works	496,571
Parks and recreation	50,415
Public library	<u>24,894</u>
	<u>\$ 717,690</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE K - CAPITAL ASSETS (continued)**

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
<b>Business-type activities:</b>				
<b>Electric fund:</b>				
Nondepreciable assets:				
Land	\$ 42,541	\$ -	\$ -	\$ 42,541
Construction in progress	5,177	678,902	(684,079)	-
Total nondepreciable capital assets	<u>47,718</u>	<u>678,902</u>	<u>(684,079)</u>	<u>42,541</u>
Depreciable capital assets:				
Buildings and improvements	3,552,564	684,079	-	4,236,643
Equipment	3,928,154	-	(115,956)	3,812,198
Total depreciable capital assets	<u>7,480,718</u>	<u>684,079</u>	<u>(115,956)</u>	<u>8,048,841</u>
Less accumulated depreciation:				
Buildings and improvements	1,291,683	149,554	-	1,441,237
Equipment	3,167,702	54,786	115,956	3,106,532
Total accumulated depreciation	<u>4,459,385</u>	<u>204,340</u>	<u>115,956</u>	<u>4,547,769</u>
Total depreciable capital assets, net	<u>3,021,333</u>	<u>479,739</u>	<u>-</u>	<u>3,501,072</u>
Total electric capital assets	<u>3,069,051</u>	<u>1,158,641</u>	<u>(684,079)</u>	<u>3,543,613</u>
<b>Water and waste water fund:</b>				
Nondepreciable assets:				
Land	778,360	-	-	778,360
Construction in progress	660,530	627,370	(1,134,734)	153,166
Total nondepreciable capital assets	<u>1,438,890</u>	<u>627,370</u>	<u>(1,134,734)</u>	<u>931,526</u>
Depreciable capital assets:				
Buildings and improvements	28,065,157	1,314,751	-	29,379,908
Equipment	4,136,654	305,493	(84,088)	4,358,059
Total depreciable capital assets	<u>32,201,811</u>	<u>1,620,244</u>	<u>(84,088)</u>	<u>33,737,967</u>
Less accumulated depreciation:				
Buildings and improvements	16,909,012	730,079	-	17,639,091
Equipment	1,296,537	121,403	84,088	1,333,852
Total accumulated depreciation	<u>18,205,549</u>	<u>851,482</u>	<u>84,088</u>	<u>18,972,943</u>
Total depreciable capital assets, net	<u>13,996,262</u>	<u>768,762</u>	<u>(168,176)</u>	<u>14,765,024</u>
Total water and wastewater capital assets	<u>15,435,152</u>	<u>1,396,132</u>	<u>(1,302,910)</u>	<u>15,696,550</u>
<b>Solid waste fund:</b>				
Nondepreciable assets:				
Land	46,705	-	-	46,705
Depreciable capital assets:				
Equipment	36,104	-	-	36,104
Less accumulated depreciation:				
Equipment	28,027	2,551	-	30,578
Total depreciable capital assets, net	<u>8,077</u>	<u>(2,551)</u>	<u>-</u>	<u>5,526</u>
Total solid waste capital assets	<u>54,782</u>	<u>(2,551)</u>	<u>-</u>	<u>52,231</u>
Total business-type activities capital assets	<u>\$ 18,558,985</u>	<u>\$ 2,552,222</u>	<u>\$ (1,986,989)</u>	<u>\$ 19,292,394</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE K - CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions as follows:

Electric	\$ 204,340
Water and wastewater	851,482
Solid waste	<u>2,551</u>
	<u>\$ 1,058,373</u>

**NOTE L - 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 2014.

**NOTE M - 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, 2014, 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.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE M - COMMITMENTS AND CONTINGENCIES**

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, 2014.

Construction Commitments

During the year, the City had several ongoing construction projects. At September 30, 2014 the City had remaining construction contract costs in the General Fund of \$373,118, related to airport improvements and \$436,421 of costs committed to the Walnut overpass project in the Stormwater Fund.

