

CITY OF CAMERON, MISSOURI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2006

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

INDEPENDENT AUDITORS' REPORT 1

REQUIRED SUPPLEMENTARY INFORMATION:

 Management's Discussion and Analysis..... 3

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements

 Statement of Net Assets 14

 Statement of Activities..... 15

Fund Financial Statements

 Governmental Funds Financial Statements:

 Balance Sheet..... 16

 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets 17

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

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

 Proprietary Funds Financial Statements:

 Statement of Net Assets 20

 Statement of Revenues, Expenses and Changes in Fund
 Net Assets 21

 Statement of Cash Flows 22

 Fiduciary Fund Financial Statements:

 Statement of Net Assets..... 23

 Notes to the Basic Financial Statements 24

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

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule - General Fund 46

Notes to the Budgetary Comparison Schedule..... 47

Schedule of Funding Progress - Retirement Plan 48

SUPPLEMENTARY INFORMATION:

Non-Major Governmental Funds:

Combining Balance Sheet..... 49

Combining Balance Sheet - Non-Major Special Revenue Funds 50

Combining Balance Sheet - Non-Major Debt Service Funds 51

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances..... 52

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Non-Major Special Revenue Funds 53

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Non-Major Debt Service Funds 54

Fiduciary Funds:

Statement of Changes in Assets and Liabilities 55

Schedule of Expenditures of Federal Awards..... 56

INTERNAL CONTROL AND COMPLIANCE:

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* 57

Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133 58

Schedule of Findings and Questioned Costs 59

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, 2006, 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 the 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, 2006, 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 February 7, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 49 through 56, including the schedule of expenditures of federal awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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.

Westbrook & Co., P.C.

February 7, 2007

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, 2006. 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 \$32.2 million. Net assets is comprised of \$22.6 million invested in capital assets, (net of related debt); \$1.3 million restricted for debt service and other purposes; \$1.8 million unrestricted and available for governmental purposes; and \$6.5 million unrestricted and available for the City's business-type activities.
- The City's total net assets increased approximately \$1.6 million. Of this amount, \$0.9 million was from the City's governmental activities and \$0.7 million was from business-type activities.
- The City's long-term debt decreased approximately \$0.8 million (8%) during the current fiscal year.
- The Electric Fund Highway 36 lighting and the Walnut Street lighting improvements are scheduled for FY '06-07. The electric line to the reservoir pump station was completed in FY '05-06.
- Water ductile iron pipe was purchased with the remaining \$300,000 of the USDA Water grant.
- The entry marker located on the west side of the City was completed.
- The Sewer plant odor control project started construction in FY 05-06, with the basins being covered after September 30, 2006.
- The Fire department obtained a new fire pumper truck for the City's safety needs.
- The Airport runway apron expansion project was completed in FY 05-06.

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, such as public safety, were financed in the short-term as well as what remains for future spending.
 - ❖ Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the electric, water and wastewater systems.
 - ❖ Fiduciary fund statements are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs.

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

Government-Wide Financial Statements

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

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

- Over time, increases or decreases in the City’s net assets are an indicator of whether the City’s 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 system, 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, 2006 and 2005.

Table MDA - 1
City of Cameron's Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Current & other assets	\$ 2,063,371	\$ 2,884,727	\$ 7,258,658	\$ 8,170,153	\$ 9,322,029	\$ 11,054,880
Capital	11,141,132	9,562,521	21,625,289	20,722,734	32,766,421	30,285,255
Total assets	13,204,503	12,447,248	28,883,947	28,892,887	42,088,450	41,340,135
Long-term debt outstanding	831,237	894,443	6,995,491	8,232,260	7,826,728	9,126,703
Other Liabilities	770,630	835,596	1,316,133	833,808	2,086,763	1,669,404
Total liabilities	1,601,867	1,730,038	8,311,624	9,066,068	9,913,491	10,796,106
Net assets:						
Invested in capital assets,						
net of related debt	9,595,307	8,668,078	12,977,479	12,758,583	22,572,786	21,426,661
Restricted	225,817	569,603	1,119,992	1,023,981	1,345,809	1,593,584
Unrestricted	1,781,512	1,479,529	6,474,852	6,044,255	8,256,364	7,523,784
Total net assets	\$ 11,602,636	\$ 10,717,210	\$ 20,572,323	\$ 19,826,819	\$ 32,174,959	\$ 30,544,029

As seen in Table MDA - 1, the City's combined net assets increased to \$32.2 million from \$30.5 million as a result of the increase in net assets reflected in Table MDA - 2.

The largest portion of the City's net assets, \$22.6 million (70%), reflects its investment in capital assets (land, construction in progress, buildings 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, \$1.3 (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$8.3 million (26%), 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:

Table MDA - 2
City of Cameron's Change in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues:						
Charges for services	\$ 644,440	\$ 643,417	\$ 8,107,423	\$ 7,836,596	\$ 8,751,863	\$ 8,480,013
Operating grants and contributions	271,391	498,540	2,352	1,715	273,743	500,255
Capital grants	513,022	272,356	306,650	142,130	819,672	414,486
General revenues:						
Property taxes	616,695	566,290	-	-	616,695	566,290
Sales and use taxes	1,369,323	1,407,322	470,774	463,844	1,840,097	1,871,166
Other taxes	132,577	79,635	-	-	132,577	79,635
Sale of assets	188,069	-	53,893	-	241,962	-
Intergovernmental	387,277	105,019	176,802	167,800	564,079	272,819
Interest	42,553	34,469	128,221	112,232	170,774	146,701
Total revenues	<u>4,165,347</u>	<u>3,607,048</u>	<u>9,246,115</u>	<u>8,724,317</u>	<u>13,411,462</u>	<u>12,331,365</u>
Expenses						
General government	454,770	465,681	-	-	454,770	465,681
Public Safety	1,981,915	1,755,882	-	-	1,981,915	1,755,882
Public works	990,607	1,103,339	-	-	990,607	1,103,339
Parks and recreation	169,731	231,863	-	-	169,731	231,863
Municipal band	37,512	120,657	-	-	37,512	120,657
Public library	126,058	38,251	-	-	126,058	38,251
Low-income housing	8,000	-	-	-	8,000	-
Interest on long-term debt	45,163	50,877	-	-	45,163	50,877
Electric system	-	-	4,828,512	4,584,696	4,828,512	4,584,696
Water/wastewater system	-	-	2,939,991	2,965,443	2,939,991	2,965,443
Solid waste	-	-	198,273	194,237	198,273	194,237
Total expenses	<u>3,813,756</u>	<u>3,766,550</u>	<u>7,966,776</u>	<u>7,744,376</u>	<u>11,780,532</u>	<u>11,510,926</u>
Excess (deficiency) before transfers	351,591	(159,502)	1,279,339	979,941	1,630,930	820,439
Transfers	<u>533,835</u>	<u>511,055</u>	<u>(533,835)</u>	<u>(511,055)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>885,426</u>	<u>351,553</u>	<u>745,504</u>	<u>468,886</u>	<u>1,630,930</u>	<u>820,439</u>
Ending net assets	<u>\$ 11,602,636</u>	<u>\$ 10,717,210</u>	<u>\$ 20,572,323</u>	<u>\$ 19,826,819</u>	<u>\$ 32,174,959</u>	<u>\$ 30,544,029</u>

For the fiscal year ended September 30, 2006, government-wide revenues totaled \$13,411,462. Approximately 65% of all revenues are from charges from services and 14% from sales tax. See Table MDA - 3 and Table MDA - 4.

