

**CITY OF CAMERON, MISSOURI**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Cameron, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cameron as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administration. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cameron as of September 30, 2007, 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 25, 2008, 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 51 through 57, 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 25, 2008



## 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, 2007. 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 \$33.6 million. Net assets is comprised of \$23.7 million invested in capital assets, (net of related debt); \$1.8 million restricted for debt service and other purposes; \$1.9 million unrestricted and available for governmental purposes; and \$6.2 million unrestricted and available for the City's business-type activities.
- The City's total net assets increased approximately \$1.4 million. Of this amount, \$.7 million was from the City's governmental activities and \$.7 million was from business-type activities.
- The City's long-term debt decreased approximately \$.5 million (7%) during the current fiscal year.
- The Walnut Street (Rt. 69) lighting replacement project was completed. The project eliminated numerous overhead lines and reduced the number of light standards in the right of way. The project did not increase the lighting in the right of way during the night time hours.
- The Wastewater Fund purchased a new jet/cleaning machine for maintenance of the existing mains.
- The Public Works Department purchased a new dump truck and de-icing equipment.
- Two new storm sirens (instead of a single siren originally budgeted) were installed in the community. Favorable bidding and assistance from the Electric Fund allowed for two sirens.

## **Overview of the Financial Statements**

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

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

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

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

## **Government-Wide Financial Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

The City has three types of funds:

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

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

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

**Financial Analysis of the City as a Whole**

**Net Assets**

The following table reflects the condensed statements of net assets as of September 30, 2007 and 2006:

Table MDA - 1  
City of Cameron's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets:</b>						
Current & other assets	\$ 3,086,149	\$ 2,711,104	\$ 8,963,023	\$ 8,767,923	\$ 12,049,172	\$ 11,479,027
Capital assets	10,756,101	10,493,399	20,434,211	20,116,024	31,190,312	30,609,423
<b>Total assets</b>	<b>13,842,250</b>	<b>13,204,503</b>	<b>29,397,234</b>	<b>28,883,947</b>	<b>43,239,484</b>	<b>42,088,450</b>
<b>Liabilities:</b>						
Other liabilities	872,251	770,630	1,473,003	1,316,133	2,345,254	2,086,763
Long-term liabilities	638,924	831,237	6,638,452	6,995,491	7,277,376	7,826,728
<b>Total liabilities</b>	<b>1,511,175</b>	<b>1,601,867</b>	<b>8,111,455</b>	<b>8,311,624</b>	<b>9,622,630</b>	<b>9,913,491</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	10,018,660	9,595,307	13,646,816	12,977,479	23,665,476	22,572,786
Restricted	382,163	225,817	1,414,674	1,119,992	1,796,837	1,345,809
Unrestricted	1,930,252	1,781,512	6,224,289	6,474,852	8,154,541	8,256,364
<b>Total net assets</b>	<b>\$ 12,331,075</b>	<b>\$ 11,602,636</b>	<b>\$ 21,285,779</b>	<b>\$ 20,572,323</b>	<b>\$ 33,616,854</b>	<b>\$ 32,174,959</b>

As seen in table MDA-1, the City's combined net assets increased to \$33.6 million from \$32.1 million as a result of the increase in net assets reflected in table MDA-2.

The largest portion of the City's net assets, \$23.7 million (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, \$1.8 (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$8.1 million (25%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

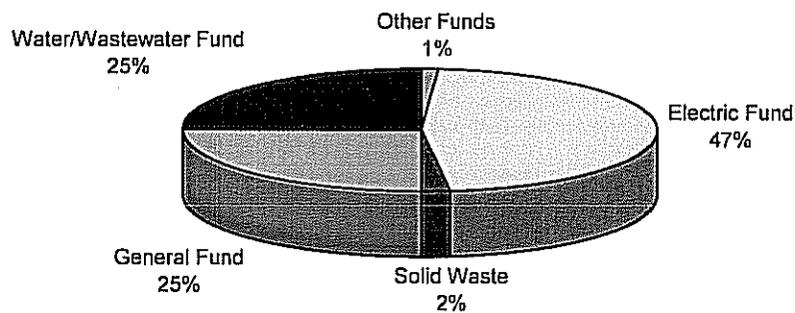
Changes in Net Assets

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

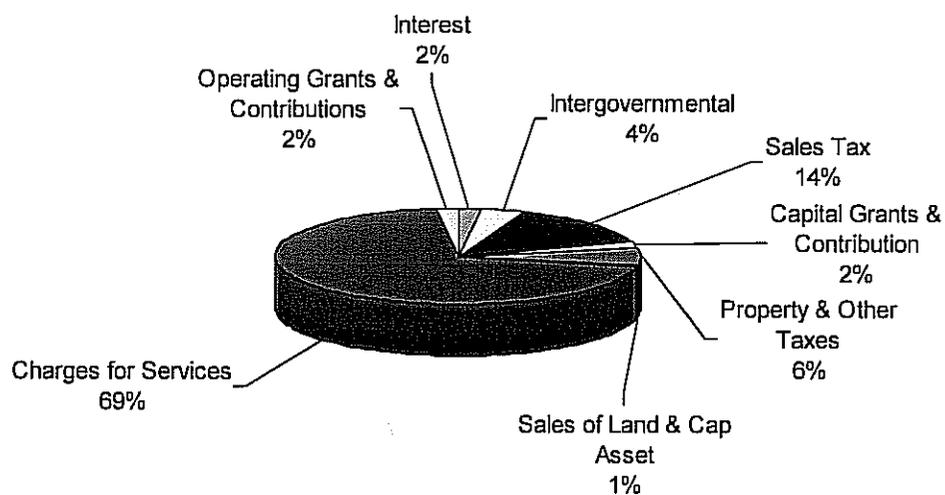
	MDA -2 City of Cameron's Change in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 698,000	\$ 644,440	\$ 8,821,481	\$ 8,107,423	\$ 9,519,481	\$ 8,751,863
Operating grants and contributions	213,362	271,391	980	2,352	214,342	273,743
Capital grants	364,061	513,022	-	306,650	364,061	819,672
<b>General Revenues:</b>						
Property Taxes	763,044	616,695	-	-	763,044	616,695
Sales and Use Taxes	1,437,184	1,369,323	494,227	470,774	1,931,411	1,840,097
Other taxes	132,313	132,577	-	-	132,313	132,577
Sale of land	138,358	188,069	-	53,893	138,358	241,962
Intergovernmental	391,001	387,277	132,162	176,802	523,163	564,079
Interest	62,922	42,553	216,879	128,221	279,801	170,774
<b>Total Revenues</b>	<b>4,200,245</b>	<b>4,165,347</b>	<b>9,665,729</b>	<b>9,246,115</b>	<b>13,865,974</b>	<b>13,411,462</b>
<b>Expenses</b>						
General government	460,730	454,770	-	-	460,730	454,770
Public safety	2,030,819	1,981,915	-	-	2,030,819	1,981,915
Public works	1,167,658	990,607	-	-	1,167,658	990,607
Parks and recreation	175,369	169,731	-	-	175,369	169,731
Municipal band	44,315	37,512	-	-	44,315	37,512
Public library	134,277	126,058	-	-	134,277	126,058
Low-income housing	20,000	8,000	-	-	20,000	8,000
Interest long-term debt	56,493	45,163	-	-	56,493	45,163
Electric system	-	-	5,088,016	4,828,512	5,088,016	4,828,512
Water/wastewater system	-	-	3,028,975	2,939,991	3,028,975	2,939,991
Solid Waste	-	-	217,427	198,273	217,427	198,273
<b>Total Expenses</b>	<b>4,089,661</b>	<b>3,813,756</b>	<b>8,334,418</b>	<b>7,966,776</b>	<b>12,424,079</b>	<b>11,780,532</b>
<b>Excess (deficiency) before transfers</b>	<b>110,584</b>	<b>351,591</b>	<b>1,331,311</b>	<b>1,279,339</b>	<b>1,441,895</b>	<b>1,630,930</b>
<b>Transfers</b>	<b>617,855</b>	<b>533,835</b>	<b>(617,855)</b>	<b>(533,835)</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>728,439</b>	<b>885,426</b>	<b>713,456</b>	<b>745,504</b>	<b>1,441,895</b>	<b>1,630,930</b>
<b>Beginning net assets</b>	<b>11,602,636</b>	<b>10,717,210</b>	<b>20,572,323</b>	<b>19,826,819</b>	<b>32,174,959</b>	<b>30,544,029</b>
<b>Ending net assets</b>	<b>\$ 12,331,075</b>	<b>\$ 11,602,636</b>	<b>\$ 21,285,779</b>	<b>\$ 20,572,323</b>	<b>\$ 33,616,854</b>	<b>\$ 32,174,959</b>

For the fiscal year ended September 30, 2007, government-wide revenues totaled \$13,865,974. Approximately 69% of all revenues are from charges from services and 14% from sales tax. See Table MDA - 3 and Table MDA - 4.

