

**CITY OF CAMERON, MISSOURI**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**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, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information presented on pages 53 through 60, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Westbrook & Co., P.C.*

March 15, 2011



## 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, 2010. 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 \$35.7 million. Net assets is comprised of \$26.3 million invested in capital assets, (net of related debt); \$1.5 million restricted for debt service and other purposes; \$1.6 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 \$890,000. Of this amount, \$83,000 was an increase from the City's governmental activities and \$807,000 was an increase from business-type activities.
- The City's long-term debt increased approximately \$643,000 (10%) during the current fiscal year.
- The Electric Fund received delivery of a new service aerial truck. The service truck was originally budgeted in fiscal year 2008-09.
- The Water Department's distribution projects, which were partially funded by ARRA Grant funds, were in operation as of the end of fiscal year 2009-10. The distribution project consisted of a new water tower, in the southern portion of the City, and new water mains which complete the 12" main loop of water service in the City.
- The Park Board painted the aquatic park and obtained 2 new Grasshopper mowers.
- The Public Works Department continued the Fifth & Mead street improvements.
- The City with assistance from Missouri Department of Transportation (STP Funding) improved the intersection of E. Grand Avenue and Bob F. Griffin Road. The intersection was open for traffic by the conclusion of fiscal year 2009-10. City received STP Funding in October 2010 in the amount of \$315,600 for fiscal year 2009-2010.
- The Fire Department received two emergency command vehicles for fire chiefs' response mobility; one vehicle thru private donation to the Fire Department and the other vehicle from Region H Hazmat Unit in St. Joseph, MO.

- The Fire Department received from the Cameron Rural Fire Protection District a compressed air foam unit.

### **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, 2010 and 2009:

Table MDA - 1  
City of Cameron's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Current & other assets	\$ 2,789,459	\$ 3,012,588	\$ 9,542,148	\$ 10,613,789	\$ 12,331,607	\$ 13,626,377
Capital assets	<u>11,456,880</u>	<u>11,509,222</u>	<u>20,884,120</u>	<u>19,343,383</u>	<u>32,341,000</u>	<u>30,852,605</u>
Total assets	<u>14,246,339</u>	<u>14,521,810</u>	<u>30,426,268</u>	<u>29,957,172</u>	<u>44,672,607</u>	<u>44,478,982</u>
<b>Liabilities:</b>						
Other liabilities	1,096,638	1,071,852	2,391,207	2,906,873	3,487,845	3,978,725
Long-term liabilities	<u>219,637</u>	<u>500,437</u>	<u>5,185,158</u>	<u>5,007,721</u>	<u>5,404,795</u>	<u>5,508,158</u>
Total liabilities	<u>1,316,275</u>	<u>1,572,289</u>	<u>7,576,365</u>	<u>7,914,594</u>	<u>8,892,640</u>	<u>9,486,883</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	10,993,712	10,823,125	15,359,640	12,867,825	26,353,352	23,690,950
Restricted	329,097	227,975	1,352,759	1,419,443	1,681,856	1,647,418
Unrestricted	<u>1,607,255</u>	<u>1,898,421</u>	<u>6,137,504</u>	<u>7,755,310</u>	<u>7,744,759</u>	<u>9,653,731</u>
Total net assets	<u>\$ 12,930,064</u>	<u>\$ 12,949,521</u>	<u>\$ 22,849,903</u>	<u>\$ 22,042,578</u>	<u>\$ 35,779,967</u>	<u>\$ 34,992,099</u>

As seen in table MDA-1, the City's combined net assets increased to \$35.7 million from \$34.9 million as a result of the increase in net assets reflected in table MDA-2.

The largest portion of the City's net assets, \$26.3 million (74%), reflects its investment in capital assets (land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure) less any related debt, used to acquire those assets that are still outstanding. An additional portion of the City's net assets, \$1.6 million (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$7.7 million (21%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Assets

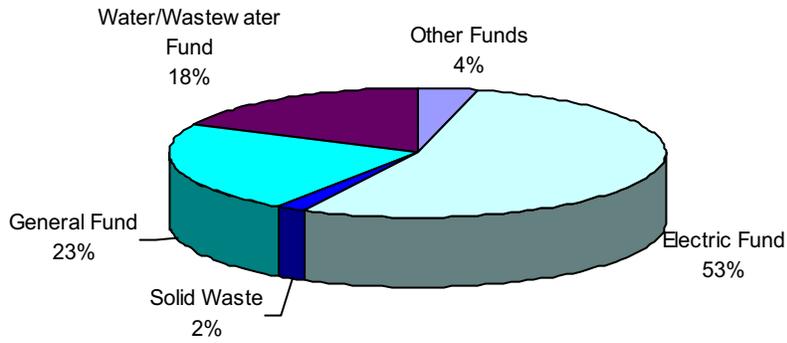
The following table reflects the revenues and expenses from the City's activities:

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

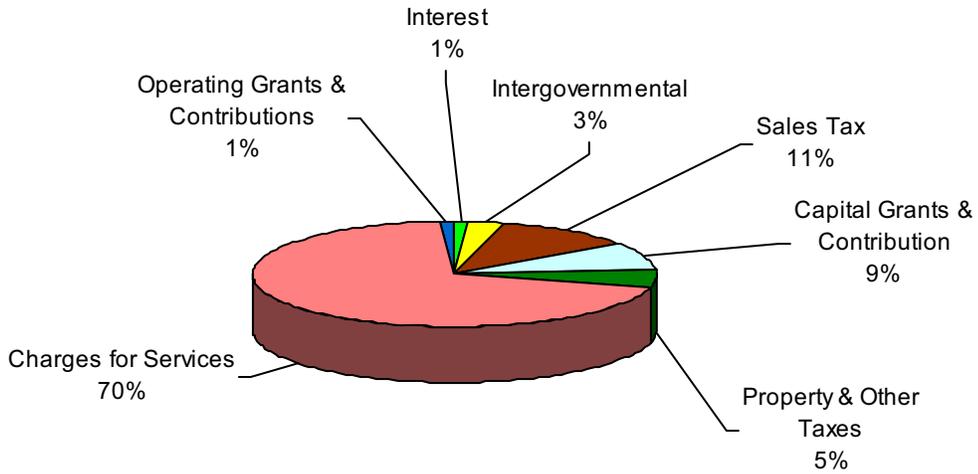
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 819,009	\$ 788,360	\$ 10,709,995	\$ 10,126,938	\$ 11,529,004	\$ 10,915,298
Operating grants and contributions	88,391	81,126	16,500	-	104,891	81,126
Capital grants	373,233	28,942	1,087,338	-	1,460,571	28,942
General Revenues:						
Property Taxes	724,213	680,554	-	-	724,213	680,554
Sales and Use Taxes	1,378,901	1,411,936	473,192	482,139	1,852,093	1,894,075
Other taxes	156,221	122,993	-	-	156,221	122,993
Sale of land	-	20,907	-	-	-	20,907
Intergovernmental	355,915	345,163	101,657	112,337	457,572	457,500
Interest	39,721	50,726	81,448	126,740	121,169	177,466
Gain (Loss) on disposal	(1,371)	-	4,597	252	3,226	252
Total Revenues	<u>3,934,233</u>	<u>3,530,707</u>	<u>12,474,727</u>	<u>10,848,406</u>	<u>16,408,960</u>	<u>14,379,113</u>
<b>Expenses</b>						
General government	490,278	507,371	-	-	490,278	507,371
Public safety	2,068,713	2,144,272	-	-	2,068,713	2,144,272
Public works	1,509,691	1,607,590	-	-	1,509,691	1,607,590
Parks and recreation	230,481	185,804	-	-	230,481	185,804
Municipal band	57,511	52,511	-	-	57,511	52,511
Public library	139,795	135,409	-	-	139,795	135,409
Low-income housing	11,200	19,999	-	-	11,200	19,999
Interest long-term debt	56,700	64,305	-	-	56,700	64,305
Electric system	-	-	7,405,312	6,504,928	7,405,312	6,504,928
Water/wastewater system	-	-	3,294,097	3,231,502	3,294,097	3,231,502
Solid Waste	-	-	254,902	243,374	254,902	243,374
Total Expenses	<u>4,564,369</u>	<u>4,717,261</u>	<u>10,954,311</u>	<u>9,979,804</u>	<u>15,518,680</u>	<u>14,697,065</u>
Excess (deficiency) before transfers	(630,136)	(1,186,554)	1,520,416	868,602	890,280	(317,952)
Transfers	<u>713,091</u>	<u>661,267</u>	<u>(713,091)</u>	<u>(661,267)</u>	<u>-</u>	<u>-</u>
Change in net assets	82,955	(525,287)	807,325	207,335	890,280	(317,952)
Beginning net assets, restated	<u>12,847,109</u>	<u>13,474,808</u>	<u>22,042,578</u>	<u>21,835,243</u>	<u>34,889,687</u>	<u>35,310,051</u>
Ending net assets	<u>\$ 12,930,064</u>	<u>\$ 12,949,521</u>	<u>\$ 22,849,903</u>	<u>\$ 22,042,578</u>	<u>\$ 35,779,967</u>	<u>\$ 34,992,099</u>