**NOTE N - ANNUAL GENERAL OPERATING REVENUE FROM TRAFFIC VIOLATIONS**

Section 302.341.2 RSMo requires municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations. Total fines and court costs for traffic violations for the fiscal year summed to \$89,433. The City's general sales tax and property tax revenue summed to \$1,708,689. Using the general sales tax and property tax as the "annual general operating revenue", the City's traffic violations revenues are 5.23% of this total "annual general operating revenue", which is substantially below the 30% threshold requirement of the statute.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE O - CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance <u>October 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>September 30, 2014</u>	Amount due within one year
Governmental Activities:					
Series 2012A Certificates of Participation	\$ 2,685,000	\$ -	\$ 100,000	\$ 2,585,000	\$ 100,000
Series 2012B Certificates of Participation	475,000	-	45,000	430,000	45,000
Capital lease - folder/sorter machine	28,429	-	10,950	17,479	11,508
Capital lease - police vehicles	91,004	-	28,813	62,191	30,309
Note payable - Cameron Rural Fire	21,240	-	21,240	-	-
Accrued compensated absences	<u>122,806</u>	<u>7,756</u>	<u>-</u>	<u>130,562</u>	<u>130,562</u>
Total Governmental Activities	<u>\$ 3,423,479</u>	<u>\$ 7,756</u>	<u>\$ 206,003</u>	<u>\$ 3,225,232</u>	<u>\$ 317,379</u>
Business-Type Activities:					
Electric Fund:					
Accrued compensated absences	<u>\$ 59,170</u>	<u>\$ 6,458</u>	<u>\$ -</u>	<u>\$ 65,628</u>	<u>\$ 65,628</u>
Water and Wastewater Fund:					
1996 Revenue Bonds	650,000	-	205,000	445,000	215,000
1998 Revenue Bonds	1,380,000	-	210,000	1,170,000	215,000
2009 Refunding & Improvement Bonds	1,243,700	-	61,000	1,182,700	62,400
2013 Waterworks & Sewerage Bonds	211,416	306,339	-	517,755	-
Note payable - odor control improvements	202,199	-	53,878	148,321	56,407
Accrued compensated absences	<u>59,026</u>	<u>6,235</u>	<u>-</u>	<u>65,261</u>	<u>65,261</u>
Total Water and Wastewater Fund	<u>3,746,341</u>	<u>312,574</u>	<u>529,878</u>	<u>3,529,037</u>	<u>614,068</u>
Total Business-Type Activities	<u>\$ 3,805,511</u>	<u>\$ 319,032</u>	<u>\$ 529,878</u>	<u>\$ 3,594,665</u>	<u>\$ 679,696</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, 2014**

**NOTE P - LONG-TERM DEBT**

Debt service requirements to maturity for all bonds and certificates of participation outstanding at September 30, 2014 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>Water and Wastewater Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	-	-
<b>Total</b>	<b>\$ 3,015,000</b>	<b>\$ 1,219,308</b>	<b>\$ 2,797,700</b>	<b>\$ 324,914</b>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE Q - BONDS PAYABLE**

Revenue bonds outstanding at September 30, 2014 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%	\$ 445,000
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%	1,170,000
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%	1,182,700
Series 2013 Combined Waterworks & Sewerage Bonds maximum authorized amount of \$616,000	<u>517,755</u>
Total Water and Wastewater Fund revenue bonds	<u><u>\$ 3,315,455</u></u>

Net revenues are pledged over the term of the above Bonds in an amount equal to the total principal and interest payments.

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE Q - BONDS PAYABLE (continued)**

Surplus account monies are reflected as unrestricted cash. The required reserves are included in restricted cash and cash equivalents and are reported in the accompanying statement of net position as follows:

		Water and Wastewater Enterprise Fund
Principal and interest retirement	\$	408,016
Bond retirement		9,650
Depreciation and replacement		290,152
System and equipment replacement		108,065
Total revenue bond reserves	\$	815,883

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>\$ 2,585,000</u>
--	---------------------

Transportation Improvement Fund:

Series 2012B Certificates of Participation, due in varying annual installments through April 2022; interest at 2.00% to 3.125%	<u>\$ 430,000</u>
--	-------------------

**NOTE S - CAPITAL LEASE OBLIGATIONS**

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%.

On January 7, 2013, the City entered into a lease purchase agreement to finance the cost of six police vehicles. The lease is for 4 years requiring annual installments of \$33,536 through March 2016, interest at 5.19%.

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.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE S - CAPITAL LEASE OBLIGATIONS (continued)**

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 211,129
Less: Accumulated depreciation	(52,929)
Total	\$ 158,200

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

Year Ending September 30,	Governmental Activities
2015	\$ 45,704
2016	39,621
Total minimum lease payments	85,325
Less amount representing interest	(5,655)
Present value of minimum lease payments	\$ 79,670

**NOTE T - NOTE PAYABLE**

Note payable at September 30, 2014 consists of:

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

\$ 148,321

Maturities of notes payable are as follows:

Year Ending September 30,	
2015	\$ 56,407
2016	91,914
	\$ 148,321

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**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, 2014, the outstanding principal amount payable was \$17,545,000.