Table MDA - 3
City of Cameron - Revenues by Fund

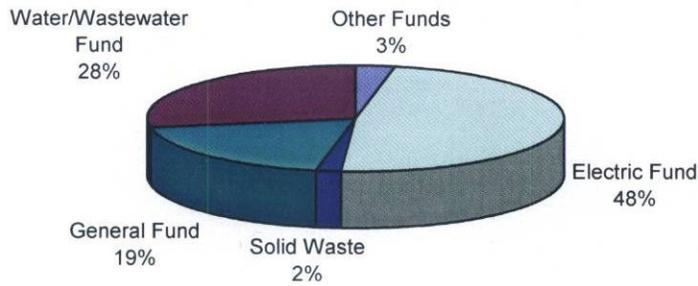
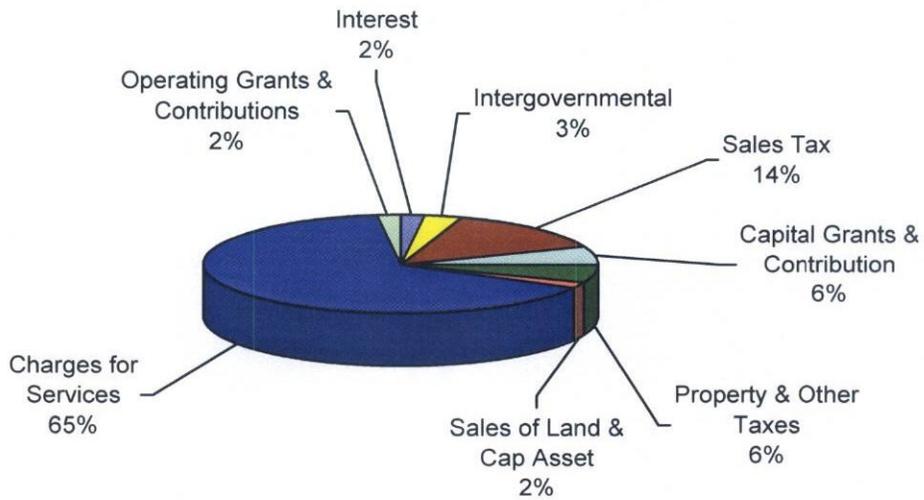
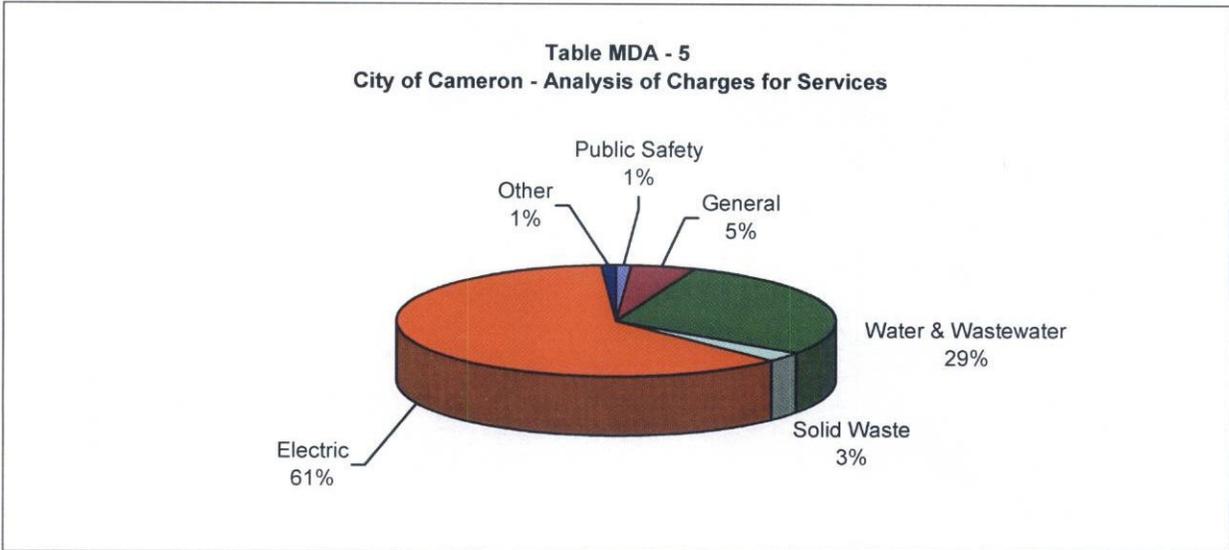


Table MDA - 4
City of Cameron - Sources of Revenues

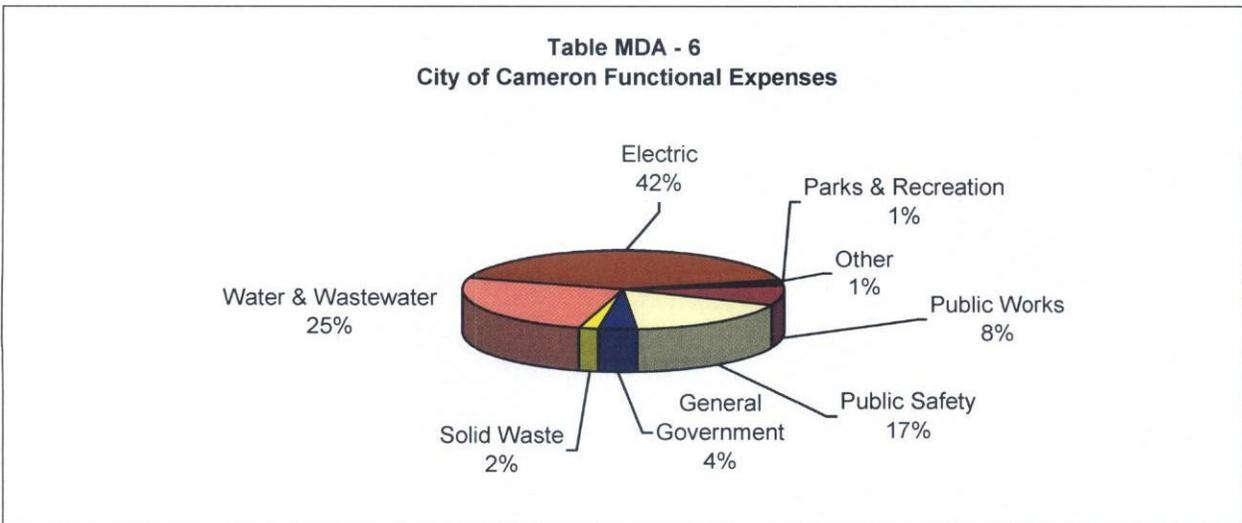


Charges for services are derived from users of the City's programs such as governmental programs and from fees from the users of the City's electric, water and wastewater systems and solid waste collections. As seen in Table MDA - 5, the City's electric, water and wastewater systems account for approximately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



The second largest revenue source for the entire city is sales tax. During the 2006 fiscal year sales tax revenues were \$1,840,097. 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% 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 remained constant from last fiscal year.

The City's expenses cover a range of services. Approximately 69% of all city expenses during the 2006 fiscal year are related to business-type activities.



Governmental Activities

Governmental activities increased the City's net assets by \$885,426. Sales taxes, the largest governmental category, were \$1,369,323, or 42%. For the fiscal year ended September 30, 2006, revenues totaled \$13,411,462 (governmental and business-type). Revenues from governmental activities were \$4,165,347, or 31%, of the total City revenue (an increase of \$558,299 from last fiscal year).

Certain revenues are generated that are specific to governmental program activities. These totaled \$594,220. Table MDA - 7 shows expenses and program revenues of the governmental activities for; the years ended September 30, 2006 and 2005:

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

	2006			2005		
	Cost of Services	Program Revenue	Net Cost of Services	Cost of Services	Program Revenue	Net Cost of Services
General government	\$ 454,770	\$ 310,465	\$ 144,305	\$ 465,681	\$ 359,020	\$ 106,661
Public Safety	1,981,915	596,786	1,385,129	1,755,882	532,000	1,223,882
Public works	990,607	361,859	628,748	1,103,339	436,780	666,559
Parks and recreation	169,731	107,670	62,061	231,863	51,628	180,235
Municipal band	37,512	-	37,512	38,251	-	38,251
Public library	126,058	9,300	116,758	120,657	17,682	102,975
Low income housing	8,000	36,000	(28,000)	-	24,000	(24,000)
Interest on long-term debt	45,163	-	45,163	50,877	(6,797)	57,674
Total	<u>\$ 3,813,756</u>	<u>\$ 1,428,853</u>	<u>\$ 2,384,903</u>	<u>\$ 3,766,550</u>	<u>\$ 1,414,313</u>	<u>\$ 2,352,237</u>

As noted in Table MDA - 7, expenses from governmental activities totaled \$3,813,756. However, the net costs of these services were \$2,384,903. The difference represents direct revenues from charges for services of \$644,440, operating grants and contributions of \$271,391, and capital grants and contributions of \$513,022. Taxes and other revenues were collected to cover these net costs.

The police protection department continued updating their information processing equipment to share information faster with other law enforcement agencies through grant participation. The patrol fleet rotated one new vehicle into service. The City is continuing to work with other law enforcement agencies on task force related activities.

The public works department updated their capital equipment with purchases of a new crew truck for the work release program, a smaller work truck for the street superintendent, and a new street roller. All items were planned acquisitions. The annual street improvements were not completely finished at September 30, 2006.

The Parks and Recreation department continued the assignment of the summer operational management of the municipal aquatic facility and summer youth activities sponsored programs to the Cameron Regional YMCA. The Parks department did provide maintenance and utility payments for the aquatic facility. Construction was completed on the soccer field improvements.

Business-type Activities

Business-type activities increased the City's net assets by \$745,504. Key elements of the change in net assets are as follows:

- Electric system operating revenue increased \$207,435 from the prior year, while operating expenses increased \$250,151.
- Water and wastewater system operating revenues increased \$57,546 from the prior year, while operating expenses increased \$37,188.

Financial Analysis of the City's Funds

General fund expenditures exceeded revenues. The fund balance of the general fund decreased \$141,005.

General Fund Budgetary Highlights

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

- Total original revenue budget of \$3,869,005 increased to \$4,073,646 as a result of two budget adjustments. Reasons for the increase were to contemplate police cooperative grants for task force officer expenses along with emergency management grants for fire SCBA equipment that was awarded in the prior year after the budget for FY '05-06 had been approved.
- Total original expense budget of \$3,786,551 was increased to \$4,126,144. As stated above, the majority of this increase was to accommodate expenditures for additional task force officers and the purchase of fire safety equipment.
- The actual amounts on budgetary basis were \$3,804,853 in revenue verses \$3,962,336 on expenses. The net changes to the fund balance at the end of the year after transfers in and out are a reduction of \$141,005. While staff and elected officials view this decrease unfavorably, the decrease of fund balance represents a minor impact on future services or liquidity.