For the fiscal year ended September 30, 2010, government-wide revenues totaled \$16,408,960. Approximately 70% of all revenues are from charges from services and 11% from sales tax. See Table MDA - 3 and Table MDA - 4.

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

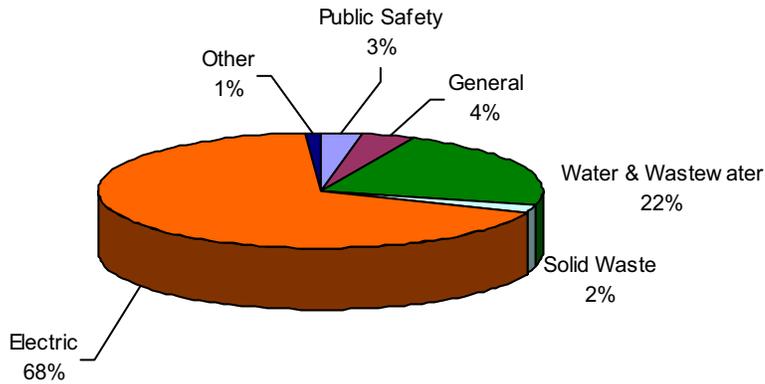


**Table MDA - 4  
City of Cameron - Sources of Revenues**



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

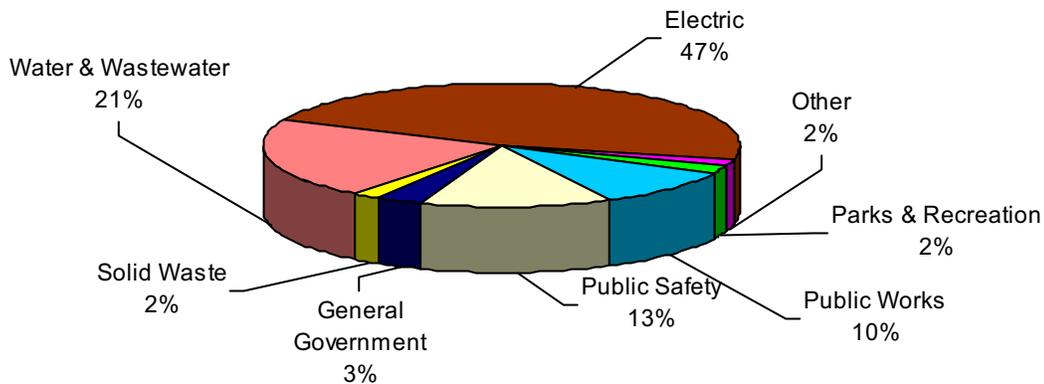
**Table MDA - 5**  
**City of Cameron - Analysis of Charges for Services**



The second largest revenue source for the entire city is sales tax which during the 2010 fiscal year equaled \$1,852,093. 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 revenue decreased from last fiscal year in the amount of \$41,982.

The City's expenses cover a range of services. Approximately 70% of all city expenses during the 2010 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 \$82,955. Sales taxes, the largest governmental category, were \$1,378,901, or 6%. For the fiscal year ended September 30, 2010, revenues totaled \$16,408,960 (governmental and business-type). Revenues from governmental activities were \$3,934,233, or 24%, of the total City revenue (an increase of \$403,526 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,280,633. Table MDA - 7 shows expenses and program revenues of the governmental activities for the years ended September 30, 2010 and 2009:

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

	2010			2009		
	Cost of Services	Program Revenue	Net Cost of Service	Cost of Services	Program Revenue	Net Cost of Service
General government	\$ 490,278	\$ 444,544	\$ 45,734	\$ 507,371	\$ 441,730	\$ 65,641
Public Safety	2,068,713	358,616	1,710,097	2,144,272	307,237	1,837,035
Public Works	1,509,691	451,779	1,057,912	1,607,590	119,319	1,488,271
Park and recreation	230,481	2,003	228,478	185,804	4,457	181,347
Municipal band	57,511	-	57,511	52,511	-	52,511
Public library	139,795	20,491	119,304	135,409	21,482	113,927
Low-income housing	11,200	3,200	8,000	19,999	4,203	15,796
Interest on long-term debt	<u>56,700</u>	<u>-</u>	<u>56,700</u>	<u>64,305</u>	<u>-</u>	<u>64,305</u>
Total	<u>\$ 4,564,369</u>	<u>\$ 1,280,633</u>	<u>\$ 3,283,736</u>	<u>\$ 4,717,261</u>	<u>\$ 898,428</u>	<u>\$ 3,818,833</u>

As noted in Table MDA - 7, expenses from governmental activities totaled \$4,564,369. However, the net costs of these services were \$3,283,736. The difference represents direct revenues from charges for services of \$818,009, operating grants and contributions of \$88,391, and capital grants and contributions of \$373,233. Taxes and other revenues were collected to cover these net costs.

## Business-type Activities

Business-type activities increased the City's net assets by \$807,325. Key elements of the change in net assets are as follows:

- Electric system operating revenue increased \$418,085 from the prior year, while operating expenses increased \$903,835.
- Water and wastewater system operating revenues increased \$152,595 from the prior year, while operating expenses increased \$67,817.

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

General Fund revenues exceeded expenditures. The fund balance of the General Fund decreased \$114,626 to the amount of \$679,987. There was an increase in net assets for the Governmental Activities of \$82,995, which brings the Governmental Activities net assets to \$12,930,064.

## **General Fund Budgetary Highlights**

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

- Police department was awarded ATF Equitable Sharing Funds from seized asset forfeitures. These monies are designated to be spent on local law enforcement improvements. Police department's collection for FY 09-10 was \$20,000. The amount of Equitable Sharing available to our Police department was not known at the time of the budget preparation.
- Police department received a grant for equipment in the amount of \$9,350 that was not awarded until after the FY 09-10 budget was approved.
- Public Works investment in infrastructure is seen with expenses going to the 5<sup>th</sup> & Mead project, and additional engineering professional service cost for storm water and right-of-way improvements. Tree maintenance in the right-of-way areas has increased and will reduce future time and repair costs after major weather events.
- Total original expense budget of \$4,508,888 was increased to \$4,703,666. The reasons for the increase are stated above.
- The actual amounts on budgetary basis were \$4,013,050 in revenue verses \$4,083,776 in expenses. This change to the fund balance at the end of the year after transfers in and out was a decrease of \$114,626.

