# CITY OF CAMERON, MISSOURI

## FINANCIAL REPORT
## (Audited)

## For The Fiscal Year Ended September 30, 2015

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

# INDEPENDENT AUDITOR'S REPORT

February 5, 2016

Honorable Mayor and 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** (the City) as of and for the year ended September 30, 2015, 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 of 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 of material misstatement.

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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 City'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 City'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 as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 supplemental 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 Matters*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance

with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 5, 2016, 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.

Hochschild, Bloom + Company, LLP

**CERTIFIED PUBLIC ACCOUNTANTS**

The City of Cameron, Missouri (the City) presents this narrative to help readers review the accompanying annual financial statements for the year ended September 30, 2015. We have prepared the management's discussion and analysis (MD&A) of the City's financial activities to add additional information to the financial schedules and the note disclosures.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by $45,201,105 (net position). Net position is comprised of $28,446,562 net investment in capital assets; $3,440,372 restricted for debt service and other purposes; $3,550,496 unrestricted and available for governmental purposes; and $9,763,675 unrestricted and available for the City's business-type activities.

- The City's total net position increased $2,544,974. Of this amount, $1,887,186 was an increase from the City's governmental activities and $657,788 was an increase from business-type activities.

- The City's long-term debt increased $4,531,296 during the current fiscal year. The Water/Wastewater Fund issued $5,075,000 in certificates of participation, while regular principal payments were made on other debt issues.

- The City was awarded by the Missouri Department of Transportation two transportation enhancement grants for N. Walnut Street. One is pedestrian access over U.S. Highway 36 and the other is pedestrian sidewalks from Grand Avenue to U.S. Highway 36. The grants were awarded in fiscal year 2012 - 2013, final design approved fiscal year 2014 - 2015 with construction to commence fiscal year 2015 - 2016.

- The City issued new debt on October 1, 2014: the 2014 Water and Wastewater Improvement Certificates of Participation was established to finance the automatic metering project for water and electric services, and design improvements for wastewater collection and basins. The automatic metering project and the wastewater design phase were not completed as of September 30, 2015.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction the City's basic financial statements. The City's basic financial statements consist of three major components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental information, the budgetary comparisons, to provide additional information that readers can use to analyze the City's finances.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with an overview of the City's finances, presenting all funds in a more simplified format. This section is similar to financial reporting used by commercial entities.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including long-term debt and capital assets in the governmental funds. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of re-

sources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as transactions occur, regardless of when the related cash flows are reported. Therefore, some revenues and expenses included in this statement may reflect cash flows that actually occur in future periods (e.g., uncollected taxes and accrued vacation leave).

Government-wide statements are separated into two major categories: 1) governmental activities that are principally supported by taxes and intergovernmental revenues and 2) business-type activities that are supported with user fees and charges. Governmental activities include general government, public safety, public works, parks and recreation, public library, municipal band, and economic development. Business-type activities include electric, water and wastewater, and solid waste.

**Fund financial statements.** Funds are used in government accounting to separate resources that are designated for specific programs or activities. The City, like other state and local governments, uses fund accounting to demonstrate compliance with the laws, regulations, and contractual agreements that establish the authority for the City's programs and services. The City has three types of funds: governmental, proprietary, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for the City's basic services, the same services that are included in the governmental activities on the government-wide statements. However, the information in the fund statements is measured differently. Governmental funds focus on current financial resources rather than economic resources. Therefore, the statements include the short-term resources, such as cash, investments, and receivables that will be collected within 60 days and liabilities that will be retired with these monies. This information is important for assessing the City's current financial resources.

The reconciliation in the fund statements explains the difference between the governmental funds in the fund statements and the governmental activities found in the government-wide financial statements. This reconciliation will explain the adjustments necessary to compile the long-term resources and liabilities for the government-wide statements with the current picture presented in the fund statements.

The City uses the following governmental funds:

**Major Funds**

- ✓ General
- ✓ Stormwater Improvement
- ✓ Transportation Improvement

**Nonmajor Funds**

- ✓ Parks and Recreation
- ✓ Public Library
- ✓ Municipal Band
- ✓ Low-Income Housing
- ✓ TIF Special Allocation

The larger funds are presented as major funds while the other funds are presented in the combining statements for nonmajor funds. Both major and nonmajor fund statements include a balance sheet and statement of revenues, expenditures, and changes in fund balances.

The budgetary comparison for the General, Stormwater Improvements, and Transportation Improvement Funds are included with the required supplemental information. Budgetary comparisons for all other funds are presented with other supplemental information. The only exception is the Low-Income Housing Fund, which is not budgeted by the City.

**Proprietary funds.** The City maintains three different types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its electric, water and wastewater, and solid waste operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Fund, Water/Wastewater Fund, and Solid Waste Fund.

**Fiduciary funds.** The fiduciary fund is used to account for resources held for the benefit of parties outside the City for court appearance bonds. The fiduciary fund is not reflected in the government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for the fiduciary fund is much like that used for proprietary funds.

**Notes to financial statements.** Notes provide additional information that is essential to a full understanding of the information included in the financial schedules. Notes provide additional details about the balances and transactions in the City's financial statements.

**Supplemental information.** In addition to the basic financial statements and accompanying notes, certain required and other supplemental information can be found after the basic financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The first statement in the government-wide statements is the statement of net position. The following table summarizes the statement of net position for the governmental activities and business-type activities as of September 30, 2015 and 2014:

| | September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | Restated 2014 | 2015 | Restated 2014 | 2015 | Restated 2014 |
| **ASSETS** | | | | | | |
| Current and other assets | $ 5,995,319 | 5,687,375 | 14,066,712 | 11,837,845 | 20,062,031 | 17,525,220 |
| Capital assets, net | 15,294,924 | 15,278,522 | 22,103,996 | 19,292,394 | 37,398,920 | 34,570,916 |
| Total Assets | 21,290,243 | 20,965,897 | 36,170,708 | 31,130,239 | 57,460,951 | 52,096,136 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 450,049 | 54,232 | 240,480 | 46,644 | 690,529 | 100,876 |
| **LIABILITIES** | | | | | | |
| Current and other liabilities | 183,423 | 1,205,249 | 1,369,906 | 1,515,737 | 1,553,329 | 2,720,986 |
| Long-term liabilities | 3,057,604 | 3,225,232 | 8,293,589 | 3,594,663 | 11,351,193 | 6,819,895 |
| Total Liabilities | 3,241,027 | 4,430,481 | 9,663,495 | 5,110,400 | 12,904,522 | 9,540,881 |
| **DEFERRED INFLOWS OF RESOURCES** | 22,431 | - | 23,422 | - | 45,853 | - |
| **NET POSITION** | | | | | | |
| Net investment in capital assets | 12,366,925 | 12,605,970 | 16,079,637 | 15,828,620 | 28,446,562 | 28,434,590 |
| Restricted | 2,582,369 | 1,807,510 | 880,959 | 815,884 | 3,463,328 | 2,623,394 |
| Unrestricted | 3,527,540 | 2,176,168 | 9,763,675 | 9,421,979 | 13,291,215 | 11,598,147 |
| Total Net Position | $18,476,834 | 16,589,648 | 26,724,271 | 26,066,483 | 45,201,105 | 42,656,131 |

The statement of net position is an accrual based financial statement. The statement of net position presents the same information as a balance sheet; it assesses the balance of the City's assets, the resources it can use to provide service and operate, against its liabilities, its obligations to turn over resources to other organizations or individuals. The difference between the City's assets, deferred outflows of resources, liabilities, and its deferred inflows of resources is called *net position*. In other words, this statement quantifies what the City would have remaining after satisfying its liabilities. The bulk of net position is comprised of capital assets which are not liquid assets.

During the year ended September 30, 2015, the City adopted Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which resulted in pension related assets, deferred outflows, and deferred inflows. In addition, the implementation included a restatement of the prior year's net position.

Assets include $10,594,644 in unrestricted cash and investments and $3,816,785 in restricted cash and investments. Total net position increased by $2,544,974.

The second statement in the government-wide statements is the statement of activities. This statement outlines the City's primary programs or governmental activities and business-type activities. The following table outlines the major components of the statement of activities for the years ended September 30, 2015 and 2014:

| | September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| **REVENUES** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 523,880 | 869,182 | 11,821,124 | 11,413,019 | 12,345,004 | 12,282,201 |
| Operating grants and contributions | 441,870 | 21,365 | 19,428 | 10,922 | 461,298 | 32,287 |
| Capital grants and contributions | 163,853 | 762,411 | - | 307,032 | 163,853 | 1,069,443 |
| General revenues: | | | | | | |
| Taxes | 4,543,241 | 3,871,076 | 493,580 | 496,923 | 5,036,821 | 4,367,999 |
| Other | 439,979 | 354,144 | 64,455 | 79,390 | 504,434 | 433,534 |
| Transfers | 16,313 | - | (16,313) | - | - | - |
| Total Revenues | 6,129,136 | 5,878,178 | 12,382,274 | 12,307,286 | 18,511,410 | 18,185,464 |
| **EXPENSES** | | | | | | |
| General government | 224,664 | 579,484 | - | - | 224,664 | 579,484 |
| Public safety | 2,074,485 | 1,973,884 | - | - | 2,074,485 | 1,973,884 |
| Public works | 1,236,036 | 757,429 | - | - | 1,236,036 | 757,429 |
| Parks and recreation | 312,401 | 254,394 | - | - | 312,401 | 254,394 |
| Public library | 167,214 | 158,469 | - | - | 167,214 | 158,469 |
| Municipal band | 62,549 | 55,956 | - | - | 62,549 | 55,956 |
| Economic development | 55,764 | - | - | - | 55,764 | - |
| Interest on long-term debt | 108,837 | 170,798 | - | - | 108,837 | 170,798 |
| Electric | - | - | 7,705,839 | 7,640,936 | 7,705,839 | 7,640,936 |
| Water and wastewater | - | - | 3,683,588 | 3,364,273 | 3,683,588 | 3,364,273 |
| Solid waste | - | - | 335,059 | 335,244 | 335,059 | 335,244 |
| Total Expenses | 4,241,950 | 3,950,414 | 11,724,486 | 11,340,453 | 15,966,436 | 15,290,867 |
| **CHANGE IN NET POSITION** | 1,887,186 | 1,927,764 | 657,788 | 966,833 | 2,544,974 | 2,894,597 |
| NET POSITION, OCTOBER 1 | 16,589,648 | 13,987,971 | 26,066,483 | 24,254,748 | 42,656,131 | 38,242,719 |
| RESTATEMENT | - | 673,913 | - | 844,902 | - | 1,518,815 |
| **NET POSITION, SEPTEMBER 30** | $18,476,834 | 16,589,648 | 26,724,271 | 26,066,483 | 45,201,105 | 42,656,131 |

Revenues and expenses are presented by major function or program. The City, like all cities, depends on tax revenues to provide funding for governmental services and activities.