Capital Assets and Debt Administration

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

- Purchase of fire pumper truck
- One entrance marker completed near U.S. Hwy 36 on the west side of the City
- Purchase of public works street roller
- Purchase of public works superintendent vehicle and work release vehicle

- Completion of computerized geographical information systems for many general fund departments
- Ownership of 37 acres in the Crossroads Corporate Center has been transferred in FY 05-06. This property reflected a sale of land gain of \$188,069 (the pro-rata value of this parcel). Other entities involved in the development of land are Duke Cameron LLC, De Kalb County Commission, and Case/New Holland.

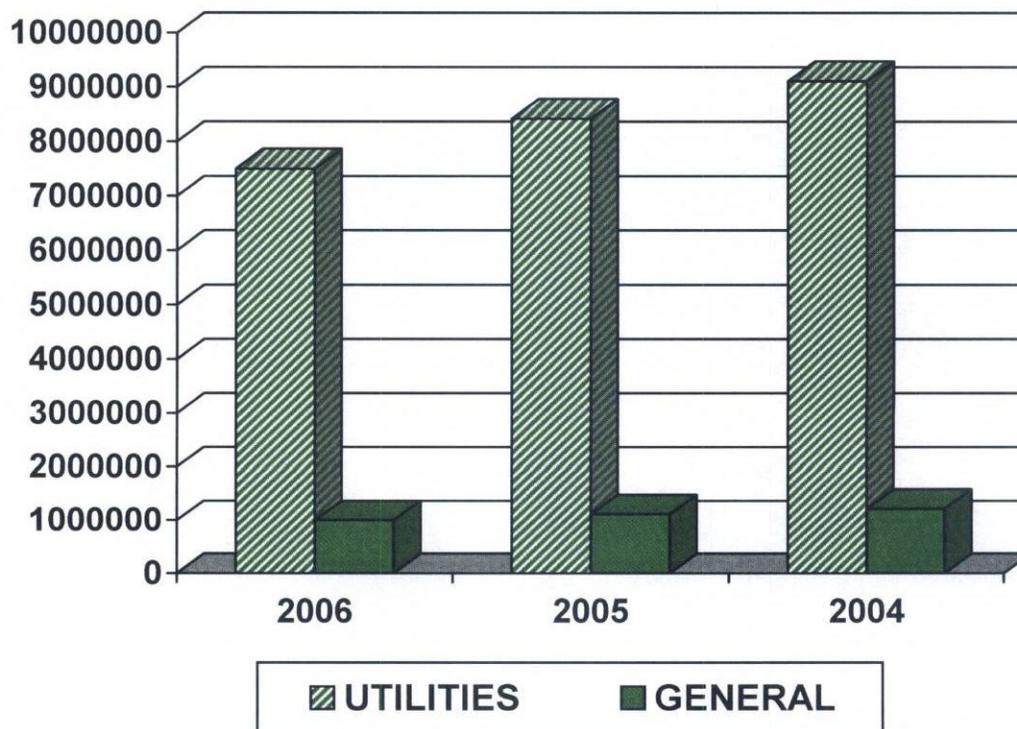
This year's major capital asset activity for business-type activities includes:

- Sewer odor control project
- Purchase of electric department digger/derrick truck
- Purchase of water ductile iron pipe for future water demands
- Completion of computerized geographical information systems for utility services

The budgeted capital projects for FY '05-06 totaled \$874,400 and the majority of the projects were purchases of equipment mentioned above.

Long-term debt outstanding and other liabilities were reduced by \$880,985. In addition to the current remittance of principal and interest payments, the contribution of operating and capital grants significantly increased over the prior year ultimately adding to asset accumulation.

**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, 2006 there were no outstanding lawsuits against the City.

As noted in prior MD& A, long term water needs for water in our community is still at the forefront of the City Council.

The Cameron Police Department is continuing to be sponsoring agents with law enforcement grants.

Case/New Holland has completed a 500,000 square foot parts depot in the Crossroads Corporate Center. The project was funded with Chapter 100 Industrial Revenue Bonds. The real estate and personal property is technically in the name of the De Kalb County Commission and leased back to the occupants. Among other things, the financing documents contain Payments In Lieu of Taxes (PILOTS) schedules that identify revenue streams to respective taxing jurisdictions. The General Fund and the Electric Fund will receive a combined \$600,000 for local investments associated with the project. This fifteen-year revenue stream will be treated as a long term receivable. In addition, there should be an economic impact to the Electric and General Funds over time as a utility customer and a large employer

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 for the money it receives. If you have any questions about this report or need additional financial information, contact any of the following persons:

Phil Lammers, 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, 2006

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,117,506	\$ 5,142,491	\$ 6,259,997
Receivables, net:			
Taxes	749,589	56,760	806,349
Utilities	-	1,005,208	1,005,208
Grants	130,913	-	130,913
Accrued interest	3,183	22,000	25,183
Accounts	78,587	-	78,587
Internal balances	(112,571)	112,571	-
Prepaid expenses	96,164	75,036	171,200
Inventory	-	844,592	844,592
Total current assets	2,063,371	7,258,658	9,322,029
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	225,777	1,337,384	1,563,161
Special assessments, net	-	18,525	18,525
Land held for resale	132,271	-	132,271
Due from other governments	289,685	62,636	352,321
Deferred bond issue costs, net	-	90,720	90,720
Capital assets, net	10,493,399	20,116,024	30,609,423
Total noncurrent assets	11,141,132	21,625,289	32,766,421
Total Assets	13,204,503	28,883,947	42,088,450
LIABILITIES			
Current liabilities:			
Accounts payable	101,915	383,346	485,261
Accrued interest payable	9,975	31,830	41,805
Deferred revenue	498,137	-	498,137
Long-term liabilities due within one year	160,603	900,957	1,061,560
Total current liabilities	770,630	1,316,133	2,086,763
Noncurrent liabilities:			
Customer deposits payable	-	217,392	217,392
Compensated absences payable	93,748	69,810	163,558
Long-term liabilities due in more than one year	737,489	6,708,289	7,445,778
Total non-current liabilities	831,237	6,995,491	7,826,728
Total liabilities	1,601,867	8,311,624	9,913,491
NET ASSETS			
Invested in capital assets, net of related debt	9,595,307	12,977,479	22,572,786
Restricted for:			
Debt Service	225,777	1,119,992	1,345,769
Other purposes	40	-	40
Unrestricted	1,781,512	6,474,852	8,256,364
Total net assets	\$ 11,602,636	\$ 20,572,323	\$ 32,174,959

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government	\$ 454,770	\$ 301,091	\$ 9,374	\$ -	\$ (144,305)	\$ -	\$ (144,305)
Public safety	1,981,915	293,201	219,244	84,341	(1,385,129)	-	(1,385,129)
Public works	990,607	36,513	-	325,346	(628,748)	-	(628,748)
Parks and recreation	169,731	4,335	-	103,335	(62,061)	-	(62,061)
Public library	126,058	9,300	6,773	-	(109,985)	-	(109,985)
Municipal band	37,512	-	-	-	(37,512)	-	(37,512)
Low-income housing	8,000	-	36,000	-	28,000	-	28,000
Interest on long-term debt	45,163	-	-	-	(45,163)	-	(45,163)
Total governmental activities	3,813,756	644,440	271,391	513,022	(2,384,903)	-	(2,384,903)
Business-type activities:							
Electric	4,828,512	5,364,562	-	-	-	536,050	536,050
Water and wastewater	2,939,991	2,518,631	-	306,650	-	(114,710)	(114,710)
Solid waste	198,273	224,230	2,352	-	-	28,309	28,309
Total business-type activities	7,966,776	8,107,423	2,352	306,650	-	449,649	449,649
Total primary government	\$ 11,780,532	\$ 8,751,863	\$ 273,743	\$ 819,672	(2,384,903)	449,649	(1,935,254)
General revenues:							
Property tax					616,695	-	616,695
Sales and use taxes					1,369,323	470,774	1,840,097
Other local taxes					109,120	-	109,120
TIF - EATS taxes					16,536	-	16,536
TIF Pilots					6,921	-	6,921
Gain on sale of assets					188,069	53,893	241,962
Intergovernmental					387,277	176,802	564,079
Interest revenue					42,553	128,221	170,774
Transfers					533,835	(533,835)	-
Total general revenues and transfers					3,270,329	295,855	3,566,184
Change in net assets					885,426	745,504	1,630,930
Net assets, beginning of year					10,717,210	19,826,819	30,544,029
Net assets, end of year					\$ 11,602,636	\$ 20,572,323	\$ 32,174,959

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

	<u>GENERAL FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 864,519	\$ 252,987	\$ 1,117,506
Receivables, net:			
Taxes	519,501	230,088	749,589
Grants	41,713	89,200	130,913
Accounts	26,443	52,144	78,587
Accrued interest	2,733	450	3,183
Due from other funds	9,607	350	9,957
Due from other governments	289,685	-	289,685
Restricted cash and cash equivalents	-	225,777	225,777
Land held for resale	<u>132,271</u>	<u>-</u>	<u>132,271</u>
 Total Assets	 <u>\$ 1,886,472</u>	 <u>\$ 850,996</u>	 <u>\$ 2,737,468</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 97,789	\$ 4,126	\$ 101,915
Deferred revenue	483,901	270,640	754,541
Due to other funds	111,521	11,007	122,528
Payable to other governments	<u>-</u>	<u>20,000</u>	<u>20,000</u>
 Total liabilities	 <u>693,211</u>	 <u>305,773</u>	 <u>998,984</u>
Fund balances:			
Reserved for:			
Interfund advances	111,521	11,007	122,528
Park equipment	-	40	40
Veterans Memorial Park	-	10,673	10,673
Debt service	-	225,777	225,777
Unreserved	1,081,740	-	1,081,740
Unreserved, reported in non-major funds:			
Special revenue funds	<u>-</u>	<u>297,726</u>	<u>297,726</u>
 Total Fund Balances	 <u>1,193,261</u>	 <u>545,223</u>	 <u>1,738,484</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,886,472</u>	 <u>\$ 850,996</u>	 <u>\$ 2,737,468</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, 2006**

