

**CITY OF CAMERON, MISSOURI**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Cameron, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cameron as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administration. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cameron as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information presented on pages 53 through 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

March 9, 2010



Telephone  
816-632-2177  
Fax 816-632-1067

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Cameron's annual financial report presents a review of the City's financial performance during the fiscal year that ended September 30, 2009. Please read this section in conjunction with the City's financial statements, which follow this section.

### Financial Highlights

- The assets of the City exceeded its liabilities at the end of the fiscal year by approximately \$34.9 million. Net assets is comprised of \$23.6 million invested in capital assets, (net of related debt); \$1.6 million restricted for debt service and other purposes; \$1.9 million unrestricted and available for governmental purposes; and \$7.8 million unrestricted and available for the City's business-type activities.
- The City's total net assets decreased approximately \$318,000. Of this amount, \$525,000 was a decrease from the City's governmental activities and \$207,000 was an increase from business-type activities.
- The net asset decrease was due to the deferred revenue recognition of the McElwain Drive improvements completed late in fiscal year 07 – 08, and final grant reimbursement of \$384,145 received in fiscal year 08 – 09.
- The City's long-term debt decreased approximately \$877,000 (16%) during the current fiscal year.
- The Electric Fund had included in the budget a new service aerial truck for the fiscal year 08 – 09. The delivery on this truck was not until the fiscal year 09 -10, due to supplier delays.
- The Park Board opened a skate park for public use in July 2009. The skate park area is adjacent to the soccer complex.
- The Public Works Department purchased a new dump truck and de-icing equipment.
- The Public Works Department replaced the street sweeper.
- The City was awarded assistance from Missouri Department of Transportation (STP Funding) to improve the intersection of E. Grand Avenue and Bob F. Griffin Road. The project was in approval process at September 30, 2009, Cameron City Council approved bids for the project in November 2009.

## **Overview of the Financial Statements**

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

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

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

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

## **Government-Wide Financial Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

The City has three types of funds:

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

## Financial Analysis of the City as a Whole

### Net Assets

The following table reflects the condensed statements of net assets as of September 30, 2009 and 2008:

Table MDA - 1  
City of Cameron's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Assets:</b>						
Current & other assets	\$ 3,012,588	\$ 2,791,982	\$ 10,613,789	\$ 6,895,403	\$ 13,626,377	\$ 9,687,385
Capital assets	<u>11,509,222</u>	<u>12,266,911</u>	<u>19,343,383</u>	<u>22,101,556</u>	<u>30,852,605</u>	<u>34,368,467</u>
Total assets	<u>14,521,810</u>	<u>15,058,893</u>	<u>29,957,172</u>	<u>28,996,959</u>	<u>44,478,982</u>	<u>44,055,852</u>
<b>Liabilities:</b>						
Other liabilities	1,071,852	1,141,420	2,906,873	1,421,122	3,978,725	2,562,542
Long-term liabilities	<u>500,437</u>	<u>442,665</u>	<u>5,007,721</u>	<u>5,740,594</u>	<u>5,508,158</u>	<u>6,183,259</u>
Total liabilities	<u>1,572,289</u>	<u>1,584,085</u>	<u>7,914,594</u>	<u>7,161,716</u>	<u>9,486,883</u>	<u>8,745,801</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	10,823,125	11,050,642	12,867,825	14,318,867	23,690,950	25,369,509
Restricted	227,975	543,823	1,419,443	1,468,698	1,647,418	2,012,521
Unrestricted	<u>1,898,421</u>	<u>1,880,343</u>	<u>7,755,310</u>	<u>6,047,678</u>	<u>9,653,731</u>	<u>7,928,021</u>
Total net assets	<u>\$ 12,949,521</u>	<u>\$ 13,474,808</u>	<u>\$ 22,042,578</u>	<u>\$ 21,835,243</u>	<u>\$ 34,992,099</u>	<u>\$ 35,310,051</u>

As seen in table MDA-1, the City's combined net assets increased to \$34.9 million from \$35.3 million as a result of the increase in net assets reflected in table MDA-2.

The largest portion of the City's net assets, \$23.7 million (68%), reflects its investment in capital assets (land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure) less any related debt, used to acquire those assets that are still outstanding. An additional portion of the City's net assets, \$1.6 million (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$9.6 million (27%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

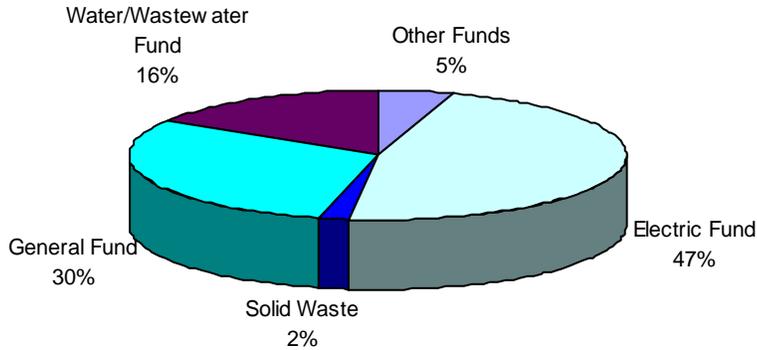
Changes in Net Assets

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

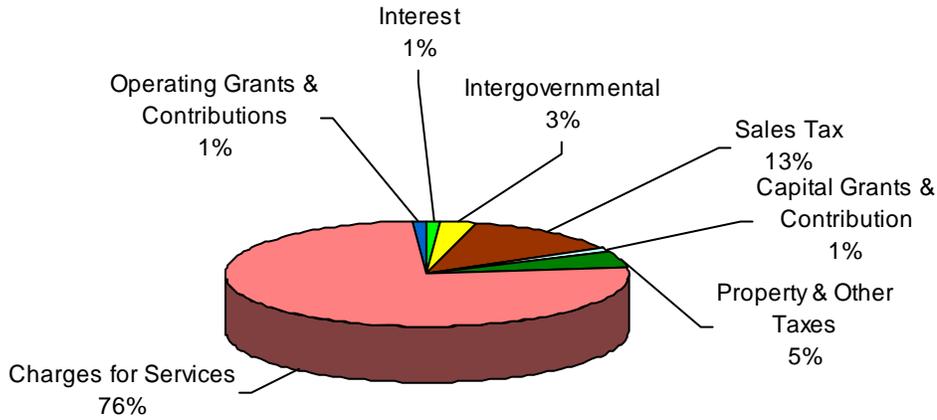
MDA -2 City of Cameron's Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 788,360	\$ 880,824	\$ 10,126,938	\$ 9,410,234	\$ 10,915,298	\$ 10,291,058
Operating grants and contributions	81,126	341,666	-	67,295	81,126	408,961
Capital grants	28,942	1,284,145	-	-	28,942	1,284,145
General Revenues:						
Property Taxes	680,554	718,364	-	-	680,554	718,364
Sales and Use Taxes	1,411,936	1,502,702	482,139	514,135	1,894,075	2,016,837
Other taxes	122,993	125,312	-	-	122,993	125,312
Sale of land	20,907	-	252	-	21,159	-
Intergovernmental	345,163	361,126	112,337	122,821	457,500	483,947
Interest	50,726	81,152	126,740	219,363	177,466	300,515
<b>Total Revenues</b>	<b>3,530,707</b>	<b>5,295,291</b>	<b>10,848,406</b>	<b>10,333,848</b>	<b>14,379,113</b>	<b>15,629,139</b>
<b>Expenses</b>						
General government	507,371	497,235	-	-	507,371	497,235
Public safety	2,144,272	2,068,697	-	-	2,144,272	2,068,697
Public works	1,607,590	1,653,457	-	-	1,607,590	1,653,457
Parks and recreation	185,804	202,652	-	-	185,804	202,652
Municipal band	52,511	44,163	-	-	52,511	44,163
Public library	135,409	152,378	-	-	135,409	152,378
Low-income housing	19,999	26,029	-	-	19,999	26,029
Interest long-term debt	64,305	50,110	-	-	64,305	50,110
Electric system	-	-	6,504,928	5,806,856	6,504,928	5,806,856
Water/wastewater system	-	-	3,231,502	3,160,100	3,231,502	3,160,100
Solid Waste	-	-	243,374	205,929	243,374	205,929
<b>Total Expenses</b>	<b>4,717,261</b>	<b>4,694,721</b>	<b>9,979,804</b>	<b>9,172,885</b>	<b>14,697,065</b>	<b>13,867,606</b>
Excess (deficiency) before transfers	(1,186,554)	600,570	868,602	1,160,963	(317,952)	1,761,533
Transfers	661,267	611,499	(661,267)	(611,499)	-	-
Change in net assets	(525,287)	1,212,069	207,335	549,464	(317,952)	1,761,533
Beginning net assets, restated	13,474,808	12,262,739	21,835,243	21,285,779	35,310,051	33,548,518
Ending net assets	<u>\$ 12,949,521</u>	<u>\$ 13,474,808</u>	<u>\$ 22,042,578</u>	<u>\$ 21,835,243</u>	<u>\$ 34,992,099</u>	<u>\$ 35,310,051</u>

For the fiscal year ended September 30, 2009, government-wide revenues totaled \$14,379,113. Approximately 76% of all revenues are from charges from services and 13% from sales tax. See Table MDA - 3 and Table MDA - 4.