Total revenues increased by $325,946. Governmental activities revenues increased $250,958 mainly due to an agreement with CNH America LLC. In 2006, DeKalb County issued chapter 100 revenue bonds and as a part

of the agreement the City was to be reimbursed $600,000. Business-type activities revenues increased $74,988. Charges for services increased $408,105 due to a rate increase in the Water/Wastewater Fund. Capital grants decreased $307,032 from a grant that was received last year. Total expenses increased $675,569. Governmental activities expenses increased $291,536, and business-type activities increased $384,033.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $5,129,566, an increase of $1,703,372 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $2,072,585, while total fund balance reached $2,575,107. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57% of total General Fund expenditures, while total fund balance represents 71% of that same amount. The fund balance of the General Fund increased by $1,183,319 during the current fiscal year. This increase is due to an increase in revenues and a decrease in expenditures.

The Stormwater Improvement fund balance decreased $49,774 during the fiscal year to $292,425 due to normal activities of the fund.

The Transportation Improvement fund balance increased $548,063 during the fiscal year to $1,835,752 due to reduced capital outlay projects in the current year.

Changes in net position for the major proprietary funds can be described as follows:

- The Electric Fund increased by $188,561. At September 30, 2015, total net position was $10,265,684.
- The Water and Wastewater Fund increased by $475,871 to $16,184,937 as a result of an increase in water and sewer rates charged to customers.
- The Solid Waste Fund decreased by $6,644 to a net position of $273,650.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The Multi Use Trails at the reservoir was included in the General Fund budget. This project's construction phase was completed in fiscal year 2014 - 2015, with grant funds received and final projects distributed, in fiscal year 2014 - 2015.

- Professional services that are required for City issues are growing for the General Fund. Professional service adjustments were included in three of the four budget adjustments.

- The City filled the previously empty positions Assistant City Manager and Utilities Director in March 2015 and the position of Development Director in June 2015, the costs associated with these positions was not included in the original 2015 budget.

- 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 continuing to find avenues in which to lower these costs but continue customer service for our citizens.

## CAPITAL ASSETS

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

- Fire department was able to update emergency equipment by obtaining extrication equipment.
- Public Works department purchased a dump truck to assist with small maintenance street duties.
- Police department purchased an all-wheel drive K-9 vehicle.
- The Parks and Recreation Fund enhanced the winter activities for Recreation Park by purchasing a removable ice rink. The ice rink is used only in winter at the sand volleyball location. Additional concrete was also installed in this area of Recreation Park, as a permanent improvement.

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

- Installation of the automated meter reading system for both electric and water systems began in fiscal year 2015 and was not fully operational as of September 30, 2015.
- Electric department purchased bucket truck.
- Water plant improvements included a generator being installed for emergency services.
- Fencing was improved around part of the City reservoirs.
- Water plant north basin improvements were completed in the fall of 2015.
- Sewer system continued design work on the collection and treatment improvements that are planned. These improvements are being required to meet state regulations.

The following table summarizes the capital assets, net of depreciation, for the governmental and business-type activities as of September 30, 2015 and 2014:

| | September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | $ 3,066,624 | 3,066,624 | 1,142,255 | 867,606 | 4,208,879 | 3,934,230 |
| Construction in progress | 601,845 | 580,290 | 3,297,804 | 153,166 | 3,899,649 | 733,456 |
| Buildings | 2,583,071 | 2,694,229 | 14,010,516 | 14,536,229 | 16,593,587 | 17,230,458 |
| Improvements | 1,296,807 | 937,674 | 2,669,513 | 2,766,999 | 3,966,320 | 3,704,673 |
| Equipment | 866,242 | 927,154 | 983,908 | 968,394 | 1,850,150 | 1,895,548 |
| Publications | 92,866 | 96,360 | - | - | 92,866 | 96,360 |
| Infrastructure | 6,787,469 | 6,976,191 | - | - | 6,787,469 | 6,976,191 |
| Total | $15,294,924 | 15,278,522 | 22,103,996 | 19,292,394 | 37,398,920 | 34,570,916 |

Additional information on capital assets can be found in Note C of the financial statements.

## LONG-TERM DEBT

The following table summarizes the City's scheduled long-term outstanding debt for the governmental activities and business-type activities as of September 30, 2015 and 2014:

| | September 30 | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Certificates of participation | $ 2,870,000 | 3,015,000 | 5,148,924 | - | 8,018,924 | 3,015,000 |
| Revenue bonds | - | - | 2,894,000 | 3,315,455 | 2,894,000 | 3,315,455 |
| Capital leases payable | 57,999 | 79,670 | - | - | 57,999 | 79,670 |
| Note payable | - | - | 91,984 | 148,321 | 91,984 | 148,321 |
| Compensated absences | 129,605 | 130,562 | 158,681 | 130,889 | 288,286 | 261,451 |
| Total | $ 3,057,604 | 3,225,232 | 8,293,589 | 3,594,665 | 11,351,193 | 6,819,897 |

The City issued $5,075,000 of certificates of participation during the current fiscal year for improvements to the water and sewer system.

Additional information on long-term debt can be found in Note D of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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.

Taxes and charges for services are the main sources of revenue for the City. Personnel expenditures require the greatest usage of resources. These factors were considered in preparing the City's 2016 budget.

## REQUESTS FOR INFORMATION

The MD&A is designed to provide a general overview of the information contained in the financial report and the City's finances in general. Questions concerning any of the information contained in the MD&A or in the body of the financial report should be addressed to: Mark Gaugh, City Manager, City of Cameron, 205 N Main, Cameron, Missouri 64429.

# CITY OF CAMERON, MISSOURI
## STATEMENT OF NET POSITION
## SEPTEMBER 30, 2015

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **ASSETS** | | | |
| Cash and investments | $ 4,204,761 | 6,389,883 | 10,594,644 |
| Receivables, net: | | | |
| Sales tax | 356,584 | 94,577 | 451,161 |
| Property tax | 51,229 | - | 51,229 |
| Intergovernmental | 195,689 | - | 195,689 |
| Gross receipts tax | 73,666 | - | 73,666 |
| Utilities | 70,181 | 6,111 | 76,292 |
| Accounts | 52,273 | 1,628,020 | 1,680,293 |
| Interest | 455 | 3,359 | 3,814 |
| Other | 400,000 | - | 400,000 |
| Due from other governments | - | 62,636 | 62,636 |
| Internal balances | (535,387) | 535,387 | - |
| Prepaid items | 111,625 | 89,500 | 201,125 |
| Inventory | - | 1,192,767 | 1,192,767 |
| Restricted cash and investments | 349,423 | 3,467,362 | 3,816,785 |
| Special assessments, net | - | 9,962 | 9,962 |
| Net pension asset | 564,344 | 587,148 | 1,151,492 |
| Land held for resale | 100,476 | - | 100,476 |
| Capital assets: | | | |
| Land and construction in progress | 3,668,469 | 4,440,059 | 8,108,528 |
| Other capital assets, net of accumulated depreciation | 11,626,455 | 17,663,937 | 29,290,392 |
| Total Assets | 21,290,243 | 36,170,708 | 57,460,951 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred outflows - pension related | 450,049 | 240,480 | 690,529 |
| **LIABILITIES** | | | |
| Accounts payable | 132,392 | 856,771 | 989,163 |
| Accrued interest payable | 51,031 | 37,281 | 88,312 |
| Customer deposits payable | - | 475,854 | 475,854 |
| Noncurrent liabilities: | | | |
| Due within one year | 324,202 | 823,465 | 1,147,667 |
| Due in more than one year | 2,733,402 | 7,470,124 | 10,203,526 |
| Total Liabilities | 3,241,027 | 9,663,495 | 12,904,522 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred inflows - pension related | 22,431 | 23,422 | 45,853 |
| **NET POSITION** | | | |
| Net investment in capital assets | 12,366,925 | 16,079,637 | 28,446,562 |
| Restricted for: | | | |
| Debt service | 349,423 | 880,959 | 1,230,382 |
| Transportation improvements | 1,783,708 | - | 1,783,708 |
| Parks and recreation | 240,691 | - | 240,691 |
| Public library | 31,550 | - | 31,550 |
| Municipal band | 170,909 | - | 170,909 |
| Low-income housing | 781 | - | 781 |
| TIF special allocation | 5,307 | - | 5,307 |
| Unrestricted | 3,527,540 | 9,763,675 | 13,291,215 |
| Total Net Position | $ 18,476,834 | 26,724,271 | 45,201,105 |

**See notes to financial statements**

# CITY OF CAMERON, MISSOURI

## STATEMENT OF ACTIVITIES

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues: Charges For Services | Program Revenues: Operating Grants And Contributions | Program Revenues: Capital Grants And Contributions | Net Revenues (Expenses) And Changes In Net Position – Primary Government: Governmental Activities | Business-type Activities | Total |
|---|---|---|---|---|---|---|---|
| **Primary Government** | | | | | | | |
| **Governmental Activities** | | | | | | | |
| General government | $ 224,664 | 121,499 | 18,462 | - | (84,703) | - | (84,703) |
| Public safety | 2,074,485 | 287,809 | 2,570 | 6,335 | (1,777,771) | - | (1,777,771) |
| Public works | 1,236,036 | 112,365 | 403,190 | 157,518 | (562,963) | - | (562,963) |
| Parks and recreation | 312,401 | 2,207 | 1,031 | - | (309,163) | - | (309,163) |
| Public library | 167,214 | - | 16,367 | - | (150,847) | - | (150,847) |
| Municipal band | 62,549 | - | 250 | - | (62,299) | - | (62,299) |
| Economic development | 55,764 | - | - | - | (55,764) | - | (55,764) |
| Interest on long-term debt | 108,837 | - | - | - | (108,837) | - | (108,837) |
| Total Governmental Activities | 4,241,950 | 523,880 | 441,870 | 163,853 | (3,112,347) | - | (3,112,347) |
| **Business-type Activities** | | | | | | | |
| Electric | 7,705,839 | 7,884,455 | - | - | - | 178,616 | 178,616 |
| Water and wastewater | 3,683,588 | 3,627,814 | 317 | - | - | (55,457) | (55,457) |
| Solid waste | 335,059 | 308,855 | 19,111 | - | - | (7,093) | (7,093) |
| Total Business-type Activities | 11,724,486 | 11,821,124 | 19,428 | - | - | 116,066 | 116,066 |
| Total Primary Government | $ 15,966,436 | 12,345,004 | 461,298 | 163,853 | (3,112,347) | 116,066 | (2,996,281) |
| **General Revenues** | | | | | | | |
| Taxes: | | | | | | | |
| Property | | | | | 715,032 | - | 715,032 |
| Sales | | | | | 2,464,954 | 493,580 | 2,958,534 |
| Utility | | | | | 1,016,640 | - | 1,016,640 |
| Other local tax | | | | | 346,615 | - | 346,615 |
| In lieu of tax | | | | | 352,578 | - | 352,578 |
| Investment income | | | | | 23,505 | 64,455 | 87,960 |
| Other | | | | | 63,896 | - | 63,896 |
| **Transfers** | | | | | 16,313 | (16,313) | - |
| Total General Revenues And Transfers | | | | | 4,999,533 | 541,722 | 5,541,255 |
| **CHANGE IN NET POSITION** | | | | | 1,887,186 | 657,788 | 2,544,974 |
| NET POSITION, OCTOBER 1, AS RESTATED | | | | | 16,589,648 | 26,066,483 | 42,656,131 |
| **NET POSITION, SEPTEMBER 30** | | | | | $ 18,476,834 | 26,724,271 | 45,201,105 |

