

CITY OF CAMERON, MISSOURI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2008

**CITY OF CAMERON, MISSOURI
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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, 2008, 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, 2008, 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 20, 2009, 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 52 through 59, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 20, 2009



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, 2008. 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 \$35.3 million. Net assets is comprised of \$25.3 million invested in capital assets, (net of related debt); \$2.0 million restricted for debt service and other purposes; \$1.8 million unrestricted and available for governmental purposes; and \$6.1 million unrestricted and available for the City's business-type activities.
- The City's total net assets increased approximately \$1.7 million. Of this amount, \$1.2 million was from the City's governmental activities and \$550,000 was from business-type activities.
- The City's long-term debt decreased approximately \$1.1 million (14%) during the current fiscal year.
- The Highway 36 lighting project was started and in service during fiscal year 07 - 08. This project illuminated Highway 36 and the right of way in the city limits.
- The Wastewater Fund purchased a new service truck in fiscal year 07 - 08. This truck is equipped to pull equipment and trailers, in addition to on site repairs.
- The Electric, Water and Wastewater departments have continued to enhance the GIS system and obtained Cityworks software which can be integrated with the GIS systems and may assist with inventories.
- The Public Works Department purchased a new dump truck and de-icing equipment.
- The City with assistance of a State of Missouri CDBG Grant, contributions from Missouri Department of Transportation, DeKalb County and Grand River Township, was able to extend McElwain Drive to access Highway 36 and Ensign Trace. The road construction started in fiscal year 07 - 08 and the interchange was open to public traffic in August 2008.

Overview of the Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The City has three types of funds:

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

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

- *Proprietary funds*: The City has one type of proprietary fund, the enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

- *Fiduciary funds*: The City maintains an agency fund. The fund accounts for monies held on behalf of the Municipal Court. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Financial Analysis of the City as a Whole

Net Assets

The following table reflects the condensed statements of net assets as of September 30, 2008 and 2007:

Table MDA - 1
City of Cameron's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current & other assets	\$ 2,791,982	\$ 3,086,149	\$ 6,895,403	\$ 8,963,023	\$ 9,687,385	\$ 12,049,172
Capital assets	12,266,911	10,756,101	22,101,556	20,434,211	34,368,467	31,190,312
Total assets	15,058,893	13,842,250	28,996,959	29,397,234	44,055,852	43,239,484
Liabilities:						
Other liabilities	1,141,420	872,251	1,421,122	1,473,003	2,562,542	2,345,254
Long-term liabilities	442,665	638,924	5,740,594	6,638,452	6,183,259	7,277,376
Total liabilities	1,584,085	1,511,175	7,161,716	8,111,455	8,745,801	9,622,630
Net assets:						
Invested in capital assets, net of related debt	11,050,642	10,018,660	14,318,867	13,646,816	25,369,509	23,665,476
Restricted	543,823	382,163	1,468,698	1,414,674	2,012,521	1,796,837
Unrestricted	1,880,343	1,861,916	6,047,678	6,224,289	7,928,021	8,086,205
Total net assets	\$ 13,474,808	\$ 12,262,739	\$ 21,835,243	\$ 21,285,779	\$ 35,310,051	\$ 33,548,518

As seen in table MDA-1, the City's combined net assets increased to \$35.3 million from \$33.6 million as a result of the increase in net assets reflected in table MDA-2.

The largest portion of the City's net assets, \$25.3 million (72%), reflects its investment in capital assets (land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure) less any related debt, used to acquire those assets that are still outstanding. An additional portion of the City's net assets, \$2.0 million (6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$7.9 million (22%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Assets

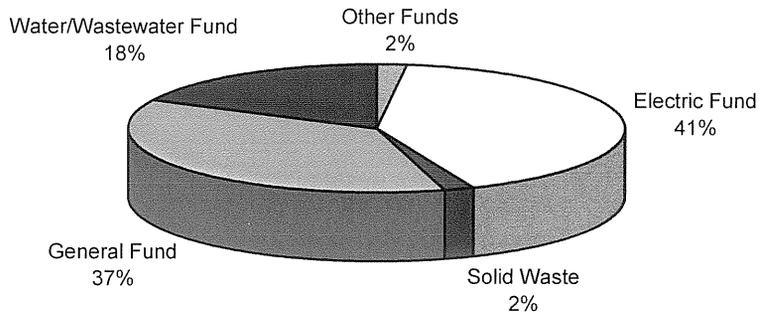
The following table reflects the revenues and expenses from the City's activities:

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

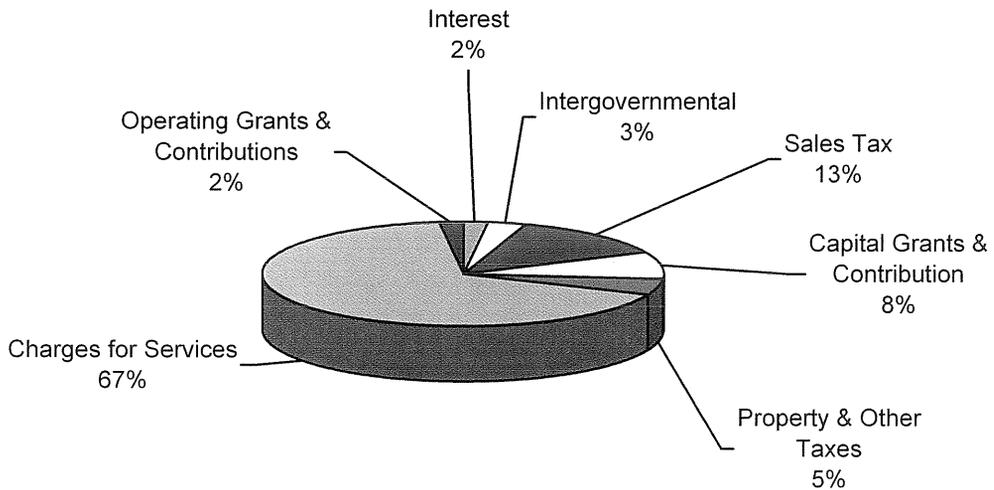
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for services	\$ 880,824	\$ 698,000	\$ 9,410,234	\$ 8,821,481	\$ 10,291,058	\$ 9,519,481
Operating grants and contributions	341,666	213,362	67,295	980	408,961	214,342
Capital grants	1,284,145	295,725	-	-	1,284,145	295,725
General Revenues:						
Property Taxes	718,364	763,044	-	-	718,364	763,044
Sales and Use Taxes	1,502,702	1,437,184	514,135	494,227	2,016,837	1,931,411
Other taxes	125,312	132,313	-	-	125,312	132,313
Sale of land	-	138,358	-	-	-	138,358
Intergovernmental	361,126	391,001	122,821	132,162	483,947	523,163
Interest	81,152	62,922	219,363	216,879	300,515	279,801
Total Revenues	5,295,291	4,131,909	10,333,848	9,665,729	15,629,139	13,797,638
Expenses						
General government	497,235	460,730	-	-	497,235	460,730
Public safety	2,068,697	2,030,819	-	-	2,068,697	2,030,819
Public works	1,653,457	1,167,658	-	-	1,653,457	1,167,658
Parks and recreation	202,652	175,369	-	-	202,652	175,369
Municipal band	44,163	44,315	-	-	44,163	44,315
Public library	152,378	134,277	-	-	152,378	134,277
Low-income housing	26,029	20,000	-	-	26,029	20,000
Interest long-term debt	50,110	56,493	-	-	50,110	56,493
Electric system	-	-	5,806,856	5,088,016	5,806,856	5,088,016
Water/wastewater system	-	-	3,160,100	3,028,975	3,160,100	3,028,975
Solid Waste	-	-	205,929	217,427	205,929	217,427
Total Expenses	4,694,721	4,089,661	9,172,885	8,334,418	13,867,606	12,424,079
Excess (deficiency) before transfers	600,570	42,248	1,160,963	1,331,311	1,761,533	1,373,559
Transfers	611,499	617,855	(611,499)	(617,855)	-	-
Change in net assets	1,212,069	660,103	549,464	713,456	1,761,533	1,373,559
Beginning net assets, restated	12,262,739	11,602,636	21,285,779	20,572,323	33,548,518	32,174,959
Ending net assets	\$ 13,474,808	\$ 12,262,739	\$ 21,835,243	\$ 21,285,779	\$ 35,310,051	\$ 33,548,518

For the fiscal year ended September 30, 2008, government-wide revenues totaled \$15,629,139. Approximately 67% of all revenues are from charges from services and 13% from sales tax. See Table MDA - 3 and Table MDA - 4.