**NOTE V - FUND BALANCES**

The following is a summary of the Governmental Fund balances of the City for the year ended September 30, 2014.

<u>Classification/Fund</u>	<u>Purpose</u>	
Nonspendable:		
General Fund	Land held for resale	<u>\$ 100,476</u>
Restricted:		
Stormwater improvements	Capital outlay	342,199
Transportation improvements	Capital outlay	851,268
Parks and recreation	Operate parks	215,442
Public library	Operate library	80,417
Municipal band	Operate band	159,922
Low-income housing	Homebuyer program	774
TIF special allocation	Debt payments	<u>9,840</u>
Total Restricted		<u>1,659,862</u>
Committed:		
General Fund	Airport capital outlay	373,118
Stormwater improvements	Capital outlay	<u>436,421</u>
Total Committed		<u>809,539</u>
Unassigned:		
General Fund		<u>938,199</u>
Total Fund Balances		<u>\$ 3,508,076</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**NOTE W - RESTATEMENT OF FUND BALANCE/NET POSITION**

The following prior year corrections were recorded as of October 1, 2013 to properly state fund balance amounts:

	General Fund	Band Fund	Water and Wastwater Fund
Balance October 1, 2013	\$ 1,471,151	\$ 190,287	\$ 14,683,498
Correct due from Band Fund	15,536	(31,054)	-
To remove bond issue costs	<u>-</u>	<u>-</u>	<u>(62,764)</u>
Restated balance October 1, 2013	<u>\$ 1,486,687</u>	<u>\$ 159,233</u>	<u>\$ 14,620,734</u>

Governmental activities beginning net position was corrected for the above items in the General Fund, and Band Fund as well as an adjustment of \$338,407 to correctly report construction in progress, and \$86,508 to remove bond issue costs.

The City has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for periods beginning after December 15, 2012. The GASB indicates that debt issue costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Therefore, unamortized bond issue costs of \$86,508 for governmental activities and \$62,764 for business-type activities on the City's Statement of Net Position have been removed and net position restated as of October 1, 2013.