## **Capital Assets and Debt Administration**

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

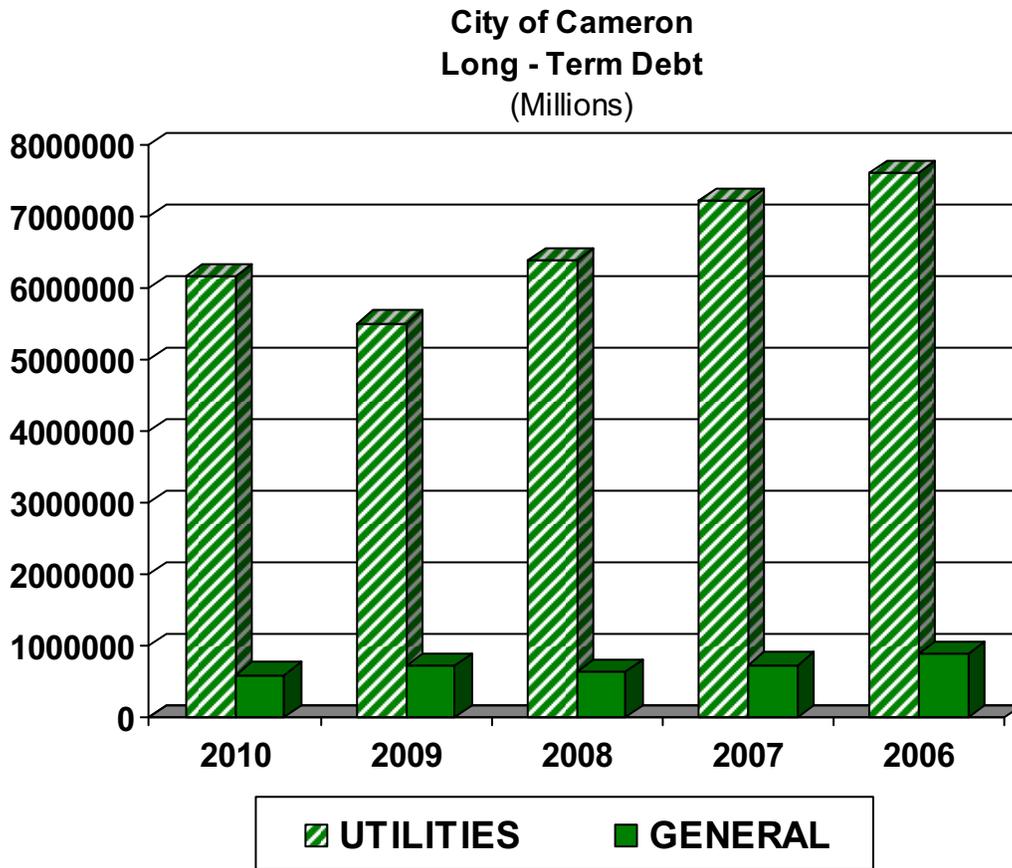
- Police Department upgraded their telecommunication equipment with the assistance of a federal grant.
- Police Department added technology to enhance communications with citizens in emergency situations.
- Cemetery added a new Gravely mower and traded in an older Dixon mower.
- City Hall administration acquired new desktop computers for clerical staff.
- Parks Department obtained 2 new Grasshopper mowers and traded in two older machines.
- Parks Department painted the aquatic park.
- Network upgrade including a new server and deploying exchange server and blackberry enterprise server were completed at City Hall.

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

- Continued work on water distribution improvements approved by voters April 2008.
- Continued working on GIS programs and improved the City's website.
- Solid Waste Department acquired a recycling trailer and bins for use during curb-side collections, with proceeds from a Region D Solid Waste District grant.

The budgeted capital projects for fiscal year 09 - 10 totaled \$2,301,265, with some of the projects being carried over to the next budget year.

Long-term debts outstanding were increased by \$643,413.



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

As of September 30, 2010 there were three outstanding lawsuits against the City.

The City Council has completed a visioning process for long-term sustainable improvements to the community. The Vision 2010 plan addresses: infrastructure, beautification, quality of life, and community resources. The original 21 projects have been consolidated into 8 projects as many have become operational or consolidated. Attention to these Vision 2010 projects is a priority for the City of Cameron.

**Contacting the City's Financial Management**

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

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

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

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 123,076	\$ 276,526	\$ 399,602
Certificates of deposit	629,307	4,630,683	5,259,990
Receivables, net:			
Taxes	986,068	65,051	1,051,119
Utilities	-	1,375,367	1,375,367
Grants	352,895	232,953	585,848
Accrued interest	536	9,314	9,850
Accounts	78,453	-	78,453
Internal balances	(112,021)	112,021	-
Prepaid expenses	99,543	72,577	172,120
Inventory	-	952,705	952,705
Total current assets	<u>2,157,857</u>	<u>7,727,197</u>	<u>9,885,054</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	214,750	1,677,568	1,892,318
Special assessments, net	-	11,871	11,871
Land held for resale	100,476	-	100,476
Due from other governments	316,376	68,407	384,783
Deferred bond issue costs, net	-	57,105	57,105
Capital assets, net	<u>11,456,880</u>	<u>20,884,120</u>	<u>32,341,000</u>
Total noncurrent assets	<u>12,088,482</u>	<u>22,699,071</u>	<u>34,787,553</u>
Total Assets	<u>14,246,339</u>	<u>30,426,268</u>	<u>44,672,607</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	112,974	1,053,851	1,166,825
Accrued interest payable	2,721	40,085	42,806
Deferred revenue	597,679	-	597,679
Long-term liabilities due within one year	<u>383,264</u>	<u>1,297,271</u>	<u>1,680,535</u>
Total current liabilities	<u>1,096,638</u>	<u>2,391,207</u>	<u>3,487,845</u>
Noncurrent liabilities:			
Customer deposits payable	-	324,809	324,809
Compensated absences payable	139,733	89,726	229,459
Long-term liabilities due in more than one year	<u>79,904</u>	<u>4,770,623</u>	<u>4,850,527</u>
Total non-current liabilities	<u>219,637</u>	<u>5,185,158</u>	<u>5,404,795</u>
Total liabilities	<u>1,316,275</u>	<u>7,576,365</u>	<u>8,892,640</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,993,712	14,939,640	25,933,352
Restricted for:			
Debt service	214,750	1,352,759	1,567,509
Other purposes	114,347	-	114,347
Unrestricted	<u>1,607,255</u>	<u>6,557,504</u>	<u>8,164,759</u>
Total net assets	<u>\$ 12,930,064</u>	<u>\$ 22,849,903</u>	<u>\$ 35,779,967</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 490,278	\$ 424,675	\$ 19,869	-	\$ (45,734)	\$ -	\$ (45,734)
Public safety	2,068,713	291,300	55,293	12,023	(1,710,097)	-	(1,710,097)
Public works	1,509,691	92,769	-	359,010	(1,057,912)	-	(1,057,912)
Parks and recreation	230,481	2,003	-	-	(228,478)	-	(228,478)
Public library	139,795	8,262	12,229	-	(119,304)	-	(119,304)
Municipal band	57,511	-	-	-	(57,511)	-	(57,511)
Low-income housing	11,200	-	1,000	2,200	(8,000)	-	(8,000)
Interest on long-term debt	56,700	-	-	-	(56,700)	-	(56,700)
<b>Total governmental activities</b>	<b>4,564,369</b>	<b>819,009</b>	<b>88,391</b>	<b>373,233</b>	<b>(3,283,736)</b>	<b>-</b>	<b>(3,283,736)</b>
<b>Business-type activities:</b>							
Electric	7,405,312	7,843,204	-	-	-	437,892	437,892
Water and wastewater	3,294,097	2,574,319	-	1,087,338	-	367,560	367,560
Solid waste	254,902	292,472	16,500	-	-	54,070	54,070
<b>Total business-type activities</b>	<b>10,954,311</b>	<b>10,709,995</b>	<b>16,500</b>	<b>1,087,338</b>	<b>-</b>	<b>859,522</b>	<b>859,522</b>
<b>Total primary government</b>	<b>15,518,680</b>	<b>11,529,004</b>	<b>104,891</b>	<b>1,460,571</b>	<b>(3,283,736)</b>	<b>859,522</b>	<b>(2,424,214)</b>
<b>General revenues:</b>							
Property tax					724,213	-	724,213
Sales and use taxes					1,378,901	473,192	1,852,093
Other local taxes					156,221	-	156,221
Gain (loss) on sale of equipment					(1,371)	4,597	3,226
Intergovernmental					355,915	101,657	457,572
Interest revenue					39,721	81,448	121,169
Transfers					713,091	(713,091)	-
<b>Total general revenues and transfers</b>					<b>3,366,691</b>	<b>(52,197)</b>	<b>3,314,494</b>
Change in net assets					82,955	807,325	890,280
Net assets, beginning of year, restated					12,847,109	22,042,578	34,889,687
Net assets, end of year					\$ 12,930,064	\$ 22,849,903	\$ 35,779,967