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

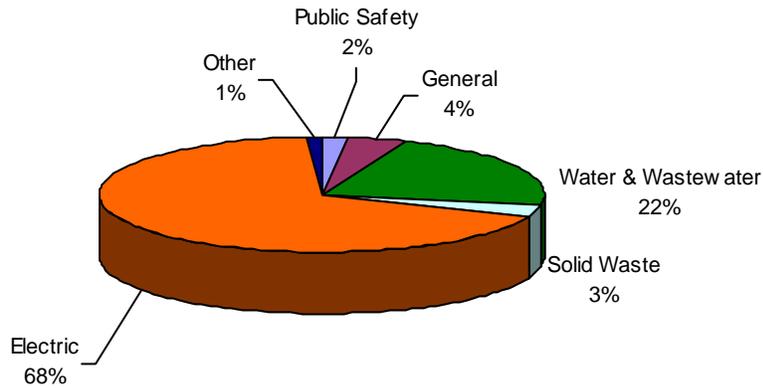


**Table MDA - 4  
City of Cameron - Sources of Revenues**



Charges for services are derived from users of the City’s programs such as governmental programs and fees for the users of the City’s electric, water and wastewater systems and solid waste collections. As seen in Table MDA - 5, the City’s electric, water and wastewater systems account for approximately 93% of all charges for services.

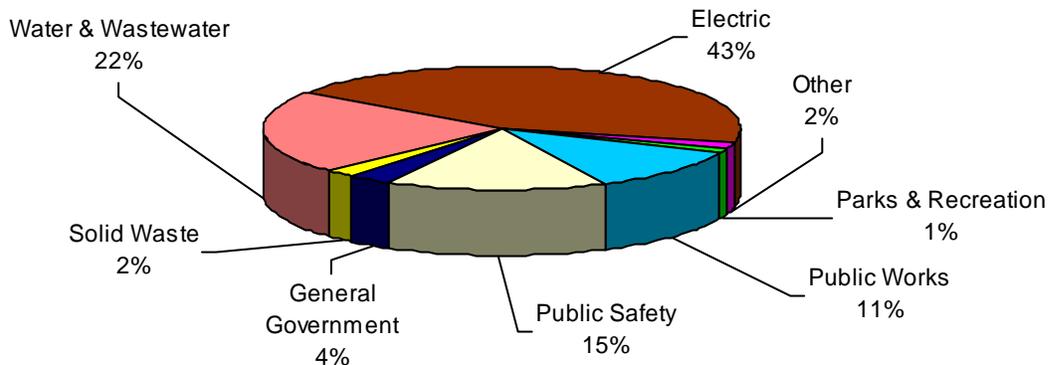
**Table MDA - 5**  
**City of Cameron - Analysis of Charges for Services**



The second largest revenue source for the entire city is sales tax which during the 2009 fiscal year equaled \$1,894,075. The City of Cameron has a 1% sales tax to fund general governmental activities, a .125% sales tax for park and recreation equipment and a .375% sales tax for wastewater activities. In addition, the City has a Tax Increment Financing District and sales tax received for that district is restricted to funding activities within the restricted area. Sales tax activity increased slightly from last fiscal year.

The City's expenses cover a range of services. Approximately 68% of all city expenses during the 2009 fiscal year are related to business-type activities.

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



## Governmental Activities

Governmental activities decreased the City's net assets by \$525,287. Sales taxes, the largest governmental category, were \$1,411,936, or 37%. For the fiscal year ended September 30, 2009, revenues totaled \$14,379,113 (governmental and business-type). Revenues from governmental activities were \$3,530,707, or 25%, of the total City revenue (a decrease of \$1,764,584 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$898,428. Table MDA - 7 shows expenses and program revenues of the governmental activities for the years ended September 30, 2009 and 2008:

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

	2009			2008		
	Cost of Services	Program Revenue	Net Cost of Service	Cost of Services	Program Revenue	Net Cost of Service
General government	\$ 507,371	\$ 441,730	\$ 65,641	\$ 497,235	\$ 418,668	\$ 78,567
Public Safety	2,144,272	307,237	1,837,035	2,068,697	528,350	1,540,347
Public Works	1,607,590	119,319	1,488,271	1,653,457	1,528,004	125,453
Park and recreation	185,804	4,457	181,347	202,652	3,894	198,758
Municipal band	52,511	-	52,511	44,163	-	44,163
Public library	135,409	21,482	113,927	152,378	18,719	133,659
Low income housing	19,999	4,203	15,796	26,029	9,000	17,029
Interest on long-term debt	64,305	-	64,305	50,110	-	50,110
Total	<u>\$ 4,717,261</u>	<u>\$ 898,428</u>	<u>\$ 3,818,833</u>	<u>\$ 4,694,721</u>	<u>\$ 2,506,635</u>	<u>\$ 2,188,086</u>

As noted in Table MDA - 7, expenses from governmental activities totaled \$4,717,261. However, the net costs of these services were \$3,818,833. The difference represents direct revenues from charges for services of \$788,360, operating grants and contributions of \$81,126, and capital grants and contributions of \$28,942. Taxes and other revenues were collected to cover these net costs.

## Business-type Activities

Business-type activities increased the City's net assets by \$207,335. Key elements of the change in net assets are as follows:

- Electric system operating revenue increased \$867,483 from the prior year, while operating expenses increased \$700,006.
- Water and wastewater system operating revenues increased \$188,897 from the prior year, while operating expenses increased \$97,008.

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

General Fund revenues exceeded expenditures. The fund balance of the General Fund increased \$240,000 to the amount of \$794,000. The investment in assets allowed a decrease in net assets for the Governmental Funds of \$525,287, which brings the Governmental Funds net assets to \$12,949,521.

## **General Fund Budgetary Highlights**

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

- Public Works was awarded Missouri Department of Transportation STP funds in the amount of \$330,000 for improvements to the E. Grand Avenue and Bob F. Griffin Road intersection.
- The City's website was updated during the year; the budget for the project was \$18,500. The website redesign is complete, provides open communication and interaction with our community. Citizens are able to report concerns, be notified of news alerts and view the community calendar of activities.
- Total original expense budget of \$4,602,144 was increased to \$5,013,327. The reasons for the increase are stated above.
- The actual amounts on budgetary basis were \$4,312,790 in revenue verses \$4,174,736 in expenses. This change to the fund balance at the end of the year after transfers in and out was an increase of \$239,875. This increase includes the final Missouri Department of Transportation grant reimbursement for the McElwain Drive improvements.

## **Capital Assets and Debt Administration**

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

- Police department purchased a 2002 Ford Expedition, which was K – 9 equipped.
- Public Works purchased dump truck with dump bed, snowplow.
- Public Works purchased new street sweeper.
- Purchase of a new dump truck and various de-icing equipment.
- Parks Department opened the skate park for public use.

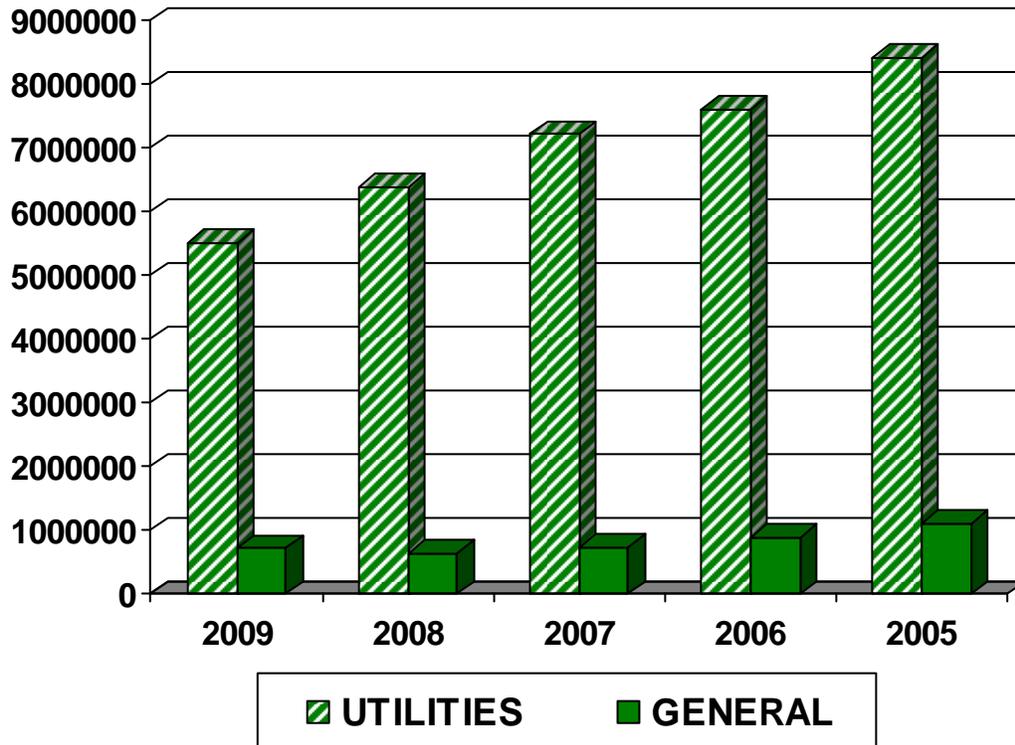
This year's major capital asset activity for business-type activities includes:

- Continued work on water distribution improvements approved by voters April 2008.
- Continued working on GIS programs and additional software.
- Postponed the automated meter reading system, which had been funded in the original budget.