Fund Balances - Total Governmental Funds \$ 1,738,484

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	\$ 24,987,380	
Less: accumulated depreciation	<u>(14,493,981)</u>	10,493,399

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. 96,164

Interest on long-term debt is not accrued in governmental funds,
but rather is recognized as an expenditure when due. (9,975)

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. 256,404

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	(345,000)	
2001 Certificates of Participation	(294,509)	
Capital lease - fire truck	(69,006)	
Capital lease - tanker truck	(51,852)	
Note payable - pumper truck	(117,725)	
Compensated absences payable	<u>(93,748)</u>	<u>(971,840)</u>

Net Assets of Governmental Activities \$ 11,602,636

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, 2006

	GENERAL FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Sales tax	\$ 1,212,400	\$ 156,923	\$ 1,369,323
Property tax	369,962	246,733	616,695
Other local taxes	83,928	48,649	132,577
Intergovernmental	387,277	-	387,277
Licenses, permits and fees	276,334	-	276,334
Charges for services	178,832	-	178,832
Grants	628,001	4,397	632,398
Fines and forfeitures	153,675	-	153,675
Interest	29,742	12,811	42,553
Contributions	-	37,376	37,376
Miscellaneous	32,268	49,635	81,903
Total Revenues	<u>3,352,419</u>	<u>556,524</u>	<u>3,908,943</u>
EXPENDITURES:			
Current:			
General government	443,555	-	443,555
Public safety	1,924,956	-	1,924,956
Public works	591,194	-	591,194
Parks and recreation	-	119,270	119,270
Public library	-	125,372	125,372
Municipal band	-	37,396	37,396
Low-income housing	-	8,000	8,000
Capital outlay	964,101	498,730	1,462,831
Debt service:			
Principal	31,341	103,086	134,427
Interest and fees	7,189	37,974	45,163
Total Expenditures	<u>3,962,336</u>	<u>929,828</u>	<u>4,892,164</u>
Excess (deficiency) of revenues over expenditures	<u>(609,917)</u>	<u>(373,304)</u>	<u>(983,221)</u>
Other financing sources (uses):			
Note proceeds	117,725	-	117,725
Transfers in	533,834	182,648	716,482
Transfers out	(182,647)	-	(182,647)
Total other financing sources (uses)	<u>468,912</u>	<u>182,648</u>	<u>651,560</u>
Net change in fund balances	(141,005)	(190,656)	(331,661)
Fund balance, beginning of year	<u>1,334,266</u>	<u>735,879</u>	<u>2,070,145</u>
Fund balance, end of year	<u>\$ 1,193,261</u>	<u>\$ 545,223</u>	<u>\$ 1,738,484</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, 2006

Net Change in Fund Balances - Total Governmental Funds \$ (331,661)

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	1,546,394	
Depreciation expense	(615,516)	930,878

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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Debt payments	134,076
---------------	---------

Proceeds from long-term debt provide current financial resources to government funds, but the issuing of debt increases long-term liabilities in the Statement of Net Assets.

(117,725)

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

Prepaid insurance	584
-------------------	-----

Some revenues reported in the Statement of Activities do not provide current financial resources and therefore are not reported as revenue in governmental funds.

256,404

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.

8,350

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	4,520
----------------------	-------

Change in Net Assets of Governmental Activities **\$ 885,426**

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2006

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,172,914	\$ 1,770,788	\$ 198,789	\$ 5,142,491
Receivables:				
Taxes	-	56,760	-	56,760
Utilities	676,439	298,561	30,208	1,005,208
Accrued interest	14,026	7,301	673	22,000
Due from other governments	62,636	-	-	62,636
Due from other funds	111,521	1,050	-	112,571
Prepaid expenses	36,199	37,942	895	75,036
Inventory	391,438	453,154	-	844,592
Total current assets	<u>4,465,173</u>	<u>2,625,556</u>	<u>230,565</u>	<u>7,321,294</u>
Noncurrent assets:				
Restricted cash and cash equivalents	145,790	1,191,594	-	1,337,384
Special assessments, net	18,525	-	-	18,525
Deferred bond issue costs, net	-	90,720	-	90,720
Capital assets, net	<u>3,669,547</u>	<u>16,399,772</u>	<u>46,705</u>	<u>20,116,024</u>
Total noncurrent assets	<u>3,833,862</u>	<u>17,682,086</u>	<u>46,705</u>	<u>21,562,653</u>
Total assets	<u>\$ 8,299,035</u>	<u>\$ 20,307,642</u>	<u>\$ 277,270</u>	<u>\$ 28,883,947</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 300,618	\$ 66,641	\$ 16,087	\$ 383,346
Contracts payable	-	75,115	-	75,115
Accrued interest payable	-	31,830	-	31,830
Revenue bonds payable	-	715,000	-	715,000
Certificates of participation	66,340	44,502	-	110,842
Total current liabilities	<u>366,958</u>	<u>933,088</u>	<u>16,087</u>	<u>1,316,133</u>
Noncurrent liabilities:				
Customer deposits payable	144,848	72,544	-	217,392
Contracts payable	-	34,364	-	34,364
Compensated absences payable	37,269	32,541	-	69,810
Revenue bonds payable	-	5,683,054	-	5,683,054
Accreted interest on capital appreciation bonds	-	361,222	-	361,222
Certificates of participation	376,507	253,142	-	629,649
Total noncurrent liabilities	<u>558,624</u>	<u>6,436,867</u>	<u>-</u>	<u>6,995,491</u>
Total liabilities	<u>925,582</u>	<u>7,369,955</u>	<u>16,087</u>	<u>8,311,624</u>
Net Assets:				
Invested in capital assets, net of related debt	3,226,700	9,704,074	46,705	12,977,479
Restricted for debt service	942	1,119,050	-	1,119,992
Unrestricted	<u>4,145,811</u>	<u>2,114,563</u>	<u>214,478</u>	<u>6,474,852</u>
Total net assets	<u>7,373,453</u>	<u>12,937,687</u>	<u>261,183</u>	<u>20,572,323</u>
Total liabilities and net assets	<u>\$ 8,299,035</u>	<u>\$ 20,307,642</u>	<u>\$ 277,270</u>	<u>\$ 28,883,947</u>

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, 2006

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
OPERATING REVENUES:				
Charges for services	\$ 5,306,854	\$ 2,483,001	\$ 224,212	\$ 8,014,067
Other	<u>57,708</u>	<u>35,630</u>	<u>18</u>	<u>93,356</u>
Total Operating Revenues	<u>5,364,562</u>	<u>2,518,631</u>	<u>224,230</u>	<u>8,107,423</u>
OPERATING EXPENSES:				
Production	3,417,899	707,771	-	4,125,670
Sewer treatment	-	443,554	-	443,554
Transmission & distribution	862,639	366,555	198,273	1,427,467
Administration	302,234	188,956	-	491,190
Depreciation	<u>225,381</u>	<u>813,855</u>	<u>-</u>	<u>1,039,236</u>
Total Operating Expenses	<u>4,808,153</u>	<u>2,520,691</u>	<u>198,273</u>	<u>7,527,117</u>
Operating Income (Loss)	<u>556,409</u>	<u>(2,060)</u>	<u>25,957</u>	<u>580,306</u>
Nonoperating Revenues (Expenses):				
Interest revenue	75,696	48,734	3,791	128,221
Taxes	-	470,774	-	470,774
Intergovernmental revenue	-	176,802	-	176,802
Gain on sale of assets	53,893	-	-	53,893
Interest expense and fees	<u>(20,359)</u>	<u>(419,300)</u>	<u>-</u>	<u>(439,659)</u>
Total Nonoperating Revenues (Expenses)	<u>109,230</u>	<u>277,010</u>	<u>3,791</u>	<u>390,031</u>
Income before contributions and transfers	<u>665,639</u>	<u>274,950</u>	<u>29,748</u>	<u>970,337</u>
CONTRIBUTIONS AND TRANSFERS:				
Grant revenue	-	306,650	2,352	309,002
Transfers out	<u>(383,690)</u>	<u>(133,745)</u>	<u>(16,400)</u>	<u>(533,835)</u>
Total contributions and transfers	<u>(383,690)</u>	<u>172,905</u>	<u>(14,048)</u>	<u>(224,833)</u>
Change in net assets	281,949	447,855	15,700	745,504
Net assets, beginning of year	<u>7,091,504</u>	<u>12,489,832</u>	<u>245,483</u>	<u>19,826,819</u>
Net assets, end of year	<u>\$ 7,373,453</u>	<u>\$ 12,937,687</u>	<u>\$ 261,183</u>	<u>\$ 20,572,323</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, 2006