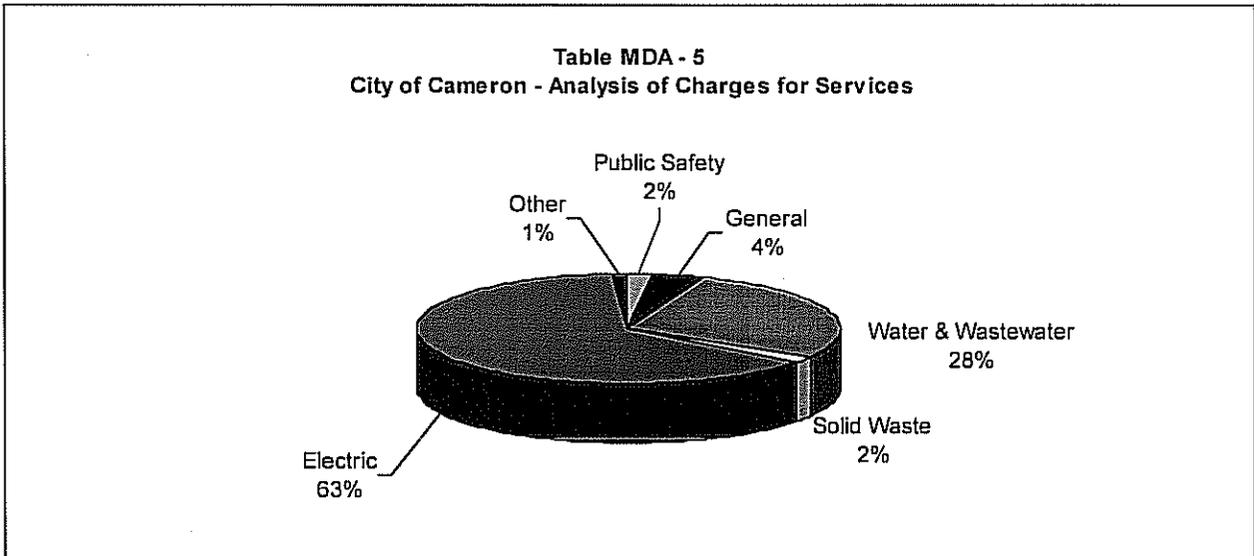
**Table MDA - 3**  
**City of Cameron - Revenues by Fund**



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

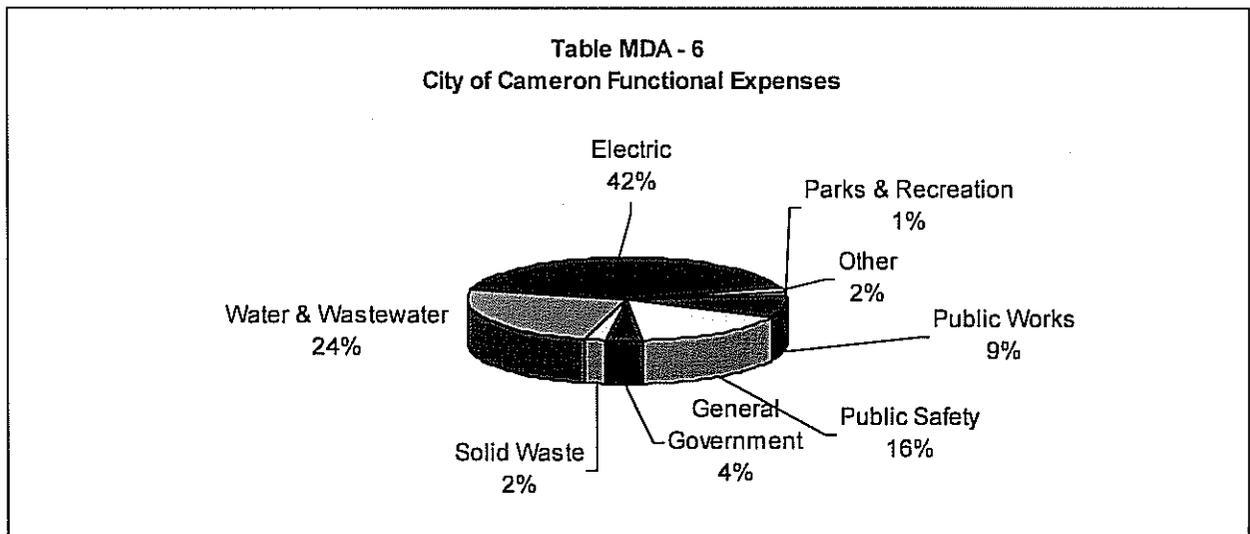


Charges for services are derived from users of the City's programs such as governmental programs and fees for the users of the City's electric, water and wastewater systems and solid waste collections. As seen in Table MDA - 5, the City's electric, water and wastewater systems account for approximately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



The second largest revenue source for the entire city is sales tax which during the 2007 fiscal year equaled \$1,931,411. 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 68% of all city expenses during the 2007 fiscal year are related to business-type activities.



Governmental Activities

Governmental activities increased the City's net assets by \$728,439. Sales taxes, the largest governmental category, were \$1,437,184, or 35%. For the fiscal year ended September 30, 2007, revenues totaled \$13,865,977 (governmental and business-type). Revenues from governmental activities were \$4,200,245, or 30%, of the total City revenue (an increase of \$34,898 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$698,000. Table MDA - 7 shows expenses and program revenues of the governmental activities for the years ended September 30, 2007 and 2006:

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

	2007			2006		
	Cost of Services	Program Revenue	Net Cost of Service	Cost of Services	Program Revenue	Net Cost of Service
General government	\$ 460,730	\$ 292,345	\$ 168,385	\$ 454,770	\$ 310,465	\$ 144,305
Public Safety	2,030,819	563,036	1,467,783	1,981,915	596,786	1,385,129
Public Works	1,167,658	317,820	849,838	990,607	361,859	628,748
Park and recreation	175,369	69,705	105,664	169,731	107,670	62,061
Municipal band	44,315	-	44,315	37,512	-	37,512
Public library	134,277	14,517	119,760	126,058	16,073	109,985
Low income housing	20,000	18,000	2,000	8,000	36,000	(28,000)
Interest on long-term debt	56,493	-	56,493	45,163	-	45,163
Total	<u>\$ 4,089,661</u>	<u>\$ 1,275,423</u>	<u>\$ 2,814,238</u>	<u>\$ 3,813,756</u>	<u>\$ 1,428,853</u>	<u>\$ 2,384,903</u>

As noted in Table MDA - 7, expenses from governmental activities totaled \$4,089,661. However, the net costs of these services were \$2,814,238. The difference represents direct revenues from charges for services of \$698,000, operating grants and contributions of \$213,362, and capital grants and contributions of \$364,061. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City's net assets by \$713,456. Key elements of the change in net assets are as follows:

- Electric system operating revenue increased \$594,011 from the prior year, while operating expenses increased \$263,144.

- Water and wastewater system operating revenues increased \$107,266 from the prior year, while operating expenses increased \$108,969.

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

General Fund revenues exceeded expenditures. The fund balance of the General Fund increased \$44,103.

### **General Fund Budgetary Highlights**

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

- Public Works took delivery of a new dump truck after FY 06-07. The late delivery caused a large variance and will be reclassified in the FY 07-08 budget.
- The S. Chestnut & Walnut intersection re-alignment was postponed for a number of reasons. The last phase of the annual asphalt overlay program was delayed and eventually paid for on November 8, 2007.
- Total original revenue budget of \$3,852,079 increased to \$4,326,891 as a result of two budget adjustments. The primary reason for the increase was to accommodate the latter segment of the annual paving program.
- Total original expense budget of \$3,690,398 was increased to \$4,326,111. The reasons for the increase are stated above.
- The actual amounts on budgetary basis were \$4,072,068 in revenue verses \$4,006,799 in expenses. The net changes to the fund balance at the end of the year after transfers in and out are an increase of \$44,103.