**See notes to financial statements**

# CITY OF CAMERON, MISSOURI

## BALANCE SHEET - GOVERNMENTAL FUNDS

## SEPTEMBER 30, 2015

| | General | Stormwater Improvement | Transportation Improvement | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and investments | $ 1,936,022 | - | 1,688,860 | 579,879 | 4,204,761 |
| Receivables, net: | | | | | |
| Sales tax | 190,507 | 47,424 | 94,848 | 23,805 | 356,584 |
| Property tax | 30,738 | - | - | 20,491 | 51,229 |
| Intergovernmental | 186,241 | - | - | 9,448 | 195,689 |
| Gross receipts tax | 73,666 | - | - | - | 73,666 |
| Grants | 70,181 | - | - | - | 70,181 |
| Accounts | 52,273 | - | - | - | 52,273 |
| Interest | 323 | - | - | 132 | 455 |
| Other | 400,000 | - | - | - | 400,000 |
| Due from other funds | 57,010 | - | - | - | 57,010 |
| Restricted cash and investments | - | 297,379 | 52,044 | - | 349,423 |
| Land held for resale | 100,476 | - | - | - | 100,476 |
| Total Assets | $ 3,097,437 | 344,803 | 1,835,752 | 633,755 | 5,911,747 |
| **LIABILITIES** | | | | | |
| Accounts payable | $ 67,282 | 2,776 | - | 62,334 | 132,392 |
| Due to other funds | 420,612 | 49,602 | - | 122,183 | 592,397 |
| Total Liabilities | 487,894 | 52,378 | - | 184,517 | 724,789 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable revenues - property taxes | 34,436 | - | - | 22,956 | 57,392 |
| **FUND BALANCES** | | | | | |
| Nonspendable: | | | | | |
| Long-term receivable | 200,000 | - | - | - | 200,000 |
| Land held for resale | 100,476 | - | - | - | 100,476 |
| Restricted for: | | | | | |
| Debt service | - | 297,379 | 52,044 | - | 349,423 |
| Transportation improvements | - | - | 1,783,708 | - | 1,783,708 |
| Parks and recreation | - | - | - | 232,235 | 232,235 |
| Public library | - | - | - | 21,832 | 21,832 |
| Municipal band | - | - | - | 166,127 | 166,127 |
| Low-income housing | - | - | - | 781 | 781 |
| TIF special allocation | - | - | - | 5,307 | 5,307 |
| Committed for: | | | | | |
| Capital outlay | 16,313 | - | - | - | 16,313 |
| Assigned for: | | | | | |
| Subsequent year's budget - appropriation of fund balance | 185,733 | - | - | - | 185,733 |
| Unassigned | 2,072,585 | (4,954) | - | - | 2,067,631 |
| Total Fund Balances | 2,575,107 | 292,425 | 1,835,752 | 426,282 | 5,129,566 |
| Total Liabilities, Deferred Inflows Of Resources, And Fund Balances | $ 3,097,437 | 344,803 | 1,835,752 | 633,755 | 5,911,747 |

**See notes to financial statements**

# CITY OF CAMERON, MISSOURI

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

**SEPTEMBER 30, 2015**

| | |
|---|---|
| Total Fund Balances - Governmental Funds | $ 5,129,566 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is $35,390,037 and the accumulated depreciation is $20,095,113. | 15,294,924 |
| 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. | 111,625 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds. | 57,392 |
| Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of: | |
| Net pension asset | 564,344 |
| Deferred outflows - pension related | 450,049 |
| Deferred inflows - pension related | (22,431) |
| Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of: | |
| Accrued interest payable | (51,031) |
| Accrued compensated absences | (129,605) |
| Certificates of participation outstanding | (2,870,000) |
| Capital leases outstanding | (57,999) |
| Total Net Position Of Governmental Activities | $ 18,476,834 |

**See notes to financial statements**

# CITY OF CAMERON, MISSOURI

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | General | Stormwater Improvement | Transportation Improvement | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Sales tax | $ 1,315,339 | 328,403 | 656,804 | 164,408 | 2,464,954 |
| Property tax | 429,812 | - | - | 290,752 | 720,564 |
| Other local taxes | 196,080 | - | - | 150,535 | 346,615 |
| Intergovernmental | 396,996 | - | - | - | 396,996 |
| Gross receipts tax | 1,016,640 | - | - | - | 1,016,640 |
| In lieu of tax | 540,647 | - | - | - | 540,647 |
| Licenses and permits | 56,850 | - | - | - | 56,850 |
| Charges for services | 357,284 | - | - | 2,207 | 359,491 |
| Grants and contributions | 270,485 | - | - | 34,648 | 305,133 |
| Fines and forfeitures | 121,921 | - | - | - | 121,921 |
| Investment income | 16,833 | 144 | 4,932 | 1,596 | 23,505 |
| Other | 43,694 | 16,863 | - | 10,303 | 70,860 |
| Total Revenues | 4,762,581 | 345,410 | 661,736 | 654,449 | 6,424,176 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | 337,664 | - | - | - | 337,664 |
| Public safety | 1,904,348 | - | - | - | 1,904,348 |
| Public works | 737,002 | - | - | - | 737,002 |
| Parks and recreation | - | - | - | 243,029 | 243,029 |
| Public library | - | - | - | 159,903 | 159,903 |
| Municipal band | - | - | - | 62,600 | 62,600 |
| Economic development | - | - | - | 55,764 | 55,764 |
| Capital outlay | 590,145 | 200,589 | 56,291 | 111,389 | 958,414 |
| Debt service: | | | | | |
| Principal | 48,513 | 100,000 | 45,000 | - | 193,513 |
| Interest | 4,745 | 94,595 | 12,382 | - | 111,722 |
| Total Expenditures | 3,622,417 | 395,184 | 113,673 | 632,685 | 4,763,959 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 1,140,164 | (49,774) | 548,063 | 21,764 | 1,660,217 |
| **OTHER FINANCING SOURCES** | | | | | |
| Issuance of capital lease | 26,842 | - | - | - | 26,842 |
| Transfers in | 16,313 | - | - | - | 16,313 |
| Total Other Financing Sources | 43,155 | - | - | - | 43,155 |
| **NET CHANGE IN FUND BALANCES** | 1,183,319 | (49,774) | 548,063 | 21,764 | 1,703,372 |
| FUND BALANCES, OCTOBER 1, AS RESTATED | 1,391,788 | 342,199 | 1,287,689 | 404,518 | 3,426,194 |
| **FUND BALANCES, SEPTEMBER 30** | $ 2,575,107 | 292,425 | 1,835,752 | 426,282 | 5,129,566 |

**See notes to financial statements**

# CITY OF CAMERON, MISSOURI

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | |
|---|---|
| Net Change In Fund Balances - Governmental Funds | $ 1,703,372 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold ($837,257) exceeded depreciation ($820,855) in the current period. | 16,402 |
| 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 | 8,977 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | |
| Unavailable revenues | (311,353) |
| The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | |
| Issuance: | |
| Capital lease obligations | (26,842) |
| Repayments: | |
| Capital lease payments | 48,513 |
| Certificates of participation | 145,000 |
| Net Adjustment | |
| 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 the governmental funds: | |
| Accrued compensated absences | 957 |
| Accrued interest | 3,069 |
| Net pension asset | (74,295) |
| Deferred outflows - pension related | 395,817 |
| Deferred inflows - pension related | (22,431) |
| Net Adjustment | |
| Change In Net Position Of Governmental Activities | $ 1,887,186 |

**See notes to financial statements**

# CITY OF CAMERON, MISSOURI

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

## SEPTEMBER 30, 2015

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Electric | Water/ Wastewater | Solid Waste | Total |
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and investments | $ 4,934,098 | 1,262,894 | 192,891 | 6,389,883 |
| Receivables, net: | | | | |
| Sales tax | - | 94,577 | - | 94,577 |
| Grants | - | - | 6,111 | 6,111 |
| Utilities | 1,119,653 | 468,823 | 39,544 | 1,628,020 |
| Interest | 2,833 | 445 | 81 | 3,359 |
| Due from other governments | 62,636 | - | - | 62,636 |
| Due from other funds | 224,575 | 1,722,376 | - | 1,946,951 |
| Prepaid items | 36,774 | 52,048 | 678 | 89,500 |
| Inventory | 617,255 | 575,512 | - | 1,192,767 |
| Total Current Assets | 6,997,824 | 4,176,675 | 239,305 | 11,413,804 |
| **Noncurrent Assets** | | | | |
| Capital assets: | | | | |
| Land and construction in progress | 1,454,105 | 2,939,249 | 46,705 | 4,440,059 |
| Other capital assets, net of accumulated depreciation | 3,382,012 | 14,278,949 | 2,976 | 17,663,937 |
| Total Capital Assets | 4,836,117 | 17,218,198 | 49,681 | 22,103,996 |
| Net pension asset | 305,034 | 271,449 | 10,665 | 587,148 |
| Restricted cash and investments | 320,712 | 3,146,650 | - | 3,467,362 |
| Special assessments, net | 9,962 | - | - | 9,962 |
| Total Noncurrent Assets | 5,471,825 | 20,636,297 | 60,346 | 26,168,468 |
| Total Assets | 12,469,649 | 24,812,972 | 299,651 | 37,582,272 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred outflows - pension related | 124,812 | 111,347 | 4,321 | 240,480 |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable | 500,773 | 326,102 | 29,896 | 856,771 |
| Customer deposits payable | 320,712 | 155,142 | - | 475,854 |
| Compensated absences | 83,560 | 75,121 | - | 158,681 |
| Accrued interest payable | - | 37,281 | - | 37,281 |
| Due to other funds | 1,411,564 | - | - | 1,411,564 |
| Debt payable - current | - | 572,800 | - | 572,800 |
| Notes payable - current | - | 91,984 | - | 91,984 |
| Total Current Liabilities | 2,316,609 | 1,258,430 | 29,896 | 3,604,935 |
| **Noncurrent Liabilities** | | | | |
| Debt payable | - | 7,470,124 | - | 7,470,124 |
| Total Liabilities | 2,316,609 | 8,728,554 | 29,896 | 11,075,059 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred inflows - pension related | 12,168 | 10,828 | 426 | 23,422 |
| **NET POSITION** | | | | |
| Net investment in capital assets | 4,836,117 | 11,193,839 | 49,681 | 16,079,637 |
| Restricted for debt service | - | 880,959 | - | 880,959 |
| Unrestricted | 5,429,567 | 4,110,139 | 223,969 | 9,763,675 |
| Total Net Position | $ 10,265,684 | 16,184,937 | 273,650 | 26,724,271 |