**NOTE X - SUBSEQUENT EVENT**

On October 1, 2014, the City issued \$5,075,000 of Certificates of Participation - Water and Sewer System Improvements for the purpose of acquiring, constructing, and installing water system equipment and improvements, including automated metering infrastructure, other energy conservation measures, and water plant basin launders. They will also construct improvements and extensions to the City's sewer collection system and screen modifications to the City's existing wastewater treatment plant and engineering and design work for the collection system improvements and for construction and installation of major upgrades to the wastewater treatment plant.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CAMERON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET	ELIMINATING ENTRIES	GENERAL FUND
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)		
<b>REVENUES:</b>						
Sales tax	\$ 1,230,000	\$ 1,230,000	\$ 1,290,920	\$ 60,920	\$ -	\$ 1,290,920
Property tax	427,500	431,500	339,050	(92,450)	-	339,050
Other local taxes	95,000	97,200	145,243	48,043	-	145,243
Intergovernmental	324,000	324,000	334,106	10,106	-	334,106
Gross receipts tax	515,750	515,750	546,638	30,888	-	546,638
In lieu of tax	66,375	82,375	78,719	(3,656)	-	78,719
Licenses, permits and fees	336,375	379,391	334,796	(44,595)	-	334,796
Charges for services	293,976	326,000	330,065	4,065	-	330,065
Interfund charges for services	16,350	16,350	16,350	-	-	16,350
Grants	225,000	233,850	634,712	400,862	-	634,712
Fines and forfeitures	142,600	129,500	116,073	(13,427)	-	116,073
Interest	9,360	14,260	14,128	(132)	-	14,128
Other revenue	292,700	344,935	40,091	(304,844)	-	40,091
Total Revenues	<u>3,974,986</u>	<u>4,125,111</u>	<u>4,220,891</u>	<u>95,780</u>	<u>-</u>	<u>4,220,891</u>
<b>EXPENDITURES:</b>						
Current:						
General government	420,602	473,603	472,034	1,569	-	472,034
Public safety	1,964,554	1,958,055	1,829,556	128,499	-	1,829,556
Public works	927,209	911,335	836,670	74,665	-	836,670
Capital outlay	507,710	606,262	1,034,412	(428,150)	-	1,034,412
Debt Service:						
Principal	-	-	-	-	(1) 61,004	61,004
Interest and fees	-	-	-	-	(1) 7,109	7,109
Capital lease payments	328,113	340,281	68,113	272,168	(1) (68,113)	-
Total Expenditures	<u>4,148,188</u>	<u>4,289,536</u>	<u>4,240,785</u>	<u>48,751</u>	<u>-</u>	<u>4,240,785</u>
Excess (deficiency) of revenues over expenditures	<u>(173,202)</u>	<u>(164,425)</u>	<u>(19,894)</u>	<u>144,531</u>	<u>-</u>	<u>(19,894)</u>
Other financing sources (uses):						
Transfers in	173,202	263,102	-	(263,102)	-	-
Transfers out	-	(92,175)	(55,000)	37,175	-	(55,000)
Total other financing sources (uses)	<u>173,202</u>	<u>170,927</u>	<u>(55,000)</u>	<u>(225,927)</u>	<u>-</u>	<u>(55,000)</u>
Net change in fund balance	-	6,502	(74,894)	(81,396)	-	(74,894)
Fund balance, beginning of year, restated	<u>1,486,687</u>	<u>1,486,687</u>	<u>1,486,687</u>	<u>-</u>	<u>-</u>	<u>1,486,687</u>
Fund balance, end of year	<u>\$ 1,486,687</u>	<u>\$ 1,493,189</u>	<u>\$ 1,411,793</u>	<u>\$ (81,396)</u>	<u>\$ -</u>	<u>\$ 1,411,793</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, 2014**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Sales tax	\$ 310,700	\$ 310,700	\$ 329,697	\$ 18,997
Interest	<u>300</u>	<u>300</u>	<u>179</u>	<u>(121)</u>
Total Revenues	<u>311,000</u>	<u>311,000</u>	<u>329,876</u>	<u>18,876</u>
EXPENDITURES:				
Capital outlay	506,000	1,341,171	860,721	480,450
Debt service:				
Principal	195,586	147,800	100,000	47,800
Interest and fees	<u>-</u>	<u>47,776</u>	<u>96,594</u>	<u>(48,818)</u>
Total Expenditures	<u>701,586</u>	<u>1,536,747</u>	<u>1,057,315</u>	<u>479,432</u>
Excess (deficiency) of revenues over expenditures	<u>(390,586)</u>	<u>(1,225,747)</u>	<u>(727,439)</u>	<u>498,308</u>
Other financing sources (uses):				
Capital lease proceeds	<u>455,000</u>	<u>1,333,421</u>	<u>-</u>	<u>(1,333,421)</u>
Net change in fund balance	64,414	107,674	(727,439)	(835,113)
Fund balance, beginning of year	<u>1,069,638</u>	<u>1,069,638</u>	<u>1,069,638</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,134,052</u>	<u>\$ 1,177,312</u>	<u>\$ 342,199</u>	<u>\$ (835,113)</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, 2014**

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Sales tax	\$ 603,551	\$ 606,801	\$ 659,393	\$ 52,592
Interest	<u>1,025</u>	<u>4,595</u>	<u>3,606</u>	<u>(989)</u>
Total Revenues	<u>604,576</u>	<u>611,396</u>	<u>662,999</u>	<u>51,603</u>
EXPENDITURES:				
Capital outlay	797,276	201,000	137,223	63,777
Debt Service:				
Principal	57,275	51,140	45,000	6,140
Interest and fees	<u>-</u>	<u>6,710</u>	<u>13,282</u>	<u>(6,572)</u>
Total Expenditures	<u>854,551</u>	<u>258,850</u>	<u>195,505</u>	<u>63,345</u>
Excess (deficiency) of revenues over expenditures	<u>(249,975)</u>	<u>352,546</u>	<u>467,494</u>	<u>114,948</u>
Net change in fund balance	(249,975)	352,546	467,494	114,948
Fund balance, beginning of year	<u>820,195</u>	<u>820,195</u>	<u>820,195</u>	<u>-</u>
Fund balance, end of year	<u>\$ 570,220</u>	<u>\$ 1,172,741</u>	<u>\$ 1,287,689</u>	<u>\$ 114,948</u>

See accompanying notes to the required supplementary information.