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

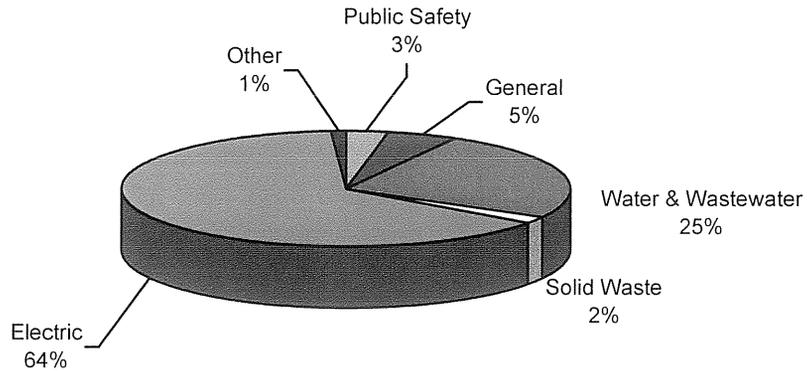


**Table MDA - 4
City of Cameron - Sources of Revenues**



Charges for services are derived from users of the City's programs such as governmental programs and fees for the users of the City's electric, water and wastewater systems and solid waste collections. As seen in Table MDA - 5, the City's electric, water and wastewater systems account for approximately 91% of all charges for services.

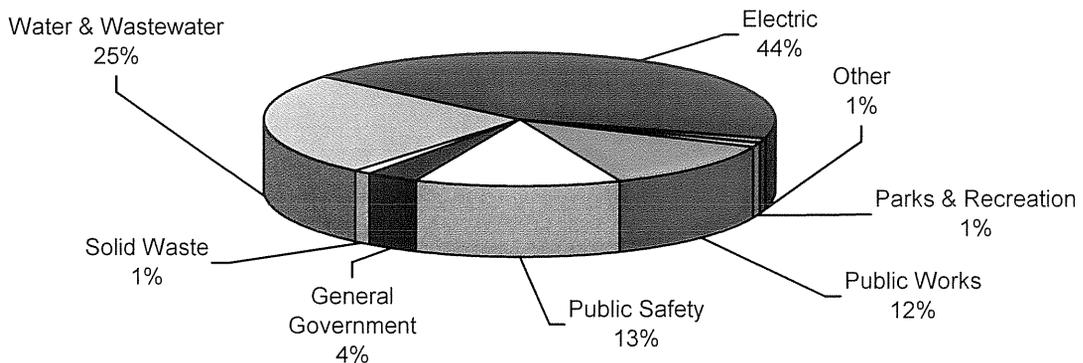
Table MDA - 5
City of Cameron - Analysis of Charges for Services



The second largest revenue source for the entire city is sales tax which during the 2008 fiscal year equaled \$2,016,837. The City of Cameron has a 1% sales tax to fund general governmental activities, a .125% sales tax for park and recreation equipment and a .375% sales tax for wastewater activities. In addition, the City has a Tax Increment Financing District and sales tax received for that district is restricted to funding activities within the restricted area. Sales tax activity increased slightly from last fiscal year.

The City's expenses cover a range of services. Approximately 70% of all city expenses during the 2008 fiscal year are related to business-type activities.

Table MDA - 6
City of Cameron - Functional Expenses



Governmental Activities

Governmental activities increased the City’s net assets by \$1,212,069. Sales taxes, the largest governmental category, were \$1,502,702, or 44%. For the fiscal year ended September 30, 2008, revenues totaled \$15,629,139 (governmental and business-type). Revenues from governmental activities were \$5,295,291, or 38%, of the total City revenue (an increase of \$1,706,545 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$2,506,635. Table MDA - 7 shows expenses and program revenues of the governmental activities for the years ended September 30, 2008 and 2007:

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

	2008			2007		
	Cost of Services	Program Revenue	Net Cost of Service	Cost of Services	Program Revenue	Net Cost of Service
General government	\$ 497,235	\$ 418,668	\$ 78,567	\$ 460,730	\$ 292,345	\$ 168,385
Public Safety	2,068,697	528,350	1,540,347	2,030,819	563,036	1,467,783
Public Works	1,653,457	1,528,004	125,453	1,167,658	317,820	849,838
Park and recreation	202,652	3,894	198,758	175,369	1,370	173,999
Municipal band	44,163	18,719	25,444	44,315	-	44,315
Public library	152,378	-	152,378	134,277	14,517	119,760
Low income housing	26,029	9,000	17,029	20,000	18,000	2,000
Interest on long-term debt	<u>50,110</u>	<u>-</u>	<u>50,110</u>	<u>56,493</u>	<u>-</u>	<u>56,493</u>
Total	<u>\$ 4,694,721</u>	<u>\$ 2,506,635</u>	<u>\$ 2,188,086</u>	<u>\$ 4,089,661</u>	<u>\$ 1,207,088</u>	<u>\$ 2,882,573</u>

As noted in Table MDA - 7, expenses from governmental activities totaled \$4,694,721. However, the net costs of these services were \$2,188,086. The difference represents direct revenues from charges for services of \$880,824, operating grants and contributions of \$341,666, and capital grants and contributions of \$1,284,145. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City’s net assets by \$549,464. Key elements of the change in net assets are as follows:

- Electric system operating revenue increased \$665,248 from the prior year, while operating expenses increased \$718,840.
- Water and wastewater system operating revenues decreased \$15,276 from the prior year, while operating expenses increased \$131,125.

Financial Analysis of the City's Funds

General Fund revenues exceeded expenditures. The fund balance of the General Fund decreased \$680,000 to the amount of \$554,000. The investment in assets allowed an increase in net assets for the Governmental Funds of \$1,212,069, which brings the Governmental Funds net assets to \$13,474,808.

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 that was ordered in FY 06-07. The late delivery caused a large variance and was reclassified in the FY 07-08 budget.
- The S. Chestnut & Walnut intersection re-alignment was open for traffic August 2008, but additional finishing work is planned to be completed with the FY 08-09 budget.
- The last phase of the annual asphalt overlay program was delayed and eventually paid for on November 8, 2007.
- Total original revenue budget of \$5,250,822 increased to \$5,766,560 as a result of two budget adjustments. The primary reasons for the adjustments:
 1. December 2007 Ice Storm damage reimbursement through FEMA/SEMA agencies.
 2. Grants approved for NITRO officer activities.
 3. Gross Receipts taxes received due to telecomm ruling allowing wireless contributions to municipal jurisdictions.
- Total original expense budget of \$5,128,239 was increased to \$5,631,907. The reasons for the increase are stated above.
- The actual amounts on budgetary basis were \$4,561,841 in revenue verses \$5,232,134 in expenses. This change to the fund balance at the end of the year after transfers in and out was a reduction of \$682,626. This was due to the City of Cameron paying McAninch Construction for McElwain Drive improvements then waiting for contributions from outside sources to be received. While staff and elected officials view this decrease unfavorably, the decrease of fund balance represents a minor impact on future services or liquidity.

Capital Assets and Debt Administration

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

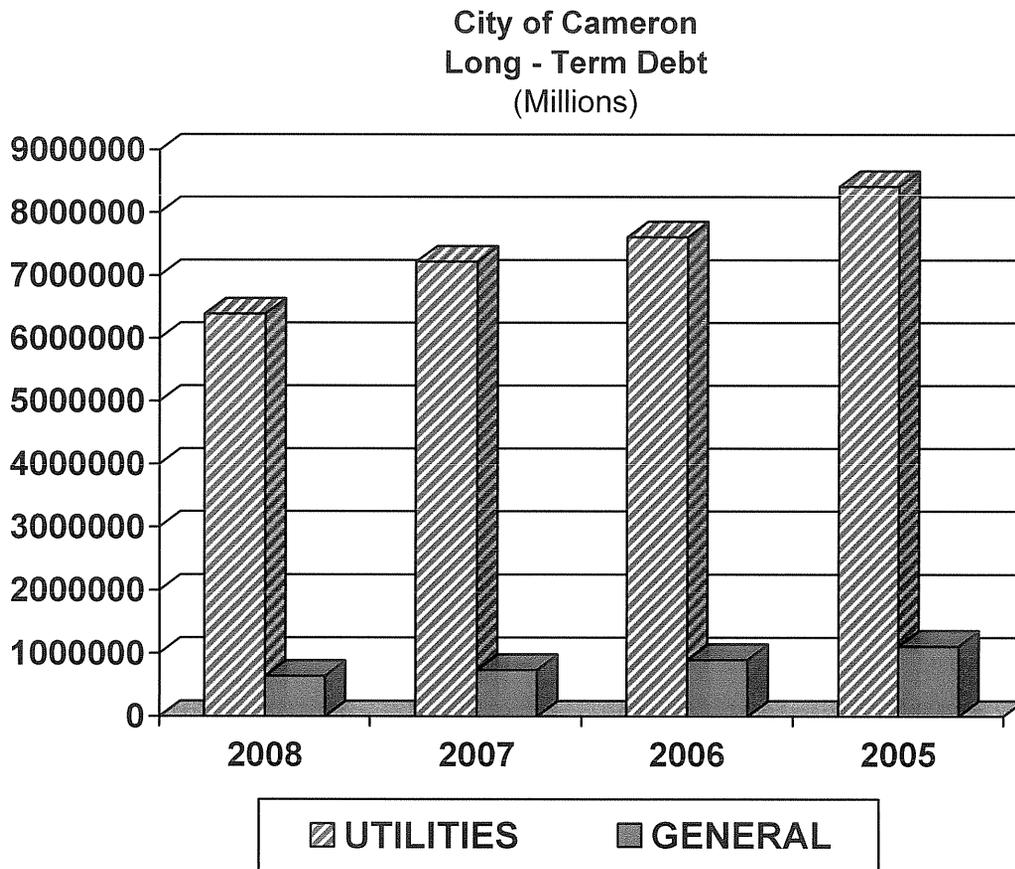
- Police department computer purchases.
- Police department purchased two new cruisers on a two-year lease.
- McElwain Drive Improvements.
- Purchase of a new dump truck and various de-icing equipment.