**See notes to financial statements**

# CITY OF CAMERON, MISSOURI

## STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PROPRIETARY FUNDS

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Electric | Water/ Wastewater | Solid Waste | Total |
| **OPERATING REVENUES** | | | | |
| Charges for services | $ 7,763,475 | 3,579,965 | 308,423 | 11,651,863 |
| Other revenue | 120,980 | 47,849 | 432 | 169,261 |
| Total Operating Revenues | 7,884,455 | 3,627,814 | 308,855 | 11,821,124 |
| **OPERATING EXPENSES** | | | | |
| Production | 5,705,220 | 861,676 | - | 6,566,896 |
| Sewer treatment | - | 618,046 | - | 618,046 |
| Transmission and distribution | 874,477 | 410,183 | 317,509 | 1,602,169 |
| Administration | 887,963 | 674,646 | 15,000 | 1,577,609 |
| Depreciation | 238,179 | 901,089 | 2,550 | 1,141,818 |
| Total Operating Expenses | 7,705,839 | 3,465,640 | 335,059 | 11,506,538 |
| **OPERATING INCOME (LOSS)** | 178,616 | 162,174 | (26,204) | 314,586 |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Investment income | 15,383 | 48,623 | 449 | 64,455 |
| Taxes | - | 493,580 | - | 493,580 |
| Grant revenue | - | 317 | 19,111 | 19,428 |
| Bond issue costs | - | (101,152) | - | (101,152) |
| Interest expense and fees | - | (116,796) | - | (116,796) |
| Total Nonoperating Revenues (Expenses) | 15,383 | 324,572 | 19,560 | 359,515 |
| **INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS** | 193,999 | 486,746 | (6,644) | 674,101 |
| **TRANSFERS** | | | | |
| Transfers out | (5,438) | (10,875) | - | (16,313) |
| **CHANGE IN NET POSITION** | 188,561 | 475,871 | (6,644) | 657,788 |
| NET POSITION, OCTOBER 1, AS RESTATED | 10,077,123 | 15,709,066 | 280,294 | 26,066,483 |
| **NET POSITION, SEPTEMBER 30** | $ 10,265,684 | 16,184,937 | 273,650 | 26,724,271 |

**See notes to financial statements**

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Electric | Water/ Wastewater | Solid Waste | Total |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | | | |
| **Cash flows from operating activities:** | | | | |
| Receipts from customers and users | $ 7,755,096 | 3,519,240 | 307,208 | 11,581,544 |
| Payments to suppliers | (6,965,586) | (2,028,088) | (305,183) | (9,298,857) |
| Payments to employees | (650,454) | (605,399) | (23,739) | (1,279,592) |
| Other receipts | 120,980 | 47,849 | 432 | 169,261 |
| Net Cash Provided By (Used In) Operating Activities | 260,036 | 933,602 | (21,282) | 1,172,356 |
| **Cash flows from noncapital financing activities:** | | | | |
| Due from other funds | 83,190 | (1,722,376) | - | (1,639,186) |
| Due to other funds | 1,411,564 | - | - | 1,411,564 |
| Transfer to other funds | (5,438) | (10,875) | - | (16,313) |
| Net Cash Provided By (Used In) Noncapital Financing Activities | 1,489,316 | (1,733,251) | - | (243,935) |
| **Cash flows from capital and related financing activities:** | | | | |
| Capital improvements tax received | - | 496,362 | - | 496,362 |
| Capital grants received | - | 68,649 | 13,000 | 81,649 |
| Purchase of capital assets | (1,530,683) | (2,422,737) | - | (3,953,420) |
| Principal payments on long-term debt | - | (595,230) | - | (595,230) |
| Proceeds from long-term debt | - | 5,266,362 | - | 5,266,362 |
| Bond issue costs | - | (101,152) | - | (101,152) |
| Interest paid on long-term debt | - | (108,460) | - | (108,460) |
| Net Cash Provided By (Used In) Capital And Related Financing Activities | (1,530,683) | 2,603,794 | 13,000 | 1,086,111 |
| **Cash flows from investing activities:** | | | | |
| Investment income | 14,369 | 48,616 | 450 | 63,435 |
| Proceeds from sale of investments | 4,404,464 | 911,274 | 194,993 | 5,510,731 |
| Purchase of investments | (4,415,690) | (1,351,162) | (191,940) | (5,958,792) |
| Net Cash Provided By (Used In) Investing Activities | 3,143 | (391,272) | 3,503 | (384,626) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 221,812 | 1,412,873 | (4,779) | 1,629,906 |
| CASH AND CASH EQUIVALENTS, OCTOBER 1 | 617,308 | 1,645,509 | 5,730 | 2,268,547 |
| **CASH AND CASH EQUIVALENTS, SEPTEMBER 30** | $ 839,120 | 3,058,382 | 951 | 3,898,453 |

**See notes to financial statements** **(Continued)**

# CITY OF CAMERON, MISSOURI

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Business-type Activities - Enterprise Funds | | | |
|---|---|---|---|---|
| | Electric | Water/ Wastewater | Solid Waste | Total |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** | | | | |
| Operating income (loss) | $ 178,616 | 162,174 | (26,204) | 314,586 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 238,179 | 901,089 | 2,550 | 1,141,818 |
| (Increase) decrease in: | | | | |
| Utility receivables | (36,038) | (74,030) | (1,215) | (111,283) |
| Other receivables | 153 | - | - | 153 |
| Prepaid items | 3,901 | (12,824) | 105 | (8,818) |
| Inventory | (14,409) | (64,014) | - | (78,423) |
| Net pension asset | 133,668 | 74,069 | 3,373 | 211,110 |
| Deferred outflows - pension related | (99,350) | (90,984) | (3,502) | (193,836) |
| Increase (decrease) in: | | | | |
| Accounts payable | (202,290) | 4,129 | 3,185 | (194,976) |
| Customer deposits payable | 27,506 | 13,305 | - | 40,811 |
| Accrued compensated absences | 17,932 | 9,860 | - | 27,792 |
| Deferred inflows - pension related | 12,168 | 10,828 | 426 | 23,422 |
| Total Adjustments | 81,420 | 771,428 | 4,922 | 857,770 |
| Net Cash Provided By (Used In) Operating Activities | $ 260,036 | 933,602 | (21,282) | 1,172,356 |
| **RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION** | | | | |
| Cash and investments | $ 4,934,098 | 1,262,894 | 192,891 | 6,389,883 |
| Restricted cash and investments | 320,712 | 3,146,650 | - | 3,467,362 |
| Less - Investments in certificates of deposit | (4,415,690) | (1,020,976) | (191,940) | (5,628,606) |
| Less - Investments in guaranteed investment contracts | - | (330,186) | - | (330,186) |
| Total Cash And Cash Equivalents | $ 839,120 | 3,058,382 | 951 | 3,898,453 |

**See notes to financial statements**

# CITY OF CAMERON, MISSOURI

## STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUND

## SEPTEMBER 30, 2015

| | |
|---|---|
| **ASSETS** | |
| Cash | $ 1,377 |
| **LIABILITIES** | |
| Due to others - court appearance bonds | 1,377 |
| **NET POSITION** | $ - |

**See notes to financial statements**

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF CAMERON, MISSOURI** (the City) was founded in 1854 and incorporated in 1867. 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, airport services, community enrichment and development, recreation, and various social services. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

### 1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. Included within the reporting entity are all units of government including the Tax Increment Financing (TIF) Commission.

The TIF Commission is a component unit that is governed by an 11 member board, of which 6 of the members are appointed by the City Council, and 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.

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.

### 2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2. Government-wide and Fund Financial Statements (Continued)

by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements 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 measurable and available when they are collectible 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 a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due (i.e., matured).

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

The City reports the following major governmental funds:

**General Fund** -- This fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for 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.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (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.

The other governmental funds of the City are considered nonmajor. They are Special Revenue Funds which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, and one Debt Service Fund which include the TIF Special Allocation Fund.

The City reports the following major proprietary funds:

**Electric Fund** -- This fund is used to account for the acquisition, operation, and maintenance of the City's power and light utility facilities and services.

**Water and Wastewater Fund --** This fund is used to account for the acquisition, operation, and maintenance of the City's water and wastewater utility facilities and services.

**Solid Waste Fund --** This fund is used to account for the provision of solid waste collection.

Additionally, the City reports the following fund type:

**Agency Fund** -- This fund is used to account for assets held in a trustee capacity on behalf of the Municipal Court.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contribution; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 operation. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include the cost of services, administration expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 4. Cash, Cash Equivalents, and Investments

The City pools the cash of all funds, except for monies in certain restricted and special funds. The cash and investments balance in each fund represents the fund's equity share of the City's cash and investment pool. Interest income earned on pooled cash and investments is allocated to the various funds based on their respective participation. Interest income on restricted cash and investments is credited directly to the related fund.

For cash flow statement purposes, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are reported at fair value.

### 5. Allowance for Doubtful Accounts

The allowance for uncollectible receivables is as follows:

| | September 30 2015 |
|---|---|
| General Fund | $ 4,595 |
| Parks and Recreation Fund | 1,128 |
| Public Library Fund | 1,290 |
| Municipal Band Fund | 645 |
| Electric Fund | 117,713 |
| Water/Wastewater Fund | 42,701 |
| Solid Waste Fund | 5,573 |
| Total | $ 173,645 |

### 6. Inventory

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

### 7. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items on the consumption method. Prepaid items are recorded as expenditures when consumed rather than when purchased.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 8. Restricted Assets

Certain cash and investments are restricted as to use for debt service, bond reserves, and system replacement and extension as provided by bond covenants.