**CITY OF CAMERON, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
SEPTEMBER 30, 2014**

**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 1<sup>st</sup>, 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, 2014**

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
2/29/2012	\$ 4,901,073	\$ 6,367,107	\$ 1,466,034	77%	\$ 2,639,584	56%
2/28/2013	5,080,526	6,242,604	1,162,078	81%	2,545,364	46%
2/28/2014	6,229,170	6,651,547	422,377	94%	2,714,797	16%

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, 2014**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ (5,757)	\$ 9,696	\$ 3,939
Certificates of deposit	498,854	-	498,854
Receivables, net:			
Taxes	363,341	-	363,341
Accounts	-	144	144
Grants	1,650	-	1,650
Accrued interest	<u>109</u>	<u>-</u>	<u>109</u>
Total assets	<u>\$ 858,197</u>	<u>\$ 9,840</u>	<u>\$ 868,037</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 76,240	\$ -	\$ 76,240
Due to other funds	<u>60,834</u>	<u>-</u>	<u>60,834</u>
Total liabilities	<u>137,074</u>	<u>-</u>	<u>137,074</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	<u>264,568</u>	<u>-</u>	<u>264,568</u>
<b>FUND BALANCES</b>			
Restricted	<u>456,555</u>	<u>9,840</u>	<u>466,395</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 858,197</u>	<u>\$ 9,840</u>	<u>\$ 868,037</u>

**CITY OF CAMERON, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2014**

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ (75,167)	\$ 31,004	\$ 20,632	\$ 17,774	\$ (5,757)
Certificates of deposit	335,381	29,158	134,315	-	498,854
Receivables, net:					
Taxes	169,905	128,993	64,443	-	363,341
Accrued interest	73	13	23	-	109
Grants	<u>-</u>	<u>1,650</u>	<u>-</u>	<u>-</u>	<u>1,650</u>
Total assets	<u>\$ 430,192</u>	<u>\$ 190,818</u>	<u>\$ 219,413</u>	<u>\$ 17,774</u>	<u>\$ 858,197</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 70,135	\$ 6,096	\$ 9	\$ -	\$ 76,240
Due to other funds	<u>53,426</u>	<u>-</u>	<u>7,408</u>	<u>-</u>	<u>60,834</u>
Total liabilities	<u>123,561</u>	<u>6,096</u>	<u>7,417</u>	<u>-</u>	<u>137,074</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	<u>91,189</u>	<u>104,305</u>	<u>52,074</u>	<u>17,000</u>	<u>264,568</u>
<b>FUND BALANCES</b>					
Restricted	<u>215,442</u>	<u>80,417</u>	<u>159,922</u>	<u>774</u>	<u>456,555</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 430,192</u>	<u>\$ 190,818</u>	<u>\$ 219,413</u>	<u>\$ 17,774</u>	<u>\$ 858,197</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, 2014**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
<b>REVENUES:</b>			
Sales tax	\$ 165,794	\$ -	\$ 165,794
Property tax	232,366	-	232,366
Other local taxes	34,787	48,469	83,256
Grants	44,688	-	44,688
Interest	2,110	15	2,125
Miscellaneous	8,333	15,000	23,333
Total Revenues	<u>488,078</u>	<u>63,484</u>	<u>551,562</u>
<b>EXPENDITURES:</b>			
Current:			
Parks and recreation	190,474	-	190,474
Public library	153,257	-	153,257
Municipal band	56,010	-	56,010
Capital outlay	449,087	-	449,087
Debt service:			
Principal	-	-	-
Other	-	57,988	57,988
Total Expenditures	<u>848,828</u>	<u>57,988</u>	<u>906,816</u>
Excess (deficiency) of revenues over expenditures	<u>(360,750)</u>	<u>5,496</u>	<u>(355,254)</u>
Other financing sources (uses)			
Transfers in	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Net change in fund balances	(305,750)	5,496	(300,254)
Fund balances, beginning of year, restated	<u>762,305</u>	<u>4,344</u>	<u>766,649</u>
Fund balances, end of year	<u>\$ 456,555</u>	<u>\$ 9,840</u>	<u>\$ 466,395</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, 2014**