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

- Started design phase of water distribution improvements approved by voters.
- Water plant completed metering project.
- Continued working on GIS programs and additional software.
- Sewer collection purchased service truck.
- Electric department completed the Highway 36 lighting project.

The budgeted capital projects for FY '07-08 totaled \$3,212,150, with some of the projects being carried over to the next budget year and Highway 36 lighting project completed under original estimations.

Long-term debts outstanding were reduced by \$1,169,361.



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

As of September 30, 2008 there were two 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. The City Council placed a bond issue on the ballot for April 8, 2008. The issue was approved, it will allow for \$2,700,000 of improvements to the water distribution system. As of September 30, 2008 the project was still in the design phase.

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:

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

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

CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 364,566	\$ 356,046	\$ 720,612
Certificates of deposit	540,590	4,173,654	4,714,244
Receivables, net:			
Taxes	968,344	68,644	1,036,988
Utilities	-	1,268,029	1,268,029
Grants	857,508	-	857,508
Accrued interest	4,925	23,813	28,738
Accounts	61,068	-	61,068
Internal balances	(111,521)	111,521	-
Prepaid expenses	106,502	54,954	161,456
Inventory	-	838,742	838,742
Total current assets	2,791,982	6,895,403	9,687,385
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	219,535	1,756,311	1,975,846
Special assessments, net	-	14,585	14,585
Land held for resale	104,386	-	104,386
Due from other governments	302,772	65,466	368,238
Deferred bond issue costs, net	-	56,757	56,757
Capital assets, net	11,640,218	20,208,437	31,848,655
Total noncurrent assets	12,266,911	22,101,556	34,368,467
Total Assets	15,058,893	28,996,959	44,055,852
LIABILITIES			
Current liabilities:			
Accounts payable	411,552	440,357	851,909
Accrued interest payable	5,960	42,112	48,072
Deferred revenue	524,749	-	524,749
Long-term liabilities due within one year	199,159	938,653	1,137,812
Total current liabilities	1,141,420	1,421,122	2,562,542
Noncurrent liabilities:			
Customer deposits payable	-	287,613	287,613
Compensated absences payable	52,248	55,984	108,232
Long-term liabilities due in more than one year	390,417	5,396,997	5,787,414
Total non-current liabilities	442,665	5,740,594	6,183,259
Total liabilities	1,584,085	7,161,716	8,745,801
NET ASSETS			
Invested in capital assets, net of related debt	11,050,642	14,318,867	25,369,509
Restricted for:			
Debt service	219,535	1,468,698	1,688,233
Other purposes	324,288	-	324,288
Unrestricted	1,880,343	6,047,678	7,928,021
Total net assets	\$ 13,474,808	\$ 21,835,243	\$ 35,310,051

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government	\$ 497,235	\$ 393,395	\$ 25,273	\$ -	\$ (78,567)	\$ -	\$ (78,567)
Public safety	2,068,697	348,165	180,185	-	(1,540,347)	-	(1,540,347)
Public works	1,653,457	124,072	119,787	1,284,145	(125,453)	-	(125,453)
Parks and recreation	202,652	3,894	-	-	(198,758)	-	(198,758)
Public library	152,378	11,298	7,421	-	(133,659)	-	(133,659)
Municipal band	44,163	-	-	-	(44,163)	-	(44,163)
Low-income housing	26,029	-	9,000	-	(17,029)	-	(17,029)
Interest on long-term debt	50,110	-	-	-	(50,110)	-	(50,110)
Total governmental activities	4,694,721	880,824	341,666	1,284,145	(2,188,086)	-	(2,188,086)
Business-type activities:							
Electric	5,806,856	6,557,636	66,185	-	-	816,965	816,965
Water and wastewater	3,160,100	2,610,621	-	-	-	(549,479)	(549,479)
Solid waste	205,929	241,977	1,110	-	-	37,158	37,158
Total business-type activities	9,172,885	9,410,234	67,295	-	-	304,644	304,644
Total primary government	\$ 13,867,606	\$ 10,291,058	\$ 408,961	\$ 1,284,145	\$ (2,188,086)	\$ 304,644	\$ (1,883,442)
General revenues:							
Property tax					718,364	-	718,364
Sales and use taxes					1,502,702	514,135	2,016,837
Other local taxes					125,312	-	125,312
Intergovernmental					361,126	122,821	483,947
Interest revenue					81,152	219,363	300,515
Transfers					611,499	(611,499)	-
Total general revenues and transfers					3,400,155	244,820	3,644,975
Change in net assets					1,212,069	549,464	1,761,533
Net assets, beginning of year, restated					12,262,739	21,285,779	33,548,518
Net assets, end of year					\$ 13,474,808	\$ 21,835,243	\$ 35,310,051

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	<u>GENERAL FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 23,439	\$ 341,127	\$ 364,566
Certificates of deposit	324,054	216,536	540,590
Receivables, net:			
Taxes	661,722	306,622	968,344
Grants	857,508	-	857,508
Accounts	27,924	33,144	61,068
Accrued interest	4,356	569	4,925
Due from other governments	302,772	-	302,772
Restricted cash and cash equivalents	-	219,535	219,535
Land held for resale	<u>104,386</u>	<u>-</u>	<u>104,386</u>
 Total Assets	 <u>\$ 2,306,161</u>	 <u>\$ 1,117,533</u>	 <u>\$ 3,423,694</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 403,677	\$ 7,875	\$ 411,552
Deferred revenue	1,236,225	221,352	1,457,577
Due to other funds	111,521	-	111,521
Payable to other governments	<u>-</u>	<u>10,000</u>	<u>10,000</u>
 Total Liabilities	 <u>1,751,423</u>	 <u>239,227</u>	 <u>1,990,650</u>
Fund balances:			
Reserved for:			
Interfund advances	111,521	-	111,521
Park equipment	-	324,288	324,288
Veterans Memorial Park	-	12,963	12,963
Debt service	-	219,535	219,535
Unreserved	443,217	-	443,217
Unreserved, reported in non-major funds:			
Special revenue funds	<u>-</u>	<u>321,520</u>	<u>321,520</u>
 Total Fund Balances	 <u>554,738</u>	 <u>878,306</u>	 <u>1,433,044</u>
 Total Liabilities and Fund Balances	 <u>\$ 2,306,161</u>	 <u>\$ 1,117,533</u>	 <u>\$ 3,423,694</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, 2008

Fund Balances - Total Governmental Funds \$ 1,433,044

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

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

Governmental capital assets	\$ 27,453,420	
Less: accumulated depreciation	<u>(15,813,202)</u>	11,640,218

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.	106,502
--	---------

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(5,960)
--	---------

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.	932,828
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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	(220,000)	
2001 Certificates of Participation	(203,344)	
Capital lease - fire truck	(36,412)	
Capital lease - tanker truck	(17,295)	
Capital lease - police cars	(21,693)	
Note payable - pumper truck	(80,832)	
Compensated absences payable	<u>(52,248)</u>	<u>(631,824)</u>