The budgeted capital projects for fiscal year 08 - 09 totaled \$2,760,803, with some of the projects being carried over to the next budget year.

Long-term debts outstanding were reduced by \$877,057.

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



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

As of September 30, 2009 there were two outstanding lawsuits against the City.

The City Council has started a visioning process for long-term goals and improvements to the community. The City Council has identified beautification, quality of life, infrastructure, and community as areas that need to be expanded upon and improved. Attention to these long-term goals will be a priority for the City of Cameron.

**Contacting the City's Financial Management**

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

- David Watson, City Manager
- Barbara O'Connor, City Clerk
- Carmen Weigand, Accounting Specialist

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

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

	Governmental Activities	Business-type Activities	Total Primary Government
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 383,442	\$ 1,675,219	\$ 2,058,661
Certificates of deposit	867,485	4,443,470	5,310,955
Receivables, net:			
Taxes	971,821	67,405	1,039,226
Utilities	-	1,415,913	1,415,913
Grants	38,474	-	38,474
Accrued interest	2,187	13,420	15,607
Accounts	129,726	-	129,726
Internal balances	(111,521)	111,521	-
Prepaid expenses	104,122	63,299	167,421
Inventory	-	962,411	962,411
Total current assets	2,385,736	8,752,658	11,138,394
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	217,000	1,729,443	1,946,443
Special assessments, net	-	13,276	13,276
Land held for resale	100,476	-	100,476
Due from other governments	309,376	66,894	376,270
Deferred bond issue costs, net	-	51,518	51,518
Capital assets, net	11,509,222	19,343,383	30,852,605
Total noncurrent assets	12,136,074	21,204,514	33,340,588
Total Assets	14,521,810	29,957,172	44,478,982
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	231,272	516,600	747,872
Accrued interest payable	5,037	48,788	53,825
Deferred revenue	607,341	-	607,341
Long-term liabilities due within one year	228,202	2,341,485	2,569,687
Total current liabilities	1,071,852	2,906,873	3,978,725
Noncurrent liabilities:			
Customer deposits payable	-	310,000	310,000
Compensated absences payable	42,542	70,488	113,030
Long-term liabilities due in more than one year	457,895	4,627,233	5,085,128
Total non-current liabilities	500,437	5,007,721	5,508,158
Total liabilities	1,572,289	7,914,594	9,486,883
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,823,125	12,867,825	23,690,950
Restricted for:			
Debt service	217,000	1,419,443	1,636,443
Other purposes	10,975	-	10,975
Unrestricted	1,898,421	7,755,310	9,653,731
Total net assets	\$ 12,949,521	\$ 22,042,578	\$ 34,992,099

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government	\$ 507,371	\$ 438,090	\$ 3,640	\$ -	\$ (65,641)	\$ -	\$ (65,641)
Public safety	2,144,272	258,568	48,669	-	(1,837,035)	-	(1,837,035)
Public works	1,607,590	78,171	12,206	28,942	(1,488,271)	-	(1,488,271)
Parks and recreation	185,804	4,457	-	-	(181,347)	-	(181,347)
Public library	135,409	9,074	12,408	-	(113,927)	-	(113,927)
Municipal band	52,511	-	-	-	(52,511)	-	(52,511)
Low-income housing	19,999	-	4,203	-	(15,796)	-	(15,796)
Interest on long-term debt	64,305	-	-	-	(64,305)	-	(64,305)
Total governmental activities	4,717,261	788,360	81,126	28,942	(3,818,833)	-	(3,818,833)
Business-type activities:							
Electric	6,504,928	7,425,119	-	-	-	920,191	920,191
Water and wastewater	3,231,502	2,421,724	-	-	-	(809,778)	(809,778)
Solid waste	243,374	280,095	-	-	-	36,721	36,721
Total business-type activities	9,979,804	10,126,938	-	-	-	147,134	147,134
Total primary government	\$ 14,697,065	\$ 10,915,298	\$ 81,126	\$ 28,942	(3,818,833)	147,134	(3,671,699)
General revenues:							
Property tax					680,554	-	680,554
Sales and use taxes					1,411,936	482,139	1,894,075
Other local taxes					101,586	-	101,586
Gain on sale of land					20,907	252	21,159
Intergovernmental					345,163	112,337	457,500
Interest revenue					50,726	126,740	177,466
Transfers					661,267	(661,267)	-
Total general revenues and transfers					3,272,139	60,201	3,332,340
Change in net assets					(546,694)	207,335	(339,359)
Net assets, beginning of year					13,474,808	21,835,243	35,310,051
Net assets, end of year					\$ 12,928,114	\$ 22,042,578	\$ 34,970,692

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	<u>GENERAL FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 328,349	\$ 55,093	\$ 383,442
Certificates of deposit	326,878	540,607	867,485
Receivables, net:			
Taxes	662,580	309,241	971,821
Grants	38,474	-	38,474
Accounts	113,582	16,144	129,726
Accrued interest	1,411	776	2,187
Due from other governments	309,376	-	309,376
Restricted cash and cash equivalents	-	217,000	217,000
Land held for resale	<u>100,476</u>	<u>-</u>	<u>100,476</u>
 Total Assets	 <u>\$ 1,881,126</u>	 <u>\$ 1,138,861</u>	 <u>\$ 3,019,987</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 229,722	\$ 1,550	\$ 231,272
Deferred revenue	562,727	232,683	795,410
Due to other funds	111,521	-	111,521
Payable to other governments	<u>182,543</u>	<u>5,000</u>	<u>187,543</u>
 Total Liabilities	 <u>1,086,513</u>	 <u>239,233</u>	 <u>1,325,746</u>
Fund balances:			
Reserved for:			
Interfund advances	111,521	-	111,521
Park equipment	-	10,975	10,975
Veterans Memorial Park	-	14,202	14,202
Debt service	-	217,000	217,000
Unreserved	683,092	-	683,092
Unreserved, reported in non-major funds:			
Special revenue funds	<u>-</u>	<u>657,451</u>	<u>657,451</u>
 Total Fund Balances	 <u>794,613</u>	 <u>899,628</u>	 <u>1,694,241</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,881,126</u>	 <u>\$ 1,138,861</u>	 <u>\$ 3,019,987</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

**Fund Balances - Total Governmental Funds** \$ 1,694,241

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

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

Governmental capital assets	\$ 27,924,352	
Less: accumulated depreciation	<u>(16,415,130)</u>	11,509,222

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 Assets.	104,122
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(5,037)
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Certain revenue that was earned and accrued in the current period but not received until after 60 days is deferred in the fund statement but recognized under full accrual.	188,069
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Long-term liabilities are not due and payable in the current period,  
and therefore, are not reported as liabilities in the governmental funds.

1996 Certificates of Participation	(150,000)	
2001 Certificates of Participation	(154,912)	
Capital lease - fire truck	(18,596)	
Note payable - pumper truck	(61,937)	
Capital lease - street sweeper	(113,109)	
Compensated absences payable	<u>(42,542)</u>	<u>(541,096)</u>

**Net Assets of Governmental Activities** **\$ 12,949,521**

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	GENERAL FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES:			
Sales tax	\$ 1,251,344	\$ 160,592	\$ 1,411,936
Property tax	419,081	261,473	680,554
Other local taxes	61,953	39,633	101,586
Intergovernmental	345,163	-	345,163
Licenses, permits and fees	401,896	-	401,896
Charges for services	217,949	-	217,949
Grants	847,687	13,584	861,271
Fines and forfeitures	95,399	-	95,399
Interest	36,431	14,295	50,726
Gain on sale of land	20,907	-	20,907
Miscellaneous	50,112	16,558	66,670
Total Revenues	<u>3,747,922</u>	<u>506,135</u>	<u>4,254,057</u>
EXPENDITURES:			
Current:			
General government	482,556	-	482,556
Public safety	1,805,524	-	1,805,524
Public works	926,539	-	926,539
Parks and recreation	-	136,475	136,475
Public library	-	132,697	132,697
Municipal band	-	52,494	52,494
Low-income housing	-	19,999	19,999
Capital outlay	846,334	126,667	973,001
Debt service:			
Principal	106,311	118,431	224,742
Interest and fees	7,472	57,756	65,228
Total Expenditures	<u>4,174,736</u>	<u>644,519</u>	<u>4,819,255</u>
Excess (deficiency) of revenues over expenditures	<u>(426,814)</u>	<u>(138,384)</u>	<u>(565,198)</u>
Other financing sources (uses):			
Capital lease proceeds	143,721	-	143,721
Transfers in	661,267	138,299	799,566
Transfers out	(138,299)	-	(138,299)
Total other financing sources (uses)	<u>666,689</u>	<u>138,299</u>	<u>804,988</u>
Net change in fund balances	239,875	(85)	239,790
Fund balance, beginning of year	<u>554,738</u>	<u>878,306</u>	<u>1,433,044</u>
Fund balance, end of year	<u>\$ 794,613</u>	<u>\$ 878,221</u>	<u>\$ 1,672,834</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Net Change in Fund Balances - Total Governmental Funds** \$ 239,790

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

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

Capital asset purchases	591,332	
Depreciation expense	<u>(722,328)</u>	(130,996)

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

Debt payments	224,742	
Capital lease proceeds		(143,721)

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		(2,379)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund; deferred revenue recognized net of revenue already recognized in the prior year.