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

	<u>GENERAL FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ (33,154)	\$ 156,230	\$ 123,076
Certificates of deposit	133,465	495,842	629,307
Receivables, net:			
Taxes	670,320	315,748	986,068
Grants	352,895	-	352,895
Accounts	71,099	7,354	78,453
Accrued interest	95	441	536
Due from other governments	316,376	-	316,376
Restricted cash and cash equivalents	-	214,750	214,750
Land held for resale	100,476	-	100,476
	<u>1,611,572</u>	<u>1,190,365</u>	<u>2,801,937</u>
Total Assets	<u>\$ 1,611,572</u>	<u>\$ 1,190,365</u>	<u>\$ 2,801,937</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 106,339	\$ 6,635	\$ 112,974
Deferred revenue	555,972	229,776	785,748
Due to other funds	112,021	-	112,021
Payable to other governments	157,253	-	157,253
	<u>931,585</u>	<u>236,411</u>	<u>1,167,996</u>
Total Liabilities	<u>931,585</u>	<u>236,411</u>	<u>1,167,996</u>
Fund balances:			
Reserved for:			
Interfund advances	112,021	-	112,021
Park equipment	-	114,347	114,347
Veterans Memorial Park	-	14,345	14,345
Debt service	-	214,750	214,750
Unreserved	567,966	-	567,966
Unreserved, reported in non-major funds:			
Special revenue funds	-	610,512	610,512
	<u>679,987</u>	<u>953,954</u>	<u>1,633,941</u>
Total Fund Balances	<u>679,987</u>	<u>953,954</u>	<u>1,633,941</u>
	<u>\$ 1,611,572</u>	<u>\$ 1,190,365</u>	<u>\$ 2,801,937</u>
Total Liabilities and Fund Balances	<u>\$ 1,611,572</u>	<u>\$ 1,190,365</u>	<u>\$ 2,801,937</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, 2010**

**Fund Balances - Total Governmental Funds** \$ 1,633,941

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	\$ 28,544,679	
Less: accumulated depreciation	<u>(17,087,799)</u>	11,456,880

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.	99,543
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(2,721)
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Certain revenue that was earned and accrued in the current period but not received until after 60 days is deferred in the fund statement but recognized under full accrual.	188,096
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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	(75,000)	
2001 Certificates of Participation	(102,561)	
Note payable - pumper truck	(42,208)	
Capital lease - street sweeper	(86,173)	
Compensated absences payable	<u>(139,733)</u>	<u>(445,675)</u>

**Net Assets of Governmental Activities** \$ 12,930,064

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	GENERAL FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES:			
Sales tax	\$ 1,221,691	\$ 157,210	\$ 1,378,901
Property tax	439,487	284,726	724,213
Other local taxes	93,024	63,197	156,221
Intergovernmental	355,915	-	355,915
Licenses, permits and fees	412,980	-	412,980
Charges for services	272,108	-	272,108
Grants	437,337	15,429	452,766
Fines and forfeitures	87,432	-	87,432
Interest	31,905	7,816	39,721
Miscellaneous	45,080	10,265	55,345
Total Revenues	<u>3,396,959</u>	<u>538,643</u>	<u>3,935,602</u>
EXPENDITURES:			
Current:			
General government	468,879	-	468,879
Public safety	1,942,035	-	1,942,035
Public works	1,029,773	-	1,029,773
Parks and recreation	-	181,481	181,481
Public library	-	142,985	142,985
Municipal band	-	57,600	57,600
Low-income housing	-	11,200	11,200
Capital outlay	570,245	52,786	623,031
Debt service:			
Principal	65,288	127,705	192,993
Interest and fees	7,556	51,460	59,016
Total Expenditures	<u>4,083,776</u>	<u>625,217</u>	<u>4,708,993</u>
Excess (deficiency) of revenues over expenditures	<u>(686,817)</u>	<u>(86,574)</u>	<u>(773,391)</u>
Other financing sources (uses):			
Transfers in	713,091	140,900	853,991
Transfers out	(140,900)	-	(140,900)
Total other financing sources (uses)	<u>572,191</u>	<u>140,900</u>	<u>713,091</u>
Net change in fund balances	(114,626)	54,326	(60,300)
Fund balance, beginning of year	<u>794,613</u>	<u>899,628</u>	<u>1,694,241</u>
Fund balance, end of year	<u>\$ 679,987</u>	<u>\$ 953,954</u>	<u>\$ 1,633,941</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, 2010**

**Net Change in Fund Balances - Total Governmental Funds** \$ (60,300)

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	659,861	
Depreciation expense	(710,832)	(50,971)

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	192,639
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In the Statement of Activities, the loss or gain on the disposal of capital assets is recognized. The fund financial statements recognize only the proceeds from these sales.

Loss on the disposal of capital assets	(1,371)
--	---------

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	(4,579)
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Accrued interest expense on long-term debt is reported in the government-wide Statement of Activities and changes in net assets, but does not require the use of current financial resources; therefore accrued interest expense is not reported as an expenditure in governmental funds.

2,316
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	5,221
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**Change in Net Assets of Governmental Activities** **\$ 82,955**