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

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

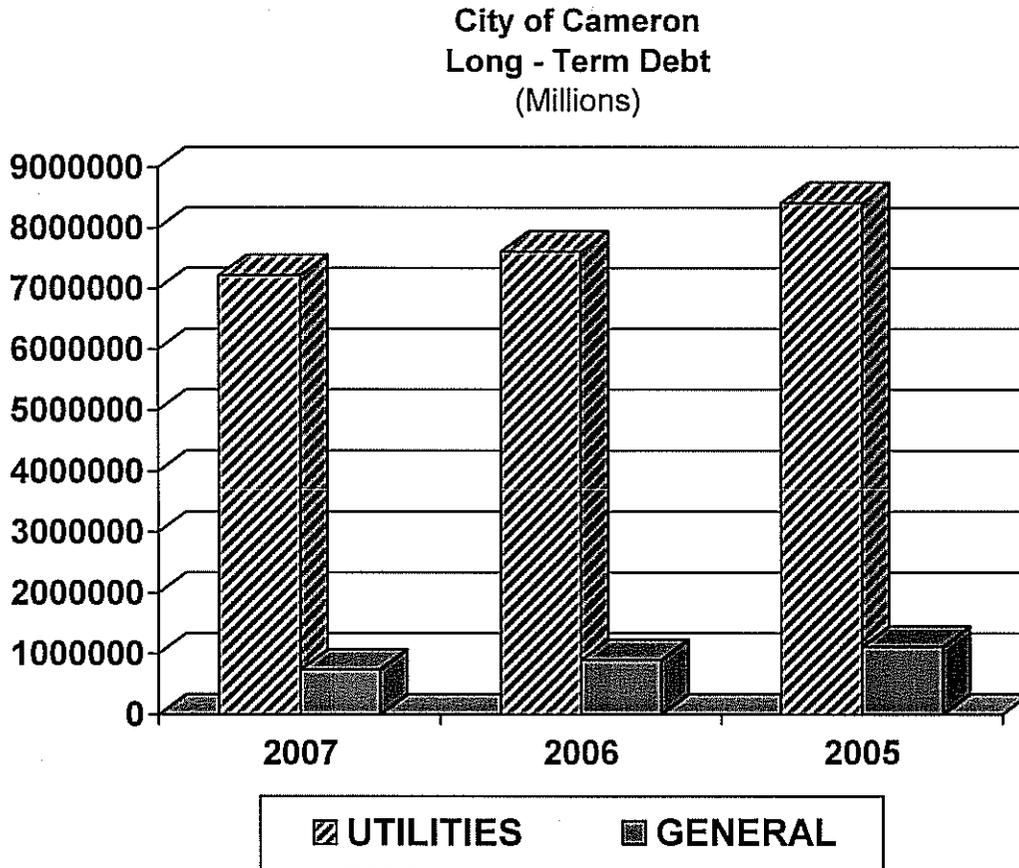
- Emulation and computer purchases for the front office operation
- Police department purchased one new cruiser and several new video cameras for existing cars
- Two new storm sirens to improve our emergency response efforts
- Replacement of the street light system on Rt. 69 (Walnut Street)
- Purchase of a new dump truck and various de-icing equipment

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

- An odor control project at the wastewater treatment facility

The budgeted capital projects for FY '06-07 totaled \$2,665,368, but some of the projects were carried over to the next budget year.

Long-term debts outstanding were reduced by \$556,804.



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

As of September 30, 2007 there were no outstanding lawsuits against the City.

As noted in last year's analysis, long-term needs for water in our community is still at the forefront of the City Council. In the meanwhile, the City Council took action to place a bond issue on the ballot for April 8, 2008. If approved, it will allow for \$2,700,000 of improvements to the water distribution system. If it does not pass, the Council has indicated they would proceed with the improvements with an alternate (less favorable) financing plan. Either financing scenario will add \$2.7 million to the existing long-term debt schedule. Water rates will increase in a range from 5% to 13.5%.

Public Works is planning to reconstruct 1.3 miles of A Highway. The partnership between Cameron and MODOT is anticipated to take three construction seasons and four million dollars. The City's share of the project (about half) will come from a variety of sources, but ultimately

\$600,000 will need to be financed for a six-year period. The challenge will be to keep the debt capacity resilient in the General Fund. The project is still a couple of years away.

**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, 2007**

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 489,157	\$ (19,386)	\$ 469,771
Investments	902,626	4,782,613	5,685,239
Receivables, net:			
Taxes	906,505	56,783	963,288
Utilities	-	1,219,657	1,219,657
Grants	75,814	-	75,814
Accrued interest	4,428	30,939	35,367
Accounts	94,156	-	94,156
Internal balances	(111,521)	111,521	-
Prepaid expenses	109,127	54,522	163,649
Inventory	-	898,084	898,084
Total current assets	<u>2,470,292</u>	<u>7,134,733</u>	<u>9,605,025</u>
<b>Noncurrent assets:</b>			
Restricted assets:			
Cash and cash equivalents	221,786	1,679,579	1,901,365
Special assessments, net	-	16,452	16,452
Land held for resale	104,386	-	104,386
Due from other governments	289,685	62,636	352,321
Deferred bond issue costs, net	-	69,623	69,623
Capital assets, net	<u>10,756,101</u>	<u>20,434,211</u>	<u>31,190,312</u>
Total noncurrent assets	<u>11,371,958</u>	<u>22,262,501</u>	<u>33,634,459</u>
Total Assets	<u>13,842,250</u>	<u>29,397,234</u>	<u>43,239,484</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	220,640	505,814	726,454
Accrued interest payable	2,280	35,000	37,280
Deferred revenue	479,899	-	479,899
Long-term liabilities due within one year	<u>169,432</u>	<u>932,189</u>	<u>1,101,621</u>
Total current liabilities	<u>872,251</u>	<u>1,473,003</u>	<u>2,345,254</u>
<b>Noncurrent liabilities:</b>			
Customer deposits payable	-	264,905	264,905
Compensated absences payable	70,915	82,013	152,928
Long-term liabilities due in more than one year	<u>568,009</u>	<u>6,291,534</u>	<u>6,859,543</u>
Total non-current liabilities	<u>638,924</u>	<u>6,638,452</u>	<u>7,277,376</u>
Total liabilities	<u>1,511,175</u>	<u>8,111,455</u>	<u>9,622,630</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,018,660	13,646,816	23,665,476
Restricted for:			
Debt service	221,786	1,414,674	1,636,460
Other purposes	160,377	-	160,377
Unrestricted	<u>1,930,252</u>	<u>6,224,289</u>	<u>8,154,541</u>
Total net assets	<u>\$ 12,331,075</u>	<u>\$ 21,285,779</u>	<u>\$ 33,616,854</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 460,730	\$ 287,154	\$ 5,191	\$ -	\$ (168,385)	\$ -	\$ (168,385)
Public safety	2,030,819	337,271	186,110	39,655	(1,467,783)	-	(1,467,783)
Public works	1,167,658	61,749	-	256,071	(849,838)	-	(849,838)
Parks and recreation	175,369	1,370	-	68,335	(105,664)	-	(105,664)
Public library	134,277	10,456	4,061	-	(119,760)	-	(119,760)
Municipal band	44,315	-	-	-	(44,315)	-	(44,315)
Low-income housing	20,000	-	18,000	-	(2,000)	-	(2,000)
Interest on long-term debt	56,493	-	-	-	(56,493)	-	(56,493)
<b>Total governmental activities</b>	<b>4,089,661</b>	<b>698,000</b>	<b>213,362</b>	<b>364,061</b>	<b>(2,814,238)</b>	<b>-</b>	<b>(2,814,238)</b>
<b>Business-type activities:</b>							
Electric	5,088,016	5,958,573	-	-	-	870,557	870,557
Water and wastewater	3,028,975	2,625,897	-	-	-	(403,078)	(403,078)
Solid waste	217,427	237,011	980	-	-	20,564	20,564
<b>Total business-type activities</b>	<b>8,334,418</b>	<b>8,821,481</b>	<b>980</b>	<b>-</b>	<b>-</b>	<b>488,043</b>	<b>488,043</b>
<b>Total primary government</b>	<b>\$ 12,424,079</b>	<b>\$ 9,519,481</b>	<b>\$ 214,342</b>	<b>\$ 364,061</b>	<b>(2,814,238)</b>	<b>488,043</b>	<b>(2,326,195)</b>
<b>General revenues:</b>							
Property tax					763,044	-	763,044
Sales and use taxes					1,437,184	494,227	1,931,411
Other local taxes					119,279	-	119,279
TIF - EATS taxes					7,777	-	7,777
TIF Pilots					5,257	-	5,257
Gain on sale of land					138,358	-	138,358
Intergovernmental					391,001	132,162	523,163
Interest revenue					62,922	216,879	279,801
Transfers					617,855	(617,855)	-
<b>Total general revenues and transfers</b>					<b>3,542,677</b>	<b>225,413</b>	<b>3,768,090</b>
<b>Change in net assets</b>					<b>728,439</b>	<b>713,456</b>	<b>1,441,895</b>
<b>Net assets, beginning of year</b>					<b>11,602,636</b>	<b>20,572,323</b>	<b>32,174,959</b>
<b>Net assets, end of year</b>					<b>\$ 12,331,075</b>	<b>\$ 21,285,779</b>	<b>\$ 33,616,854</b>