Grant revenue		(744,759)
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Accrued interest expense on long-term debt is reported in the government-wide Statement of Activities and changes in net assets, but does not require the use of current financial resources; therefore accrued interest expense is not reported as an expenditure in governmental funds.

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

Compensated absences		<u>9,706</u>
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**Change in Net Assets of Governmental Activities** **\$ (546,694)**

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2009**

	ELECTRIC	WATER/ WASTEWATER	SOLID WASTE	TOTALS
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 424,830	\$ 1,226,300	\$ 24,089	\$ 1,675,219
Certificates of deposit	3,438,223	771,642	233,605	4,443,470
Receivables:				
Taxes	-	67,405	-	67,405
Utilities	1,049,095	328,730	38,088	1,415,913
Accrued interest	9,804	2,975	641	13,420
Due from other governments	66,894	-	-	66,894
Due from other funds	111,521	-	-	111,521
Prepaid expenses	30,425	32,381	493	63,299
Inventory	501,095	461,316	-	962,411
Total current assets	5,631,887	2,890,749	296,916	8,819,552
Noncurrent assets:				
Restricted cash and cash equivalents	206,553	1,522,890	-	1,729,443
Special assessments, net	13,276	-	-	13,276
Deferred bond issue costs, net	-	51,518	-	51,518
Capital assets, net	3,957,668	15,339,010	46,705	19,343,383
Total noncurrent assets	4,177,497	16,913,418	46,705	21,137,620
Total assets	\$ 9,809,384	\$ 19,804,167	\$ 343,621	\$ 29,957,172
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable	\$ 429,881	\$ 67,241	19,478	\$ 516,600
Accrued interest payable	-	48,788	-	48,788
Revenue bonds payable	-	2,165,000	-	2,165,000
Certificates of participation	79,180	53,115	-	132,295
Notes payable	-	44,190	-	44,190
Total current liabilities	509,061	2,378,334	19,478	2,906,873
Noncurrent liabilities:				
Customer deposits payable	206,553	103,447	-	310,000
Compensated absences payable	33,612	36,876	-	70,488
Revenue bonds payable	-	3,528,054	-	3,528,054
Accreted interest on capital appreciation bonds	-	493,160	-	493,160
Certificates of participation	153,951	103,842	-	257,793
Notes payable	-	348,226	-	348,226
Total noncurrent liabilities	394,116	4,613,605	-	5,007,721
Total liabilities	903,177	6,991,939	19,478	7,914,594
Net Assets:				
Invested in capital assets, net of related debt	3,724,537	9,096,583	46,705	12,867,825
Restricted for debt service	-	1,419,443	-	1,419,443
Unrestricted	5,181,670	2,296,202	277,438	7,755,310
Total net assets	8,906,207	12,812,228	324,143	22,042,578
Total liabilities and net assets	\$ 9,809,384	\$ 19,804,167	\$ 343,621	\$ 29,957,172

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 7,345,361	\$ 2,393,699	\$ 280,095	\$ 10,019,155
Other	<u>79,758</u>	<u>28,025</u>	<u>-</u>	<u>107,783</u>
Total Operating Revenues	<u>7,425,119</u>	<u>2,421,724</u>	<u>280,095</u>	<u>10,126,938</u>
<b>OPERATING EXPENSES:</b>				
Production	5,279,183	852,372	-	6,131,555
Sewer treatment	-	575,257	-	575,257
Transmission & distribution	612,816	417,038	241,593	1,271,447
Administration	332,184	199,213	1,781	533,178
Depreciation	<u>267,486</u>	<u>851,442</u>	<u>-</u>	<u>1,118,928</u>
Total Operating Expenses	<u>6,491,669</u>	<u>2,895,322</u>	<u>243,374</u>	<u>9,630,365</u>
Operating Income (Loss)	<u>933,450</u>	<u>(473,598)</u>	<u>36,721</u>	<u>496,573</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	82,777	39,635	4,328	126,740
Taxes	-	482,139	-	482,139
Intergovernmental revenue	-	112,337	-	112,337
Gain on sale of assets	252	-	-	252
Interest expense and fees	<u>(13,259)</u>	<u>(336,180)</u>	<u>-</u>	<u>(349,439)</u>
Total Nonoperating Revenues (Expenses)	<u>69,770</u>	<u>297,931</u>	<u>4,328</u>	<u>372,029</u>
Income (loss) before contributions and transfers	<u>1,003,220</u>	<u>(175,667)</u>	<u>41,049</u>	<u>868,602</u>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Transfers out	<u>(511,165)</u>	<u>(133,702)</u>	<u>(16,400)</u>	<u>(661,267)</u>
Change in net assets	492,055	(309,369)	24,649	207,335
Net assets, beginning of year	<u>8,414,152</u>	<u>13,121,597</u>	<u>299,494</u>	<u>21,835,243</u>
Net assets, end of year	<u>\$ 8,906,207</u>	<u>\$ 12,812,228</u>	<u>\$ 324,143</u>	<u>\$ 22,042,578</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 6,900,471	\$ 2,406,452	\$ 275,540	\$ 9,582,463
Cash receipts from other funds for services	384,062	13,838	-	397,900
Cash payments for other operating services	(83,086)	(74,310)	(1,781)	(159,177)
Cash payments to suppliers	(5,449,542)	(1,199,751)	(238,749)	(6,888,042)
Cash paid to employees	<u>(772,547)</u>	<u>(711,979)</u>	<u>-</u>	<u>(1,484,526)</u>
Net cash provided by operating activities	<u>979,358</u>	<u>434,250</u>	<u>35,010</u>	<u>1,448,618</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	<u>(511,165)</u>	<u>(133,702)</u>	<u>(16,400)</u>	<u>(661,267)</u>
Net cash used by noncapital financing activities	<u>(511,165)</u>	<u>(133,702)</u>	<u>(16,400)</u>	<u>(661,267)</u>
Cash flows from capital and related financing activities:				
Capital improvements & motor vehicle sales tax received	-	483,378	-	483,378
Acquisition and construction of capital assets	(91,574)	(162,302)	-	(253,876)
Proceeds from sale of capital assets	252	-	-	252
Proceeds from revenue bond	-	1,525,000	-	1,525,000
Principal paid on revenue bonds	-	(775,000)	-	(775,000)
Principal paid on certificates of participation	(72,759)	(48,810)	-	(121,569)
Principal paid on note payable	-	(42,440)	-	(42,440)
Interest and fees paid on debt	<u>(13,258)</u>	<u>(277,187)</u>	<u>-</u>	<u>(290,445)</u>
Net cash provided (used) in capital and related financing activities	<u>(177,339)</u>	<u>702,639</u>	<u>-</u>	<u>525,300</u>
Cash flows from investing activities:				
Interest received on bond escrow accounts	-	112,337	-	112,337
Interest received on cash accounts	89,859	42,557	4,717	137,133
Change in certificates of deposit	<u>(166,542)</u>	<u>(48,783)</u>	<u>(54,491)</u>	<u>(269,816)</u>
Net cash provided (used) by investing activities	<u>(76,683)</u>	<u>106,111</u>	<u>(49,774)</u>	<u>(20,346)</u>
Net increase (decrease) in cash and cash equivalents	214,171	1,109,298	(31,164)	1,292,305
Cash and cash equivalents, beginning of year	<u>417,212</u>	<u>1,639,892</u>	<u>55,253</u>	<u>2,112,357</u>
Cash and cash equivalents, end of year	<u>\$ 631,383</u>	<u>\$ 2,749,190</u>	<u>\$ 24,089</u>	<u>\$ 3,404,662</u>
Cash and cash equivalents	\$ 424,830	\$ 1,226,300	\$ 24,089	\$ 1,675,219
Restricted cash and cash equivalents	<u>206,553</u>	<u>1,522,890</u>	<u>-</u>	<u>1,729,443</u>
Cash and cash equivalents, end of year	<u>\$ 631,383</u>	<u>\$ 2,749,190</u>	<u>\$ 24,089</u>	<u>\$ 3,404,662</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 933,450	\$ (473,598)	\$ 36,721	\$ 496,573
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	267,486	851,442	-	1,118,928
Changes in assets and liabilities:				
(Increase) decrease in utilities receivable	(141,895)	(1,434)	(4,555)	(147,884)
(Increase) decrease in other receivables	(119)	-	-	(119)
(Increase) decrease in prepaid expenses	(6,103)	(2,198)	(44)	(8,345)
(Increase) decrease in inventory	(137,247)	13,578	-	(123,669)
Increase (decrease) in accounts payable	37,696	35,659	2,888	76,243
Increase (decrease) in compensated absences	11,174	3,330	-	14,504
Increase (decrease) in customer deposits payable	<u>14,916</u>	<u>7,471</u>	<u>-</u>	<u>22,387</u>
Net cash provided by operating activities	<u>\$ 979,358</u>	<u>\$ 434,250</u>	<u>\$ 35,010</u>	<u>\$ 1,448,618</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2009**

	<u>AGENCY FUND</u>
<b>ASSETS</b>	
Cash	<u>\$ 360</u>
<b>LIABILITIES</b>	
Court bonds payable	<u>\$ 360</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Financial Reporting Entity: The financial statements of the City include all government organizations for which the City is financially accountable. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the City's financial statements. The following entity has been blended in the City's annual financial statement, as it is part of the City's entity based on the criteria established in GASB Statement No. 39:

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

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

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

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

Basis of Presentation (continued)

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

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category, governmental, proprietary and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

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

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

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

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

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

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

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

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

Debt Service Funds: These funds account for the servicing of the general-long term debt of the City and include the following: TIF Special Allocation, Public Safety Building and City Hall Building.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds do not have a measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenues from property taxes are recognized in the period for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental activities and business-type activities and all enterprise funds of the City follow all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as FASB statements and interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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

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

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

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

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

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

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

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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

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

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

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

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

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

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

Long-term Obligations:

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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

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

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

Fund Balances: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balances represent tentative management plans that are subject to change.