### 9. Customer Deposits

The City collects a refundable deposit from customers prior to initiating metered utility service. Customer deposits are reported in restricted assets.

### 10. Interfund Transactions

The City has the following types of transactions among funds:

**Transfers** -- Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

**Due To/From Other Funds** -- Current portions of long-term interfund loans receivable/payable are considered "available spendable resources" and are reported as assets and liabilities of the appropriate 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.

### 11. Capital Assets

Capital assets, which include property, equipment, intangibles, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are 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 cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Intangible assets include the right to use other governmental entity's operating facilities and/or land. Donated capital assets are recorded at estimated fair value at the date of donation.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 11. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is being computed on the straight-line method, using asset lives as follows:

| Assets | Years |
|---|---|
| Buildings | 10 - 50 |
| Improvements | 10 - 20 |
| Street network | 10 - 30 |
| Equipment | 3 - 7 |
| Publications | 10 |

### 12. Compensated Absences

City employees are granted vacation and sick leave in varying amounts, based on 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 in full to the employee. All vacation pay and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements.

### 13. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the pension reported on the statement of financial position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources for unavailable revenues from property taxes reported on the governmental funds balance sheet. The City also has deferred inflows of resources related to the pension reported on the statement of net position.

### 15. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

**Nonspendable** -- The portion of fund balances that is not in a spendable form or is required to be maintained intact.

**Restricted** -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the City Council, the highest level of decision-making authority.

**Assigned** -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City Council officials to which the City Council has designated authority. Intent can be expressed by the City Council in the form of a motion. Action by the City Council must occur prior to year-end.

**Unassigned** -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund. In other governmental funds other than the general fund; if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 15. Fund Balance Policies (Continued)

When an expenditure is incurred in governmental funds, which may be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classification - committed, assigned, and then unassigned fund balances.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance equal to 50% of budget expenditures. The City considers a balance of less than 30% to be a cause for concern, barring unusual or deliberate circumstances, and a balance of more than 55% as excessive. An amount in excess of 50% is to be considered for reservation to accumulate funding for capital projects and equipment, and/or to reduce the tax levy requirements, and shall be determined in conjunction with the annual budget process. In the event that the unassigned General Fund balance is less than the policy anticipates, the City shall plan to adjust budget resources in the subsequent fiscal years to restore the balance.

### 16. 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. For the year ended September 30, 2015, $164,576 in interest was capitalized in the Water and Wastewater Fund. Interest is not capitalized for governmental fund types with the fund financial statements.

### 17. Use of Estimates

The preparation of basic 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 amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

### 18. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS' fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. LAGERS' investments are reported at fair value.

## NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS

### 1. Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation (FDIC).

As of September 30, 2015, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

### 2. Investments

As of September 30, 2015, the City had the following investments:

| | | Maturities | | | |
|---|---|---|---|---|---|
| **Investments** | **Fair Value** | **No Maturity** | **Less Than One Year** | **1 - 5 Years** | **Credit Risk** |
| **Primary Government** | | | | | |
| Certificates of deposit | $ 6,952,118 | - | 6,933,137 | 18,981 | N/A |
| Guaranteed investment contract | 330,186 | - | - | 330,186 | N/A |
| Money market funds | 6,095,727 | 6,095,727 | - | - | Not rated |
| Total Investments | $ 13,378,031 | 6,095,727 | 6,933,137 | 349,167 | |

**Investment Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Although the City has no formal investment policy regarding credit risk, the portfolio is diversified to reduce potential losses on individual securities.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City has no formal investment policy regarding interest rate risk, but interest rate risk is minimized by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, therefore avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no formal investment policy relating to concentration of credit risk, but concentration of credit risk is minimized by diversifying the investment portfolio.

## NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

### 2. Investments (Continued)

**Custodial Credit Risk** is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be fully able to recover collateral securities in the possession of an outside party. Protection of the City's deposits is provided by the FDIC, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution.

## NOTE C - CAPITAL ASSETS

Capital asset activity for governmental activities was as follows:

| | For The Year Ended September 30, 2015 | | | |
|---|---|---|---|---|
| | Balance September 30 2014 | Increases | Decreases | Balance September 30 2015 |
| **Governmental Activities** | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 3,066,624 | - | - | 3,066,624 |
| Construction in progress | 580,290 | 458,660 | 437,105 | 601,845 |
| Total Capital Assets Not Being Depreciated | 3,646,914 | 458,660 | 437,105 | 3,668,469 |
| Capital assets being depreciated: | | | | |
| Buildings | 3,751,201 | - | - | 3,751,201 |
| Improvements | 1,477,505 | 454,425 | - | 1,931,930 |
| Equipment | 4,282,541 | 155,259 | - | 4,437,800 |
| Publications | 601,699 | 18,172 | - | 619,871 |
| Infrastructure | 20,792,920 | 187,846 | - | 20,980,766 |
| Total Capital Assets Being Depreciated | 30,905,866 | 815,702 | - | 31,721,568 |
| Less - Accumulated depreciation for: | | | | |
| Buildings | 1,056,972 | 111,158 | - | 1,168,130 |
| Improvements | 539,831 | 95,292 | - | 635,123 |
| Equipment | 3,355,387 | 216,171 | - | 3,571,558 |
| Publications | 505,339 | 21,666 | - | 527,005 |
| Infrastructure | 13,816,729 | 376,568 | - | 14,193,297 |
| Total Accumulated Depreciation | 19,274,258 | 820,855 | - | 20,095,113 |
| Total Capital Assets Being Depreciated, Net | 11,631,608 | (5,153) | - | 11,626,455 |
| Governmental Activities Capital Assets, Net | $ 15,278,522 | 453,507 | 437,105 | 15,294,924 |

## NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

| | For The Year Ended September 30 2015 |
|---|---|
| **Governmental Activities** | |
| General government | $ 23,479 |
| Public safety | 150,175 |
| Public works | 546,773 |
| Parks and recreation | 73,549 |
| Public library | 26,879 |
| Total | $ 820,855 |

Capital asset activity for business-type activities was as follows:

| | For The Year Ended September 30, 2015 | | | |
|---|---|---|---|---|
| | Balance September 30 2014 | Increases | Decreases | Balance September 30 2015 |
| **Business-type Activities** | | | | |
| **Electric Fund** | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 42,541 | - | - | 42,541 |
| Construction in progress | - | 1,411,564 | - | 1,411,564 |
| Total Capital Assets Not Being Depreciated | 42,541 | 1,411,564 | - | 1,454,105 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 4,236,642 | - | - | 4,236,642 |
| Equipment | 3,812,198 | 119,119 | 73,895 | 3,857,422 |
| Total Capital Assets Being Depreciated | 8,048,840 | 119,119 | 73,895 | 8,094,064 |
| Less - Accumulated depreciation for: | | | | |
| Buildings and improvements | 1,441,234 | 178,057 | - | 1,619,291 |
| Equipment | 3,106,534 | 60,122 | 73,895 | 3,092,761 |
| Total Accumulated Depreciation | 4,547,768 | 238,179 | 73,895 | 4,712,052 |
| Total Capital Assets Being Depreciated, Net | 3,501,072 | (119,060) | - | 3,382,012 |
| Electric Fund Capital Assets, Net | 3,543,613 | 1,292,504 | - | 4,836,117 |

## NOTE C - CAPITAL ASSETS (Continued)

| | For The Year Ended September 30, 2015 | | | |
|---|---|---|---|---|
| | Balance September 30 2014 | Increases | Decreases | Balance September 30 2015 |
| **Business-type Activities (Continued)** | | | | |
| **Water and Wastewater Fund** | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 778,360 | 274,649 | - | 1,053,009 |
| Construction in progress | 153,166 | 1,740,809 | 7,735 | 1,886,240 |
| Total Capital Assets Not Being Depreciated | 931,526 | 2,015,458 | 7,735 | 2,939,249 |
| Capital assets being depreciated: | | | | |
| Buildings | 29,379,909 | 415,014 | - | 29,794,923 |
| Improvements | 3,916,427 | - | - | 3,916,427 |
| Equipment | 441,631 | - | - | 441,631 |
| Total Capital Assets Being Depreciated | 33,737,967 | 415,014 | - | 34,152,981 |
| Less - Accumulated depreciation for: | | | | |
| Buildings | 17,639,088 | 762,670 | - | 18,401,758 |
| Improvements | 1,149,428 | 97,486 | - | 1,246,914 |
| Equipment | 184,427 | 40,933 | - | 225,360 |
| Total Accumulated Depreciation | 18,972,943 | 901,089 | - | 19,874,032 |
| Total Capital Assets Being Depreciated, Net | 14,765,024 | (486,075) | - | 14,278,949 |
| Water And Wastewater Fund Capital Assets, Net | 15,696,550 | 1,529,383 | 7,735 | 17,218,198 |
| **Solid Waste Fund** | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 46,705 | - | - | 46,705 |
| Capital assets being depreciated: | | | | |
| Equipment | 36,104 | - | - | 36,104 |
| Less - Accumulated depreciation for: | | | | |
| Equipment | 30,578 | 2,550 | - | 33,128 |
| Total Capital Assets Being Depreciated, Net | 5,526 | (2,550) | - | 2,976 |
| Solid Waste Fund Capital Assets, Net | 52,231 | (2,550) | - | 49,681 |
| Total Business-type Activities Capital Assets, Net | $ 19,292,394 | 2,819,337 | 7,735 | 22,103,996 |

## NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

| | For The Year Ended September 30 2015 |
|---|---|
| **Business-type Activities** | |
| Electric | $ 238,179 |
| Water and wastewater | 901,089 |
| Solid waste | 2,550 |
| Total | $ 1,141,818 |

## NOTE D - LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

| | For The Year Ended September 30, 2015 | | | | Amounts Due Within One Year |
|---|---|---|---|---|---|
| | Balance September 30 2014 | Additions | Reductions | Balance September 30 2015 | |
| **Governmental Activities** | | | | | |
| Series 2012A certificates of participation | $ 2,585,000 | - | 100,000 | 2,485,000 | 105,000 |
| Series 2012B certificates of participation | 430,000 | - | 45,000 | 385,000 | 45,000 |
| Capital lease - folder/sorter machine | 17,479 | - | 10,950 | 6,529 | 6,529 |
| Capital lease - police vehicles | 62,191 | 26,842 | 37,563 | 51,470 | 38,068 |
| Accrued compensated absences | 130,562 | 220,563 | 221,520 | 129,605 | 129,605 |
| Total Governmental Activities | $ 3,225,232 | 247,405 | 415,033 | 3,057,604 | 324,202 |

Compensated absences and capital leases are generally liquidated by the General Fund. The certificates of participation are liquidated by the Stormwater Improvement Fund and the Transportation Improvement Fund.