**CITY OF CAMERON, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2007**

	<u>GENERAL FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 236,874	\$ 252,283	\$ 489,157
Investments	693,249	209,377	902,626
Receivables, net:			
Taxes	615,651	290,854	906,505
Grants	75,814	-	75,814
Accounts	42,894	51,262	94,156
Accrued interest	3,424	1,004	4,428
Due from other governments	289,685	-	289,685
Restricted cash and cash equivalents	-	221,786	221,786
Land held for resale	104,386	-	104,386
	<u>2,061,977</u>	<u>1,026,566</u>	<u>3,088,543</u>
Total Assets	<u>\$ 2,061,977</u>	<u>\$ 1,026,566</u>	<u>\$ 3,088,543</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 212,347	\$ 8,293	\$ 220,640
Deferred revenue	500,745	235,558	736,303
Due to other funds	111,521	-	111,521
Payable to other governments	-	15,000	15,000
	<u>824,613</u>	<u>258,851</u>	<u>1,083,464</u>
Total Liabilities	<u>824,613</u>	<u>258,851</u>	<u>1,083,464</u>
Fund balances:			
Reserved for:			
Interfund advances	111,521	-	111,521
Park equipment	-	160,377	160,377
Veterans Memorial Park	-	12,064	12,064
Debt service	-	221,786	221,786
Unreserved	1,125,843	-	1,125,843
Unreserved, reported in non-major funds:			
Special revenue funds	-	373,488	373,488
	<u>1,237,364</u>	<u>767,715</u>	<u>2,005,079</u>
Total Fund Balances	<u>1,237,364</u>	<u>767,715</u>	<u>2,005,079</u>
	<u>\$ 2,061,977</u>	<u>\$ 1,026,566</u>	<u>\$ 3,088,543</u>
Total Liabilities and Fund Balances	<u>\$ 2,061,977</u>	<u>\$ 1,026,566</u>	<u>\$ 3,088,543</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, 2007**

**Fund Balances - Total Governmental Funds** \$ 2,005,079

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	\$ 25,862,926	
Less: accumulated depreciation	<u>(15,106,825)</u>	10,756,101

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.		109,127
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(2,280)
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Certain revenue that was earned and accrued in the current period but not received until after 60 days is deferred in the fund statement but recognized under full accrual.		256,404
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Long-term liabilities are not due and payable in the current period,  
and therefore, are not reported as liabilities in the governmental funds.

1996 Certificates of Participation	(285,000)	
2001 Certificates of Participation	(250,351)	
Capital lease - fire truck	(53,196)	
Capital lease - tanker truck	(34,809)	
Note payable - pumper truck	(99,085)	
Compensated absences payable	<u>(70,915)</u>	<u>(793,356)</u>

<b>Net Assets of Governmental Activities</b>		<b><u>\$ 12,331,075</u></b>
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**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	GENERAL FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>			
Sales tax	\$ 1,270,227	\$ 166,957	\$ 1,437,184
Property tax	457,745	305,299	763,044
Other local taxes	94,522	37,791	132,313
Intergovernmental	391,001	-	391,001
Licenses, permits and fees	243,900	-	243,900
Charges for services	243,485	-	243,485
Grants	488,118	72,396	560,514
Fines and forfeitures	132,493	-	132,493
Interest	39,561	23,361	62,922
Gain on sale of land	138,358	-	138,358
Miscellaneous	65,205	29,826	95,031
Total Revenues	<u>3,564,615</u>	<u>635,630</u>	<u>4,200,245</u>
<b>EXPENDITURES:</b>			
Current:			
General government	448,734	-	448,734
Public safety	1,962,700	-	1,962,700
Public works	735,423	-	735,423
Parks and recreation	-	102,895	102,895
Public library	-	133,850	133,850
Municipal band	-	44,283	44,283
Low-income housing	-	20,000	20,000
Capital outlay	798,934	92,543	891,477
Debt service:			
Principal	51,492	104,158	155,650
Interest and fees	9,516	46,977	56,493
Total Expenditures	<u>4,006,799</u>	<u>544,706</u>	<u>4,551,505</u>
Excess (deficiency) of revenues over expenditures	<u>(442,184)</u>	<u>90,924</u>	<u>(351,260)</u>
Other financing sources (uses):			
Transfers in	617,853	131,568	749,421
Transfers out	(131,566)	-	(131,566)
Total other financing sources (uses)	<u>486,287</u>	<u>131,568</u>	<u>617,855</u>
Net change in fund balances	44,103	222,492	266,595
Fund balance, beginning of year	<u>1,193,261</u>	<u>545,223</u>	<u>1,738,484</u>
Fund balance, end of year	<u>\$ 1,237,364</u>	<u>\$ 767,715</u>	<u>\$ 2,005,079</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, 2007**

**Net Change in Fund Balances - Total Governmental Funds** \$ 266,595

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	900,685	
Depreciation expense	<u>(637,983)</u>	262,702

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	155,650
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Governmental funds report expenditures for insurance and similar services extending over more than one accounting period as expenditures in the period of acquisition:

Prepaid insurance	12,963
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Accrued interest expense on long-term debt is reported in the government-wide Statement of Activities and changes in net assets, but does not require the use of current financial resources; therefore accrued interest expense is not reported as an expenditure in governmental funds.

7,695

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

Compensated absences	<u>22,834</u>
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**Change in Net Assets of Governmental Activities** **\$ 728,439**

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2007**

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 158,262	\$ (211,767)	\$ 34,119	\$ (19,386)
Investments	3,179,074	1,426,380	177,159	4,782,613
Receivables:				
Taxes	-	56,783	-	56,783
Utilities	856,140	330,556	32,961	1,219,657
Accrued interest	19,041	10,795	1,103	30,939
Due from other governments	62,636	-	-	62,636
Due from other funds	111,521	-	-	111,521
Prepaid expenses	24,653	29,491	378	54,522
Inventory	416,937	481,147	-	898,084
Total current assets	<u>4,828,264</u>	<u>2,123,385</u>	<u>245,720</u>	<u>7,197,369</u>
Noncurrent assets:				
Restricted cash and cash equivalents	176,506	1,503,073	-	1,679,579
Special assessments, net	16,452	-	-	16,452
Deferred bond issue costs, net	-	69,623	-	69,623
Capital assets, net	3,806,956	16,580,550	46,705	20,434,211
Total noncurrent assets	<u>3,999,914</u>	<u>18,153,246</u>	<u>46,705</u>	<u>22,199,865</u>
Total assets	<u>\$ 8,828,178</u>	<u>\$ 20,276,631</u>	<u>\$ 292,425</u>	<u>\$ 29,397,234</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable	\$ 313,495	\$ 171,779	\$ 20,540	\$ 505,814
Contracts payable	-	34,364	-	34,364
Accrued interest payable	-	35,000	-	35,000
Revenue bonds payable	-	740,000	-	740,000
Certificates of participation	70,620	47,373	-	117,993
Notes payable	-	39,832	-	39,832
Total current liabilities	<u>384,115</u>	<u>1,068,348</u>	<u>20,540</u>	<u>1,473,003</u>
Noncurrent liabilities:				
Customer deposits payable	176,506	88,399	-	264,905
Compensated absences payable	42,622	39,391	-	82,013
Revenue bonds payable	-	4,943,054	-	4,943,054
Accreted interest on capital appreciation bonds	-	401,964	-	401,964
Certificates of participation	305,889	205,768	-	511,657
Notes payable	-	434,859	-	434,859
Total noncurrent liabilities	<u>525,017</u>	<u>6,113,435</u>	<u>-</u>	<u>6,638,452</u>
Total liabilities	<u>909,132</u>	<u>7,181,783</u>	<u>20,540</u>	<u>8,111,455</u>
Net Assets:				
Invested in capital assets, net of related debt	3,430,447	10,169,664	46,705	13,646,816
Restricted for debt service	-	1,414,674	-	1,414,674
Unrestricted	4,488,599	1,510,510	225,180	6,224,289
Total net assets	<u>7,919,046</u>	<u>13,094,848</u>	<u>271,885</u>	<u>21,285,779</u>
Total liabilities and net assets	<u>\$ 8,828,178</u>	<u>\$ 20,276,631</u>	<u>\$ 292,425</u>	<u>\$ 29,397,234</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, 2007**

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 5,879,476	\$ 2,589,814	\$ 237,011	\$ 8,706,301
Other	<u>79,097</u>	<u>36,083</u>	<u>-</u>	<u>115,180</u>
Total Operating Revenues	<u>5,958,573</u>	<u>2,625,897</u>	<u>237,011</u>	<u>8,821,481</u>
<b>OPERATING EXPENSES:</b>				
Production	3,781,752	733,308	-	4,515,060
Sewer treatment	-	482,330	-	482,330
Transmission & distribution	733,227	377,492	215,743	1,326,462
Administration	305,382	198,527	1,684	505,593
Depreciation	<u>250,936</u>	<u>838,003</u>	<u>-</u>	<u>1,088,939</u>
Total Operating Expenses	<u>5,071,297</u>	<u>2,629,660</u>	<u>217,427</u>	<u>7,918,384</u>
Operating Income (Loss)	<u>887,276</u>	<u>(3,763)</u>	<u>19,584</u>	<u>903,097</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	116,269	94,072	6,538	216,879
Taxes	-	494,227	-	494,227
Intergovernmental revenue	-	132,162	-	132,162
Interest expense and fees	<u>(16,719)</u>	<u>(399,315)</u>	<u>-</u>	<u>(416,034)</u>
Total Nonoperating Revenues (Expenses)	<u>99,550</u>	<u>321,146</u>	<u>6,538</u>	<u>427,234</u>
Income before contributions and transfers	<u>986,826</u>	<u>317,383</u>	<u>26,122</u>	<u>1,330,331</u>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Grant revenue	-	-	980	980
Transfers out	<u>(441,233)</u>	<u>(160,222)</u>	<u>(16,400)</u>	<u>(617,855)</u>
Total contributions and transfers	<u>(441,233)</u>	<u>(160,222)</u>	<u>(15,420)</u>	<u>(616,875)</u>
Change in net assets	545,593	157,161	10,702	713,456
Net assets, beginning of year	<u>7,373,453</u>	<u>12,937,687</u>	<u>261,183</u>	<u>20,572,323</u>
Net assets, end of year	<u>\$ 7,919,046</u>	<u>\$ 13,094,848</u>	<u>\$ 271,885</u>	<u>\$ 21,285,779</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, 2007**