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

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

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

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

Use of Restricted/Unrestricted Net Assets: When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Capitalization of Interest: Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types with the fund financial statements. There was no interest capitalized in fiscal year 2009.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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

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

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

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

**NOTE B - CASH AND INVESTMENTS**

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

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

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. At September 30, 2009, the bank balances of the City's deposits totaled \$2,043,742. The City's deposits were entirely covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE B - CASH AND INVESTMENTS (continued)**

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

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

The City issued "Certificates of Participation" for construction of city hall and the public safety building. Under terms of the agreements, a portion of the proceeds from each issue were used to fund debt service and reserve accounts. These escrowed accounts are administered by a trustee.

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE C - CERTIFICATES OF DEPOSIT**

Certificates of deposit of the City as of September 30, 2009 are as follows:

Fund	Amount
Major governmental funds:	
General fund	\$ 326,878
Nonmajor governmental funds:	
Special revenue funds:	
Parks and recreation	376,668
Municipal band	105,498
Public library	58,441
Total special revenue	540,607
Total governmental funds	867,485
Enterprise Funds:	
Major Funds:	
Electric fund	3,438,223
Water and wastewater fund	771,642
Solid waste fund	233,605
Total enterprise funds	4,443,470
Total	\$ 5,310,955

Certificates of Deposit: Certificates of deposit with maturities in excess of three months are reported separately and are considered deposits for custodial risk determination. As of September 30, 2009, the total deposits were covered by securities held by the bank's trust department.

**NOTE D - TAXES**

Property taxes are finalized and levied by September 1 and become delinquent after December 31 each year. Property taxes attach as an enforceable lien on property as of January 1. The current taxes receivable represent the 2009 levy plus any uncollected amounts from a prior year levy. Property taxes that are not available for current year operations are shown as deferred revenue.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2008 for purposes of local taxation was:

General	\$ 0.5813
Parks and recreation	0.1428
Library	0.1633
Band	0.0816
Total	\$ 0.9690

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE E - RESTRICTED ASSETS**

Cash and cash equivalents are restricted for the following purposes:

Nonmajor Governmental Funds:

Debt service fund:

2001 Certificates of Participation escrow:

Reserve fund	\$ 172,000
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1996 Certificates of Participation escrow:

Debt service fund	4,500
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Reserve fund	<u>40,500</u>
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Total governmental funds	<u>217,000</u>
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Major Enterprise Funds:

Electric Fund:

Customer deposits	206,553
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Water and Wastewater Fund:

Customer deposits	103,446
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Revenue bond reserves and accounts:

Principal and interest retirement	479,692
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Revenue bond retirement	433,971
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Depreciation and replacement	397,716
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Depreciation and replacement - Series 1998 debt	<u>108,065</u>
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Total enterprise funds	<u>1,729,443</u>
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Total	<u>\$ 1,946,443</u>
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**NOTE F - LAND HELD FOR SALE**

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE G - RECEIVABLES**

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2009 were as follows:

	Total Receivables	Allowance	Net Receivables
Business-type activities:			
Major enterprise funds:			
Electric	\$ 1,145,642	\$ 96,547	\$ 1,049,095
Water and wastewater	376,096	47,366	328,730
Solid waste	46,213	8,125	38,088
Total	\$ 1,567,951	\$ 152,038	\$ 1,415,913

Taxes receivable represent the net collectible ad valorem taxes, local sales taxes, capital improvement sales taxes, state gasoline tax and vehicle sales tax and fees. Balances at September 30, 2009 were as follows:

Fund	Total Receivables	Allowance	Net Receivables
Governmental activities:			
General:			
Ad valorem	\$ 434,731	\$ 4,795	\$ 429,936
Sales taxes	174,957	-	174,957
Gasoline tax	44,766	-	44,766
Vehicle sales tax & fees	12,921	-	12,921
Total general	667,375	4,795	662,580
Nonmajor governmental funds:			
Special revenue funds:			
Ad valorem	289,943	3,373	286,570
Sales taxes	21,870	-	21,870
Vehicle sales tax & fees	801	-	801
Total special revenue	312,614	3,373	309,241
Total governmental funds	979,989	8,168	971,821
Business-type activities:			
Major enterprise funds:			
Water and wastewater fund:			
Sales taxes	65,002	-	65,002
Vehicle sales tax & fees	2,403	-	2,403
Total business-type activities	67,405	-	67,405
Total	\$ 1,047,394	\$ 8,168	\$ 1,039,226

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE H - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at September 30, 2009 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
Major governmental funds:		
General fund	\$ -	\$ 111,521
Enterprise Funds:		
Electric fund	<u>111,521</u>	<u>-</u>
Total	<u>\$ 111,521</u>	<u>\$ 111,521</u>

Interfund payables include \$111,521 in the General Fund which represents advances from the Electric Fund for the purchase of land held for resale and related costs which is being repaid as parcels of land are sold. This payable is expected to be fully repaid.

**NOTE I - INTERFUND TRANSFERS**

Interfund transfers for the year ended September 30, 2009 consisted of the following:

	<u>Electric</u>	<u>Water and</u>	<u>Solid</u>	
	<u>Fund</u>	<u>Wastewater</u>	<u>Waste</u>	<u>Total</u>
		<u>Fund</u>	<u>Fund</u>	
Transfer to:				
Major governmental funds:				
General fund	\$ 511,165	\$ 133,702	\$ 16,400	\$ 661,267
Nonmajor governmental funds:				
Park and recreation (special revenue) fund	-	-	-	-
Major business-type funds:				
Water and wastewater (enterprise) fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 511,165</u>	<u>\$ 133,702</u>	<u>\$ 16,400</u>	<u>\$ 661,267</u>

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

During the year ended September 30, 2009, \$54,000 was transferred from the Electric Fund to the General Fund for community development activities. Also included in the transfers schedule are the payments of \$457,166, \$133,702, and \$16,400 in fiscal year 2009 by the Electric, Water and Wastewater, and Solid Waste Enterprise Funds, respectively, to the General Fund. The transfer represents data processing services, administrative surcharges and real estate taxes on plant in service (PILOT). The rate of 5% is applied to gross billed operating revenues less amounts written off to arrive at the administrative surcharge due the General Fund. Data processing services and PILOT are charged at a set amount.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE J - DEFERRED COMPENSATION PLAN**

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

**NOTE K - RETIREMENT PLAN**

Plan Description

The City of Cameron participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

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

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

Funding Status

The City's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 13.0% (general), 10.5% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

Annual Pension Cost

For 2009, the political subdivision's annual pension cost of \$316,201 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on the 1971 Group Annuity mortality table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 15 years.

Schedule of Employer Contributions and  
Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2007	\$ 337,371	100%	\$ -
6/30/2008	322,134	100%	-
6/30/2009	316,201	100%	-

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE L - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended September 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 3,066,624	\$ -	\$ -	\$ 3,066,624
Construction in progress	-	36,343	-	36,343
Total nondepreciable assets	<u>3,066,624</u>	<u>36,343</u>	<u>-</u>	<u>3,102,967</u>
Depreciable capital assets:				
Buildings	2,874,064	100,450	-	2,974,514
Improvements	907,250	-	-	907,250
Equipment	3,868,674	274,404	120,400	4,022,678
Publications	485,575	14,668	-	500,243
Street network	16,251,233	165,467	-	16,416,700
Total depreciable assets	<u>24,386,796</u>	<u>554,989</u>	<u>120,400</u>	<u>24,821,385</u>
Less accumulated depreciation:				
Buildings	621,966	62,381	-	684,347
Improvements	151,930	59,738	-	211,668
Equipment	2,945,745	217,763	120,400	3,043,108
Publications	401,430	14,058	-	415,488
Street network	11,692,131	368,388	-	12,060,519
Total accumulated depreciation	<u>15,813,202</u>	<u>722,328</u>	<u>120,400</u>	<u>16,415,130</u>
Total depreciable capital assets, net	<u>8,573,594</u>	<u>(167,339)</u>	<u>-</u>	<u>8,406,255</u>
Total governmental activities capital assets	<u>\$ 11,640,218</u>	<u>\$ (130,996)</u>	<u>\$ -</u>	<u>\$ 11,509,222</u>

Depreciation expense was charged to functions as follows:

General government	\$ 20,694
Public safety	133,881
Public works	521,571
Parks and recreation	28,759
Public library	17,423
	<u>722,328</u>
	<u>\$ 722,328</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
<b>Business-type activities:</b>				
<b>Electric fund:</b>				
Nondepreciable assets:				
Land	\$ 42,541	\$ -	\$ -	\$ 42,541
Construction in progress	-	-	-	-
Total nondepreciable capital assets	<u>42,541</u>	<u>-</u>	<u>-</u>	<u>42,541</u>
Depreciable capital assets:				
Buildings and improvements	3,385,609	90,174	-	3,475,783
Equipment	3,917,902	1,400	-	3,919,302
Total depreciable capital assets	<u>7,303,511</u>	<u>91,574</u>	<u>-</u>	<u>7,395,085</u>
Less accumulated depreciation:				
Buildings and improvements	586,821	130,579	-	717,400
Equipment	2,625,650	136,908	-	2,762,558
Total accumulated depreciation	<u>3,212,471</u>	<u>267,487</u>	<u>-</u>	<u>3,479,958</u>
Total depreciable capital assets, net	<u>4,091,040</u>	<u>(175,913)</u>	<u>-</u>	<u>3,915,127</u>
Total electric capital assets	<u>4,133,581</u>	<u>(175,913)</u>	<u>-</u>	<u>3,957,668</u>
<b>Water and wastewater fund:</b>				
Nondepreciable assets:				
Land	710,551	-	-	710,551
Construction in progress	-	139,780	-	139,780
Total nondepreciable capital assets	<u>710,551</u>	<u>139,780</u>	<u>-</u>	<u>850,331</u>
Depreciable capital assets:				
Buildings and improvements	28,001,524	16,500	-	28,018,024
Equipment	1,321,482	6,022	-	1,327,504
Total depreciable capital assets	<u>29,323,006</u>	<u>22,522</u>	<u>-</u>	<u>29,345,528</u>
Less accumulated depreciation:				
Buildings and improvements	13,224,387	771,903	-	13,996,290
Equipment	781,019	79,540	-	860,559
Total accumulated depreciation	<u>14,005,406</u>	<u>851,443</u>	<u>-</u>	<u>14,856,849</u>
Total depreciable capital assets, net	<u>15,317,600</u>	<u>(828,921)</u>	<u>-</u>	<u>14,488,679</u>
Total water and wastewater capital assets	<u>16,028,151</u>	<u>(689,141)</u>	<u>-</u>	<u>15,339,010</u>
<b>Solid waste fund:</b>				
Nondepreciable assets:				
Land	46,705	-	-	46,705
Depreciable capital assets:				
Equipment	18,250	-	-	18,250
Less accumulated depreciation:				
Equipment	18,250	-	-	18,250
Total accumulated depreciation	<u>18,250</u>	<u>-</u>	<u>-</u>	<u>18,250</u>
Total depreciable capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total solid waste capital assets	<u>46,705</u>	<u>-</u>	<u>-</u>	<u>46,705</u>
Total business-type activities capital assets	<u>\$ 20,208,437</u>	<u>\$ (865,054)</u>	<u>\$ -</u>	<u>\$ 19,343,383</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

Depreciation expense was charged to functions as follows:

Electric	\$ 267,487
Water and wastewater	851,443
Solid waste	<u>-</u>
	<u>\$ 1,118,930</u>

**NOTE M - RISK MANAGEMENT**

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

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

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

In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, MPR and its member participants would be responsible for such defaulted amounts. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations. No supplemental assessments were required by MPR during fiscal 2009.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE N - COMMITMENTS AND CONTINGENCIES**

Post Closure Costs of Landfill

As a result of a 1989 agreement between the City and the Missouri Department of Natural resources (DNR) relative to the closure of a solid waste landfill site, the City entered into a "Contract of Obligation" with DNR. The contract relates to the City's obligation for periodic post-closure maintenance of the old landfill. In the event that the City fails to provide proper post-closure care, it could become liable under the contract to pay to DNR a sum no greater than \$387,138. No less than annually, the City is required to reaffirm, in writing, its obligation to DNR. For the year ended September 30, 2009, the City did not incur any significant costs towards the periodic maintenance of the old landfill pursuant to DNR inspection of the site, and approval of the maintenance measures taken.

Federal and State Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the City at September 30, 2009.

Water System Improvements

On August 3, 2009 the City entered into agreements for the construction of parallel water mains and the construction of an elevated storage tank. The costs of these projects were \$881,975 and \$1,246,000, respectively. As of September 30, 2009 no costs had been expended on these projects.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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

	Beginning Balance		Ending Balance		Amount due within one year
	October 1, 2008	Additions	Retirements	September 30, 2009	
<b>Governmental Activities:</b>					
1996 Certificates of Participation	\$ 220,000	\$ -	\$ 70,000	\$ 150,000	\$ 75,000
2001 Certificates of Participation	203,344	-	48,432	154,912	52,705
Capital lease - fire truck	36,412	-	17,816	18,596	18,596
Capital lease - tanker truck	17,295	-	17,295	-	-
Capital lease - police cars	21,693	-	21,693	-	-
Capital lease - street sweeper	-	143,721	30,612	113,109	26,936
Note payable - pumper truck	80,832	-	18,896	61,936	19,777
Payable to other governments	10,000	190,000	12,457	187,543	35,188
Accrued compensated absences	52,248	-	9,706	42,542	-
<b>Total Governmental Activities</b>	<b>\$ 641,824</b>	<b>\$ 333,721</b>	<b>\$ 246,907</b>	<b>\$ 728,639</b>	<b>\$ 228,202</b>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
2001 Certificates of Participation	\$ 305,890	\$ -	\$ 72,759	\$ 233,131	\$ 79,180
Accrued compensated absences	22,438	11,174	-	33,612	-
<b>Total Electric Fund</b>	<b>328,328</b>	<b>11,174</b>	<b>72,759</b>	<b>266,743</b>	<b>79,180</b>
<b>Water and Wastewater Fund:</b>					
1992 Revenue Bonds	335,000	-	75,000	260,000	80,000
1993 Refunding Bonds	253,054	-	-	253,054	-
1996 Revenue Bonds	1,420,000	-	140,000	1,280,000	140,000
1998 Revenue Bonds	2,305,000	-	170,000	2,135,000	180,000
2001 Certificates of Participation	205,767	-	48,810	156,957	53,115
2002 Refunding Revenue Bonds	630,000	-	390,000	240,000	240,000
Accreted interest	446,080	47,080	-	493,160	-
Note payable - odor control improvements	434,490	-	42,073	392,417	44,190
Accrued compensated absences	33,546	3,330	-	36,876	-
<b>Total Water and Wastewater Fund</b>	<b>6,062,935</b>	<b>50,410</b>	<b>865,883</b>	<b>5,247,463</b>	<b>737,305</b>
<b>Total Business-Type Activities</b>	<b>\$ 6,391,263</b>	<b>\$ 61,584</b>	<b>\$ 938,642</b>	<b>\$ 5,514,206</b>	<b>\$ 816,485</b>

The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. The City estimates that none of the compensated absences will be due within one year. Payments on the certificates of lease participation that pertain to the City's governmental activities are made by the Debt Service Funds. Payments on the capital lease obligations are made by the General Fund.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE P - LONG-TERM DEBT**

Debt service requirements to maturity for all bonds and certificates of participation outstanding at September 30, 2009 are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Certificates of Participation		Revenue Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 127,705	\$ 16,763	\$ 640,000	\$ 195,325
2011	177,208	9,628	544,730	458,599
2012	-	-	558,324	450,891
2013	-	-	395,000	117,578
2014	-	-	415,000	95,015
2015	-	-	430,000	71,469
2016	-	-	455,000	46,791
2017	-	-	235,000	28,812
2018	-	-	245,000	18,012
2019	-	-	250,000	6,250
<b>Total</b>	<b>\$ 304,913</b>	<b>\$ 26,391</b>	<b>\$ 4,168,054</b>	<b>\$ 1,488,742</b>

Year Ending September 30,	Business-Type Activities (continued)				Total Debt	
	Certificates of Participation				Service Requirements	
	Electric Fund		Water and Wastewater Fund		to Maturity	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 79,180	\$ 11,663	\$ 53,115	\$ 7,823	\$ 900,000	\$ 231,574
2011	153,950	7,704	103,844	5,169	979,732	481,100
2012	-	-	-	-	558,324	450,891
2013	-	-	-	-	395,000	117,578
2014	-	-	-	-	415,000	95,015
2015	-	-	-	-	430,000	71,469
2016	-	-	-	-	455,000	46,791
2017	-	-	-	-	235,000	28,812
2018	-	-	-	-	245,000	18,012
2019	-	-	-	-	250,000	6,250
<b>Total</b>	<b>\$ 233,130</b>	<b>\$ 19,367</b>	<b>\$ 156,959</b>	<b>\$ 12,992</b>	<b>\$ 4,863,056</b>	<b>\$ 1,547,492</b>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE Q - BONDS PAYABLE**

Revenue bonds outstanding at September 30, 2009 consist of:

Water and Wastewater Fund:

Series 1992 Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through July 2012; interest of 6.55% .	\$ 260,000
Series 1993 Combined Waterworks & Sewerage System Refunding Revenue Bonds: Capital appreciation bonds, interest accretion at 6.60% to 6.65% , compounded semiannually, with total maturity values of \$420,000 and \$430,000 at March 1, 2011 and 2012, respectively.	253,054
Series 1996 C Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2016; interest of 5.50% to 5.90%	1,280,000
Series 1998 B Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2019; interest of 4.3% to 5.25%	2,135,000
Series 2002 Combined Waterworks & Sewerage System Refunding Revenue Bonds due in varying annual installments through March 2010; interest of 3.875% to 4.00%	<u>240,000</u>
Total Water and Wastewater Fund revenue bonds	4,168,054
Accreted Interest on Series 1993 Capital Appreciation Bonds	<u>493,160</u>
	<u><u>\$ 4,661,214</u></u>

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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

	Water and Wastewater Enterprise Fund
Principal and interest retirement	\$ 479,691
Bond retirement	433,971
Depreciation and replacement	397,716
System and equipment replacement	108,065
Total revenue bond reserves	\$ 1,419,443

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

**NOTE R - CERTIFICATES OF LEASE PARTICIPATION**

Certificates of lease participation outstanding at September 30, 2009 consist of:

General Fund:

Series 1996 Certificates of Participation, due in varying annual installments through April 2011; interest at 6.00%; subject to annual appropriations; secured by real estate and public safety building \$ 150,000

General Fund and Electric and Water and Wastewater Enterprise Funds:

Series 2001 Certificates of Participation, due in varying annual installments through April 2011; interest at 3.75% to 5.00%; secured by City Hall building; certificates held by General Fund 28.489%, Electric Fund 42.800% and Water and Wastewater Fund 28.711% 545,000

Total certificates of lease participation \$ 695,000

**NOTE S - CAPITAL LEASE OBLIGATIONS**

On March 7, 2000, the City entered into a lease purchase agreement to finance the cost of a firefighting vehicle. The lease is for ten years requiring annual installments of \$20,099 through October 2009, interest at 6.25%.