## NOTE D - LONG-TERM DEBT (Continued)

| | For The Year Ended September 30, 2015 | | | | Amounts |
|---|---|---|---|---|---|
| | Balance September 30 2014 | Additions | Reductions | Balance September 30 2015 | Due Within One Year |
| **Business-type Activities** | | | | | |
| **Electric Fund** | | | | | |
| Accrued compensated absences | $ 65,628 | 96,562 | 78,630 | 83,560 | 83,560 |
| **Water and Wastewater Fund** | | | | | |
| 1996 Revenue Bonds | 445,000 | - | 215,000 | 230,000 | 230,000 |
| 1998 Revenue Bonds | 1,170,000 | - | 215,000 | 955,000 | 225,000 |
| 2009 Refunding and Improvement Bonds | 1,182,700 | - | 62,400 | 1,120,300 | 63,800 |
| 2013 Waterworks and Sewerage Bonds | 517,755 | 92,438 | 21,493 | 588,700 | 44,000 |
| 2014 Certificates of participation | - | 5,075,000 | 25,000 | 5,050,000 | 10,000 |
| Plus - Premium | - | 98,924 | - | 98,924 | - |
| Note payable | 148,321 | - | 56,337 | 91,984 | 91,984 |
| Accrued compensated absences | 65,261 | 77,998 | 68,138 | 75,121 | 75,121 |
| Total Water And Wastewater Fund | 3,529,037 | 5,344,360 | 663,368 | 8,210,029 | 739,905 |
| Total Business-type Activities | $ 3,594,665 | 5,440,922 | 741,998 | 8,293,589 | 823,465 |

Compensated absences are generally liquidated by the appropriate related fund. The bonds, certificates of participation, and note payable are liquidated by the Water and Wastewater Fund.

### Governmental Activities

#### *Certificates of Participation*

In May 2012 the City issued $2,795,000 in certificates of participation (Series 2012A). These bonds were used to finance various storm water control improvements. The bonds bear interest ranging from 2% to 4.375% and are due April 1, 2032.

In May 2012 the City issued $520,000 in certificates of participation (Series 2012B). These bonds were used to finance various street improvements. The bonds bear interest ranging from 2% to 3.125% and are due April 1, 2022.

Certificates of participation debt service requirements to maturity are as follows:

**NOTE D - LONG-TERM DEBT (Continued)**

| For The Years Ending September 30 | Governmental Activities Certificates Of Participation | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2016 | $ 150,000 | 102,063 | 252,063 |
| 2017 | 150,000 | 99,063 | 249,063 |
| 2018 | 150,000 | 96,063 | 246,063 |
| 2019 | 160,000 | 92,463 | 252,463 |
| 2020 | 160,000 | 88,338 | 248,338 |
| 2021 - 2025 | 765,000 | 363,163 | 1,128,163 |
| 2026 - 2030 | 740,000 | 228,568 | 968,568 |
| 2031 - 2032 | 595,000 | 44,623 | 639,623 |
| Total | $ 2,870,000 | 1,114,344 | 3,984,344 |

***Capital Lease Obligations***

In February 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 2016, interest at 5%.

In January 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%.

In January 2015, the City entered into a lease purchase agreement to finance the cost of a K9 police vehicle. The lease is for 4 years requiring annual installments of $7,254 through January 2018, interest at 5.45%.

The assets acquired through capital leases are as follows:

| | |
|---|---|
| Equipment | $ 241,850 |
| Less - Accumulated depreciation | 83,729 |
| Total | $ 158,121 |

The future minimum lease payment under the capital leases and the present value of the net minimum lease payment as of September 30, 2015 is as follows:

**NOTE D - LONG-TERM DEBT (Continued)**

| For The Years Ending September 30 | |
|---|---|
| 2016 | $ 47,888 |
| 2017 | 7,254 |
| 2018 | 7,254 |
| Total Minimum Lease Payment | 62,396 |
| Less - Amount representing interest | 4,397 |
| Present Value Of Future Minimum Lease Payments | $ 57,999 |

**Business-type Activities**

***Revenue Bonds Payable***

| | September 30 2015 |
|---|---|
| Series 1996C Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2016; interest of 3.6% to 5.9% | $ 230,000 |
| Series 1998B Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2019; interest of 3.45% to 5.25% | 955,000 |
| 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 2030, interest of 1.49% | 1,120,300 |
| Series 2013 Combined Waterworks and Sewerage Revenue Bonds (State of Missouri - Direct Loan Program) due in varying annual installments through July 2027, interest rate varies, maximum authorized amount of $616,000 | 588,700 |
| Total Revenue Bonds | $ 2,894,000 |

**NOTE D - LONG-TERM DEBT (Continued)**

Revenue bonds debt service requirements to maturity are as follows:

| For The Years Ending September 30 | Business-type Activities Revenue Bonds | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2016 | $ 518,800 | 63,248 | 582,048 |
| 2017 | 300,200 | 44,313 | 344,513 |
| 2018 | 311,600 | 32,536 | 344,136 |
| 2019 | 318,100 | 19,775 | 337,875 |
| 2020 | 69,600 | 12,506 | 82,106 |
| 2021 - 2025 | 372,100 | 46,406 | 418,506 |
| 2026 - 2030 | 414,900 | 17,271 | 432,171 |
| Total | $ 2,305,300 | 236,055 | 2,541,355 |

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:

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

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

**NOTE D - LONG-TERM DEBT (Continued)**

| | |
|---|---|
| Principal and interest retirement | $ 441,432 |
| Bond retirement | 5,666 |
| Depreciation and replacement | 325,796 |
| System and equipment replacement | 108,065 |
| Total | $ 880,959 |

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.

***Certificates of Participation***

In October 2014 the City issued $5,075,000 in certificates of participation (Series 2014). These bonds were used to finance water and sewer system improvements. The bonds bear interest ranging from 2% to 4% and are due March 1, 2029.

Certificates of participation debt service requirements to maturity are as follows:

| For The Years Ending September 30 | Business-type Activities Certificates Of Participation | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2016 | $ 10,000 | 164,725 | 174,725 |
| 2017 | 120,000 | 163,425 | 283,425 |
| 2018 | 125,000 | 160,975 | 285,975 |
| 2019 | 135,000 | 157,700 | 292,700 |
| 2020 | 395,000 | 149,750 | 544,750 |
| 2021 - 2025 | 2,160,000 | 563,081 | 2,723,081 |
| 2026 - 2029 | 2,105,000 | 174,644 | 2,279,644 |
| Total | $ 5,050,000 | 1,534,300 | 6,584,300 |

***Note Payable***

Note payable consists of:

| | September 30 2015 |
|---|---|
| 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. | $91,984 |

## NOTE E - PENSION PLAN

### *Plan Description*

The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the LAGERS. LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS' website at www.molagers.org.

### *Benefits Provided*

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

| | **2015 Valuation** |
|---|---|
| Benefit multiplier | 2% for life |
| Final average salary | 3 years |
| Member contributions | Noncontributory for employees |

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

### *Employees Covered by Benefit Terms*

At June 30, 2015, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 43 |
| Inactive employees entitled to but not yet receiving benefits | 28 |
| Active employees | 62 |
| Total | 133 |

**NOTE E - PENSION PLAN (Continued)**

***Contributions***

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. The City contribution rates are 14.8% (General), and 14.7% (Police) of annual covered payroll.

***Net Pension Liability***

The City's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

***Actuarial Assumptions***

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.5% wage inflation; 3% price inflation |
| Salary increase | 3.5% to 6.8% including wage inflation |
| Investment rate of return | 7.25%, net of investment and administrative expenses |

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back zero years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Allocation | Long-term Expected Real Rate Of Return |
|---|---|---|
| Equity | 48.50% | 5.50% |
| Fixed income | 25.00 | 2.25 |
| Real assets | 20.00 | 4.50 |
| Strategic Assets | 6.50 | 7.50 |

**NOTE E - PENSION PLAN (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Changes in the Net Pension Liability**

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total Pension Liability (a)** | **Plan Fiduciary Net Position (b)** | **Net Pension Liability (Asset) (a) - (b)** |
| **Balances at June 30, 2014** | $ 11,559,523 | 12,996,420 | (1,436,897) |
| **Changes for the year:** | | | |
| Service cost | 324,629 | - | 324,629 |
| Interest | 834,311 | - | 834,311 |
| Difference between expected and actual experience | (14,521) | - | (14,521) |
| Contributions - employer | - | 415,178 | (415,178) |
| Net investment income | - | 255,744 | (255,744) |
| Benefit payments, including refunds | (430,048) | (430,048) | - |
| Administrative expense | - | (11,185) | 11,185 |
| Other changes | - | 199,277 | (199,277) |
| Net Changes | 714,371 | 428,966 | 285,405 |
| **Balances at June 30, 2015** | $ 12,273,894 | 13,425,386 | (1,151,492) |

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability (asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

| | **1% Decrease** | **Current Single Discount Rate Assumption** | **1% Increase** |
|---|---|---|---|
| Net pension liability (asset) | $642,215 | (1,151,492) | (2,632,921) |

## NOTE E - PENSION PLAN (Continued)

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the employer recognized pension expense of $156,863. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

| | Outflows | Inflows | Net Outflows |
|---|---|---|---|
| Differences in experience | $ 35,440 | (45,853) | (10,413) |
| Excess (deficit) investment returns | 554,133 | - | 554,133 |
| Contributions subsequent to the measurement date* | 100,956 | - | 100,956 |
| Total | $ 690,529 | (45,853) | 644,676 |

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| For The Years Ending September 30 | |
|---|---|
| 2016 | $ 235,381 |
| 2017 | 134,425 |
| 2018 | 134,425 |
| 2019 | 134,426 |
| 2020 | 6,019 |
| Total | $ 644,676 |

## NOTE F - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan under IRS Code Section 457. Under this plan, employees may elect to defer a portion of their compensation. Participation in the plan is optional and participants elect how their salary deferrals are invested. The plan assets are held in trust for the benefit of the plan participants and an independent plan administrator is responsible for administering the plan.

## NOTE G - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities are as follows:

**Due From/To Other Funds**

| Receivable Fund | Payable Fund | September 30 2015 |
|---|---|---|
| General Fund | Municipal Band Fund | $ 7,408 |
| General Fund | Stormwater Improvement Fund | 49,602 |
| Electric Fund | General Fund | 177,085 |
| Electric Fund | Parks and Recreation Fund | 47,490 |
| Water/Wastewater Fund | General Fund | 243,527 |
| Water/Wastewater Fund | Parks and Recreation Fund | 2,677 |
| Water/Wastewater Fund | Public Library Fund | 64,608 |
| Water/Wastewater Fund | Electric Fund | 1,411,564 |
| Total | | $ 2,003,961 |

The outstanding balances between funds result mainly from the time lag between dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in accounting system, and 3) payments between funds are made. Some of the interfund balances are expected to be repaid during the fiscal year ending September 30, 2016, and others are long-term for various projects paid for from the 2014 certificates of participation by the Water and Wastewater Fund.