Net Assets of Governmental Activities \$ 13,474,808

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	GENERAL FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Sales tax	\$ 1,331,325	\$ 171,377	\$ 1,502,702
Property tax	439,280	279,084	718,364
Other local taxes	104,558	20,754	125,312
Intergovernmental	361,126	-	361,126
Licenses, permits and fees	357,679	-	357,679
Charges for services	279,223	-	279,223
Grants	857,202	7,421	864,623
Fines and forfeitures	102,796	-	102,796
Interest	63,370	17,782	81,152
Miscellaneous	133,183	24,372	157,555
Total Revenues	<u>4,029,742</u>	<u>520,790</u>	<u>4,550,532</u>
EXPENDITURES:			
Current:			
General government	472,689	-	472,689
Public safety	1,956,044	-	1,956,044
Public works	998,829	-	998,829
Parks and recreation	-	160,567	160,567
Public library	-	152,076	152,076
Municipal band	-	44,170	44,170
Low-income housing	-	26,029	26,029
Capital outlay	1,720,644	19,683	1,740,327
Debt service:			
Principal	75,470	112,007	187,477
Interest and fees	8,458	32,012	40,470
Total Expenditures	<u>5,232,134</u>	<u>546,544</u>	<u>5,778,678</u>
Excess (deficiency) of revenues over expenditures	<u>(1,202,392)</u>	<u>(25,754)</u>	<u>(1,228,146)</u>
Other financing sources (uses):			
Capital lease proceeds	44,612	-	44,612
Transfers in	611,499	136,345	747,844
Transfers out	(136,345)	-	(136,345)
Total other financing sources (uses)	<u>519,766</u>	<u>136,345</u>	<u>656,111</u>
Net change in fund balances	(682,626)	110,591	(572,035)
Fund balance, beginning of year	<u>1,237,364</u>	<u>767,715</u>	<u>2,005,079</u>
Fund balance, end of year	<u>\$ 554,738</u>	<u>\$ 878,306</u>	<u>\$ 1,433,044</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, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (572,035)

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

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

Capital asset purchases	1,590,495	
Depreciation expense	<u>(706,377)</u>	884,118

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

Debt payments	187,477
Capital lease proceeds	(44,612)

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

Prepaid insurance	(2,625)
-------------------	---------

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

Grant revenue	744,759
---------------	---------

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.

(3,680)

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>18,667</u>
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Change in Net Assets of Governmental Activities **\$ 1,212,069**

CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2008

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 225,575	\$ 75,218	\$ 55,253	\$ 356,046
Certificates of deposit	3,271,681	722,859	179,114	4,173,654
Receivables:				
Taxes	-	68,644	-	68,644
Utilities	907,200	327,296	33,533	1,268,029
Accrued interest	16,886	5,897	1,030	23,813
Due from other governments	65,466	-	-	65,466
Due from other funds	111,521	-	-	111,521
Prepaid expenses	24,322	30,183	449	54,954
Inventory	363,848	474,894	-	838,742
Total current assets	<u>4,986,499</u>	<u>1,704,991</u>	<u>269,379</u>	<u>6,960,869</u>
Noncurrent assets:				
Restricted cash and cash equivalents	191,637	1,564,674	-	1,756,311
Special assessments, net	14,585	-	-	14,585
Deferred bond issue costs, net	-	56,757	-	56,757
Capital assets, net	4,133,581	16,028,151	46,705	20,208,437
Total noncurrent assets	<u>4,339,803</u>	<u>17,649,582</u>	<u>46,705</u>	<u>22,036,090</u>
Total assets	<u>\$ 9,326,302</u>	<u>\$ 19,354,573</u>	<u>\$ 316,084</u>	<u>\$ 28,996,959</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 392,185	\$ 31,582	\$ 16,590	\$ 440,357
Accrued interest payable	-	42,112	-	42,112
Revenue bonds payable	-	775,000	-	775,000
Certificates of participation	72,760	48,809	-	121,569
Notes payable	-	42,084	-	42,084
Total current liabilities	<u>464,945</u>	<u>939,587</u>	<u>16,590</u>	<u>1,421,122</u>
Noncurrent liabilities:				
Customer deposits payable	191,637	95,976	-	287,613
Compensated absences payable	22,438	33,546	-	55,984
Revenue bonds payable	-	4,168,054	-	4,168,054
Accreted interest on capital appreciation bonds	-	446,080	-	446,080
Certificates of participation	233,130	156,958	-	390,088
Notes payable	-	392,775	-	392,775
Total noncurrent liabilities	<u>447,205</u>	<u>5,293,389</u>	<u>-</u>	<u>5,740,594</u>
Total liabilities	<u>912,150</u>	<u>6,232,976</u>	<u>16,590</u>	<u>7,161,716</u>
Net Assets:				
Invested in capital assets, net of related debt	3,827,691	10,444,471	46,705	14,318,867
Restricted for debt service	-	1,468,698	-	1,468,698
Unrestricted	4,586,461	1,208,428	252,789	6,047,678
Total net assets	<u>8,414,152</u>	<u>13,121,597</u>	<u>299,494</u>	<u>21,835,243</u>
Total liabilities and net assets	<u>\$ 9,326,302</u>	<u>\$ 19,354,573</u>	<u>\$ 316,084</u>	<u>\$ 28,996,959</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, 2008

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
OPERATING REVENUES:				
Charges for services	\$ 6,493,370	\$ 2,573,297	\$ 241,974	\$ 9,308,641
Other	<u>64,266</u>	<u>37,324</u>	<u>3</u>	<u>101,593</u>
Total Operating Revenues	<u>6,557,636</u>	<u>2,610,621</u>	<u>241,977</u>	<u>9,410,234</u>
OPERATING EXPENSES:				
Production	4,405,173	791,457	-	5,196,630
Sewer treatment	-	524,565	-	524,565
Transmission & distribution	843,285	431,069	204,299	1,478,653
Administration	299,998	181,834	1,630	483,462
Depreciation	<u>243,207</u>	<u>869,389</u>	<u>-</u>	<u>1,112,596</u>
Total Operating Expenses	<u>5,791,663</u>	<u>2,798,314</u>	<u>205,929</u>	<u>8,795,906</u>
Operating Income (Loss)	<u>765,973</u>	<u>(187,693)</u>	<u>36,048</u>	<u>614,328</u>
Nonoperating Revenues (Expenses):				
Interest revenue	127,935	84,577	6,851	219,363
Taxes	-	514,135	-	514,135
Intergovernmental revenue	-	122,821	-	122,821
Interest expense and fees	<u>(15,193)</u>	<u>(361,786)</u>	<u>-</u>	<u>(376,979)</u>
Total Nonoperating Revenues (Expenses)	<u>112,742</u>	<u>359,747</u>	<u>6,851</u>	<u>479,340</u>
Income before contributions and transfers	<u>878,715</u>	<u>172,054</u>	<u>42,899</u>	<u>1,093,668</u>
CONTRIBUTIONS AND TRANSFERS:				
Grant revenue	66,185	-	1,110	67,295
Transfers out	<u>(449,794)</u>	<u>(145,305)</u>	<u>(16,400)</u>	<u>(611,499)</u>
Total contributions and transfers	<u>(383,609)</u>	<u>(145,305)</u>	<u>(15,290)</u>	<u>(544,204)</u>
Change in net assets	495,106	26,749	27,609	549,464
Net assets, beginning of year	<u>7,919,046</u>	<u>13,094,848</u>	<u>271,885</u>	<u>21,285,779</u>
Net assets, end of year	<u>\$ 8,414,152</u>	<u>\$ 13,121,597</u>	<u>\$ 299,494</u>	<u>\$ 21,835,243</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, 2008