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
<b>REVENUES:</b>					
Sales tax	\$ 165,794	\$ -	\$ -	\$ -	\$ 165,794
Property tax	85,605	97,861	48,900	-	232,366
Other local taxes	12,867	14,680	7,240	-	34,787
Grants	33,000	11,688	-	-	44,688
Interest	1,328	231	526	25	2,110
Miscellaneous	1,328	6,972	33	-	8,333
Total Revenues	<u>299,922</u>	<u>131,432</u>	<u>56,699</u>	<u>25</u>	<u>488,078</u>
<b>EXPENDITURES:</b>					
Current:					
Parks and recreation	190,474	-	-	-	190,474
Public library	-	153,257	-	-	153,257
Municipal band	-	-	56,010	-	56,010
Capital outlay	426,054	23,033	-	-	449,087
Total Expenditures	<u>616,528</u>	<u>176,290</u>	<u>56,010</u>	<u>-</u>	<u>848,828</u>
Excess (deficiency) of revenues over expenditures	<u>(316,606)</u>	<u>(44,858)</u>	<u>689</u>	<u>25</u>	<u>(360,750)</u>
Other financing sources (uses)					
Transfers in	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,000</u>
Net change in fund balances	(261,606)	(44,858)	689	25	(305,750)
Fund balance, beginning of year	<u>477,048</u>	<u>125,275</u>	<u>159,233</u>	<u>749</u>	<u>762,305</u>
Fund balance, end of year	<u>\$ 215,442</u>	<u>\$ 80,417</u>	<u>\$ 159,922</u>	<u>\$ 774</u>	<u>\$ 456,555</u>

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<b>MUNICIPAL COURT FUND</b>				
	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<b>ASSETS</b>				
Cash	\$ 1,551	\$ 145,068	\$ 145,318	\$ 1,301
<b>LIABILITIES</b>				
Court bonds payable	\$ 1,551	\$ 145,068	\$ 145,318	\$ 1,301

**CITY OF CAMERON, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROJECT NUMBER	EXPENDITURES
<u>Environmental Protection Agency</u>			
Passed through Missouri Department of Natural Resources:			
SRF Drinking Water Grant	66.468	DW291193-04	\$ 213,542
SRF Drinking Water Grant	66.468	ER14-DWSA-MO1010131(A)	36,673
SRF Drinking Water Grant	66.468	ER14-DWSA-MO1010131(B)	<u>56,815</u>
Total SRF Drinking Water Grant			<u>307,030</u>
 <u>U.S. Department of Transportation</u>			
Passed through Missouri Department of Transportation:			
Airport Improvement Program	20.106	13-013A-1/13-013A-2	354,100
 <u>National Endowment for the Humanities</u>			
Passed through Missouri State Library:			
LSTA Racing to Read	45.310	2014-LFL3-R3RC3CN3-7541	<u>3,493</u>
			<u>\$ 664,623</u>

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Cameron under programs of the federal government for the year ended September 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of City of Cameron, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Cameron.

**Note 2. Summary of Significant Accounting Policies**

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

## **INTERNAL CONTROL AND COMPLIANCE**

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

To the City Council  
City of Cameron, Missouri

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Cameron as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 22, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 questioned costs as items 2014-001 and 2014-002 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 questioned costs as item 2014-003 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*.

## **City's Response to Findings**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Westbrook & Co., P.C." in a cursive, professional style.

Richmond, Missouri  
May 22, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

To the City Council  
City of Cameron, Missouri

**Report on Compliance for Each Major Federal Program**

We have audited the City's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2014.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Westbrook & Co., P.C.".

Richmond, Missouri  
May 22, 2015

**CITY OF CAMERON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?     X     Yes            No
- Significant deficiency(ies) identified?     X     Yes            None reported

Noncompliance material to financial statements noted?            Yes     X     No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?            Yes     X     No
- Significant deficiency(ies) identified?            Yes     X     None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?            Yes     X     No

Identification of major programs:  
Airport Improvement Program CFDA No. 20.106

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?            Yes     X     No

**CITY OF CAMERON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESSES**

**2014-001 FINANCIAL ACCOUNTING AND REPORTING**

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

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

*Cause:* The City has not adopted policies and procedures designed to enhance the approval of the drafted financial statements.

*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 drafted financial statements.

*Auditee's Response:* The City will continue and enhance use of outside auditor to prepare financial statements.

**2014-002 GENERAL LEDGER**

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

*Criteria:* Proper internal controls should provide for monthly accounting procedures to reconcile each general ledger account balance and activity to supporting detail to ensure financial data is accurate.

*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:* Staff will review accounts monthly and contact outside auditor for procedural recommendations.

**CITY OF CAMERON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**SIGNIFICANT DEFICIENCY  
2014-003 INVENTORY CONTROLS**

*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.

*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.

*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:* With current employee staffing and facilities, enhancement is not cost effective. The City will consider inventory controls in the future.

**C. FINDINGS AND QUESTION COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None