## NOTE H - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

| Transfers In | Transfers Out | For The Year Ended September 30 2015 |
|---|---|---|
| General Fund | Electric Fund | $ 5,438 |
| General Fund | Water/Wastewater Fund | 10,875 |
| Total | | $ 16,313 |

Interfund transfers were used to: 1) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization or 2) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

## NOTE I - PROPERTY TAXES

The City levies a tax on the assessed value of all real and personal property located within the City as of January 1 each year. Taxes are levied by September 1 and are considered delinquent if not paid by January 1.

The tax levy per $100 of the assessed valuation of tangible taxable property for the calendar year 2014 for purposed of local taxation was:

| | |
|---|---|
| General | $0.6114 |
| Parks and recreation | 0.1501 |
| Library | 0.1716 |
| Band | 0.0858 |

## NOTE J - 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 K - 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 of 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. 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 less 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 the defaulted amounts. Additionally, the Articles of MPR 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 year 2015.

## NOTE L - CONTINGENCIES AND COMMITMENTS

**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 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, 2015, the City did not incur any significant costs towards the periodic maintenance of the old landfill pursuant to DNR inspection of the site, and approval of the maintenance measures taken.

**Federal and State Grants -** Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**Litigation -** The City is subject to various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of most of these matters will not have material adverse effect on the financial condition of the City.

**Construction -** At September 30, 2015, the City had construction commitments for public safety projects and wastewater projects in the amount of $28,349 and $222,625, respectively.

## NOTE M - CONDUIT DEBT

The City authorized Industrial Revenue Bonds to provide financial assistance to a non-profit entity for construction of a building, the acquisition of medical equipment, and to refinance 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, 2015, the outstanding principal amount payable was $17,135,000.

## NOTE N - RESTRICTED NET POSITION

The government-wide statement of net position reports $2,582,369 of restricted net position, of which $2,232,946 is restricted by enabling legislation.

## NOTE O - RESTATEMENT OF FUND BALANCE/NET POSITION

The previously stated fund balances/net position have been restated as follows:

| | General Fund | Parks And Recreation Fund | Public Library Fund | Municipal Band Fund | Governmental Activities |
|---|---|---|---|---|---|
| Fund balance/net position, September 30, 2014, as previously reported | $ 1,411,793 | 215,442 | 80,417 | 159,922 | 15,915,735 |
| Restatement for: | | | | | |
| GASB 68 implementation | - | - | - | - | 692,871 |
| Revenue recognition | (20,005) | (22,792) | (26,057) | (13,028) | (18,958) |
| Fund Balance/Net Position, September 30, 2014 As Restated | $ 1,391,788 | 192,650 | 54,360 | 146,894 | 16,589,648 |

| | Electric Fund | Water/ Wastewater Fund | Solid Waste Fund | Total Business-type Activities |
|---|---|---|---|---|
| Net position, September 30, 2014, as previously reported | $ 9,612,959 | 15,343,185 | 265,437 | 25,221,581 |
| Restatement for: | | | | |
| GASB 68 implementation | 464,164 | 365,881 | 14,857 | 844,902 |
| Net Position, September 30, 2014, As Restated | $ 10,077,123 | 15,709,066 | 280,294 | 26,066,483 |

# REQUIRED SUPPLEMENTAL INFORMATION SECTION

# CITY OF CAMERON, MISSOURI

## REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | | Over (Under) |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Sales tax | $ 1,240,000 | 1,240,000 | 1,315,339 | 75,339 |
| Property tax | 430,000 | 430,000 | 429,812 | (188) |
| Other local taxes | 95,000 | 194,000 | 196,080 | 2,080 |
| Intergovernmental | 320,000 | 320,000 | 396,996 | 76,996 |
| Gross receipts tax | 856,000 | 984,000 | 1,016,640 | 32,640 |
| In lieu of tax | 51,774 | 242,774 | 540,647 | 297,873 |
| Licenses and permits | 30,125 | 55,125 | 56,850 | 1,725 |
| Fines and forfeitures | 138,800 | 145,300 | 121,921 | (23,379) |
| Charges for services | 290,350 | 359,550 | 357,284 | (2,266) |
| Grants and contributions | 29,000 | 547,800 | 270,485 | (277,315) |
| Investment income | 9,849 | 12,349 | 16,833 | 4,484 |
| Other | 40,150 | 42,350 | 43,694 | 1,344 |
| Total Revenues | 3,531,048 | 4,573,248 | 4,762,581 | 189,333 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 357,491 | 426,798 | 337,664 | (89,134) |
| Public safety | 2,009,100 | 2,012,500 | 1,904,348 | (108,152) |
| Public works | 895,639 | 857,537 | 737,002 | (120,535) |
| Capital outlay | 630,736 | 1,164,911 | 590,145 | (574,766) |
| Debt service: | | | | |
| Principal | 58,463 | 58,463 | 48,513 | (9,950) |
| Interest | 4,445 | 4,745 | 4,745 | - |
| Total Expenditures | 3,955,874 | 4,524,954 | 3,622,417 | (902,537) |
| **REVENUES OVER (UNDER) EXPENDITURES** | (424,826) | 48,294 | 1,140,164 | 1,091,870 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Issuance of capital lease | - | - | 26,842 | 26,842 |
| Issuance of long-term debt | 228,236 | 228,236 | - | (228,236) |
| Sale of capital assets | - | 31,516 | - | (31,516) |
| Transfers in | 16,313 | 16,313 | 16,313 | - |
| Total Other Financing Sources (Uses) | 244,549 | 276,065 | 43,155 | (232,910) |
| **NET CHANGE IN FUND BALANCE** | $ (180,277) | 324,359 | 1,183,319 | 858,960 |
| FUND BALANCE, OCTOBER 1, AS RESTATED | | | 1,391,788 | |
| **FUND BALANCE, SEPTEMBER 30** | | | $ 2,575,107 | |

# CITY OF CAMERON, MISSOURI

## REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - STORMWATER IMPROVEMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | | Over (Under) |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Sales tax | $ 308,000 | 308,000 | 328,403 | 20,403 |
| Investment income | 300 | 300 | 144 | (156) |
| Other | - | - | 16,863 | 16,863 |
| Total Revenues | 308,300 | 308,300 | 345,410 | 37,110 |
| **EXPENDITURES** | | | | |
| Capital outlay | 5,000 | 193,000 | 200,589 | 7,589 |
| Debt service: | | | | |
| Principal | 100,000 | 100,000 | 100,000 | - |
| Interest | 94,787 | 94,787 | 94,595 | (192) |
| Total Expenditures | 199,787 | 387,787 | 395,184 | 7,397 |
| **REVENUES OVER (UNDER) EXPENDITURES** | 108,513 | (79,487) | (49,774) | 29,713 |
| **OTHER FINANCING SOURCES** | | | | |
| Issuance of long-term debt | - | 171,000 | - | (171,000) |
| **NET CHANGE IN FUND BALANCE** | $ 108,513 | 91,513 | (49,774) | (141,287) |
| FUND BALANCE, OCTOBER 1 | | | 342,199 | |
| **FUND BALANCE, SEPTEMBER 30** | | | $ 292,425 | |

# CITY OF CAMERON, MISSOURI

## REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - TRANSPORTATION IMPROVEMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | | Over (Under) |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Sales tax | $ 614,000 | 614,000 | 656,804 | 42,804 |
| Investment income | 1,025 | 4,525 | 4,932 | 407 |
| Total Revenues | 615,025 | 618,525 | 661,736 | 43,211 |
| **EXPENDITURES** | | | | |
| Capital outlay | 1,150,000 | 150,000 | 56,291 | (93,709) |
| Debt service: | | | | |
| Principal | 45,000 | 45,000 | 45,000 | - |
| Interest | 12,575 | 12,575 | 12,382 | (193) |
| Total Expenditures | 1,207,575 | 207,575 | 113,673 | (93,902) |
| **NET CHANGE IN FUND BALANCE** | $ (592,550) | 410,950 | 548,063 | 137,113 |
| FUND BALANCE, OCTOBER 1 | | | 1,287,689 | |
| **FUND BALANCE, SEPTEMBER 30** | | | $ 1,835,752 | |

**Budgetary Data**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

a. 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.
b. Public hearing meetings are held to obtain taxpayer comments. Prior to approval by the City Council, the budget document is available for public inspection.
d. Prior to October 1, the budget is legally enacted by a vote of the City Council.
e. 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:

a. Payments from the electric and water and wastewater enterprise funds are treated as revenue in the General Fund for budgetary purposes.

For the year ended September 30, 2015, Stormwater Improvement Fund expenditures exceeded appropriations by $7,397 and the TIF Special Allocation Fund expenditures exceeded appropriations by $11,924. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future year's revenues.

# CITY OF CAMERON, MISSOURI

## REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGE IN NET PENSION LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | |
|---|---|
| **Total Pension Liability** | |
| Service cost | $ 324,629 |
| Interest on the total pension liability | 834,311 |
| Difference between expected and actual experience | (14,521) |
| Benefit payments | (430,048) |
| Net Change In Total Pension Liability | 714,371 |
| **Total Pension Liability Beginning** | 11,559,523 |
| Total Pension Liability Ending (a) | $ 12,273,894 |
| **Plan Fiduciary Net Position** | |
| Contributions - employer | $ 415,178 |
| Pension plan net investment income | 255,744 |
| Benefit payments | (430,048) |
| Pension plan administrative expense | (11,185) |
| Other | 199,277 |
| Net Change In Plan Fiduciary Net Position | 428,966 |
| **Plan Fiduciary Net Position Beginning** | 12,996,420 |
| Plan Fiduciary Net Position Ending (b) | $ 13,425,386 |
| Net Pension Liability (Asset) Ending (a-b) | $ (1,151,492) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | (109.38) % |
| Covered Employee Payroll (for February 28/29 Valuation) | $ 2,772,357 |
| Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll | (41.53) % |

Notes:

Information is not available for fiscal years prior to 2015.

| | For The Years Ended September 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2015** | **2014** | **2013** | **2012** | **2011** | **2010** | **2009** | **2008** | **2007** | **2006** |
| Actuarially determined pension contribution | $ 435,569 | 438,740 | 417,877 | 399,953 | 447,978 | 328,160 | 323,403 | 318,146 | 335,220 | 321,763 |
| Contributions in relation to the actuarially determined contribution | 414,779 | 408,653 | 368,017 | 343,634 | 353,355 | 328,160 | 323,403 | 318,146 | 335,220 | 321,763 |
| Contribution Deficiency | $ 20,790 | 30,087 | 49,860 | 56,319 | 94,623 | - | - | - | - | - |
| Covered Employee Payroll | $ 2,807,093 | 2,699,233 | 2,570,956 | 2,588,729 | 2,885,553 | 2,921,381 | 2,621,149 | 2,491,932 | 2,463,022 | 2,314,465 |
| Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll | 14.78 % | 15.14 | 14.31 | 13.27 | 12.25 | 11.23 | 12.34 | 12.77 | 13.61 | 13.90 |

Notes to schedule:

Valuation date:
Actuarially determined contribution rates are calculated as of February 28 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent of payroll, closed |
| Remaining amortization period | Multiple bases from 14 to 17 years |
| Asset valuation method | 5 years smoothed market; 20% corridor |
| Inflation | 3.5% wage inflation; 3% price inflation |
| Salary increases | 3.5% to 6.8% including wage inflation |
| Investment rate of return | 7.25%, net of investment and administrative expenses |
| Retirement age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | 105% of the 1994 Group Annuity Mortality Table set back zero years for men and zero years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement. |

Other information:
Notes: There were no benefit changes during the year.