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 6,164,811	\$ 2,600,043	\$ 241,405	\$ 9,006,259
Cash receipts from other funds for services	343,632	13,838	-	357,470
Cash payments for other operating services	(78,633)	(71,653)	(1,630)	(151,916)
Cash payments to suppliers	(4,631,871)	(1,173,322)	(208,320)	(6,013,513)
Cash paid to employees	<u>(713,725)</u>	<u>(683,404)</u>	<u>-</u>	<u>(1,397,129)</u>
Net cash provided by operating activities	<u>1,084,214</u>	<u>685,502</u>	<u>31,455</u>	<u>1,801,171</u>
Cash flows from noncapital financing activities:				
Operating grants received	66,185	-	1,110	67,295
Transfers to other funds	<u>(449,794)</u>	<u>(145,305)</u>	<u>(16,400)</u>	<u>(611,499)</u>
Net cash provided (used) by noncapital financing activities	<u>(383,609)</u>	<u>(145,305)</u>	<u>(15,290)</u>	<u>(544,204)</u>
Cash flows from capital and related financing activities:				
Capital improvements & motor vehicle sales tax received	-	502,274	-	502,274
Acquisition and construction of capital assets	(569,833)	(450,440)	-	(1,020,273)
Cash paid on contracts payable	-	(34,364)	-	(34,364)
Principal paid on revenue bonds	-	(740,000)	-	(740,000)
Principal paid on certificates of participation	(70,620)	(47,373)	-	(117,993)
Principal paid on note payable	-	(39,831)	-	(39,831)
Interest and fees paid on debt	<u>(15,191)</u>	<u>(297,694)</u>	<u>-</u>	<u>(312,885)</u>
Net cash used in capital and related financing activities	<u>(655,644)</u>	<u>(1,107,428)</u>	<u>-</u>	<u>(1,763,072)</u>
Cash flows from investing activities:				
Interest received on bond escrow accounts	-	122,821	-	122,821
Interest received on cash accounts	130,090	89,475	6,924	226,489
Change in certificates of deposit	<u>(92,607)</u>	<u>703,521</u>	<u>(1,955)</u>	<u>608,959</u>
Net cash provided by investing activities	<u>37,483</u>	<u>915,817</u>	<u>4,969</u>	<u>958,269</u>
Net increase in cash and cash equivalents	82,444	348,586	21,134	452,164
Cash and cash equivalents, beginning of year	<u>334,768</u>	<u>1,291,306</u>	<u>34,119</u>	<u>1,660,193</u>
Cash and cash equivalents, end of year	<u>\$ 417,212</u>	<u>\$ 1,639,892</u>	<u>\$ 55,253</u>	<u>\$ 2,112,357</u>
Cash and cash equivalents	\$ 225,575	\$ 75,218	\$ 55,253	\$ 356,046
Restricted cash and cash equivalents	<u>191,637</u>	<u>1,564,674</u>	<u>-</u>	<u>1,756,311</u>
Cash and cash equivalents, end of year	<u>\$ 417,212</u>	<u>\$ 1,639,892</u>	<u>\$ 55,253</u>	<u>\$ 2,112,357</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 765,973	\$ (187,693)	\$ 36,048	\$ 614,328
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	243,207	869,389	-	1,112,596
Changes in assets and liabilities:				
(Increase) decrease in utilities receivable	(51,060)	3,260	(572)	(48,372)
(Increase) decrease in other receivables	(963)	-	-	(963)
(Increase) decrease in prepaid expenses	331	(692)	(71)	(432)
(Increase) decrease in inventory	53,089	6,253	-	59,342
Increase (decrease) in accounts payable	78,690	(6,747)	(3,950)	67,993
Increase (decrease) in compensated absences	(20,184)	(5,845)	-	(26,029)
Increase (decrease) in customer deposits payable	<u>15,131</u>	<u>7,577</u>	<u>-</u>	<u>22,708</u>
Net cash provided by operating activities	<u>\$ 1,084,214</u>	<u>\$ 685,502</u>	<u>\$ 31,455</u>	<u>\$ 1,801,171</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
FIDUCIARY FUND
SEPTEMBER 30, 2008**

	<u>AGENCY FUND</u>
ASSETS	
Cash	\$ <u>460</u>
LIABILITIES	
Court bonds payable	\$ <u>460</u>

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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, 2008

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, 2008

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, 2008

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, 2008

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:

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

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

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

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

Long-term Obligations:

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

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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, 2008

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 2008.

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, 2008

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, 2008, the bank balances of the City's deposits totaled \$1,658,080. 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, 2008

NOTE C - CERTIFICATES OF DEPOSIT

Certificates of deposit of the City as of September 30, 2008 are as follows:

Fund	Amount
Major governmental funds:	
General fund	\$ 324,054
Nonmajor governmental funds:	
Special revenue funds:	
Parks and recreation	56,141
Municipal band	103,167
Public library	57,228
Total special revenue	216,536
Total governmental funds	540,590
Enterprise Funds:	
Major Funds:	
Electric fund	3,257,388
Water and wastewater fund	722,859
Solid waste fund	179,114
Total enterprise funds	4,159,361
Total	\$ 4,699,951

Certificates of Deposit: Certificates of deposit with maturities in excess of three months are reported separately and are considered deposits for custodial risk determination. As of September 30, 2008, the total deposits were covered by securities held by the bank's trust department.

NOTE D - TAXES

Property taxes are finalized and levied by September 1 and become delinquent after December 31 each year. Property taxes attach as an enforceable lien on property as of January 1. The current taxes receivable represent the 2008 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 2007 for purposes of local taxation was:

General	\$ 0.5811
Parks and recreation	0.1428
Library	0.1633
Band	0.0815
Total	\$ 0.9687

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE E - RESTRICTED ASSETS

Cash and cash equivalents are restricted for the following purposes:

Nonmajor Governmental Funds:

Debt service fund:

2001 Certificates of Participation escrow:

Reserve fund	\$ 172,000
Lease revenue reserve	399

1996 Certificates of Participation escrow:

Debt service fund	6,636
Reserve fund	<u>40,500</u>

Total governmental funds	<u>219,535</u>
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Major Enterprise Funds:

Electric Fund:

Customer deposits	191,636
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Water and Wastewater Fund:

Customer deposits	95,977
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Revenue bond reserves and accounts:

Principal and interest retirement	544,558
Revenue bond retirement	442,303
Depreciation and replacement	373,772
Depreciation and replacement - Series 1998 debt	<u>108,065</u>

Total enterprise funds	<u>1,756,311</u>
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Total	<u>\$ 1,975,846</u>
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NOTE F - LAND HELD FOR SALE

In January 1996 the City acquired land in the "Crossroads Corporate Center." The land is held for resale and has a cost basis of \$104,386.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE G - RECEIVABLES

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2008 were as follows:

	<u>Total</u> <u>Receivables</u>	<u>Allowance</u>	<u>Net</u> <u>Receivables</u>
Business-type activities:			
Major enterprise funds:			
Electric	\$ 1,035,747	\$ 128,547	\$ 907,200
Water and wastewater	393,687	66,391	327,296
Solid waste	<u>46,830</u>	<u>13,297</u>	<u>33,533</u>
Total	<u>\$ 1,476,264</u>	<u>\$ 208,235</u>	<u>\$ 1,268,029</u>

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, 2008 were as follows:

<u>Fund</u>	<u>Total</u> <u>Receivables</u>	<u>Allowance</u>	<u>Net</u> <u>Receivables</u>
Governmental activities:			
General:			
Ad valorem	\$ 430,457	\$ 5,001	\$ 425,456
Sales taxes	176,010	-	176,010
Gasoline tax	46,028	-	46,028
Vehicle sales tax & fees	<u>14,228</u>	<u>-</u>	<u>14,228</u>
Total general	<u>666,723</u>	<u>5,001</u>	<u>661,722</u>
Nonmajor governmental funds:			
Special revenue funds:			
Ad valorem	287,093	3,336	283,757
Sales taxes	22,002	-	22,002
Vehicle sales tax & fees	<u>863</u>	<u>-</u>	<u>863</u>
Total special revenue	<u>309,958</u>	<u>3,336</u>	<u>306,622</u>
Total governmental funds	<u>976,681</u>	<u>8,337</u>	<u>968,344</u>
Business-type activities:			
Major enterprise funds:			
Water and wastewater fund:			
Sales taxes	66,054	-	66,054
Vehicle sales tax & fees	<u>2,590</u>	<u>-</u>	<u>2,590</u>
Total business-type activities	<u>68,644</u>	<u>-</u>	<u>68,644</u>
 Total	 <u>\$ 1,045,325</u>	 <u>\$ 8,337</u>	 <u>\$ 1,036,988</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE H - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2008 were as follows:

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

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

NOTE I - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2008 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	\$ 449,794	\$ 145,305	\$ 16,400	\$ 611,499
Nonmajor governmental funds:				
Park and recreation (special revenue) fund	-	-	-	-
Major business-type funds:				
Water and wastewater (enterprise) fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 449,794</u>	<u>\$ 145,305</u>	<u>\$ 16,400</u>	<u>\$ 611,499</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, 2008, \$52,000 was transferred from the Electric Fund to the General Fund for community development activities. Also included in the transfers schedule are the payments of \$397,794, \$145,305, and \$16,400 in fiscal year 2008 by the Electric, Water and Wastewater, and Solid Waste Enterprise Funds, respectively, to the General Fund. The transfer represents data processing services, administrative surcharges and real estate taxes on plant in service (PILOT). The rate of 5% is applied to gross billed operating revenues less amounts written off to arrive at the administrative surcharge due the General Fund. Data processing services and PILOT are charged at a set amount.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE J - DEFERRED COMPENSATION PLAN

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

NOTE K - RETIREMENT PLAN

Plan Description

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

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

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

Funding Status

The City's full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 13.8% (general), 10.5% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE K - RETIREMENT PLAN (continued)