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2010**

	ELECTRIC	WATER/ WASTEWATER	SOLID WASTE	TOTALS
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 359,934	\$ (148,603)	\$ 65,195	\$ 276,526
Certificates of deposit	3,620,926	783,582	226,175	4,630,683
Receivables:				
Taxes	-	65,051	-	65,051
Grants	-	232,953	-	232,953
Utilities	1,048,772	290,622	35,973	1,375,367
Accrued interest	5,476	3,364	474	9,314
Due from other governments	68,407	-	-	68,407
Due from other funds	112,021	-	-	112,021
Prepaid expenses	36,057	35,748	772	72,577
Inventory	481,061	471,644	-	952,705
Total current assets	5,732,654	1,734,361	328,589	7,795,604
Noncurrent assets:				
Restricted cash and cash equivalents	216,420	1,461,148	-	1,677,568
Special assessments, net	11,871	-	-	11,871
Deferred bond issue costs, net	-	57,105	-	57,105
Capital assets, net	3,769,135	17,052,551	62,434	20,884,120
Total noncurrent assets	3,997,426	18,570,804	62,434	22,630,664
Total assets	\$ 9,730,080	\$ 20,305,165	\$ 391,023	\$ 30,426,268
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable	\$ 466,578	\$ 567,197	20,076	\$ 1,053,851
Accrued interest payable	-	40,085	-	40,085
Revenue bonds payable	-	993,430	-	993,430
Certificates of participation	154,078	103,362	-	257,440
Notes payable	-	46,401	-	46,401
Total current liabilities	620,656	1,750,475	20,076	2,391,207
Noncurrent liabilities:				
Customer deposits payable	216,420	108,389	-	324,809
Compensated absences payable	43,791	45,935	-	89,726
Revenue bonds payable	-	4,345,124	-	4,345,124
Accreted interest on capital appreciation bonds	-	123,414	-	123,414
Notes payable	-	302,085	-	302,085
Total noncurrent liabilities	260,211	4,924,947	-	5,185,158
Total liabilities	880,867	6,675,422	20,076	7,576,365
Net Assets:				
Invested in capital assets, net of related debt	3,615,057	11,262,149	62,434	14,939,640
Restricted for debt service	-	1,352,759	-	1,352,759
Unrestricted	5,234,156	1,014,835	308,513	6,557,504
Total net assets	8,849,213	13,629,743	370,947	22,849,903
Total liabilities and net assets	\$ 9,730,080	\$ 20,305,165	\$ 391,023	\$ 30,426,268

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, 2010**

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 7,796,654	\$ 2,548,432	\$ 292,472	\$ 10,637,558
Other	<u>46,550</u>	<u>25,887</u>	<u>-</u>	<u>72,437</u>
Total Operating Revenues	<u>7,843,204</u>	<u>2,574,319</u>	<u>292,472</u>	<u>10,709,995</u>
<b>OPERATING EXPENSES:</b>				
Production	5,902,681	875,441	-	6,778,122
Sewer treatment	-	536,692	-	536,692
Transmission & distribution	872,868	426,200	250,264	1,549,332
Administration	346,632	288,002	2,513	637,147
Depreciation	<u>273,323</u>	<u>836,804</u>	<u>2,125</u>	<u>1,112,252</u>
Total Operating Expenses	<u>7,395,504</u>	<u>2,963,139</u>	<u>254,902</u>	<u>10,613,545</u>
Operating Income (Loss)	<u>447,700</u>	<u>(388,820)</u>	<u>37,570</u>	<u>96,450</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	53,654	25,060	2,734	81,448
Taxes	-	473,192	-	473,192
Intergovernmental revenue	-	101,657	-	101,657
Gain on sale of assets	4,597	-	-	4,597
Interest expense and fees	<u>(9,808)</u>	<u>(330,958)</u>	<u>-</u>	<u>(340,766)</u>
Total Nonoperating Revenues (Expenses)	<u>48,443</u>	<u>268,951</u>	<u>2,734</u>	<u>320,128</u>
Income (loss) before contributions and transfers	<u>496,143</u>	<u>(119,869)</u>	<u>40,304</u>	<u>416,578</u>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Grant revenue	-	1,087,338	16,500	1,103,838
Transfers out	<u>(553,137)</u>	<u>(149,954)</u>	<u>(10,000)</u>	<u>(713,091)</u>
Total contributions and transfers	<u>(553,137)</u>	<u>937,384</u>	<u>6,500</u>	<u>390,747</u>
Change in net assets	(56,994)	817,515	46,804	807,325
Net assets, beginning of year	<u>8,906,207</u>	<u>12,812,228</u>	<u>324,143</u>	<u>22,042,578</u>
Net assets, end of year	<u>\$ 8,849,213</u>	<u>\$ 13,629,743</u>	<u>\$ 370,947</u>	<u>\$ 22,849,903</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, 2010**

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 7,463,141	\$ 2,601,412	\$ 294,587	\$ 10,359,140
Cash receipts from other funds for services	381,792	11,015	-	392,807
Cash payments for other operating services	(158,975)	(193,046)	(2,513)	(354,534)
Cash payments to suppliers	(6,262,176)	(878,840)	(249,945)	(7,390,961)
Cash paid to employees	(631,399)	(554,187)	-	(1,185,586)
Net cash provided by operating activities	<u>792,383</u>	<u>986,354</u>	<u>42,129</u>	<u>1,820,866</u>
Cash flows from noncapital financing activities:				
Operating grants received	-	-	16,500	16,500
Advance to other funds	(500)	-	-	(500)
Transfers to other funds	(553,137)	(149,954)	(10,000)	(713,091)
Net cash provided (used) by noncapital financing activities	<u>(553,637)</u>	<u>(149,954)</u>	<u>6,500</u>	<u>(697,091)</u>
Cash flows from capital and related financing activities:				
Capital improvements & motor vehicle sales tax received	-	475,546	-	475,546
Capital grants received	-	854,385	-	854,385
Acquisition and construction of capital assets	(84,790)	(2,550,345)	(17,854)	(2,652,989)
Proceeds from sale of capital assets	4,597	-	-	4,597
Proceeds from revenue bond	-	1,390,500	-	1,390,500
Principal paid on revenue bonds	-	(2,165,000)	-	(2,165,000)
Principal paid on certificates of participation	(79,053)	(53,595)	-	(132,648)
Principal paid on note payable	-	(43,930)	-	(43,930)
Interest and fees paid on debt	(9,808)	(294,994)	-	(304,802)
Net cash used in capital and related financing activities	<u>(169,054)</u>	<u>(2,387,433)</u>	<u>(17,854)</u>	<u>(2,574,341)</u>
Cash flows from investing activities:				
Interest received on bond escrow accounts	-	101,657	-	101,657
Interest received on cash accounts	57,982	24,671	2,901	85,554
Change in certificates of deposit	(182,703)	(11,940)	7,430	(187,213)
Net cash provided (used) by investing activities	<u>(124,721)</u>	<u>114,388</u>	<u>10,331</u>	<u>(2)</u>
Net increase (decrease) in cash and cash equivalents	(55,029)	(1,436,645)	41,106	(1,450,568)
Cash and cash equivalents, beginning of year	<u>631,383</u>	<u>2,749,190</u>	<u>24,089</u>	<u>3,404,662</u>
Cash and cash equivalents, end of year	<u>\$ 576,354</u>	<u>\$ 1,312,545</u>	<u>\$ 65,195</u>	<u>\$ 1,954,094</u>
Cash and cash equivalents	\$ 359,934	\$ (148,603)	\$ 65,195	\$ 276,526
Restricted cash and cash equivalents	<u>216,420</u>	<u>1,461,148</u>	<u>-</u>	<u>1,677,568</u>
Cash and cash equivalents, end of year	<u>\$ 576,354</u>	<u>\$ 1,312,545</u>	<u>\$ 65,195</u>	<u>\$ 1,954,094</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 447,700	\$ (388,820)	\$ 37,570	\$ 96,450
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	273,323	836,804	2,125	1,112,252
Changes in assets and liabilities:				
(Increase) decrease in utilities receivable	323	38,108	2,115	40,546
(Increase) decrease in other receivables	(108)	-	-	(108)
(Increase) decrease in prepaid expenses	(5,632)	(3,367)	(279)	(9,278)
(Increase) decrease in inventory	20,034	(10,328)	-	9,706
Increase (decrease) in accounts payable	36,697	499,956	598	537,251
Increase (decrease) in compensated absences	10,179	9,059	-	19,238
Increase (decrease) in customer deposits payable	9,867	4,942	-	14,809
Net cash provided by operating activities	<u>\$ 792,383</u>	<u>\$ 986,354</u>	<u>\$ 42,129</u>	<u>\$ 1,820,866</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2010**

	<u>AGENCY FUND</u>
<b>ASSETS</b>	
Cash	\$ <u>150</u>
<b>LIABILITIES</b>	
Court bonds payable	\$ <u>150</u>

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**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.