	ENTERPRISE FUNDS			TOTALS
	ELECTRIC	WATER/ WASTEWATER	SOLID WASTE	
Cash flows from operating activities:				
Cash receipts from customers	\$ 5,046,939	\$ 2,475,176	\$ 223,075	\$ 7,745,190
Cash receipts from other funds for services	305,822	10,418	-	316,240
Cash payments for other operating services	(115,675)	(62,172)	-	(177,847)
Cash payments to suppliers	(3,760,592)	(1,338,783)	(198,050)	(5,297,425)
Cash paid to employees	(699,817)	(611,062)	-	(1,310,879)
Net cash provided by operating activities	<u>776,677</u>	<u>473,577</u>	<u>25,025</u>	<u>1,275,279</u>
Cash flows from noncapital financing activities:				
Operating grants received	-	306,650	2,352	309,002
Advance to other funds	(27,750)	(260)	-	(28,010)
Transfers to other funds	(383,690)	(133,745)	(16,400)	(533,835)
Net cash provided (used) by noncapital financing activities	<u>(411,440)</u>	<u>172,645</u>	<u>(14,048)</u>	<u>(252,843)</u>
Cash flows from capital and related financing activities:				
Capital improvements & motor vehicle sales tax received	-	477,525	-	477,525
Acquisition and construction of capital assets	(223,908)	(166,520)	-	(390,428)
Proceeds from sale of capital assets	67,200	-	-	67,200
Cash paid on contracts payable	-	(84,072)	-	(84,072)
Principal paid on revenue bonds	-	(690,000)	-	(690,000)
Principal paid on certificates of participation	(64,333)	(42,581)	-	(106,914)
Interest and fees paid on debt	(20,225)	(403,236)	-	(423,461)
Net cash used in capital and related financing activities	<u>(241,266)</u>	<u>(908,884)</u>	<u>-</u>	<u>(1,150,150)</u>
Cash flows from investing activities:				
Interest received bonds escrow accounts	-	176,802	-	176,802
Interest received on cash accounts	70,481	46,005	3,526	120,012
Net cash provided (used) by investing activities	<u>70,481</u>	<u>222,807</u>	<u>3,526</u>	<u>296,814</u>
Net increase (decrease) in cash and cash equivalents	194,452	(39,855)	14,503	169,100
Cash and cash equivalents, beginning of year	<u>3,124,252</u>	<u>3,002,237</u>	<u>184,286</u>	<u>6,310,775</u>
Cash and cash equivalents, end of year	<u>\$ 3,318,704</u>	<u>\$ 2,962,382</u>	<u>\$ 198,789</u>	<u>\$ 6,479,875</u>
Cash and cash equivalents	\$ 3,172,914	\$ 1,770,788	\$ 198,789	\$ 5,142,491
Restricted cash and cash equivalents	<u>145,790</u>	<u>1,191,594</u>	<u>-</u>	<u>1,337,384</u>
Cash and cash equivalents, end of year	<u>\$ 3,318,704</u>	<u>\$ 2,962,382</u>	<u>\$ 198,789</u>	<u>\$ 6,479,875</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 556,409	\$ (2,060)	\$ 25,957	\$ 580,306
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	225,381	813,855	-	1,039,236
Changes in assets and liabilities:				
(Increase) decrease in utilities receivable	(29,236)	(33,037)	(1,155)	(63,428)
(Increase) decrease in other receivables	(38,169)	4,264	-	(33,905)
(Increase) decrease in prepaid expenses	1,706	1,920	86	3,712
(Increase) decrease in inventory	27,554	(326,818)	-	(299,264)
Increase (decrease) in accounts payable	1,095	(4,367)	137	(3,135)
Increase (decrease) in compensated absences	5,877	6,768	-	12,645
Increase (decrease) in customer deposits payable	26,060	13,052	-	39,112
Net cash provided by operating activities	<u>\$ 776,677</u>	<u>\$ 473,577</u>	<u>\$ 25,025</u>	<u>\$ 1,275,279</u>

Noncash capital financing activities:
Capital assets of \$55,404 were acquired by incurring contracts payable.

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
FIDUCIARY FUND
SEPTEMBER 30, 2006**

	<u>AGENCY FUND</u>
ASSETS	
Cash	\$ <u>6,565</u>
LIABILITIES	
Court bonds payable	\$ <u>6,565</u>

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, sewer, solid waste and airport services, community enrichment and development, recreation, and various social services. The Cameron R-I School District, a separate governmental entity, provides educational 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 exercise such oversight 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, 2006

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 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.

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.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 deposits or in 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. When a fund overdraws its share of pooled cash, the overdraft is reported as an interfund payable in that fund.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and customer deposits.

Customer Deposits: The City collects a refundable deposit from a new customer prior to initiating metered service.

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

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

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

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

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

Capital Assets: Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, and similar items) reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated historical cost. Contributions of capital assets are recorded at estimated fair value at the date of donation. Additions, improvements and expenditures that add to the value of an asset or significantly extend the useful life of an asset are capitalized. In accordance with GASB Statement No. 34, general government infrastructure assets have been capitalized retroactively to 1980 at historical cost.

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

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Assets	Years
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.

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 termination, 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.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2006.

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

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

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

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Economic Activity Taxes (EATS) (continued)

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

NOTE B - CASH AND CASH EQUIVALENTS

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, 2006, the bank balances of the City's deposits totaled \$7,663,763. The City's deposits were entirely covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name.

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

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

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.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE B - CASH AND CASH EQUIVALENTS (continued)

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.

NOTE C - 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
Lease revenue reserve	2,927
1996 Certificates of Participation escrow:	
Debt service fund	10,350
Reserve fund	40,500
Total governmental funds	225,777

Major Enterprise Funds:

Electric Fund:

Customer deposits	144,848
2001 Certificates of Participation escrow:	
Lease revenue reserve	942

Water and Wastewater Fund:

Customer deposits	72,544
Revenue bond reserves and accounts:	
Principal and interest retirement	472,589
Revenue bond retirement	444,062
Depreciation and replacement	94,500
Depreciation and replacement - Series 1998 debt	108,065

2001 Certificates of Participation escrow:	
Lease revenue reserve	(166)
Total enterprise funds	1,337,384

Total	\$ 1,563,161
-------	--------------

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 2006 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 2005 for purposes of local taxation was:

General	\$ 0.5852
Parks and recreation	0.1438
Library	0.1644
Band	<u>0.0821</u>
Total	<u>\$ 0.9755</u>

NOTE E - 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 Mid America Regional Council Insurance trust (MARCIT), a nonprofit association organized to operate as a group self-insured risk pool. The purpose of MARCIT 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. MARCIT operates as a risk management pool. The City has no direct control over budgeting, financing, the governing body or management selection.

MARCIT 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 MARCIT 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 (MARCIT'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, MARCIT 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 MARCIT during fiscal 2006.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE F - TAXES RECEIVABLE

Taxes receivable represent the net collectible ad valorem taxes, local sales taxes, capital improvement sales taxes, state gasoline tax, vehicle sales tax and fees and economic activities taxes (EATS). Balances at September 30, 2006 were as follows:

<u>Fund</u>	<u>Total Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
Governmental activities:			
General:			
Ad valorem	\$ 315,022	\$ 4,695	\$ 310,327
Sales taxes	141,925	-	141,925
Gasoline tax	48,582	-	48,582
Vehicle sales tax & fees	18,667	-	18,667
Total general	<u>524,196</u>	<u>4,695</u>	<u>519,501</u>
Nonmajor governmental funds:			
Special revenue funds:			
Ad valorem	210,101	3,132	206,969
Sales taxes	17,873	-	17,873
Vehicle sales tax & fees	1,046	-	1,046
Total special revenue	<u>229,020</u>	<u>3,132</u>	<u>225,888</u>
Debt service - EATS	<u>4,200</u>	<u>-</u>	<u>4,200</u>
Total governmental funds	<u>757,416</u>	<u>7,827</u>	<u>749,589</u>
Business-type activities:			
Major enterprise funds:			
Water and wastewater fund:			
Sales taxes	53,620	-	53,620
Vehicle sales tax & fees	3,140	-	3,140
Total business-type activities	<u>56,760</u>	<u>-</u>	<u>56,760</u>
Total	<u>\$ 814,176</u>	<u>\$ 7,827</u>	<u>\$ 806,349</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE G - UTILITIES RECEIVABLE

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2006 were as follows:

	<u>Total</u>	<u>Allowance</u>	<u>Net</u>
	<u>Receivables</u>	<u>Receivables</u>	<u>Receivables</u>
Business-type activities:			
Major enterprise funds:			
Electric	\$ 846,158	\$ 169,719	\$ 676,439
Water and wastewater	417,644	119,083	298,561
Solid waste	<u>51,471</u>	<u>21,263</u>	<u>30,208</u>
Total	<u>\$ 1,315,273</u>	<u>\$ 310,065</u>	<u>\$ 1,005,208</u>

NOTE H - 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 I - 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 14.7% (general), 12.0% (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, 2006

NOTE I - RETIREMENT PLAN (continued)

Annual Pension Cost

For 2006, the political subdivision's annual pension cost of \$315,529 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2004 and/or February 28, 2005 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2006 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, 2006 was 15 years.