Annual Pension Cost

For 2008, the political subdivision's annual pension cost of \$322,134 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2008 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 29, 2008 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
6/30/2006	\$ 315,529	100%	\$ -
6/30/2007	337,371	100%	-
6/30/2008	322,134	100%	-

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE L - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2008:

	<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>65,070</u>	<u>1,323,180</u>	<u>1,388,250</u>	<u>-</u>
Total nondepreciable assets	<u>3,131,694</u>	<u>1,323,180</u>	<u>1,388,250</u>	<u>3,066,624</u>
Depreciable capital assets:				
Buildings	2,874,064	-	-	2,874,064
Improvements	907,250	-	-	907,250
Equipment	3,638,426	233,210	2,962	3,868,674
Publications	466,523	19,052	-	485,575
Street network	<u>14,844,969</u>	<u>1,406,264</u>	<u>-</u>	<u>16,251,233</u>
Total depreciable assets	<u>22,731,232</u>	<u>1,658,526</u>	<u>2,962</u>	<u>24,386,796</u>
Less accumulated depreciation:				
Buildings	562,235	59,731	-	621,966
Improvements	92,192	59,738	-	151,930
Equipment	2,736,580	209,337	172	2,945,745
Publications	390,146	11,284	-	401,430
Street network	<u>11,325,672</u>	<u>366,459</u>	<u>-</u>	<u>11,692,131</u>
Total accumulated depreciation	<u>15,106,825</u>	<u>706,549</u>	<u>172</u>	<u>15,813,202</u>
Total depreciable capital assets, net	<u>7,624,407</u>	<u>951,977</u>	<u>2,790</u>	<u>8,573,594</u>
Total governmental activities capital assets	<u>\$ 10,756,101</u>	<u>\$ 2,275,157</u>	<u>\$ 1,391,040</u>	<u>\$ 11,640,218</u>

Depreciation expense was charged to functions as follows:

General government	\$ 22,256
Public safety	138,639
Public works	499,739
Parks and recreation	26,517
Public library	<u>19,398</u>
	<u>\$ 706,549</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE L - CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Business-type activities:				
Electric fund:				
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	2,830,477	555,132	-	3,385,609
Equipment	<u>3,903,202</u>	<u>14,700</u>	<u>-</u>	<u>3,917,902</u>
Total depreciable capital assets	<u>6,733,679</u>	<u>569,832</u>	<u>-</u>	<u>7,303,511</u>
Less accumulated depreciation:				
Buildings and improvements	487,757	99,064	-	586,821
Equipment	<u>2,481,507</u>	<u>144,143</u>	<u>-</u>	<u>2,625,650</u>
Total accumulated depreciation	<u>2,969,264</u>	<u>243,207</u>	<u>-</u>	<u>3,212,471</u>
Total depreciable capital assets, net	<u>3,764,415</u>	<u>326,625</u>	<u>-</u>	<u>4,091,040</u>
Total electric capital assets	<u>3,806,956</u>	<u>326,625</u>	<u>-</u>	<u>4,133,581</u>
Water and wastewater fund:				
Nondepreciable assets:				
Land	710,551	-	-	710,551
Construction in progress	-	-	-	-
Total nondepreciable capital assets	<u>710,551</u>	<u>-</u>	<u>-</u>	<u>710,551</u>
Depreciable capital assets:				
Buildings and improvements	27,958,489	43,035	-	28,001,524
Equipment	<u>1,047,527</u>	<u>273,955</u>	<u>-</u>	<u>1,321,482</u>
Total depreciable capital assets	<u>29,006,016</u>	<u>316,990</u>	<u>-</u>	<u>29,323,006</u>
Less accumulated depreciation:				
Buildings and improvements	12,428,537	795,850	-	13,224,387
Equipment	<u>707,480</u>	<u>73,539</u>	<u>-</u>	<u>781,019</u>
Total accumulated depreciation	<u>13,136,017</u>	<u>869,389</u>	<u>-</u>	<u>14,005,406</u>
Total depreciable capital assets, net	<u>15,869,999</u>	<u>(552,399)</u>	<u>-</u>	<u>15,317,600</u>
Total water and wastewater capital assets	<u>16,580,550</u>	<u>(552,399)</u>	<u>-</u>	<u>16,028,151</u>
Solid waste fund:				
Nondepreciable assets:				
Land	46,705	-	-	46,705
Depreciable capital assets:				
Equipment	<u>18,250</u>	<u>-</u>	<u>-</u>	<u>18,250</u>
Less accumulated depreciation:				
Equipment	<u>18,250</u>	<u>-</u>	<u>-</u>	<u>18,250</u>
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>\$ 20,434,211</u>	<u>\$ (225,774)</u>	<u>\$ -</u>	<u>\$ 20,208,437</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE L - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Electric	\$ 243,207
Water and wastewater	869,389
Solid waste	<u>-</u>
	<u>\$ 1,112,596</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 2008.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE N - COMMITMENTS AND CONTINGENCIES

Post Closure Costs of Landfill

As a result of a 1989 agreement between the City and the Missouri Department of Natural resources (DNR) relative to the closure of a solid waste landfill site, the City entered into a "Contract of Obligation" with DNR. The contract relates to the City's obligation for periodic post-closure maintenance of the old landfill. In the event that the City fails to provide proper post-closure care, it could become liable under the contract to pay to DNR a sum no greater than \$387,138. No less than annually, the City is required to reaffirm, in writing, its obligation to DNR. For the year ended September 30, 2008, 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, 2008.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE O - CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance October 1, 2007			Ending Balance September 30, 2008		Amount due within one year
	Additions	Retirements				
Governmental Activities:						
1996 Certificates of Participation	\$ 285,000	\$ -	\$ 65,000	\$ 220,000	\$ 70,000	
2001 Certificates of Participation	250,351	-	47,007	203,344	48,431	
Capital lease - fire truck	53,196	-	16,784	36,412	17,798	
Capital lease - tanker truck	34,809	-	17,514	17,295	17,295	
Capital lease - police cars	-	44,612	22,919	21,693	21,693	
Note payable - pumper truck	99,085	-	18,253	80,832	18,942	
Payable to other governments	15,000	-	5,000	10,000	5,000	
Accrued compensated absences	70,915	-	18,667	52,248	-	
Total Governmental Activities	\$ 808,356	\$ 44,612	\$ 211,144	\$ 641,824	\$ 199,159	
Business-Type Activities:						
Electric Fund:						
2001 Certificates of Participation	\$ 376,508	\$ -	\$ 70,620	\$ 305,888	\$ 72,760	
Accrued compensated absences	42,622	-	20,184	22,438	-	
Total Electric Fund	419,130	-	90,804	328,326	72,760	
Water and Wastewater Fund:						
1992 Revenue Bonds	405,000	-	70,000	335,000	75,000	
1993 Refunding Bonds	253,054	-	-	253,054	-	
1996 Revenue Bonds	1,555,000	-	135,000	1,420,000	140,000	
1998 Revenue Bonds	2,470,000	-	165,000	2,305,000	170,000	
2001 Certificates of Participation	253,141	-	47,373	205,768	48,809	
2002 Refunding Revenue Bonds	1,000,000	-	370,000	630,000	390,000	
Accreted interest	401,965	44,115	-	446,080	-	
Note payable - odor control improvements	474,691	-	39,831	434,860	42,084	
Contracts payable	34,364	-	34,364	-	-	
Accrued compensated absences	39,391	-	5,845	33,546	-	
Total Water and Wastewater Fund	6,886,606	44,115	867,413	6,063,308	865,893	
Total Business-Type Activities	\$ 7,305,736	\$ 44,115	\$ 958,217	\$ 6,391,634	\$ 938,653	

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, 2008

NOTE P - LONG-TERM DEBT

Debt service requirements to maturity for all bonds and certificates of participation outstanding at September 30, 2008 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
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
Total	<u>\$ 423,344</u>	<u>\$ 49,776</u>	<u>\$ 4,943,054</u>	<u>\$ 1,716,663</u>

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
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	153,950	7,704	103,844	5,169	979,732	481,100
2012	-	-	-	-	558,324	450,891
2013	-	-	-	-	395,000	117,578
2014	-	-	-	-	415,000	95,015
2015	-	-	-	-	430,000	71,469
2016	-	-	-	-	455,000	46,791
2017	-	-	-	-	235,000	28,812
2018	-	-	-	-	245,000	18,012
2019	-	-	-	-	250,000	6,250
Total	<u>\$ 305,890</u>	<u>\$ 34,668</u>	<u>\$ 205,767</u>	<u>\$ 23,256</u>	<u>\$ 5,878,055</u>	<u>\$ 1,824,363</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE Q - BONDS PAYABLE

Revenue bonds outstanding at September 30, 2008 consist of:

Water and Wastewater Fund:

Series 1992 Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through July 2012; interest of 6.55%.	\$ 335,000
Series 1993 Combined Waterworks & Sewerage System Refunding Revenue Bonds: Capital appreciation bonds, interest accretion at 6.60% to 6.65%, compounded semiannually, with total maturity values of \$420,000 and \$430,000 at March 1, 2011 and 2012, respectively.	253,054
Series 1996 C Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2016; interest of 5.50% to 5.90%	1,420,000
Series 1998 B Combined Waterworks & Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2019; interest of 4.3% to 5.25%	2,305,000
Series 2002 Combined Waterworks & Sewerage System Refunding Revenue Bonds due in varying annual installments through March 2010; interest of 3.875% to 4.00%	<u>630,000</u>
Total Water and Wastewater Fund revenue bonds	4,943,054
Accreted Interest on Series 1993 Capital Appreciation Bonds	<u>446,080</u>
	<u>\$ 5,389,134</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, 2008

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	\$ 544,557
Bond retirement	442,303
Depreciation and replacement	373,773
System and equipment replacement	108,065
Total revenue bond reserves	\$ 1,468,698

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, 2008 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 \$ 220,000

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% 715,000

Total certificates of lease participation \$ 935,000

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, 2008

NOTE S - CAPITAL LEASE OBLIGATIONS (continued)

On April 30, 2008, the City entered into a lease purchase agreement to finance the cost of two police cars. The lease requires a remaining payment of \$22,920 in April 2009, interest at 5.65%.

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:

	Governmental Activities
Asset:	
Equipment	\$ 390,543
Less: Accumulated depreciation	(280,750)
Total	\$ 109,793

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

Year Ending <u>September 30,</u>	Governmental Activities
2009	\$ 61,436
2010	20,084
Total minimum lease payments	81,520
Less amount representing interest	(6,120)
Present value of minimum lease payments	\$ 75,400

NOTE T - NOTES PAYABLE

Notes payable at September 30, 2008 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

	\$ 80,832
--	-----------

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

	434,860
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Total notes payable	\$ 515,692
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CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE T - NOTES PAYABLE (continued)

Maturities of notes payable are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2009	\$ 18,942	\$ 42,084
2010	19,777	44,190
2011	20,639	46,401
2012	21,474	48,685
2013	-	51,159
2014	-	53,719
2015	-	56,407
2016	-	92,215
	<u>\$ 80,832</u>	<u>\$ 434,860</u>

NOTE U - SUBSEQUENT EVENT

On April 8, 2008 the voters of the City of Cameron approved \$2,700,000 of revenue bonds. These bonds will be used for the purpose of making water system improvements to include replacement of existing water distribution mains, extension of water distribution mains and acquisition, construction and installation of a new water tower.

NOTE V - PAYABLE TO OTHER GOVERNMENTS

On June 21, 2005, the City entered into an agreement with the Cameron R-1 School District to cooperate in funding for an all-weather surface for the District's athletic field to be used by the public for soccer tournaments and recreational football games. Under the terms of this agreement, the City will make five annual payments of \$5,000 to the District from 2006 through 2010. The balance owed to the District on September 30, 2008 is \$10,000.

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, 2008, the outstanding principal amount payable was \$19,675,000.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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, 2008 the outstanding principal amount payable was \$317,586.

NOTE X - RESTATEMENT OF NET ASSETS

Beginning net assets in the governmental activities has been restated by \$68,335 to correct revenue previously reported for the year ended September 30, 2007.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	BUDGET		ACTUAL	BUDGET TO GAAP DIFFERENCES		GENERAL FUND
	ORIGINAL	FINAL		OVER (UNDER)		
REVENUES:						
Sales tax	\$ 1,364,000	\$ 1,364,000	\$ 1,331,325		\$ -	\$ 1,331,325
Property tax	394,270	397,270	418,408		-	418,408
Other local taxes	88,000	105,000	104,558		-	104,558
Intergovernmental	399,000	399,000	361,126		-	361,126
Gross receipts tax	416,127	416,127	447,464	(1)	(447,464)	-
In lieu of tax	55,000	75,000	83,207	(1)	(62,335)	20,872
Licenses, permits and fees	285,600	412,400	357,679		-	357,679
Charges for services	226,680	251,680	279,223		-	279,223
Interfund charges for services	28,000	28,000	22,300	(1)	(22,300)	-
Grants	1,603,697	1,831,635	857,202		-	857,202
Fines and forfeitures	156,300	156,800	102,796		-	102,796
Interest	43,250	43,250	63,370		-	63,370
Gain on sale of land	114,000	114,000	-		-	-
Miscellaneous	76,898	172,398	133,183		-	133,183
Total Revenues	<u>5,250,822</u>	<u>5,766,560</u>	<u>4,561,841</u>		<u>(532,099)</u>	<u>4,029,742</u>
EXPENDITURES:						
Current:						
General government	479,098	495,458	472,689		-	472,689
Public safety	1,883,527	1,988,495	1,956,044		-	1,956,044
Public works	844,905	1,070,795	998,829		-	998,829
Capital outlay	1,837,700	1,993,150	1,720,644		-	1,720,644
Debt Service:						
Principal	-	-	-	(2)	75,470	75,470
Interest and fees	-	-	-	(2)	8,458	8,458
Capital lease payments	83,009	84,009	83,928	(2)	(83,928)	-
Total Expenditures	<u>5,128,239</u>	<u>5,631,907</u>	<u>5,232,134</u>		<u>-</u>	<u>5,232,134</u>
Excess (deficiency) of revenues over expenditures	<u>122,583</u>	<u>134,653</u>	<u>(670,293)</u>		<u>(532,099)</u>	<u>(1,202,392)</u>
Other financing sources (uses):						
Capital lease proceeds	-	-	44,612		-	44,612
Transfers in	89,900	159,900	79,400	(1)	532,099	611,499
Transfers out	(191,700)	(191,700)	(136,345)		-	(136,345)
Total other financing sources (uses)	<u>(101,800)</u>	<u>(31,800)</u>	<u>(12,333)</u>		<u>532,099</u>	<u>519,766</u>
Net change in fund balance	20,783	102,853	(682,626)		-	(682,626)
Fund balance, beginning of year	<u>1,237,364</u>	<u>1,237,364</u>	<u>1,237,364</u>		<u>-</u>	<u>1,237,364</u>
Fund balance, end of year	<u>\$ 1,258,147</u>	<u>\$ 1,340,217</u>	<u>\$ 554,738</u>		<u>\$ -</u>	<u>\$ 554,738</u>

See accompanying notes to the required supplementary information.

**CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2008**

Budgets and Budgetary Accounting

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

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

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

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

**CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN
SEPTEMBER 30, 2008**

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
2/28/2006	\$ 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%
2/29/2008	5,435,099	5,433,848	(1,251)	100%	2,500,872	0%

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, 2008**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 336,999	\$ 4,128	\$ 341,127
Certificates of deposit	216,536	-	216,536
Receivables, net:			
Taxes	306,622	-	306,622
Accounts	33,000	144	33,144
Accrued interest	569	-	569
Restricted cash and cash equivalents	<u>-</u>	<u>219,535</u>	<u>219,535</u>
Total assets	<u>\$ 893,726</u>	<u>\$ 223,807</u>	<u>\$ 1,117,533</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,875	\$ -	\$ 7,875
Deferred revenues	221,352	-	221,352
Payable to other governments	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total liabilities	<u>239,227</u>	<u>-</u>	<u>239,227</u>
Fund Balances:			
Reserved for:			
Park equipment	324,288	-	324,288
Veterans Memorial Park	12,963	-	12,963
Debt service	-	219,535	219,535
Unreserved	<u>317,248</u>	<u>4,272</u>	<u>321,520</u>
Total fund balances	<u>654,499</u>	<u>223,807</u>	<u>878,306</u>
Total liabilities and fund balances	<u>\$ 893,726</u>	<u>\$ 223,807</u>	<u>\$ 1,117,533</u>