Principles Used to Determine Scope of Entity: The City's reporting entity includes the City's governing board and all related organizations. GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the City's financial statements. The following entity has been blended in the City's annual financial statement, as it is part of the City's entity based on the criteria established in GASB Statement No. 39:

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

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

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

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**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, 2010**

**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, 2010**

**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, 2010**

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

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

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

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

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

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

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

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

Long-term Obligations:

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

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

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

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

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

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

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

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

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

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

Capitalization of Interest: Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types with the fund financial statements. There was no interest capitalized in fiscal year 2010.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

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

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

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

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

**NOTE B - CASH AND INVESTMENTS**

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

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

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. At September 30, 2010, the bank balances of the City's deposits totaled \$1,343,844. The City's deposits were entirely covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

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

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

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

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

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

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**NOTE C - CERTIFICATES OF DEPOSIT**

Certificates of deposit of the City as of September 30, 2010 are as follows:

Fund	Amount
Major governmental funds:	
General fund	\$ 133,465
Nonmajor governmental funds:	
Special revenue funds:	
Parks and recreation	329,497
Municipal band	59,474
Public library	106,871
Total special revenue	495,842
Total governmental funds	629,307
Enterprise Funds:	
Major Funds:	
Electric fund	3,620,926
Water and wastewater fund	783,582
Solid waste fund	226,175
Total enterprise funds	4,630,683
Total	\$ 5,259,990

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, 2010, 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 2010 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 2009 for purposes of local taxation was:

General	\$ 0.5915
Parks and recreation	0.1453
Library	0.1662
Band	0.0830
Total	\$ 0.9860

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**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
1996 Certificates of Participation escrow:	
Debt service fund	2,250
Reserve fund	<u>40,500</u>
Total governmental funds	<u>214,750</u>

Major Enterprise Funds:

Electric Fund:

Customer deposits	216,420
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Water and Wastewater Fund:

Customer deposits	108,389
Revenue bond reserves and accounts:	
Principal and interest retirement	367,245
Revenue bond retirement	439,290
Depreciation and replacement	438,160
Depreciation and replacement - Series 1998 debt	<u>108,064</u>
Total enterprise funds	<u>1,677,568</u>

Total	<u><u>\$ 1,892,318</u></u>
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**NOTE F - LAND HELD FOR SALE**

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

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**NOTE G - RECEIVABLES**

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2010 were as follows:

	Total Receivables	Allowance	Net Receivables
Business-type activities:			
Major enterprise funds:			
Electric	\$ 1,164,436	\$ 115,664	\$ 1,048,772
Water and wastewater	335,737	45,115	290,622
Solid waste	43,165	7,192	35,973
Total	\$ 1,543,338	\$ 167,971	\$ 1,375,367

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, 2010 were as follows:

Fund	Total Receivables	Allowance	Net Receivables
Governmental activities:			
General:			
Ad valorem	\$ 445,924	\$ 5,084	\$ 440,840
Sales taxes	167,760	-	167,760
Gasoline tax	47,580	-	47,580
Vehicle sales tax & fees	14,141	-	14,141
Total general	675,405	5,084	670,321
Nonmajor governmental funds:			
Special revenue funds:			
Ad valorem	297,314	3,390	293,924
Sales taxes	20,970	-	20,970
Vehicle sales tax & fees	854	-	854
Total special revenue	319,138	3,390	315,748
Total governmental funds	994,543	8,474	986,069
Business-type activities:			
Major enterprise funds:			
Water and wastewater fund:			
Sales taxes	62,488	-	62,488
Vehicle sales tax & fees	2,563	-	2,563
Total business-type activities	65,051	-	65,051
Total	\$ 1,059,594	\$ 8,474	\$ 1,051,120

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**NOTE H - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at September 30, 2010 were as follows:

Fund	Due From	Due To
Major governmental funds:		
General fund	\$ -	\$ 112,021
Enterprise Funds:		
Electric fund	112,021	-
Total	\$ 112,021	\$ 112,021

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, 2010 consisted of the following:

	Electric Fund	Water and Wastewater Fund	Solid Waste Fund	Total
Transfer to:				
Major governmental funds:				
General fund	\$ 553,137	\$ 149,954	\$ 10,000	\$ 713,091
Nonmajor governmental funds:				
Park and recreation (special revenue) fund	-	-	-	-
Major business-type funds:				
Water and wastewater (enterprise) fund	-	-	-	-
Total	\$ 553,137	\$ 149,954	\$ 10,000	\$ 713,091

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, 2010, \$54,000 was transferred from the Electric Fund to the General Fund for community development activities. Also included in the transfers schedule are the payments of \$499,137, \$149,954, and \$10,000 in fiscal year 2010 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, 2010**

**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

Full-time employees of the City of Cameron do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 11.8% (general) and 9.7% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$	331,844
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost		331,844
Actual contributions		331,844
Increase (decrease) in Net Pension Obligation		-
Net Pension Obligation, beginning of year		-
Net Pension Obligation, end of year	\$	-

The annual required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions 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 as of February 28, 2007 was 15 years for the General division and 15 years for the Police division. The amortization period as of February 29, 2008 was 15 years for the General division and 15 years for the Police division.

Schedule of Employer Contributions and  
Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 322,134	100%	\$ -
6/30/2009	316,201	100%	-
6/30/2010	331,844	100%	-

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**NOTE L - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended September 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 3,066,624	\$ -	\$ -	\$ 3,066,624
Construction in progress	36,343	548,281	584,624	-
Total nondepreciable assets	<u>3,102,967</u>	<u>548,281</u>	<u>584,624</u>	<u>3,066,624</u>
Depreciable capital assets:				
Buildings	2,974,514	24,000	-	2,998,514
Improvements	907,250	-	-	907,250
Equipment	4,022,678	66,514	39,534	4,049,658
Publications	500,243	21,066	-	521,309
Street network	16,416,700	584,624	-	17,001,324
Total depreciable assets	<u>24,821,385</u>	<u>696,204</u>	<u>39,534</u>	<u>25,478,055</u>
Less accumulated depreciation:				
Buildings	684,347	70,574	-	754,921
Improvements	211,668	59,738	-	271,406
Equipment	3,043,108	218,152	38,163	3,223,097
Publications	415,488	14,561	-	430,049
Street network	12,060,519	347,807	-	12,408,326
Total accumulated depreciation	<u>16,415,130</u>	<u>710,832</u>	<u>38,163</u>	<u>17,087,799</u>
Total depreciable capital assets, net	<u>8,406,255</u>	<u>(14,628)</u>	<u>1,371</u>	<u>8,390,256</u>
Total governmental activities capital assets	<u>\$ 11,509,222</u>	<u>\$ 533,653</u>	<u>\$ 585,995</u>	<u>\$ 11,456,880</u>

Depreciation expense was charged to functions as follows:

General government	\$ 21,854
Public safety	123,019
Public works	511,136
Parks and recreation	36,896
Public library	17,927
	<u>\$ 710,832</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
<b>Business-type activities:</b>				
<b>Electric fund:</b>				
Nondepreciable assets:				
Land	\$ 42,541	\$ -	\$ -	\$ 42,541
Construction in progress	-	-	-	-
Total nondepreciable capital assets	<u>42,541</u>	<u>-</u>	<u>-</u>	<u>42,541</u>
Depreciable capital assets:				
Buildings and improvements	3,475,783	76,780	-	3,552,563
Equipment	3,919,302	8,010	-	3,927,312
Total depreciable capital assets	<u>7,395,085</u>	<u>84,790</u>	<u>-</u>	<u>7,479,875</u>
Less accumulated depreciation:				
Buildings and improvements	717,400	142,724	-	860,124
Equipment	2,762,558	130,599	-	2,893,157
Total accumulated depreciation	<u>3,479,958</u>	<u>273,323</u>	<u>-</u>	<u>3,753,281</u>
Total depreciable capital assets, net	<u>3,915,127</u>	<u>(188,533)</u>	<u>-</u>	<u>3,726,594</u>
Total electric capital assets	<u>3,957,668</u>	<u>(188,533)</u>	<u>-</u>	<u>3,769,135</u>
<b>Water and wastewater fund:</b>				
Nondepreciable assets:				
Land	710,551	-	-	710,551
Construction in progress	139,780	2,498,005	2,637,785	-
Total nondepreciable capital assets	<u>850,331</u>	<u>2,498,005</u>	<u>2,637,785</u>	<u>710,551</u>
Depreciable capital assets:				
Buildings and improvements	28,018,024	2,682,114	-	30,700,138
Equipment	1,327,504	8,010	-	1,335,514
Total depreciable capital assets	<u>29,345,528</u>	<u>2,690,124</u>	<u>-</u>	<u>32,035,652</u>
Less accumulated depreciation:				
Buildings and improvements	13,996,290	761,531	-	14,757,821
Equipment	860,559	75,272	-	935,831
Total accumulated depreciation	<u>14,856,849</u>	<u>836,803</u>	<u>-</u>	<u>15,693,652</u>
Total depreciable capital assets, net	<u>14,488,679</u>	<u>1,853,321</u>	<u>-</u>	<u>16,342,000</u>
Total water and wastewater capital assets	<u>15,339,010</u>	<u>4,351,326</u>	<u>2,637,785</u>	<u>17,052,551</u>
<b>Solid waste fund:</b>				
Nondepreciable assets:				
Land	46,705	-	-	46,705
Depreciable capital assets:				
Equipment	18,250	17,854	-	36,104
Less accumulated depreciation:				
Equipment	18,250	2,125	-	20,375
Total accumulated depreciation	<u>18,250</u>	<u>2,125</u>	<u>-</u>	<u>20,375</u>
Total depreciable capital assets, net	<u>-</u>	<u>15,729</u>	<u>-</u>	<u>15,729</u>
Total solid waste capital assets	<u>46,705</u>	<u>15,729</u>	<u>-</u>	<u>62,434</u>
Total business-type activities capital assets	<u>\$ 19,343,383</u>	<u>\$ 4,178,522</u>	<u>\$ 2,637,785</u>	<u>\$ 20,884,120</u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

Depreciation expense was charged to functions as follows:

Electric	\$ 273,323
Water and wastewater	836,803
Solid waste	<u>2,125</u>
	<u>\$ 1,112,251</u>

**NOTE M - RISK MANAGEMENT**

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

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

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

In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, MPR and its member participants would be responsible for such defaulted amounts. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations. No supplemental assessments were required by MPR during fiscal 2010.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**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, 2010, 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, 2010.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

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

	Beginning Balance October 1, 2009	Additions	Retirements	Ending Balance September 30, 2010	Amount due within one year
<b>Governmental Activities:</b>					
1996 Certificates of Participation	\$ 150,000	\$ -	\$ 75,000	\$ 75,000	\$ 75,000
2001 Certificates of Participation	154,912	-	52,351	102,561	102,561
Capital lease - fire truck	18,596	-	18,596	-	-
Capital lease - street sweeper	113,109	-	26,936	86,173	27,811
Note payable - pumper truck	61,936	-	19,728	42,208	20,639
Payable to other governments	187,543	-	30,290	157,253	157,253
Accrued compensated absences	<u>144,954</u>	<u>-</u>	<u>5,221</u>	<u>139,733</u>	<u>-</u>
<b>Total Governmental Activities</b>	<u>\$ 831,050</u>	<u>\$ -</u>	<u>\$ 228,122</u>	<u>\$ 602,929</u>	<u>\$ 383,264</u>
<b>Business-Type Activities:</b>					
<b>Electric Fund:</b>					
2001 Certificates of Participation	\$ 233,131	\$ -	\$ 79,054	\$ 154,077	\$ 154,077
Accrued compensated absences	<u>33,612</u>	<u>10,179</u>	<u>-</u>	<u>43,791</u>	<u>-</u>
<b>Total Electric Fund</b>	<u>266,743</u>	<u>10,179</u>	<u>79,054</u>	<u>197,868</u>	<u>154,077</u>
<b>Water and Wastewater Fund:</b>					
1992 Revenue Bonds	260,000	-	80,000	180,000	85,000
1993 Refunding Bonds	253,054	-	-	253,054	129,730
1996 Revenue Bonds	1,280,000	-	140,000	1,140,000	145,000
1998 Revenue Bonds	2,135,000	-	180,000	1,955,000	185,000
2001 Certificates of Participation	156,957	-	53,595	103,362	103,362
2002 Refunding Revenue Bonds	240,000	-	240,000	-	-
2009 Refunding & Improvement Bonds	-	1,390,500	-	1,390,500	28,700
Accreted interest	493,160	50,254	-	543,414	420,000
Note payable - odor control improvement:	392,417	-	43,931	348,486	46,402
Accrued compensated absences	<u>36,876</u>	<u>9,059</u>	<u>-</u>	<u>45,935</u>	<u>-</u>
<b>Total Water and Wastewater Fund</b>	<u>5,247,463</u>	<u>1,449,813</u>	<u>737,526</u>	<u>5,959,750</u>	<u>1,143,194</u>
<b>Total Business-Type Activities</b>	<u>\$ 5,514,206</u>	<u>\$ 1,459,992</u>	<u>\$ 816,580</u>	<u>\$ 6,157,618</u>	<u>\$ 1,297,271</u>

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, 2010**

**NOTE P - LONG-TERM DEBT**

Debt service requirements to maturity for all bonds and certificates of participation outstanding at September 30, 2010 are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Certificates of Participation		Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 177,561	\$ 9,628	\$ 573,430	\$ 479,318
2012	-	-	616,724	470,966
2013	-	-	454,700	136,777
2014	-	-	476,000	113,320
2015	-	-	492,400	88,860
2016	-	-	518,800	63,248
2017	-	-	300,200	44,313
2018	-	-	311,600	32,536
2019	-	-	318,100	19,775
2020	-	-	69,600	12,506
2021	-	-	71,200	11,463
2022	-	-	72,800	10,394
2023	-	-	74,400	9,305
2024	-	-	76,000	8,191
2025	-	-	77,700	7,052
2026	-	-	79,400	5,888
2027	-	-	81,200	4,698
2028	-	-	83,000	3,481
2029	-	-	84,900	2,238
2030	-	-	86,400	966
<b>Total</b>	<b>\$ 177,561</b>	<b>\$ 9,628</b>	<b>\$ 4,918,554</b>	<b>\$ 1,525,295</b>

Year Ending September 30,	Business-Type Activities (continued)				Total Debt	
	Certificates of Participation				Service Requirements	
	Electric Fund		Water and Wastewater Fund		to Maturity	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 154,077	\$ 7,704	\$ 103,362	\$ 5,169	\$ 1,008,430	\$ 501,819
2012	-	-	-	-	616,724	470,966
2013	-	-	-	-	454,700	136,777
2014	-	-	-	-	476,000	113,320
2015	-	-	-	-	492,400	88,860
2016	-	-	-	-	518,800	63,248
2017	-	-	-	-	300,200	44,313
2018	-	-	-	-	311,600	32,536
2019	-	-	-	-	318,100	19,775
<b>Total</b>	<b>\$ 154,077</b>	<b>\$ 7,704</b>	<b>\$ 103,362</b>	<b>\$ 5,169</b>	<b>\$ 4,496,954</b>	<b>\$ 1,471,614</b>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**NOTE Q - BONDS PAYABLE**

Revenue bonds outstanding at September 30, 2010 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%.	\$ 180,000
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%	1,140,000
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%	1,955,000
Series 2009B Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds (State of Missouri - Direct Loan Program - ARRA) due in varying annual installments through July 1, 2030, interest of 1.49%	<u>1,390,500</u>
Total Water and Wastewater Fund revenue bonds	4,918,554
Accreted Interest on Series 1993 Capital Appreciation Bonds	<u>543,414</u>
	<u><u>\$ 5,461,968</u></u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

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

<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

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	\$ 367,245
Bond retirement	439,290
Depreciation and replacement	438,160
System and equipment replacement	108,064
Total revenue bond reserves	<u>\$ 1,352,759</u>

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.