Schedule of Employer Contributions and
Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2004	\$ 272,267	100%	\$ -
6/30/2005	303,802	100%	-
6/30/2006	315,529	100%	-

NOTE J - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2006 were as follows:

Fund	Due From	Due To
Major governmental funds:		
General fund	\$ 9,607	\$ 111,521
Nonmajor governmental funds:		
Special revenue funds:		
Parks and recreation	350	-
Debt service funds:		
TIF special allocation fund	-	11,007
Enterprise Funds:		
Major Funds:		
Electric fund	111,521	-
Water and wastewater fund	1,050	-
Total	<u>\$ 122,528</u>	<u>\$ 122,528</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE J - INTERFUND RECEIVABLES AND PAYABLES (continued)

Interfund payables include: 1) \$111,221 in the general fund that 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 and is expected to be fully repaid and 2) \$11,007 in the TIF special allocation debt service fund (a non-major fund) that represents a loan from the general fund and water/waste water funds and is being repaid from the collection of EATS taxes and is expected to be fully repaid.

NOTE K - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2006 consisted of the following:

	Electric Fund	Water and Wastewater Fund	Solid Waste Fund	Total
Transfer to:				
Major governmental funds:				
General fund	\$ 383,690	\$ 133,745	\$ 16,400	\$ 533,835
Nonmajor governmental funds:				
Park and recreation (special revenue) fund	-	-	-	-
Major business-type funds:				
Water and wastewater (enterprise) fund	-	-	-	-
Total	\$ 383,690	\$ 133,745	\$ 16,400	\$ 533,835

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, 2006, \$50,000 was transferred from the electric fund to the general fund for community development activities.

Included in the transfers schedule are the payments of \$333,690, \$133,745, and \$16,400 in fiscal year 2006 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.

NOTE L - FUND BALANCE DEFICIT

The accumulated deficit of \$4,856 in the TIF Special Allocation (Debt Service) nonmajor fund will be eliminated by future revenues or operating transfers.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE M - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2006:

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Governmental activities:				
Nondepreciable assets:				
Land	\$ 3,066,624	\$ -	\$ -	\$ 3,066,624
Construction in progress	65,338	756,638	821,976	-
Total nondepreciable assets	3,131,962	756,638	821,976	3,066,624
Depreciable capital assets:				
Buildings	2,347,368	483,324	-	2,830,692
Improvements	265,082	372,619	-	637,701
Equipment	3,085,760	414,686	-	3,500,446
Publications	430,696	16,796	-	447,492
Street network	14,180,118	324,307	-	14,504,425
Total depreciable assets	20,309,024	1,611,732	-	21,920,756
Less accumulated depreciation:				
Buildings	454,617	48,359	-	502,976
Improvements	28,432	18,997	-	47,429
Equipment	2,331,055	226,240	-	2,557,295
Publications	371,180	8,422	-	379,602
Street network	10,693,181	313,498	-	11,006,679
Total accumulated depreciation	13,878,465	615,516	-	14,493,981
Total depreciable capital assets, net	6,430,559	996,216	-	7,426,775
Total governmental activities capital assets	\$ 9,562,521	\$ 1,752,854	\$ 821,976	\$ 10,493,399

Depreciation expense was charged to functions as follows:

General government	\$ 20,598
Public safety	163,594
Public works	397,133
Parks and recreation	16,977
Public library	17,214
	\$ 615,516

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE M - CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Business-type activities:				
Electric fund:				
Nondepreciable assets:				
Land	\$ 36,041	\$ 6,500	\$ -	\$ 42,541
Construction in progress	21,231	-	(21,231)	-
Total nondepreciable capital assets	<u>57,272</u>	<u>6,500</u>	<u>(21,231)</u>	<u>42,541</u>
Depreciable capital assets:				
Buildings and improvements	2,463,768	20,532	-	2,484,300
Equipment	3,765,632	218,107	(122,705)	3,861,034
Total depreciable capital assets	<u>6,229,400</u>	<u>238,639</u>	<u>(122,705)</u>	<u>6,345,334</u>
Less accumulated depreciation:				
Buildings and improvements	317,394	79,443	-	396,837
Equipment	2,284,951	145,938	109,398	2,321,491
Total accumulated depreciation	<u>2,602,345</u>	<u>225,381</u>	<u>109,398</u>	<u>2,718,328</u>
Total depreciable capital assets, net	<u>3,627,055</u>	<u>13,258</u>	<u>(13,307)</u>	<u>3,627,006</u>
Total electric capital assets	<u>3,684,327</u>	<u>19,758</u>	<u>(34,538)</u>	<u>3,669,547</u>
Water and wastewater fund:				
Nondepreciable assets:				
Land	710,551	-	-	710,551
Construction in progress	-	109,393	-	109,393
Total nondepreciable capital assets	<u>710,551</u>	<u>109,393</u>	<u>-</u>	<u>819,944</u>
Depreciable capital assets:				
Buildings and improvements	26,909,541	81,558	-	26,991,099
Equipment	855,770	30,973	-	886,743
Total depreciable capital assets	<u>27,765,311</u>	<u>112,531</u>	<u>-</u>	<u>27,877,842</u>
Less accumulated depreciation:				
Buildings and improvements	10,886,483	760,404	-	11,646,887
Equipment	597,676	53,451	-	651,127
Total accumulated depreciation	<u>11,484,159</u>	<u>813,855</u>	<u>-</u>	<u>12,298,014</u>
Total depreciable capital assets, net	<u>16,281,152</u>	<u>(701,324)</u>	<u>-</u>	<u>15,579,828</u>
Total water and wastewater capital assets	<u>16,991,703</u>	<u>(591,931)</u>	<u>-</u>	<u>16,399,772</u>
Solid waste fund:				
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>\$ 20,722,735</u>	<u>\$ (572,173)</u>	<u>\$ (34,538)</u>	<u>\$ 20,116,024</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE M - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Electric	\$ 225,381
Water and wastewater	813,855
Solid waste	-
	<hr/>
	\$ 1,039,236

NOTE N - LAND HELD FOR SALE

In January 1996 the City acquired land in the "Crossroads Corporate Center." The land is held for resale. During the year, land was sold leaving a balance of \$132,271 for the cost of the remaining lots.

NOTE O - 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, 2006, 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.

Contractual Commitment

The City entered into a contract for odor control improvements totaling \$812,712 in January 2007.

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, 2006.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE P - CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance October 1, 2005	Additions	Retirements	Ending Balance September 30, 2006	Amount due within one year
Governmental Activities:					
1996 Certificates of Participation	\$ 405,000	\$ -	\$ 60,000	\$ 345,000	\$ 60,000
2001 Certificates of Participation	337,595	-	43,086	294,509	44,158
Capital lease - fire truck	83,827	-	14,821	69,006	15,772
Capital lease - tanker truck	68,373	-	16,521	51,852	17,005
Note payable - pumper truck	-	117,725	-	117,725	18,668
Payable to other governments	25,000	-	5,000	20,000	5,000
Accrued compensated absences	98,268	-	4,520	93,748	-
Total Governmental Activities	\$ 1,018,063	\$ 117,725	\$ 143,948	\$ 991,840	\$ 160,603
Business-Type Activities:					
Electric Fund:					
2001 Certificates of Participation	\$ 507,180	\$ -	\$ 64,333	\$ 442,847	\$ 66,340
Accrued compensated absences	31,392	5,877	-	37,269	-
Total Electric Fund	538,572	5,877	64,333	480,116	66,340
Water and Wastewater Fund:					
1992 Revenue Bonds	540,000	-	65,000	475,000	70,000
1993 Refunding Bonds	253,054	-	-	253,054	-
1996 A & B Refunding Revenue Bonds	240,000	-	190,000	50,000	50,000
1996 Revenue Bonds	1,820,000	-	130,000	1,690,000	135,000
1998 Revenue Bonds	2,790,000	-	160,000	2,630,000	160,000
2001 Certificates of Participation	340,225	-	42,581	297,644	44,502
2002 Refunding Revenue Bonds	1,445,000	-	145,000	1,300,000	300,000
Accreted interest	321,852	39,370	-	361,222	-
Contracts payable	138,146	55,404	84,071	109,479	75,115
Accrued compensated absences	25,773	6,768	-	32,541	-
Total Water and Wastewater Fund	7,914,050	101,542	816,652	7,198,940	834,617
Total Business-Type Activities	\$ 8,452,622	\$ 107,419	\$ 880,985	\$ 7,679,056	\$ 900,957

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, 2006

NOTE Q - LONG-TERM DEBT

Debt service requirements to maturity for all bonds and certificates of participation outstanding at September 30, 2006 are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Certificates of Participation		Revenue Bonds	
	Principal	Interest	Water and Wastewater Fund	
			Principal	Interest
2007	\$ 44,158	\$ 14,494	\$ 715,000	\$ 294,203
2008	47,007	12,441	740,000	261,314
2009	48,431	10,185	775,000	227,921
2010	52,705	7,763	640,000	195,325
2011	102,208	5,128	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
Total	\$ 294,509	\$ 50,011	\$ 6,398,054	\$ 2,272,180