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 373,224
Less: Accumulated depreciation	<u>(241,480)</u>
Total	<u><u>\$ 131,744</u></u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2010	\$ 50,711
2011	30,612
2012	30,612
2013	<u>30,612</u>
Total minimum lease payments	142,547
Less amount representing interest	<u>(10,842)</u>
Present value of minimum lease payments	<u><u>\$ 131,705</u></u>

**NOTE T - NOTES PAYABLE**

Notes payable at September 30, 2009 consist of:

General Fund:

Note payable to a financial institution, due in annual installments of \$22,478 through November 1, 2011, interest at 4.3%, secured by fire fighting equipment \$ 61,936

Water/wastewater Fund:

Note payable to a financial institution, due in semi-annual installments of \$31,528 through April 1, 2016, interest at 4.875%, secured by water/wastewater equipment 392,417

Total notes payable \$ 454,353

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE T - NOTES PAYABLE (continued)**

Maturities of notes payable are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2010	\$ 19,777	\$ 44,190
2011	20,639	46,401
2012	21,520	48,685
2013	-	51,159
2014	-	53,719
2015	-	56,407
2016	-	91,856
	<u>\$ 61,936</u>	<u>\$ 392,417</u>

**NOTE U - SUBSEQUENT EVENT**

On November 2, 2009 the voters of the City of Cameron approved waterworks and sewerage system refunding and improvement revenue bonds in an amount not to exceed \$1,390,500. These bonds will be used for the purpose of making water system improvements to include replacement of existing water distribution mains, extension of water distribution mains and acquisition, construction and installation of a new water tower.

**NOTE V - PAYABLE TO OTHER GOVERNMENTS**

On June 21, 2005, the City entered into an agreement with the Cameron R-1 School District to cooperate in funding for an all-weather surface for the District's athletic field to be used by the public for soccer tournaments and recreational football games. Under the terms of this agreement, the City will make five annual payments of \$5,000 to the District from 2006 through 2010. The balance owed to the District on September 30, 2009 is \$5,000.

On August 3, 2009, the City entered into an agreement with the Cameron Ambulance Board to purchase the Cameron Ambulance Board's interest in the Public Safety Building. Under the terms of this agreement, the City shall be credited the quarterly dispatch service fee against the purchase price. The remaining balance of the purchase price will be paid on or before May 1, 2011. The balance owed to the Board on September 30, 2009 is \$180,453.

**NOTE W - CONDUIT DEBT - INDUSTRIAL REVENUE BONDS**

The City has issued Industrial Revenue Bonds to provide financial assistance to a non-profit entity for construction of a building, the acquisition of medical equipment, and to re-finance existing debt, all deemed to be in the public interest. The bonds are secured by the building and equipment financed and are payable solely from payments received on the underlying loans. Neither the City, the State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the outstanding bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. These bonds were refinanced on May 17, 2007. As of September 30, 2009, the outstanding principal amount payable was \$19,355,000.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE W - CONDUIT DEBT - INDUSTRIAL REVENUE BONDS (continued)**

On November 1, 2006, the City issued additional Industrial Revenue Bonds in the amount of \$664,000 to a non-profit entity for the acquisition of equipment and to finance facility renovations, all deemed to be in the public interest. The bonds are secured by real estate and the 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. As of September 30, 2009 the outstanding principal amount payable was \$146,361.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CAMERON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	BUDGET		ACTUAL	BUDGET TO GAAP DIFFERENCES		GENERAL FUND
	ORIGINAL	FINAL		OVER (UNDER)		
<b>REVENUES:</b>						
Sales tax	\$ 1,380,165	\$ 1,380,165	\$ 1,251,344	\$	-	\$ 1,251,344
Property tax	412,000	412,000	392,199		-	392,199
Other local taxes	105,000	105,000	61,953		-	61,953
Intergovernmental	399,000	399,000	345,163		-	345,163
Gross receipts tax	447,507	447,507	477,974	(1)	(477,974)	-
In lieu of tax	80,000	80,000	94,776	(1)	(67,894)	26,882
Licenses, permits and fees	300,050	346,800	401,896		-	401,896
Charges for services	276,050	276,050	217,949		-	217,949
Interfund charges for services	28,000	28,000	19,000	(1)	(19,000)	-
Grants	762,300	1,138,633	847,687		-	847,687
Fines and forfeitures	153,000	153,000	95,399		-	95,399
Interest	42,750	42,750	36,431		-	36,431
Gain on sale of land	110,000	110,000	20,907		-	20,907
Miscellaneous	64,700	65,700	50,112		-	50,112
Total Revenues	<u>4,560,522</u>	<u>4,984,605</u>	<u>4,312,790</u>		<u>(564,868)</u>	<u>3,747,922</u>
<b>EXPENDITURES:</b>						
Current:						
General government	481,089	506,139	482,556		-	482,556
Public safety	2,079,984	2,092,617	1,805,524		-	1,805,524
Public works	1,382,162	1,386,162	926,539		-	926,539
Capital outlay	575,400	944,900	846,334		-	846,334
Debt Service:						
Principal	-	-	-	(2)	106,311	106,311
Interest and fees	-	-	-	(2)	7,472	7,472
Capital lease payments	83,509	83,509	113,783	(2)	(113,783)	-
Total Expenditures	<u>4,602,144</u>	<u>5,013,327</u>	<u>4,174,736</u>		<u>-</u>	<u>4,174,736</u>
Excess (deficiency) of revenues over expenditures	<u>(41,622)</u>	<u>(28,722)</u>	<u>138,054</u>		<u>(564,868)</u>	<u>(426,814)</u>
Other financing sources (uses):						
Capital lease proceeds	-	-	143,721		-	143,721
Transfers in	237,400	281,150	96,399	(1)	564,868	661,267
Transfers out	(191,216)	(191,216)	(138,299)		-	(138,299)
Total other financing sources (uses)	<u>46,184</u>	<u>89,934</u>	<u>101,821</u>		<u>564,868</u>	<u>666,689</u>
Net change in fund balance	4,562	61,212	239,875		-	239,875
Fund balance, beginning of year	<u>554,738</u>	<u>554,738</u>	<u>554,738</u>		<u>-</u>	<u>554,738</u>
Fund balance, end of year	<u>\$ 559,300</u>	<u>\$ 615,950</u>	<u>\$ 794,613</u>	\$	<u>-</u>	<u>\$ 794,613</u>

See accompanying notes to the required supplementary information.

**CITY OF CAMERON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**  
**SEPTEMBER 30, 2009**

**Budgets and Budgetary Accounting**

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

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

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

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

**CITY OF CAMERON, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN  
SEPTEMBER 30, 2009**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2007	\$ 4,589,819	\$ 4,971,984	\$ 382,165	92%	\$ 2,425,458	16%
2/29/2008	5,435,099	5,433,848	(1,251)	100%	2,500,872	0%
2/28/2009	4,623,125	5,863,545	1,240,420	79%	2,548,218	49%

NOTE: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

## **SUPPLEMENTARY INFORMATION**

**CITY OF CAMERON, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 50,919	\$ 4,174	\$ 55,093
Certificates of deposit	540,607	-	540,607
Receivables, net:			
Taxes	309,241	-	309,241
Accounts	16,000	144	16,144
Accrued interest	776	-	776
Restricted cash and cash equivalents	<u>-</u>	<u>217,000</u>	<u>217,000</u>
Total assets	<u>\$ 917,543</u>	<u>\$ 221,318</u>	<u>\$ 1,138,861</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,550	\$ -	\$ 1,550
Deferred revenues	232,683	-	232,683
Payable to other governments	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total liabilities	<u>239,233</u>	<u>-</u>	<u>239,233</u>
Fund Balances:			
Reserved for:			
Park equipment	10,975	-	10,975
Veterans Memorial Park	14,202	-	14,202
Debt service	-	217,000	217,000
Unreserved	<u>653,133</u>	<u>4,318</u>	<u>657,451</u>
Total fund balances	<u>678,310</u>	<u>221,318</u>	<u>899,628</u>
Total liabilities and fund balances	<u>\$ 917,543</u>	<u>\$ 221,318</u>	<u>\$ 1,138,861</u>