	ENTERPRISE FUNDS			TOTALS
	ELECTRIC	WATER/ WASTEWATER	SOLID WASTE	
<b>Cash flows from operating activities:</b>				
Cash receipts from customers	\$ 5,489,181	\$ 2,580,588	\$ 234,258	\$ 8,304,027
Cash receipts from other funds for services	291,764	13,314	-	305,078
Cash payments for other operating services	(24,429)	(56,161)	(1,684)	(82,274)
Cash payments to suppliers	(4,027,711)	(1,108,448)	(210,773)	(5,346,932)
Cash paid to employees	(732,286)	(652,197)	-	(1,384,483)
<b>Net cash provided by operating activities</b>	<b>996,519</b>	<b>777,096</b>	<b>21,801</b>	<b>1,795,416</b>
<b>Cash flows from noncapital financing activities:</b>				
Operating grants received	-	-	980	980
Advance to other funds	-	1,050	-	1,050
Transfers to other funds	(441,233)	(160,222)	(16,400)	(617,855)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(441,233)</b>	<b>(159,172)</b>	<b>(15,420)</b>	<b>(615,825)</b>
<b>Cash flows from capital and related financing activities:</b>				
Capital improvements & motor vehicle sales tax received	-	494,204	-	494,204
Acquisition and construction of capital assets	(388,345)	(885,331)	-	(1,273,676)
Proceeds from note payable	-	500,000	-	500,000
Cash paid on contracts payable	-	(75,115)	-	(75,115)
Principal paid on revenue bonds	-	(715,000)	-	(715,000)
Principal paid on certificates of participation	(66,339)	(44,503)	-	(110,842)
Principal paid on note payable	-	(25,309)	-	(25,309)
Interest and fees paid on debt	(16,718)	(334,306)	-	(351,024)
<b>Net cash used in capital and related financing activities</b>	<b>(471,402)</b>	<b>(1,085,360)</b>	<b>-</b>	<b>(1,556,762)</b>
<b>Cash flows from investing activities:</b>				
Interest received on bond escrow accounts	-	132,162	-	132,162
Interest received on cash accounts	111,254	90,578	6,108	207,940
Change in investments	(181,542)	259,023	(5,721)	71,760
<b>Net cash provided (used) by investing activities</b>	<b>(70,288)</b>	<b>481,763</b>	<b>387</b>	<b>411,862</b>
<b>Net increase in cash and cash equivalents</b>	<b>13,596</b>	<b>14,327</b>	<b>6,768</b>	<b>34,691</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>321,172</b>	<b>1,276,979</b>	<b>27,351</b>	<b>1,625,502</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 334,768</b>	<b>\$ 1,291,306</b>	<b>\$ 34,119</b>	<b>\$ 1,660,193</b>
<b>Cash and cash equivalents</b>	<b>\$ 158,262</b>	<b>\$ (211,767)</b>	<b>\$ 34,119</b>	<b>\$ (19,386)</b>
<b>Restricted cash and cash equivalents</b>	<b>176,506</b>	<b>1,503,073</b>	<b>-</b>	<b>1,679,579</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 334,768</b>	<b>\$ 1,291,306</b>	<b>\$ 34,119</b>	<b>\$ 1,660,193</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 887,276	\$ (3,763)	\$ 19,584	\$ 903,097
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation	250,936	838,003	-	1,088,939
<b>Changes in assets and liabilities:</b>				
(Increase) decrease in utilities receivable	(179,701)	(31,995)	(2,753)	(214,449)
(Increase) decrease in other receivables	2,073	-	-	2,073
(Increase) decrease in prepaid expenses	11,546	8,451	517	20,514
(Increase) decrease in inventory	(25,499)	(27,993)	-	(53,492)
Increase (decrease) in accounts payable	12,877	(28,312)	4,453	(10,982)
Increase (decrease) in compensated absences	5,353	6,850	-	12,203
Increase (decrease) in customer deposits payable	31,658	15,855	-	47,513
<b>Net cash provided by operating activities</b>	<b>\$ 996,519</b>	<b>\$ 777,096</b>	<b>\$ 21,801</b>	<b>\$ 1,795,416</b>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI  
STATEMENT OF NET ASSETS  
FIDUCIARY FUND  
SEPTEMBER 30, 2007**

	<u>AGENCY FUND</u>
<b>ASSETS</b>	
Cash	\$ <u>325</u>
<b>LIABILITIES</b>	
Court bonds payable	\$ <u>325</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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

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

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

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

The City has determined that no other outside agency besides the organization listed above meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would 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, 2007**

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

Basis of Presentation (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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

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

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

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

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

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

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

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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

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

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

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

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

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

Long-term Obligations:

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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

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

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

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

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.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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 2007.

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

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

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

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

**NOTE B - CASH AND 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.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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, 2007, the bank balances of the City's deposits totaled \$1,540,004. 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.

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE C - INVESTMENTS**

Investments of the City as of September 30, 2007 are as follows:

<u>Fund / Investment type</u>	<u>Maturity</u>	<u>Amount</u>
Major governmental funds:		
General fund - Certificates of deposit	01/13/2008 - 04/13/2009	\$ 693,249
Nonmajor governmental funds:		
Special revenue funds:		
Parks and recreation - Certificates of deposit	11/13/2007 - 12/17/2007	55,740
Municipal band - Certificates of deposit	12/06/2007 - 01/22/2008	98,774
Public library - Certificates of deposit	11/09/2007 - 09/20/2008	54,863
Total special revenue		<u>209,377</u>
Total governmental funds		<u>902,626</u>
Enterprise Funds:		
Major Funds:		
Electric fund - Certificates of deposit	10/02/2007 - 03/18/2008	3,179,074
Water and wastewater fund - Certificates of deposit	10/02/2007 - 08/29/2008	1,426,380
Solid waste fund - Certificates of deposit	10/02/2007 - 03/06/2008	177,159
Total enterprise funds		<u>4,782,613</u>
Total		<u>\$ 5,685,239</u>

Certificates of Deposit: Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. As of September 30, 2007, the total investment amount was covered by securities held by the bank's trust department.

**NOTE D - TAXES**

Property taxes are finalized and levied by September 1 and become delinquent after December 31 each year. Property taxes attach as an enforceable lien on property as of January 1. The current taxes receivable represent the 2007 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 2006 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>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE E - RESTRICTED ASSETS**

Cash and cash equivalents are restricted for the following purposes:

Nonmajor Governmental Funds:

Debt service fund:

2001 Certificates of Participation escrow:

Reserve fund	\$ 172,589
Lease revenue reserve	14

1996 Certificates of Participation escrow:

Debt service fund	8,683
Reserve fund	40,500

Total governmental funds	221,786
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Major Enterprise Funds:

Electric Fund:

Customer deposits	176,506
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Water and Wastewater Fund:

Customer deposits	88,399
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Revenue bond reserves and accounts:

Principal and interest retirement	509,849
Revenue bond retirement	446,932
Depreciation and replacement	349,828
Depreciation and replacement - Series 1998 debt	108,065

Total enterprise funds	1,679,579
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Total	\$ 1,901,365
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**NOTE F - LAND HELD FOR SALE**

In January 1996 the City acquired land in the "Crossroads Corporate Center." The land is held for resale. During the year, land was sold leaving a balance of \$104,386 for the cost of the remaining lots.