# OTHER SUPPLEMENTAL INFORMATION SECTION

| | Special Revenue Funds | | | | Debt Service Fund | |
|---|---|---|---|---|---|---|
| | Parks And Recreation | Public Library | Municipal Band | Low-Income Housing | TIF Special Allocation | Total |
| **ASSETS** | | | | | | |
| Cash and investments | $ 272,029 | 91,079 | 174,027 | 781 | 41,963 | 579,879 |
| Receivables, net: | | | | | | |
| Sales tax | 23,805 | - | - | - | - | 23,805 |
| Property tax | 7,548 | 8,680 | 4,263 | - | - | 20,491 |
| Intergovernmental | - | - | - | - | 9,448 | 9,448 |
| Interest | 74 | 22 | 36 | - | - | 132 |
| Total Assets | $ 303,456 | 99,781 | 178,326 | 781 | 51,411 | 633,755 |
| **LIABILITIES** | | | | | | |
| Accounts payable | $ 12,598 | 3,623 | 9 | - | 46,104 | 62,334 |
| Due to other funds | 50,167 | 64,608 | 7,408 | - | - | 122,183 |
| Total Liabilities | 62,765 | 68,231 | 7,417 | - | 46,104 | 184,517 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Unavailable revenues - property taxes | 8,456 | 9,718 | 4,782 | - | - | 22,956 |
| **FUND BALANCES** | | | | | | |
| Restricted for: | | | | | | |
| Parks and recreation | 232,235 | - | - | - | - | 232,235 |
| Public library | - | 21,832 | - | - | - | 21,832 |
| Municipal band | - | - | 166,127 | - | - | 166,127 |
| Low-income housing | - | - | - | 781 | - | 781 |
| TIF special allocation | - | - | - | - | 5,307 | 5,307 |
| Total Fund Balances | 232,235 | 21,832 | 166,127 | 781 | 5,307 | 426,282 |
| Total Liabilities, Deferred Inflows Of Resources, And Fund Balances | $ 303,456 | 99,781 | 178,326 | 781 | 51,411 | 633,755 |

# CITY OF CAMERON, MISSOURI

## OTHER SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Special Revenue Funds | | | | Debt Service Fund | |
|---|---|---|---|---|---|---|
| | Parks And Recreation | Public Library | Municipal Band | Low-Income Housing | TIF Special Allocation | Total |
| **REVENUES** | | | | | | |
| Sales tax | $ 164,408 | - | - | - | - | 164,408 |
| Property tax | 107,098 | 122,440 | 61,214 | - | - | 290,752 |
| Other local taxes | 37,243 | 42,209 | 19,863 | - | 51,220 | 150,535 |
| Charges for services | 2,207 | - | - | - | - | 2,207 |
| Grants and contributions | - | 17,398 | 250 | 17,000 | - | 34,648 |
| Investment income | 889 | 196 | 493 | 7 | 11 | 1,596 |
| Other | 550 | 9,740 | 13 | - | - | 10,303 |
| Total Revenues | 312,395 | 191,983 | 81,833 | 17,007 | 51,231 | 654,449 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| Parks and recreation | 243,029 | - | - | - | - | 243,029 |
| Public library | - | 159,903 | - | - | - | 159,903 |
| Municipal band | - | - | 62,600 | - | - | 62,600 |
| Economic development | - | - | - | - | 55,764 | 55,764 |
| Capital outlay | 29,781 | 64,608 | - | 17,000 | - | 111,389 |
| Total Expenditures | 272,810 | 224,511 | 62,600 | 17,000 | 55,764 | 632,685 |
| **NET CHANGES IN FUND BALANCES** | 39,585 | (32,528) | 19,233 | 7 | (4,533) | 21,764 |
| FUND BALANCES, OCTOBER 1, AS RESTATED | 192,650 | 54,360 | 146,894 | 774 | 9,840 | 404,518 |
| **FUND BALANCES, SEPTEMBER 30** | $ 232,235 | 21,832 | 166,127 | 781 | 5,307 | 426,282 |

# CITY OF CAMERON, MISSOURI

## OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - PARKS AND RECREATION FUND

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | | Over (Under) |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Sales tax | $ 153,200 | 153,200 | 164,408 | 11,208 |
| Property tax | 107,000 | 108,600 | 107,098 | (1,502) |
| Other local taxes | 13,000 | 37,500 | 37,243 | (257) |
| Charges for services | 5,250 | 5,250 | 2,207 | (3,043) |
| Investment income | 500 | 600 | 889 | 289 |
| Other | 4,000 | 4,000 | 550 | (3,450) |
| Total Revenues | 282,950 | 309,150 | 312,395 | 3,245 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Parks and recreation | 203,362 | 210,963 | 243,029 | 32,066 |
| Capital outlay | 57,798 | 146,298 | 29,781 | (116,517) |
| Total Expenditures | 261,160 | 357,261 | 272,810 | (84,451) |
| **REVENUES OVER (UNDER) EXPENDITURES** | 21,790 | (48,111) | 39,585 | 87,696 |
| **OTHER FINANCING SOURCES** | | | | |
| Issuance of long-term debt | 53,747 | 53,747 | - | (53,747) |
| **NET CHANGE IN FUND BALANCE** | $ 75,537 | 5,636 | 39,585 | 33,949 |
| FUND BALANCE, OCTOBER 1, AS RESTATED | | | 192,650 | |
| **FUND BALANCE, SEPTEMBER 30** | | | $ 232,235 | |

# CITY OF CAMERON, MISSOURI

## OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC LIBRARY FUND

## FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | | Over (Under) |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Property tax | $ 122,000 | 121,859 | 122,440 | 581 |
| Other local taxes | 14,000 | 39,687 | 42,209 | 2,522 |
| Grants and contributions | 8,050 | 14,967 | 17,398 | 2,431 |
| Investment income | 300 | 200 | 196 | (4) |
| Other | 6,500 | 7,000 | 9,740 | 2,740 |
| Total Revenues | 150,850 | 183,713 | 191,983 | 8,270 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public library | 150,064 | 156,722 | 159,903 | 3,181 |
| Capital outlay | 69,478 | 69,408 | 64,608 | (4,800) |
| Total Expenditures | 219,542 | 226,130 | 224,511 | (1,619) |
| **REVENUES UNDER EXPENDITURES** | (68,692) | (42,417) | (32,528) | 9,889 |
| **OTHER FINANCING SOURCES** | | | | |
| Issuance of long-term debt | 64,608 | 64,608 | - | (64,608) |
| **NET CHANGE IN FUND BALANCE** | $ (4,084) | 22,191 | (32,528) | (54,719) |
| FUND BALANCE, OCTOBER 1, AS RESTATED | | | 54,360 | |
| **FUND BALANCE, SEPTEMBER 30** | | | $ 21,832 | |

# CITY OF CAMERON, MISSOURI

## OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - MUNICIPAL BAND FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | | Over (Under) |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Property tax | $ 61,000 | 61,000 | 61,214 | 214 |
| Other local taxes | 7,000 | 18,750 | 19,863 | 1,113 |
| Grants and contributions | - | - | 250 | 250 |
| Investment income | 480 | 480 | 493 | 13 |
| Other | 50 | 50 | 13 | (37) |
| Total Revenues | 68,530 | 80,280 | 81,833 | 1,553 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Municipal band | 63,430 | 63,430 | 62,600 | (830) |
| **NET CHANGE IN FUND BALANCE** | $ 5,100 | 16,850 | 19,233 | 2,383 |
| FUND BALANCE, OCTOBER 1, AS RESTATED | | | 146,894 | |
| **FUND BALANCE, SEPTEMBER 30** | | | $ 166,127 | |

# CITY OF CAMERON, MISSOURI

## OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - TIF SPECIAL ALLOCATION FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | Budgeted Amounts | | | Over (Under) |
|---|---|---|---|---|
| | Original | Final | Actual | Budget |
| **REVENUES** | | | | |
| Other local taxes | $ 43,825 | 43,825 | 51,220 | 7,395 |
| Investment income | 25 | 25 | 11 | (14) |
| Total Revenues | 43,850 | 43,850 | 51,231 | 7,381 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Economic development | 43,840 | 43,840 | 55,764 | 11,924 |
| **NET CHANGE IN FUND BALANCE** | $ 10 | 10 | (4,533) | (4,543) |
| FUND BALANCE, OCTOBER 1 | | | 9,840 | |
| **FUND BALANCE, SEPTEMBER 30** | | | $ 5,307 | |

# CITY OF CAMERON, MISSOURI

## OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2015

| | October 1 2014 | Additions | Reductions | September 30 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash | $ 1,301 | 152,467 | 152,391 | 1,377 |
| **LIABILITIES** | | | | |
| Due to others - court appearance bonds | $ 1,301 | 152,467 | 152,391 | 1,377 |

# INTERNAL CONTROL AND COMPLIANCE SECTION

Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

# INDEPENDENT AUDITOR'S 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*

February 5, 2016

Honorable Mayor and City Council
**CITY OF CAMERON, MISSOURI**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF CAMERON, MISSOURI** (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 5, 2016.

## 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## COMPLIANCE AND OTHER MATTERS

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

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Hochschild, Bloom + Company LLP

**CERTIFIED PUBLIC ACCOUNTANTS**