**CITY OF CAMERON, MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2008**

	PARKS AND RECREATION	PUBLIC LIBRARY	MUNICIPAL BAND	LOW-INCOME HOUSING	TOTALS
Cash and cash equivalents	\$ 267,632	\$ 21,939	\$ 31,200	\$ 16,228	\$ 336,999
Certificates of deposit	56,141	57,228	103,167	-	216,536
Receivables, net:					
Taxes	127,381	119,521	59,720	-	306,622
Accrued interest	259	198	112	-	569
Accounts	-	-	-	33,000	33,000
Total assets	<u>\$ 451,413</u>	<u>\$ 198,886</u>	<u>\$ 194,199</u>	<u>\$ 49,228</u>	<u>\$ 893,726</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	\$ 4,020	\$ 3,822	\$ 33	\$ -	\$ 7,875
Deferred revenue	74,531	85,231	42,590	19,000	221,352
Payable to other governments	10,000	-	-	-	10,000
Total liabilities	<u>88,551</u>	<u>89,053</u>	<u>42,623</u>	<u>19,000</u>	<u>239,227</u>
Fund Balances:					
Reserved for:					
Park equipment	324,288	-	-	-	324,288
Veterans Memorial Park	12,963	-	-	-	12,963
Unreserved	25,611	109,833	151,576	30,228	317,248
Total fund balances	<u>362,862</u>	<u>109,833</u>	<u>151,576</u>	<u>30,228</u>	<u>654,499</u>
Total liabilities and fund balances	<u>\$ 451,413</u>	<u>\$ 198,886</u>	<u>\$ 194,199</u>	<u>\$ 49,228</u>	<u>\$ 893,726</u>

**CITY OF CAMERON, MISSOURI
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 SEPTEMBER 30, 2008**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
ASSETS				
Cash and cash equivalents	\$ 4,128	\$ -	\$ -	\$ 4,128
Receivables, net	144	-	-	144
Restricted cash and cash equivalents	<u>-</u>	<u>47,136</u>	<u>172,399</u>	<u>219,535</u>
Total assets	<u>\$ 4,272</u>	<u>\$ 47,136</u>	<u>\$ 172,399</u>	<u>\$ 223,807</u>
LIABILITIES AND FUND BALANCES				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Reserved for debt service	-	47,136	172,399	219,535
Unreserved	<u>4,272</u>	<u>-</u>	<u>-</u>	<u>4,272</u>
Total fund balances	<u>4,272</u>	<u>47,136</u>	<u>172,399</u>	<u>223,807</u>
Total liabilities and fund balances	<u>\$ 4,272</u>	<u>\$ 47,136</u>	<u>\$ 172,399</u>	<u>\$ 223,807</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, 2008

	SPECIAL REVENUE	DEBT SERVICE	TOTAL NON-MAJOR FUNDS
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Sales tax	\$ 171,377	\$ -	\$ 171,377
Property tax	279,084	-	279,084
Other local taxes	20,754	-	20,754
State grants	7,421	-	7,421
Interest	12,338	5,444	17,782
Miscellaneous	24,192	180	24,372
Total Revenues	<u>515,166</u>	<u>5,624</u>	<u>520,790</u>
EXPENDITURES:			
Current:			
Parks and recreation	160,567	-	160,567
Public library	152,076	-	152,076
Municipal band	44,170	-	44,170
Low-income housing	26,029	-	26,029
Capital outlay	19,683	-	19,683
Debt service:			
Principal	-	112,007	112,007
Interest and fees	-	32,012	32,012
Total Expenditures	<u>402,525</u>	<u>144,019</u>	<u>546,544</u>
Excess (deficiency) of revenues over expenditures	112,641	(138,395)	(25,754)
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>136,345</u>	<u>136,345</u>
Net change in fund balances	112,641	(2,050)	110,591
Fund balances, beginning of year	<u>541,858</u>	<u>225,857</u>	<u>767,715</u>
Fund balances, end of year	<u>\$ 654,499</u>	<u>\$ 223,807</u>	<u>\$ 878,306</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, 2008

	PARKS AND RECREATION	PUBLIC LIBRARY	MUNICIPAL BAND	LOW-INCOME HOUSING	TOTALS
REVENUES:					
Sales tax	\$ 171,377	-	-	-	\$ 171,377
Property tax	102,813	117,576	58,695	-	279,084
Other local taxes	7,688	8,767	4,299	-	20,754
State grants	-	7,421	-	-	7,421
Interest	4,241	3,430	4,500	167	12,338
Miscellaneous	3,894	11,298	-	9,000	24,192
Total Revenues	290,013	148,492	67,494	9,167	515,166
EXPENDITURES:					
Current:					
Parks and recreation	160,567	-	-	-	160,567
Public library	-	152,076	-	-	152,076
Municipal band	-	-	44,170	-	44,170
Low-income housing	-	-	-	26,029	26,029
Capital outlay	19,683	-	-	-	19,683
Total Expenditures	180,250	152,076	44,170	26,029	402,525
Excess (deficiency) of revenues over expenditures	109,763	(3,584)	23,324	(16,862)	112,641
Other financing sources (uses) Transfers in	-	-	-	-	-
Net change in fund balances	109,763	(3,584)	23,324	(16,862)	112,641
Fund balance, beginning of year	253,099	113,417	128,252	47,090	541,858
Fund balance, end of year	362,862	109,833	151,576	30,228	654,499

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, 2008

	TIF SPECIAL ALLOCATION	PUBLIC SAFETY BUILDING	CITY HALL BUILDING	TOTALS
REVENUES:				
Interest	\$ 21	\$ 977	\$ 4,446	\$ 5,444
Miscellaneous	<u>180</u>	<u>-</u>	<u>-</u>	<u>180</u>
Total Revenues	<u>201</u>	<u>977</u>	<u>4,446</u>	<u>5,624</u>
EXPENDITURES:				
Debt service:				
Principal	-	65,000	47,007	112,007
Interest and fees	<u>-</u>	<u>17,249</u>	<u>14,763</u>	<u>32,012</u>
Total Expenditures	<u>-</u>	<u>82,249</u>	<u>61,770</u>	<u>144,019</u>
Excess (deficiency) of revenues over expenditures	<u>201</u>	<u>(81,272)</u>	<u>(57,324)</u>	<u>(138,395)</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>79,225</u>	<u>57,120</u>	<u>136,345</u>
Net change in fund balances	201	(2,047)	(204)	(2,050)
Fund balance, beginning of year	<u>4,071</u>	<u>49,183</u>	<u>172,603</u>	<u>225,857</u>
Fund balance, end of year	<u>\$ 4,272</u>	<u>\$ 47,136</u>	<u>\$ 172,399</u>	<u>\$ 223,807</u>

CITY OF CAMERON, MISSOURI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

MUNICIPAL COURT FUND				
	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
ASSETS				
Cash	\$ <u>325</u>	\$ <u>30,546</u>	\$ <u>30,411</u>	\$ <u>460</u>
LIABILITIES				
Court bonds payable	\$ <u>325</u>	\$ <u>30,546</u>	\$ <u>30,411</u>	\$ <u>460</u>

**CITY OF CAMERON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROJECT NUMBER	EXPENDITURES
<u>U.S. Department of Public Safety</u>			
Passed through Missouri Department of Public Safety:			
Narcotics Control Assistance Program	16.738	2005-JAG-022	\$ 61,550
MOSMART Project	16.580	2007-NWMIRO DPS2008-MOSMART-001	11,458 60,949
<u>U.S. Department of Homeland Security</u>			
Passed through Missouri State Emergency Management Agency:			
Citizen Corps Council/Program	97.053	2006-GE-T6-0067	4,936
FEMA Public Assistance Grant	97.036	MO-1736-DR	185,972
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Missouri Department of Economic Development:			
Community Development Block Grant	14.228	2006-ED-02	<u>750,000</u>
			<u>\$ 1,074,865</u>

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, 2008, and have issued our report thereon dated February 20, 2009. 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 or material weaknesses. However, as discussed below, we identified certain 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 functions, 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 over financial reporting. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 08-01 and 08-02 to be significant deficiencies in internal over financial reporting.

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, of the significant deficiencies described above, we consider items 08-01 and 08-02 to be material weaknesses.

Compliance and Other Matters

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

We noted other matters involving internal control and compliance that we have reported to the City Council in a separate letter dated February 20, 2009.

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

Westbrook & Co., P.C.

February 20, 2009

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

To the City Council
City of Cameron

Compliance

We have audited the compliance of City of Cameron with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. The City's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's administration. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The administration of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A 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 functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

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

Westbrook & Co., P.C.

February 20, 2009

**CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City.
2. There were two significant deficiencies relating to internal control disclosed by the audit of the financial statements, of which both are material weaknesses.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. There were no control deficiencies disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City.
7. The program tested as a major program was Community Development Block Grant CFDA Number 14.228.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The City was determined to not be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

08-01 SEGREGATION OF DUTIES

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

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

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

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

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

**CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

08-02 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 the comprehensive basis of accounting used by the City. 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.

Condition: The City does not have the expertise in financial accounting and reporting as required under SAS 112.

Criteria: Internal controls should be designed to prevent, detect and correct misstatements in financial accounting and reporting.

Effect: Lack of controls could allow misstatements in the financial statements to occur and go undetected.

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

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.

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

None