**NOTE G - RECEIVABLES**

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2007 were as follows:

	Total Receivables	Allowance	Net Receivables
Business-type activities:			
Major enterprise funds:			
Electric	\$ 1,018,507	\$ 162,367	\$ 856,140
Water and wastewater	422,282	91,726	330,556
Solid waste	51,814	18,853	32,961
Total	\$ 1,492,603	\$ 272,946	\$ 1,219,657

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE G - RECEIVABLES (continued)**

Taxes receivable represent the net collectible ad valorem taxes, local sales taxes, capital improvement sales taxes, state gasoline tax and vehicle sales tax and fees. Balances at September 30, 2007 were as follows:

<u>Fund</u>	<u>Total Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
Governmental activities:			
General:			
Ad valorem	\$ 412,410	\$ 4,723	\$ 407,687
Sales taxes	144,070	-	144,070
Gasoline tax	49,278	-	49,278
Vehicle sales tax & fees	14,616	-	14,616
Total general	<u>620,374</u>	<u>4,723</u>	<u>615,651</u>
Nonmajor governmental funds:			
Special revenue funds:			
Ad valorem	275,079	3,151	271,928
Sales taxes	18,010	-	18,010
Vehicle sales tax & fees	916	-	916
Total special revenue	<u>294,005</u>	<u>3,151</u>	<u>290,854</u>
Total governmental funds	<u>914,379</u>	<u>7,874</u>	<u>906,505</u>
Business-type activities:			
Major enterprise funds:			
Water and wastewater fund:			
Sales taxes	54,027	-	54,027
Vehicle sales tax & fees	2,756	-	2,756
Total business-type activities	<u>56,783</u>	<u>-</u>	<u>56,783</u>
 Total	 <u>\$ 971,162</u>	 <u>\$ 7,874</u>	 <u>\$ 963,288</u>

**NOTE H - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at September 30, 2007 were as follows:

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE I - INTERFUND TRANSFERS**

Interfund transfers for the year ended September 30, 2007 consisted of the following:

	<u>Electric Fund</u>	<u>Water and Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Transfer to:				
Major governmental funds:				
General fund	\$ 441,233	\$ 160,222	\$ 16,400	\$ 617,855
Nonmajor governmental funds:				
Park and recreation (special revenue) fund	-	-	-	-
Major business-type funds:				
Water and wastewater (enterprise) fund	-	-	-	-
Total	<u>\$ 441,233</u>	<u>\$ 160,222</u>	<u>\$ 16,400</u>	<u>\$ 617,855</u>

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

During the year ended September 30, 2007, \$50,000 was transferred from the Electric Fund to the General Fund for community development activities. Also included in the transfers schedule are the payments of \$391,233, \$160,222, and \$16,400 in fiscal year 2007 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 J - DEFERRED COMPENSATION PLAN**

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

**NOTE K - RETIREMENT PLAN**

Plan Description

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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 14.9% (general), 10.7% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2007, the political subdivision's annual pension cost of \$337,371 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2007 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, 2007 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
6/30/2005	\$ 303,802	100%	\$ -
6/30/2006	315,529	100%	-
6/30/2007	337,371	100%	-

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE L - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended September 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 3,066,624	\$ -	\$ -	\$ 3,066,624
Construction in progress	<u>-</u>	<u>65,070</u>	<u>-</u>	<u>65,070</u>
Total nondepreciable assets	<u>3,066,624</u>	<u>65,070</u>	<u>-</u>	<u>3,131,694</u>
Depreciable capital assets:				
Buildings	2,830,692	43,372	-	2,874,064
Improvements	637,701	269,549	-	907,250
Equipment	3,500,446	163,119	25,139	3,638,426
Publications	447,492	19,031	-	466,523
Street network	<u>14,504,425</u>	<u>340,544</u>	<u>-</u>	<u>14,844,969</u>
Total depreciable assets	<u>21,920,756</u>	<u>835,615</u>	<u>25,139</u>	<u>22,731,232</u>
Less accumulated depreciation:				
Buildings	502,976	59,259	-	562,235
Improvements	47,429	44,763	-	92,192
Equipment	2,557,295	204,424	25,139	2,736,580
Publications	379,602	10,544	-	390,146
Street network	<u>11,006,679</u>	<u>318,993</u>	<u>-</u>	<u>11,325,672</u>
Total accumulated depreciation	<u>14,493,981</u>	<u>637,983</u>	<u>25,139</u>	<u>15,106,825</u>
Total depreciable capital assets, net	<u>7,426,775</u>	<u>197,632</u>	<u>-</u>	<u>7,624,407</u>
Total governmental activities capital assets	<u>\$ 10,493,399</u>	<u>\$ 262,702</u>	<u>\$ -</u>	<u>\$ 10,756,101</u>

Depreciation expense was charged to functions as follows:

General government	\$ 24,807
Public safety	139,668
Public works	428,851
Parks and recreation	25,997
Public library	<u>18,660</u>
	<u>\$ 637,983</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
<b>Business-type activities:</b>				
<b>Electric fund:</b>				
Nondepreciable assets:				
Land	\$ 42,541	\$ -	\$ -	\$ 42,541
Construction in progress	-	-	-	-
Total nondepreciable capital assets	<u>42,541</u>	<u>-</u>	<u>-</u>	<u>42,541</u>
Depreciable capital assets:				
Buildings and improvements	2,484,300	346,177	-	2,830,477
Equipment	3,861,034	42,168	-	3,903,202
Total depreciable capital assets	<u>6,345,334</u>	<u>388,345</u>	<u>-</u>	<u>6,733,679</u>
Less accumulated depreciation:				
Buildings and improvements	396,837	90,920	-	487,757
Equipment	2,321,491	160,016	-	2,481,507
Total accumulated depreciation	<u>2,718,328</u>	<u>250,936</u>	<u>-</u>	<u>2,969,264</u>
Total depreciable capital assets, net	<u>3,627,006</u>	<u>137,409</u>	<u>-</u>	<u>3,764,415</u>
Total electric capital assets	<u>3,669,547</u>	<u>137,409</u>	<u>-</u>	<u>3,806,956</u>
<b>Water and wastewater fund:</b>				
Nondepreciable assets:				
Land	710,551	-	-	710,551
Construction in progress	109,393	857,997	967,390	-
Total nondepreciable capital assets	<u>819,944</u>	<u>857,997</u>	<u>967,390</u>	<u>710,551</u>
Depreciable capital assets:				
Buildings and improvements	26,991,099	967,390	-	27,958,489
Equipment	886,743	160,784	-	1,047,527
Total depreciable capital assets	<u>27,877,842</u>	<u>1,128,174</u>	<u>-</u>	<u>29,006,016</u>
Less accumulated depreciation:				
Buildings and improvements	11,646,887	781,650	-	12,428,537
Equipment	651,127	56,353	-	707,480
Total accumulated depreciation	<u>12,298,014</u>	<u>838,003</u>	<u>-</u>	<u>13,136,017</u>
Total depreciable capital assets, net	<u>15,579,828</u>	<u>290,171</u>	<u>-</u>	<u>15,869,999</u>
Total water and wastewater capital assets	<u>16,399,772</u>	<u>1,148,168</u>	<u>967,390</u>	<u>16,580,550</u>
<b>Solid waste fund:</b>				
Nondepreciable assets:				
Land	46,705	-	-	46,705
Depreciable capital assets:				
Equipment	18,250	-	-	18,250
Less accumulated depreciation:				
Equipment	18,250	-	-	18,250
Total accumulated depreciation	<u>18,250</u>	<u>-</u>	<u>-</u>	<u>18,250</u>
Total depreciable capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total solid waste capital assets	<u>46,705</u>	<u>-</u>	<u>-</u>	<u>46,705</u>
Total business-type activities capital assets	<u>\$ 20,116,024</u>	<u>\$ 1,285,577</u>	<u>\$ 967,390</u>	<u>\$ 20,434,211</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

Depreciation expense was charged to functions as follows:

Electric	\$ 250,936
Water and wastewater	838,003
Solid waste	<u>-</u>
	<u>\$ 1,088,939</u>

**NOTE M - RISK MANAGEMENT**

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

The City is a member of the 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 2007.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE N - COMMITMENTS AND CONTINGENCIES**

Contractual Commitment

On September 17, 2007, the City entered into a contract for the US Highway 36 Lighting Project totaling \$531,332.

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, 2007, the City did not incur any significant costs towards the periodic maintenance of the old landfill pursuant to DNR inspection of the site, and approval of the maintenance measures taken.

Federal and State Grants

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the City at September 30, 2007.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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

	Beginning Balance October 1, 2006	Additions	Retirements	Ending Balance September 30, 2007	Amount due within one year
<b>Governmental Activities:</b>					
1996 Certificates of Participation	\$ 345,000	\$ -	\$ 60,000	\$ 285,000	\$ 65,000
2001 Certificates of Participation	294,509	-	44,158	250,351	47,007
Capital lease - fire truck	69,006	-	15,810	53,196	16,757
Capital lease - tanker truck	51,852	-	17,043	34,809	17,508
Note payable - pumper truck	117,725	-	18,640	99,085	18,160
Payable to other governments	20,000	-	5,000	15,000	5,000
Accrued compensated absences	93,748	-	22,833	70,915	-
<b>Total Governmental Activities</b>	<b>\$ 991,840</b>	<b>\$ -</b>	<b>\$ 183,484</b>	<b>\$ 808,356</b>	<b>\$ 169,432</b>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
2001 Certificates of Participation	\$ 442,847	\$ -	\$ 66,339	\$ 376,508	\$ 70,620
Accrued compensated absences	37,269	5,353	-	42,622	-
<b>Total Electric Fund</b>	<b>480,116</b>	<b>5,353</b>	<b>66,339</b>	<b>419,130</b>	<b>70,620</b>
<b>Water and Wastewater Fund:</b>					
1992 Revenue Bonds	475,000	-	70,000	405,000	70,000
1993 Refunding Bonds	253,054	-	-	253,054	-
1996 A & B Refunding Revenue Bonds	50,000	-	50,000	-	-
1996 Revenue Bonds	1,690,000	-	135,000	1,555,000	135,000
1998 Revenue Bonds	2,630,000	-	160,000	2,470,000	165,000
2001 Certificates of Participation	297,644	-	44,503	253,141	47,373
2002 Refunding Revenue Bonds	1,300,000	-	300,000	1,000,000	370,000
Accreted interest	361,222	40,743	-	401,965	-
Note payable - odor control improvements	-	500,000	25,309	474,691	39,832
Contracts payable	109,479	-	75,115	34,364	34,364
Accrued compensated absences	32,541	6,850	-	39,391	-
<b>Total Water and Wastewater Fund</b>	<b>7,198,940</b>	<b>547,593</b>	<b>859,927</b>	<b>6,886,606</b>	<b>861,569</b>
<b>Total Business-Type Activities</b>	<b>\$ 7,679,056</b>	<b>\$ 552,946</b>	<b>\$ 926,266</b>	<b>\$ 7,305,736</b>	<b>\$ 932,189</b>