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
2007	\$ 66,340	\$ 21,775	\$ 44,502	\$ 14,607	\$ 870,000	\$ 345,079
2008	70,620	18,691	47,373	12,538	905,000	304,984
2009	72,760	15,301	48,809	10,264	945,000	263,671
2010	79,180	11,663	53,115	7,823	825,000	222,574
2011	153,947	7,704	103,845	5,169	904,730	476,600
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
Total	\$ 442,847	\$ 75,134	\$ 297,644	\$ 50,401	\$ 7,433,054	\$ 2,447,726

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE R - BONDS PAYABLE

Revenue bonds outstanding at September 30, 2006 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 6.45% to 6.55%	\$ 475,000
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 A Combined Waterworks & Sewerage System Refunding Revenue Bonds due in varying annual installments through September 2007; interest of 5.50%	50,000
Series 1996 C Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2016; interest of 5.30% to 5.90%	1,690,000
Series 1998 B Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2019; interest of 4.10% to 5.00%	2,630,000
Series 2002 Combined Waterworks & Sewerage System Refunding Revenue Bonds due in varying annual installments through March 2010; interest of 3.30% to 4.00%	<u>1,300,000</u>
Total Water and Wastewater Fund revenue bonds	6,398,054
Accreted Interest on Series 1993 Capital Appreciation Bonds	<u>361,222</u>
	<u>\$ 6,759,276</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, 2006

NOTE R - 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	\$	472,588
Bond retirement		444,062
Depreciation and replacement		94,500
System and equipment replacement		108,065
Total revenue bond reserves	\$	1,119,215

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 S - CERTIFICATES OF LEASE PARTICIPATION

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 \$ 345,000

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% 1,035,000

Total certificates of lease participation \$ 1,380,000

NOTE T - 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 March 16, 2004, the City entered into a lease purchase agreement to finance the cost of firefighting equipment. The lease is for five years requiring semi-annual installments of \$9,215 through April 2009, interest at 2.95%.

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

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE T - CAPITAL LEASE OBLIGATIONS (continued)

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 343,493
Less: Accumulated depreciation	<u>(255,151)</u>
Total	<u>\$ 88,342</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>
2007	\$ 38,530
2008	38,530
2009	38,530
2010	<u>19,170</u>
Total minimum lease payments	134,760
Less amount representing interest	<u>(13,902)</u>
Present value of minimum lease payments	<u>\$ 120,858</u>

NOTE U - NOTES PAYABLE

On February 3, 2006, the City entered into a loan with a financial institution in the amount of \$117,725. The loan proceeds were used to purchase a fire truck. The loan is due in annual installments of \$22,478 through November 1, 2011 with interest at 4.3% per annum.

On August 1, 2006, the City entered into a loan with a financial institution in the amount of \$500,000 bearing interest at 4.875%. The note matures April 1, 2016 and is secured by wastewater equipment. At September 30, 2006, there have been no draws on the loan.

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, 2006 is \$20,000.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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. As of September 30, 2006, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$17,965,000.

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.

NOTE X - CONTRACTS PAYABLE

On April 6, 2004, the City entered into an agreement for renovations and maintenance of a water tower with an initial project cost of \$149,121. Under the terms of the agreement, the City is required to make three annual payments of \$49,707 beginning November 2004. The City has elected to pay the second and third payments in semi-annual installments. The balance of the contact at September 30, 2006 is \$24,854.

Also on April 6, 2004, the City entered into an agreement for renovations of a second water tower with an initial project cost of \$95,379. Under the terms of the agreement, the City is required to make three annual payments of \$31,793 beginning September 2005. The City has elected to pay the second and third payments in semi-annual installments. The balance of the contract at September 30, 2006 is \$47,689.

On February 1, 2006, the City entered into an agreement for renovations and maintenance of a third water tower with an initial project cost of \$55,404. Under the terms of the agreement, the City is required to make three annual payments of \$18,468 beginning September 2006. The balance of the contact at September 30, 2006 is \$36,936.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	BUDGET		ACTUAL	BUDGET TO GAAP DIFFERENCES		GENERAL FUND
	ORIGINAL	FINAL		OVER (UNDER)		
REVENUES:						
Sales tax	\$ 1,299,000	\$ 1,299,000	\$ 1,212,400	\$ -		\$ 1,212,400
Property tax	350,000	366,000	369,962	-		369,962
Other local taxes	78,500	81,500	83,928	-		83,928
Intergovernmental	443,000	443,000	387,277	-		387,277
Gross receipts tax	383,000	383,000	385,434	(1)	(385,434)	-
In lieu of tax	55,000	55,000	55,000	(1)	(55,000)	-
Licenses, permits and fees	262,200	272,200	276,334	-		276,334
Charges for services	174,450	174,450	178,832	-		178,832
Interfund charges for services	12,000	12,000	12,000	(1)	(12,000)	-
Grants	473,607	647,948	628,001	-		628,001
Fines and forfeitures	144,300	145,600	153,675	-		153,675
Interest	24,250	24,250	29,742	-		29,742
Proceeds from sale of assets	54,000	54,000	-	-		-
Miscellaneous	115,698	115,698	32,268	-		32,268
Total Revenues	<u>3,869,005</u>	<u>4,073,646</u>	<u>3,804,853</u>		<u>(452,434)</u>	<u>3,352,419</u>
EXPENDITURES:						
Current:						
General government	400,958	418,756	443,555	-		443,555
Public safety	1,634,793	1,760,658	1,924,956	-		1,924,956
Public works	651,870	657,870	591,194	-		591,194
Capital outlay	1,060,400	1,250,330	964,101	-		964,101
Debt Service:						
Principal	-	-	-	(2)	31,341	31,341
Interest and fees	-	-	-	(2)	7,189	7,189
Capital lease payments	38,530	38,530	38,530	(2)	(38,530)	-
Total Expenditures	<u>3,786,551</u>	<u>4,126,144</u>	<u>3,962,336</u>		<u>-</u>	<u>3,962,336</u>
Excess (deficiency) of revenues over expenditures	<u>82,454</u>	<u>(52,498)</u>	<u>(157,483)</u>		<u>(452,434)</u>	<u>(609,917)</u>
Other financing sources (uses):						
Note proceeds	-	-	117,725	-		117,725
Transfers in	91,400	266,400	81,400	(1)	452,434	533,834
Transfers out	(167,501)	(167,501)	(182,647)	-		(182,647)
Total other financing sources (uses)	<u>(76,101)</u>	<u>98,899</u>	<u>16,478</u>		<u>452,434</u>	<u>468,912</u>
Net change in fund balance	6,353	46,401	(141,005)	-		(141,005)
Fund balance, beginning of year	<u>1,334,266</u>	<u>1,334,266</u>	<u>1,334,266</u>	-		<u>1,334,266</u>
Fund balance, end of year	<u>\$ 1,340,619</u>	<u>\$ 1,380,667</u>	<u>\$ 1,193,261</u>	\$ -		<u>\$ 1,193,261</u>

See accompanying notes to the required supplementary information.

**CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2006**

Budgets and Budgetary Accounting

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

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

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

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

**CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN
SEPTEMBER 30, 2006**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/2004	\$ 3,697,229	\$ 4,355,331	\$ 658,102	85%	\$ 2,039,491	32%
2/28/2005	3,470,808	4,164,262	693,454	83%	2,171,658	32%
2/28/2006	4,085,232	4,591,995	506,763	89%	2,203,799	23%

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, 2006**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 251,180	\$ 1,807	\$ 252,987
Receivables, net:			
Taxes	225,888	4,200	230,088
Grants	89,200	-	89,200
Accounts	52,000	144	52,144
Accrued interest	450	-	450
Due from other funds	350	-	350
Restricted cash and cash equivalents	<u>-</u>	<u>225,777</u>	<u>225,777</u>
Total assets	<u>\$ 619,068</u>	<u>\$ 231,928</u>	<u>\$ 850,996</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,126	\$ -	\$ 4,126
Deferred revenues	270,640	-	270,640
Due to other funds	-	11,007	11,007
Payable to other governments	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total liabilities	<u>294,766</u>	<u>11,007</u>	<u>305,773</u>
Fund Balances:			
Reserved for:			
Park equipment	40	-	40
Veterans Memorial Park	10,673	-	10,673
Debt service	-	225,777	225,777
Unreserved	<u>313,589</u>	<u>(4,856)</u>	<u>308,733</u>
Total fund balances	<u>324,302</u>	<u>220,921</u>	<u>545,223</u>
Total liabilities and fund balances	<u>\$ 619,068</u>	<u>\$ 231,928</u>	<u>\$ 850,996</u>

CITY OF CAMERON, MISSOURI
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2006