**CITY OF CAMERON, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2009**

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ (40,823)	\$ 33,608	\$ 41,595	\$ 16,539	\$ 50,919
Certificates of deposit	376,668	58,441	105,498	-	540,607
Receivables, net:					
Taxes	128,283	120,688	60,270	-	309,241
Accrued interest	472	183	121	-	776
Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
Total assets	<u>\$ 464,600</u>	<u>\$ 212,920</u>	<u>\$ 207,484</u>	<u>\$ 32,539</u>	<u>\$ 917,543</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 694	\$ 775	\$ 81	\$ -	\$ 1,550
Deferred revenue	79,071	90,444	45,168	18,000	232,683
Payable to other governments	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total liabilities	<u>84,765</u>	<u>91,219</u>	<u>45,249</u>	<u>18,000</u>	<u>239,233</u>
<b>Fund Balances:</b>					
Reserved for:					
Park equipment	10,975	-	-	-	10,975
Veterans Memorial Park	14,202	-	-	-	14,202
Unreserved	<u>354,658</u>	<u>121,701</u>	<u>162,235</u>	<u>14,539</u>	<u>653,133</u>
Total fund balances	<u>379,835</u>	<u>121,701</u>	<u>162,235</u>	<u>14,539</u>	<u>678,310</u>
Total liabilities and fund balances	<u>\$ 464,600</u>	<u>\$ 212,920</u>	<u>\$ 207,484</u>	<u>\$ 32,539</u>	<u>\$ 917,543</u>

**CITY OF CAMERON, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR DEBT SERVICE FUNDS  
SEPTEMBER 30, 2009**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,174	\$ -	\$ -	\$ 4,174
Receivables, net	144	-	-	144
Restricted cash and cash equivalents	<u>-</u>	<u>45,000</u>	<u>172,000</u>	<u>217,000</u>
Total assets	<u>\$ 4,318</u>	<u>\$ 45,000</u>	<u>\$ 172,000</u>	<u>\$ 221,318</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Reserved for debt service	-	45,000	172,000	217,000
Unreserved	<u>4,318</u>	<u>-</u>	<u>-</u>	<u>4,318</u>
Total fund balances	<u>4,318</u>	<u>45,000</u>	<u>172,000</u>	<u>221,318</u>
Total liabilities and fund balances	<u>\$ 4,318</u>	<u>\$ 45,000</u>	<u>\$ 172,000</u>	<u>\$ 221,318</u>

**CITY OF CAMERON, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
<b>REVENUES:</b>			
Sales tax	\$ 160,592	\$ -	\$ 160,592
Property tax	261,473	-	261,473
Other local taxes	26,038	13,595	39,633
State grants	13,584	-	13,584
Interest	13,898	397	14,295
Miscellaneous	16,558	-	16,558
Total Revenues	<u>492,143</u>	<u>13,992</u>	<u>506,135</u>
<b>EXPENDITURES:</b>			
Current:			
Parks and recreation	136,475	-	136,475
Public library	132,697	-	132,697
Municipal band	52,494	-	52,494
Low-income housing	19,999	-	19,999
Capital outlay	126,667	-	126,667
Debt service:			
Principal	-	118,431	118,431
Interest and fees	-	22,754	22,754
Other	-	35,002	35,002
Total Expenditures	<u>468,332</u>	<u>176,187</u>	<u>644,519</u>
Excess (deficiency) of revenues over expenditures	23,811	(162,195)	(138,384)
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>138,299</u>	<u>138,299</u>
Net change in fund balances	23,811	(23,896)	(85)
Fund balances, beginning of year	<u>654,499</u>	<u>223,807</u>	<u>878,306</u>
Fund balances, end of year	<u>\$ 678,310</u>	<u>\$ 199,911</u>	<u>\$ 878,221</u>

**CITY OF CAMERON, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
<b>REVENUES:</b>					
Sales tax	\$ 160,592	\$ -	\$ -	\$ -	\$ 160,592
Property tax	96,372	110,094	55,007	-	261,473
Other local taxes	9,632	10,991	5,415	-	26,038
State grants	-	12,408	-	1,176	13,584
Interest	9,062	1,998	2,731	107	13,898
Miscellaneous	4,457	9,074	-	3,027	16,558
Total Revenues	<u>280,115</u>	<u>144,565</u>	<u>63,153</u>	<u>4,310</u>	<u>492,143</u>
<b>EXPENDITURES:</b>					
Current:					
Parks and recreation	136,475	-	-	-	136,475
Public library	-	132,697	-	-	132,697
Municipal band	-	-	52,494	-	52,494
Low-income housing	-	-	-	19,999	19,999
Capital outlay	126,667	-	-	-	126,667
Total Expenditures	<u>263,142</u>	<u>132,697</u>	<u>52,494</u>	<u>19,999</u>	<u>468,332</u>
Excess (deficiency) of revenues over expenditures	16,973	11,868	10,659	(15,689)	23,811
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Net change in fund balances	16,973	11,868	10,659	(15,689)	23,811
Fund balance, beginning of year	<u>362,862</u>	<u>109,833</u>	<u>151,576</u>	<u>30,228</u>	<u>654,499</u>
Fund balance, end of year	<u>\$ 379,835</u>	<u>\$ 121,701</u>	<u>\$ 162,235</u>	<u>\$ 14,539</u>	<u>\$ 678,310</u>

**CITY OF CAMERON, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
<b>REVENUES:</b>				
Economic activity taxes	\$ 13,595	\$ -	\$ -	\$ 13,595
Payment in lieu of taxes	21,407	-	-	21,407
Interest	<u>46</u>	<u>45</u>	<u>306</u>	<u>397</u>
Total Revenues	<u>35,048</u>	<u>45</u>	<u>306</u>	<u>35,399</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	-	70,000	48,431	118,431
Interest and fees	-	13,224	9,530	22,754
Developer expenditures	<u>35,002</u>	<u>-</u>	<u>-</u>	<u>35,002</u>
Total Expenditures	<u>35,002</u>	<u>83,224</u>	<u>57,961</u>	<u>176,187</u>
Excess (deficiency) of revenues over expenditures	<u>46</u>	<u>(83,179)</u>	<u>(57,655)</u>	<u>(140,788)</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>81,043</u>	<u>57,256</u>	<u>138,299</u>
Net change in fund balances	46	(2,136)	(399)	(2,489)
Fund balance, beginning of year	<u>4,272</u>	<u>47,136</u>	<u>172,399</u>	<u>223,807</u>
Fund balance, end of year	<u>\$ 4,318</u>	<u>\$ 45,000</u>	<u>\$ 172,000</u>	<u>\$ 221,318</u>

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<b>MUNICIPAL COURT FUND</b>				
	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
<b>ASSETS</b>				
Cash	\$ 460	\$ 38,286	\$ 38,386	\$ 360
<b>LIABILITIES</b>				
Court bonds payable	\$ 460	\$ 38,286	\$ 38,386	\$ 360

## **INTERNAL CONTROL AND COMPLIANCE**

**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***

To the City Council  
City of Cameron, Missouri

We have audited the financial statements of the City of Cameron as of and for the year ended September 30, 2009, and have issued our report thereon dated March 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

**SEGREGATION OF DUTIES** - During our audit, we noted a lack of segregation of duties in the municipal court cash receipt system. The court clerk receives payments for court costs, fines and bonds, records these amounts in the computer system and also deposits these monies. We recommend that the City review the municipal court cash receipt system and give consideration to reassigning duties and implementing administrative oversight to provide control over court receipts.

Auditee Response: Administration will review the municipal court cash receipts system and will consider implementing internal controls over court receipts.

**FINANCIAL ACCOUNTING AND REPORTING** - Statement on Auditing Standards 112, which is effective for audits of periods ending on or after December 15, 2006, require auditors to communicate control deficiencies whereby material misstatements will not be prevented or detected by the City's internal control.

Under SAS 112, the auditor cannot be part of the City's internal control, nor can any audit procedure be considered a compensating control. In prior years, material misstatements have often been identified by auditors during the audit process, and the resulting adjustments were then accepted and posted by the auditee. The auditors then rendered an opinion on the materially correct financial statements.

The new audit regulations require that material misstatements in the financial statements for the period under audit should be identified by the City's internal control and not by the auditor. Therefore, the City will need to have management and accounting employees with expertise in financial accounting and reporting. These employees should possess qualifications and training to be able to prepare materially correct financial statements and disclosures in conformity with generally accepted accounting principles. If financial statements are prepared by the auditors or other outside source, then the City must be able to detect any omission of material disclosure or material misstatement of account.

We noted that the City does not have the expertise in financial accounting and reporting as required under SAS 112. Internal controls should be designed to prevent, detect and correct misstatements in financial accounting and reporting. The lack of controls could allow misstatements in the financial statements to occur and go undetected.

In order to remove this material weakness in the City's internal control, the City would need to hire an accounting firm independent of the auditing process; however, costs would exceed benefits. The City would incur costs for the accounting firm which would need to perform additional procedures in order to prepare materially correct financial statements and disclosures. The only benefit of this action would be to remove this comment from the report as the independent audit process will ultimately result in materially correct financial statements.

Auditee Response: We do not believe it is cost beneficial to hire additional personnel or out source this work in order to mitigate this condition. Further, we see no benefit of this action other than the removal of this comment from this report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above are material weaknesses.

### Compliance and Other Matters

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

We noted certain matters that we have reported to the City Council in a separate letter dated March 9, 2010.

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

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

March 9, 2010