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE P - LONG-TERM DEBT**

Debt service requirements to maturity for all bonds and certificates of participation outstanding at September 30, 2007 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	Principal	Interest
2008	\$ 112,007	\$ 29,541	\$ 740,000	\$ 261,314
2009	118,431	23,385	775,000	227,921
2010	127,705	16,763	640,000	195,325
2011	177,208	9,628	544,730	458,599
2012	-	-	558,324	450,891
2013	-	-	395,000	117,578
2014	-	-	415,000	95,015
2015	-	-	430,000	71,469
2016	-	-	455,000	46,791
2017	-	-	235,000	28,812
2018	-	-	245,000	18,012
2019	-	-	250,000	6,250
<b>Total</b>	<b>\$ 535,351</b>	<b>\$ 79,317</b>	<b>\$ 5,683,054</b>	<b>\$ 1,977,977</b>

Year Ending September 30,	Business-Type Activities (continued)				Total Debt	
	Certificates of Participation				Service Requirements	
	Electric Fund		Water and Wastewater Fund		to Maturity	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 70,620	\$ 18,691	\$ 47,373	\$ 12,538	\$ 970,000	\$ 322,084
2009	72,760	15,301	48,808	10,264	1,014,999	276,871
2010	79,180	11,663	53,115	7,823	900,000	231,574
2011	153,948	7,704	103,845	5,169	979,731	481,100
2012	-	-	-	-	558,324	450,891
2013	-	-	-	-	395,000	117,578
2014	-	-	-	-	415,000	95,015
2015	-	-	-	-	430,000	71,469
2016	-	-	-	-	455,000	46,791
2017	-	-	-	-	235,000	28,812
2018	-	-	-	-	245,000	18,012
2019	-	-	-	-	250,000	6,250
<b>Total</b>	<b>\$ 376,508</b>	<b>\$ 53,359</b>	<b>\$ 253,141</b>	<b>\$ 35,794</b>	<b>\$ 6,848,054</b>	<b>\$ 2,146,447</b>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

**NOTE Q - BONDS PAYABLE**

Revenue bonds outstanding at September 30, 2007 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%	\$ 405,000
Series 1993 Combined Waterworks & Sewerage System Refunding Revenue Bonds: Capital appreciation bonds, interest accretion at 6.60% to 6.65%, compounded semiannually, with total maturity values of \$420,000 and \$430,000 at March 1, 2011 and 2012, respectively.	253,054
Series 1996 C Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2016; interest of 5.40% to 5.90%	1,555,000
Series 1998 B Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2019; interest of 4.20% to 5.00%	2,470,000
Series 2002 Combined Waterworks & Sewerage System Refunding Revenue Bonds due in varying annual installments through March 2010; interest of 3.625% to 4.00%	<u>1,000,000</u>
Total Water and Wastewater Fund revenue bonds	5,683,054
Accreted Interest on Series 1993 Capital Appreciation Bonds	<u>401,965</u>
	<u>\$ 6,085,019</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, 2007**

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

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

	Water and Wastewater Enterprise Fund
Principal and interest retirement	\$ 509,849
Bond retirement	446,932
Depreciation and replacement	349,828
System and equipment replacement	108,065
Total revenue bond reserves	\$ 1,414,674

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

**NOTE R - CERTIFICATES OF LEASE PARTICIPATION**

Certificates of lease participation outstanding at September 30, 2007 consist of:

General Fund:

Series 1996 Certificates of Participation, due in varying annual installments through April 2011; interest at 6.00%; subject to annual appropriations; secured by real estate and public safety building \$ 285,000

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% 880,000

Total certificates of lease participation \$ 1,165,000

**NOTE S - CAPITAL LEASE OBLIGATIONS**

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

On 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%.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

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

The assets acquired through capital leases are as follows:

	Activities
Asset:	
Equipment	\$ 343,493
Less: Accumulated depreciation	(266,550)
Total	\$ 76,943

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

Year Ending September 30,	Governmental Activities
2008	\$ 38,530
2009	38,530
2010	20,099
Total minimum lease payments	97,159
Less amount representing interest	(9,154)
Present value of minimum lease payments	\$ 88,005

**NOTE T - NOTES PAYABLE**

Notes payable at September 30, 2007 consist of:

General Fund:

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

	\$ 99,085
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Water/wastewater Fund:

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

	474,691
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Total notes payable	\$ 573,776
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**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

Maturities of notes payable are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
2008	\$ 18,160	\$ 39,832
2009	18,942	42,084
2010	19,777	44,190
2011	20,639	46,401
2012	21,567	48,685
2013	-	51,159
2014	-	53,719
2015	-	56,407
2016	-	92,214
	<u>\$ 99,085</u>	<u>\$ 474,691</u>

**NOTE U - CONTRACTS PAYABLE**

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, 2007 is \$15,896.

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 contract at September 30, 2007 is \$18,468.

**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, 2007 is \$15,000.

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

The City has issued Industrial Revenue Bonds to provide financial assistance to a non-profit entity for construction of a building, the acquisition of medical equipment, and to re-finance existing debt, all deemed to be in the public interest. The bonds are secured by the building and equipment financed and are payable solely from payments received on the underlying loans. Neither the City, the State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the outstanding bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. These bonds were refinanced on May 17, 2007. As of September 30, 2007, the outstanding principal amount payable was \$20,000,000.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**

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

On November 1, 2006, the City issued additional Industrial Revenue Bonds in the amount of \$664,000 to a non-profit entity for the acquisition of equipment and to finance facility renovations, all deemed to be in the public interest. The bonds are secured by real estate and the equipment financed and are payable solely from payments received on the underlying loans. Neither the City, the State of Missouri, nor any political subdivision thereof is obligated in any manner for repayment of the outstanding bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. As of September 30, 2007 the outstanding principal amount payable was \$480,585.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CAMERON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	BUDGET		ACTUAL	BUDGET TO GAAP DIFFERENCES		GENERAL FUND
	ORIGINAL	FINAL		OVER (UNDER)		
<b>REVENUES:</b>						
Sales tax	\$ 1,275,000	\$ 1,275,000	\$ 1,270,227	\$ -		\$ 1,270,227
Property tax	373,000	373,000	457,745	-		457,745
Other local taxes	84,000	84,000	94,522	-		94,522
Intergovernmental	420,000	420,000	391,001	-		391,001
Gross receipts tax	391,916	391,916	424,218	(1)	(424,218)	-
In lieu of tax	55,000	55,000	59,235	(1)	(59,235)	-
Licenses, permits and fees	276,650	290,650	243,900	-		243,900
Charges for services	168,210	190,360	243,485	-		243,485
Interfund charges for services	24,000	24,000	24,000	(1)	(24,000)	-
Grants	330,355	679,071	488,118	-		488,118
Fines and forfeitures	146,300	156,200	132,493	-		132,493
Interest	33,250	39,250	39,561	-		39,561
Gain on sale of land	199,000	199,000	138,358	-		138,358
Miscellaneous	75,398	149,444	65,205	-		65,205
Total Revenues	<u>3,852,079</u>	<u>4,326,891</u>	<u>4,072,068</u>		<u>(507,453)</u>	<u>3,564,615</u>
<b>EXPENDITURES:</b>						
Current:						
General government	460,226	481,051	448,734	-		448,734
Public safety	1,857,043	1,954,993	1,962,700	-		1,962,700
Public works	708,870	773,315	735,423	-		735,423
Capital outlay	603,250	1,055,743	798,934	-		798,934
Debt Service:						
Principal	-	-	-	(2)	51,492	51,492
Interest and fees	-	-	-	(2)	9,516	9,516
Capital lease payments	61,009	61,009	61,008	(2)	(61,008)	-
Total Expenditures	<u>3,690,398</u>	<u>4,326,111</u>	<u>4,006,799</u>		<u>-</u>	<u>4,006,799</u>
Excess (deficiency) of revenues over expenditures	<u>161,681</u>	<u>780</u>	<u>65,269</u>		<u>(507,453)</u>	<u>(442,184)</u>
Other financing sources (uses):						
Transfers in	77,400	240,400	110,400	(1)	507,453	617,853
Transfers out	(232,600)	(232,600)	(131,566)	-		(131,566)
Total other financing sources (uses)	<u>(155,200)</u>	<u>7,800</u>	<u>(21,166)</u>		<u>507,453</u>	<u>486,287</u>
Net change in fund balance	6,481	8,580	44,103	-		44,103
Fund balance, beginning of year	<u>1,193,261</u>	<u>1,193,261</u>	<u>1,193,261</u>	-		<u>1,193,261</u>
Fund balance, end of year	<u>\$ 1,199,742</u>	<u>\$ 1,201,841</u>	<u>\$ 1,237,364</u>	\$ -		<u>\$ 1,237,364</u>

See accompanying notes to the required supplementary information.