	PARKS AND RECREATION	PUBLIC LIBRARY	MUNICIPAL BAND	LOW-INCOME HOUSING	TOTALS
Cash and cash equivalents	\$ 63,824	\$ 88,155	\$ 97,274	\$ 1,927	\$ 251,180
Receivables, net:					
Taxes	95,171	87,181	43,536	-	225,888
Grants	89,200	-	-	-	89,200
Accrued interest	145	186	119	-	450
Accounts	-	-	-	52,000	52,000
Due from other funds	350	-	-	-	350
Total assets	<u>\$ 248,690</u>	<u>\$ 175,522</u>	<u>\$ 140,929</u>	<u>\$ 53,927</u>	<u>\$ 619,068</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	\$ 1,581	\$ 2,456	\$ 89	\$ -	\$ 4,126
Deferred revenue	141,029	83,108	41,503	5,000	270,640
Payable to other governments	20,000	-	-	-	20,000
Total liabilities	<u>162,610</u>	<u>85,564</u>	<u>41,592</u>	<u>5,000</u>	<u>294,766</u>
Fund Balances:					
Reserved for:					
Park equipment	40	-	-	-	40
Veterans Memorial Park	10,673	-	-	-	10,673
Unreserved	75,367	89,958	99,337	48,927	313,589
Total fund balances	<u>86,080</u>	<u>89,958</u>	<u>99,337</u>	<u>48,927</u>	<u>324,302</u>
Total liabilities and fund balances	<u>\$ 248,690</u>	<u>\$ 175,522</u>	<u>\$ 140,929</u>	<u>\$ 53,927</u>	<u>\$ 619,068</u>

**CITY OF CAMERON, MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
SEPTEMBER 30, 2006**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
ASSETS				
Cash and cash equivalents	\$ 1,807	\$ -	\$ -	\$ 1,807
Receivables, net:				
Taxes	4,200	-	-	4,200
Accounts	144	-	-	144
Restricted cash and cash equivalents	<u>-</u>	<u>50,850</u>	<u>174,927</u>	<u>225,777</u>
Total assets	<u>\$ 6,151</u>	<u>\$ 50,850</u>	<u>\$ 174,927</u>	<u>\$ 231,928</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	<u>\$ 11,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,007</u>
Total liabilities	<u>11,007</u>	<u>-</u>	<u>-</u>	<u>11,007</u>
Fund Balances:				
Reserved for debt service	-	50,850	174,927	225,777
Unreserved	<u>(4,856)</u>	<u>-</u>	<u>-</u>	<u>(4,856)</u>
Total fund balances	<u>(4,856)</u>	<u>50,850</u>	<u>174,927</u>	<u>220,921</u>
Total liabilities and fund balances	<u>\$ 6,151</u>	<u>\$ 50,850</u>	<u>\$ 174,927</u>	<u>\$ 231,928</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, 2006

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
REVENUES:			
Sales tax	\$ 156,923	\$ -	\$ 156,923
Property tax	246,733	-	246,733
Other local taxes	25,191	23,458	48,649
State grants	4,397	-	4,397
Interest	8,828	3,983	12,811
Contributions	37,376	-	37,376
Miscellaneous	49,635	-	49,635
Total Revenues	<u>529,083</u>	<u>27,441</u>	<u>556,524</u>
EXPENDITURES:			
Current:			
Parks and recreation	119,270	-	119,270
Public library	125,372	-	125,372
Municipal band	37,396	-	37,396
Low-income housing	8,000	-	8,000
Capital outlay	498,730	-	498,730
Debt service:			
Principal	-	103,086	103,086
Interest and fees	-	38,513	38,513
Other	-	(539)	(539)
Total Expenditures	<u>788,768</u>	<u>141,060</u>	<u>929,828</u>
Excess (deficiency) of revenues over expenditures	(259,685)	(113,619)	(373,304)
Other financing sources (uses)			
Transfers in	<u>45,000</u>	<u>137,648</u>	<u>182,648</u>
Net change in fund balances	(214,685)	24,029	(190,656)
Fund balances, beginning of year	<u>538,987</u>	<u>196,892</u>	<u>735,879</u>
Fund balances, end of year	<u>\$ 324,302</u>	<u>\$ 220,921</u>	<u>\$ 545,223</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, 2006

	PARKS AND RECREATION	PUBLIC LIBRARY	MUNICIPAL BAND	LOW-INCOME HOUSING	TOTALS
REVENUES:					
Sales tax	\$ 156,923	\$ -	\$ -	\$ -	\$ 156,923
Property tax	90,908	103,922	51,903	-	246,733
Other local taxes	9,447	10,706	5,038	-	25,191
State grants	-	4,397	-	-	4,397
Interest	3,866	3,244	1,593	125	8,828
Contributions	35,000	2,376	-	-	37,376
Miscellaneous	4,335	9,300	-	36,000	49,635
Total Revenues	<u>300,479</u>	<u>133,945</u>	<u>58,534</u>	<u>36,125</u>	<u>529,083</u>
EXPENDITURES:					
Current:					
Parks and recreation	119,270	-	-	-	119,270
Public library	-	125,372	-	-	125,372
Municipal band	-	-	37,396	-	37,396
Low-income housing	-	-	-	8,000	8,000
Capital outlay	458,539	40,191	-	-	498,730
Total Expenditures	<u>577,809</u>	<u>165,563</u>	<u>37,396</u>	<u>8,000</u>	<u>788,768</u>
Excess (deficiency) of revenues over expenditures	(277,330)	(31,618)	21,138	28,125	(259,685)
Other financing sources (uses)					
Transfers in	45,000	-	-	-	45,000
Net change in fund balances	(232,330)	(31,618)	21,138	28,125	(214,685)
Fund balance, beginning of year	318,410	121,576	78,199	20,802	538,987
Fund balance, end of year	<u>\$ 86,080</u>	<u>\$ 89,958</u>	<u>\$ 99,337</u>	<u>\$ 48,927</u>	<u>\$ 324,302</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, 2006

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
REVENUES:				
Other local taxes	\$ 23,458	\$ -	\$ -	\$ 23,458
Interest	<u>39</u>	<u>1,609</u>	<u>2,335</u>	<u>3,983</u>
Total Revenues	<u>23,497</u>	<u>1,609</u>	<u>2,335</u>	<u>27,441</u>
EXPENDITURES:				
Debt service:				
Principal	-	60,000	43,086	103,086
Interest and fees	-	24,466	14,047	38,513
Other	<u>(539)</u>	<u>-</u>	<u>-</u>	<u>(539)</u>
Total Expenditures	<u>(539)</u>	<u>84,466</u>	<u>57,133</u>	<u>141,060</u>
Excess (deficiency) of revenues over expenditures	<u>24,036</u>	<u>(82,857)</u>	<u>(54,798)</u>	<u>(113,619)</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>80,973</u>	<u>56,675</u>	<u>137,648</u>
Net change in fund balances	24,036	(1,884)	1,877	24,029
Fund balance, beginning of year	<u>(28,892)</u>	<u>52,734</u>	<u>173,050</u>	<u>196,892</u>
Fund balance, end of year	<u>\$ (4,856)</u>	<u>\$ 50,850</u>	<u>\$ 174,927</u>	<u>\$ 220,921</u>

CITY OF CAMERON, MISSOURI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

		MUNICIPAL COURT FUND			
		Balance October 1, 2005	Additions	Deductions	Balance September 30, 2006
ASSETS					
Cash		\$ 1,915	\$ 205,782	\$ 200,764	\$ 6,933
LIABILITIES					
Court bonds payable		\$ 1,915	\$ 205,782	\$ 200,764	\$ 6,933

CITY OF CAMERON, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROJECT NUMBER	EXPENDITURES
<hr/>			
U.S. Department of Homeland Security			
Direct:			
Assistance to Firefighters Grant	97.044	EMW-2005-FG-05636	\$ 84,341
<hr/>			
U.S. Department of Public Safety			
Passed-through Missouri Department of Public Safety:			
Narcotics Control Assistance Program	16.579	2003-NCD2-044 2004-NCD2-042	103,753 13,609
MOSMART Project	16.580	2005-NWMIRO 2006-NWMIRO	19,342 64,881
<hr/>			
U.S. Department of Agriculture			
Passed-through Missouri Rural Development:			
Emergency Community Water Assistance	10.763	RD ECWAG 2003	306,650
<hr/>			
Federal Aviation Administration			
Passed-through Missouri Department of Transportation:			
State Block Grant	20.106	AIRE 025-13A AIRE 035-13A AIRE 045-13A	86,863 150,000 91,068
			<hr/>
			\$ 920,507

INTERNAL CONTROL AND COMPLIANCE

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

To the City Council
City of Cameron, Missouri

We have audited the financial statements of the City of Cameron as of and for the year ended September 30, 2006, and have issued our report thereon dated February 7, 2007. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of the administration in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 06-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving internal control and compliance that we have reported to the City Council in a separate letter dated February 7, 2007.

This report is intended solely for the information and use of the City Council, administration, federal awarding agencies and pass-thru entities and is not intended to be and should not be used by anyone other than these specified parties.

Westbrook & Co., P.C.

February 7, 2007

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

To the City Council
City of Cameron, Missouri

Compliance

We have audited the compliance of City of Cameron with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. The City's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's administration. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

Internal Control Over Compliance

The administration of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

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

Westbrook & Co., P.C.

February 7, 2007

CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City.
2. There was one reportable condition relating to the audit of the financial statements that was reported in the Report on Internal Control over Financial Reporting. This reportable condition was considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. There were no reportable conditions in internal control disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City.
7. The programs tested as major programs were Emergency Community Water Assistance CFDA Number 10.763 and Federal Aviation Administration Block Grant CFDA Number 20.106.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

06-01 SEGREGATION OF DUTIES

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

Criteria: Internal controls should be in place to segregate duties for court receipts.

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

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

Response: The City will consider implementing internal controls over court receipts.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None