**CITY OF CAMERON, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE  
SEPTEMBER 30, 2007**

**Budgets and Budgetary Accounting**

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

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

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

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

**CITY OF CAMERON, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN  
SEPTEMBER 30, 2007**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2005	\$ 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%
2/28/2007	4,589,819	4,971,984	382,165	92%	2,425,458	16%

NOTE: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 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, 2007**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 249,474	\$ 2,809	\$ 252,283
Investments	209,377	-	209,377
Receivables, net:			
Taxes	290,854	-	290,854
Accounts	50,000	1,262	51,262
Accrued interest	1,004	-	1,004
Restricted cash and cash equivalents	-	221,786	221,786
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 800,709</u>	<u>\$ 225,857</u>	<u>\$ 1,026,566</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 8,293	\$ -	\$ 8,293
Deferred revenues	235,558	-	235,558
Payable to other governments	15,000	-	15,000
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>258,851</u>	<u>-</u>	<u>258,851</u>
Fund Balances:			
Reserved for:			
Park equipment	160,377	-	160,377
Veterans Memorial Park	12,064	-	12,064
Debt service	-	221,786	221,786
Unreserved	369,417	4,071	373,488
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>541,858</u>	<u>225,857</u>	<u>767,715</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 800,709</u>	<u>\$ 225,857</u>	<u>\$ 1,026,566</u>

**CITY OF CAMERON, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2007**

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 172,748	\$ 33,854	\$ 15,782	\$ 27,090	\$ 249,474
Investments	55,740	54,863	98,774	-	209,377
Receivables, net:					
Taxes	119,108	114,567	57,179	-	290,854
Accrued interest	267	365	372	-	1,004
Accounts	-	-	-	50,000	50,000
Total assets	<u>\$ 347,863</u>	<u>\$ 203,649</u>	<u>\$ 172,107</u>	<u>\$ 77,090</u>	<u>\$ 800,709</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>					
Accounts payable	\$ 2,927	\$ 2,364	\$ 2	\$ 3,000	\$ 8,293
Deferred revenue	76,837	87,868	43,853	27,000	235,558
Payable to other governments	15,000	-	-	-	15,000
Total liabilities	<u>94,764</u>	<u>90,232</u>	<u>43,855</u>	<u>30,000</u>	<u>258,851</u>
<b>Fund Balances:</b>					
Reserved for:					
Park equipment	160,377	-	-	-	160,377
Veterans Memorial Park	12,064	-	-	-	12,064
Unreserved	80,658	113,417	128,252	47,090	369,417
Total fund balances	<u>253,099</u>	<u>113,417</u>	<u>128,252</u>	<u>47,090</u>	<u>541,858</u>
Total liabilities and fund balances	<u>\$ 347,863</u>	<u>\$ 203,649</u>	<u>\$ 172,107</u>	<u>\$ 77,090</u>	<u>\$ 800,709</u>

**CITY OF CAMERON, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR DEBT SERVICE FUNDS  
SEPTEMBER 30, 2007**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,809	\$ -	\$ -	\$ 2,809
Receivables, net	1,262	-	-	1,262
Restricted cash and cash equivalents	<u>-</u>	<u>49,183</u>	<u>172,603</u>	<u>221,786</u>
Total assets	<u>\$ 4,071</u>	<u>\$ 49,183</u>	<u>\$ 172,603</u>	<u>\$ 225,857</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Reserved for debt service	-	49,183	172,603	221,786
Unreserved	<u>4,071</u>	<u>-</u>	<u>-</u>	<u>4,071</u>
Total fund balances	<u>4,071</u>	<u>49,183</u>	<u>172,603</u>	<u>225,857</u>
Total liabilities and fund balances	<u>\$ 4,071</u>	<u>\$ 49,183</u>	<u>\$ 172,603</u>	<u>\$ 225,857</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, 2007**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
REVENUES:			
Sales tax	\$ 166,957	\$ -	\$ 166,957
Property tax	305,299	-	305,299
Other local taxes	24,758	13,033	37,791
State grants	72,396	-	72,396
Interest	11,891	11,470	23,361
Miscellaneous	29,826	-	29,826
Total Revenues	<u>611,127</u>	<u>24,503</u>	<u>635,630</u>
EXPENDITURES:			
Current:			
Parks and recreation	102,895	-	102,895
Public library	133,850	-	133,850
Municipal band	44,283	-	44,283
Low-income housing	20,000	-	20,000
Capital outlay	92,543	-	92,543
Debt service:			
Principal	-	104,158	104,158
Interest and fees	-	42,788	42,788
Other	-	4,189	4,189
Total Expenditures	<u>393,571</u>	<u>151,135</u>	<u>544,706</u>
Excess (deficiency) of revenues over expenditures	217,556	(126,632)	90,924
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>131,568</u>	<u>131,568</u>
Net change in fund balances	217,556	4,936	222,492
Fund balances, beginning of year	<u>324,302</u>	<u>220,921</u>	<u>545,223</u>
Fund balances, end of year	<u>\$ 541,858</u>	<u>\$ 225,857</u>	<u>\$ 767,715</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, 2007**

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
<b>REVENUES:</b>					
Sales tax	\$ 166,957	-	-	-	\$ 166,957
Property tax	112,483	128,600	64,216	-	305,299
Other local taxes	9,284	10,522	4,952	-	24,758
State grants	68,335	4,061	-	-	72,396
Interest	4,028	3,670	4,030	163	11,891
Miscellaneous	1,370	10,456	-	18,000	29,826
Total Revenues	<u>362,457</u>	<u>157,309</u>	<u>73,198</u>	<u>18,163</u>	<u>611,127</u>
<b>EXPENDITURES:</b>					
Current:					
Parks and recreation	102,895	-	-	-	102,895
Public library	-	133,850	-	-	133,850
Municipal band	-	-	44,283	-	44,283
Low-income housing	-	-	-	20,000	20,000
Capital outlay	92,543	-	-	-	92,543
Total Expenditures	<u>195,438</u>	<u>133,850</u>	<u>44,283</u>	<u>20,000</u>	<u>393,571</u>
Excess (deficiency) of revenues over expenditures	167,019	23,459	28,915	(1,837)	217,556
Other financing sources (uses)	-	-	-	-	-
Transfers in	-	-	-	-	-
Net change in fund balances	167,019	23,459	28,915	(1,837)	217,556
Fund balance, beginning of year	86,080	89,958	99,337	48,927	324,302
Fund balance, end of year	<u>\$ 253,099</u>	<u>\$ 113,417</u>	<u>\$ 128,252</u>	<u>\$ 47,090</u>	<u>\$ 541,858</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, 2007**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
REVENUES:				
Other local taxes	\$ 13,033	\$ -	\$ -	\$ 13,033
Interest	<u>83</u>	<u>2,066</u>	<u>9,321</u>	<u>11,470</u>
Total Revenues	<u>13,116</u>	<u>2,066</u>	<u>9,321</u>	<u>24,503</u>
EXPENDITURES:				
Debt service:				
Principal	-	60,000	44,158	104,158
Interest and fees	-	20,866	21,922	42,788
Other	<u>4,189</u>	<u>-</u>	<u>-</u>	<u>4,189</u>
Total Expenditures	<u>4,189</u>	<u>80,866</u>	<u>66,080</u>	<u>151,135</u>
Excess (deficiency) of revenues over expenditures	<u>8,927</u>	<u>(78,800)</u>	<u>(56,759)</u>	<u>(126,632)</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>77,133</u>	<u>54,435</u>	<u>131,568</u>
Net change in fund balances	8,927	(1,667)	(2,324)	4,936
Fund balance, beginning of year	<u>(4,856)</u>	<u>50,850</u>	<u>174,927</u>	<u>220,921</u>
Fund balance, end of year	<u>\$ 4,071</u>	<u>\$ 49,183</u>	<u>\$ 172,603</u>	<u>\$ 225,857</u>

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

		<b>MUNICIPAL COURT FUND</b>			
		Balance October 1, 2006	Additions	Deductions	Balance September 30, 2007
<b>ASSETS</b>					
Cash		\$ 6,933	\$ 27,468	\$ 34,076	\$ 325
<b>LIABILITIES</b>					
Court bonds payable		\$ 6,933	\$ 27,468	\$ 34,076	\$ 325

## **INTERNAL CONTROL AND COMPLIANCE**

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

To the City Council  
City of Cameron, Missouri

We have audited the financial statements of the City of Cameron as of and for the year ended September 30, 2007, and have issued our report thereon dated February 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

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

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

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

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

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

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests 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 25, 2008.

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

*Westbrook & Co., P.C.*

February 25, 2008