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**NOTE R - CERTIFICATES OF LEASE PARTICIPATION**

Certificates of lease participation outstanding at September 30, 2010 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	\$ 75,000
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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%	<u>435,000</u>
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Total certificates of lease participation	<u><u>\$ 510,000</u></u>
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**NOTE S - CAPITAL LEASE OBLIGATIONS**

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

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

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	\$ 373,224
Less: Accumulated depreciation	<u>(260,300)</u>
Total	<u><u>\$ 112,924</u></u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

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

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

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental</u> <u>Activities</u>
2011	\$ 30,612
2012	30,612
2013	<u>30,612</u>
Total minimum lease payments	91,836
Less amount representing interest	<u>(5,663)</u>
Present value of minimum lease payments	<u><u>\$ 86,173</u></u>

**NOTE T - NOTES PAYABLE**

Notes payable at September 30, 2010 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	\$ 42,208
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Water/wastewater Fund:

Note payable to a financial institution, due in semi-annual installments of \$31,528 through April 1, 2016, interest at 4.875%, secured by water/wastewater equipment	<u>348,486</u>
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Total notes payable	<u><u>\$ 390,694</u></u>
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Maturities of notes payable are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
2011	\$ 20,639	\$ 46,402
2012	21,569	48,685
2013	-	51,159
2014	-	53,719
2015	-	56,407
2016	<u>-</u>	<u>92,114</u>
	<u><u>\$ 42,208</u></u>	<u><u>\$ 348,486</u></u>

**CITY OF CAMERON, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2010**

**NOTE U - 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. This was paid off as of September 30, 2010.

On August 3, 2009, the City entered into an agreement with the Cameron Ambulance Board to purchase the Cameron Ambulance Board's interest in the Public Safety Building. Under the terms of this agreement, the City shall be credited the quarterly dispatch service fee against the purchase price. The remaining balance of the purchase price will be paid on or before May 1, 2011. The balance owed to the Board on September 30, 2010 is \$157,253.

**NOTE V - 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, 2010, the outstanding principal amount payable was \$19,020,000.

On November 1, 2006, the City issued additional Industrial Revenue Bonds in the amount of \$664,000 to a non-profit entity for the acquisition of equipment and to finance facility renovations, all deemed to be in the public interest. 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, 2010 these revenue bonds were paid off.

**NOTE W - RESTATEMENT OF NET ASSETS**

Beginning net assets in the governmental activities has been restated by \$102,412 to adjust accrued compensated absences as of September 30, 2009.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CAMERON, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	BUDGET		ACTUAL	BUDGET TO GAAP DIFFERENCES		GENERAL FUND
	ORIGINAL	FINAL		OVER (UNDER)		
<b>REVENUES:</b>						
Sales tax	\$ 1,350,000	\$ 1,350,000	\$ 1,221,691	\$ -		\$ 1,221,691
Property tax	416,000	416,000	426,645	-		426,645
Other local taxes	105,000	105,000	93,024	-		93,024
Intergovernmental	399,000	399,000	355,915	-		355,915
Gross receipts tax	450,000	461,000	529,216	(1)	(529,216)	-
In lieu of tax	95,750	95,750	82,007	(1)	(69,165)	12,842
Licenses, permits and fees	385,400	463,400	412,980	-		412,980
Charges for services	218,450	253,278	272,108	-		272,108
Interfund charges for services	20,000	20,000	17,710	(1)	(17,710)	-
Grants	754,000	796,050	437,337	-		437,337
Fines and forfeitures	154,500	162,000	87,432	-		87,432
Interest	42,750	42,750	31,905	-		31,905
Gain on sale of land	110,000	110,000	-	-		-
Miscellaneous	57,000	78,200	45,080	-		45,080
Total Revenues	<u>4,557,850</u>	<u>4,752,428</u>	<u>4,013,050</u>		<u>(616,091)</u>	<u>3,396,959</u>
<b>EXPENDITURES:</b>						
Current:						
General government	465,505	484,456	468,879	-		468,879
Public safety	1,977,650	2,046,320	1,942,035	-		1,942,035
Public works	1,276,225	1,363,750	1,029,773	-		1,029,773
Capital outlay	716,318	735,950	570,245	-		570,245
Debt Service:						
Principal	-	-	-	(2)	65,288	65,288
Interest and fees	-	-	-	(2)	7,556	7,556
Capital lease payments	73,190	73,190	72,844	(2)	(72,844)	-
Total Expenditures	<u>4,508,888</u>	<u>4,703,666</u>	<u>4,083,776</u>		<u>-</u>	<u>4,083,776</u>
Excess (deficiency) of revenues over expenditures	<u>48,962</u>	<u>48,762</u>	<u>(70,726)</u>		<u>(616,091)</u>	<u>(686,817)</u>
Other financing sources (uses):						
Transfers in	140,258	140,258	97,000	(1)	616,091	713,091
Transfers out	(186,750)	(186,750)	(140,900)		-	(140,900)
Total other financing sources (uses)	<u>(46,492)</u>	<u>(46,492)</u>	<u>(43,900)</u>		<u>616,091</u>	<u>572,191</u>
Net change in fund balance	2,470	2,270	(114,626)		-	(114,626)
Fund balance, beginning of year	<u>794,613</u>	<u>794,613</u>	<u>794,613</u>		<u>-</u>	<u>794,613</u>
Fund balance, end of year	<u>\$ 797,083</u>	<u>\$ 796,883</u>	<u>\$ 679,987</u>		<u>\$ -</u>	<u>\$ 679,987</u>

See accompanying notes to the required supplementary information.

**CITY OF CAMERON, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE  
SEPTEMBER 30, 2010**

**Budgets and Budgetary Accounting**

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

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

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

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

**CITY OF CAMERON, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN  
SEPTEMBER 30, 2010**

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
2/28/2008	\$ 5,435,099	\$ 5,433,848	\$ (1,251)	100%	\$ 2,500,872	0%
2/28/2009	4,623,125	5,863,545	1,240,420	79%	2,548,218	49%
2/28/2010	5,283,768	6,579,637	1,295,869	80%	2,914,775	44%

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, 2010**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 152,070	\$ 4,160	\$ 156,230
Certificates of deposit	495,842	-	495,842
Receivables, net:			
Taxes	315,748	-	315,748
Accounts	7,210	144	7,354
Accrued interest	441	-	441
Restricted cash and cash equivalents	<u>-</u>	<u>214,750</u>	<u>214,750</u>
Total assets	<u>\$ 971,311</u>	<u>\$ 219,054</u>	<u>\$ 1,190,365</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 6,635	\$ -	\$ 6,635
Deferred revenues	<u>229,776</u>	<u>-</u>	<u>229,776</u>
Total liabilities	<u>236,411</u>	<u>-</u>	<u>236,411</u>
Fund Balances:			
Reserved for:			
Park equipment	114,347	-	114,347
Veterans Memorial Park	14,345	-	14,345
Debt service	-	214,750	214,750
Unreserved	<u>606,208</u>	<u>4,304</u>	<u>610,512</u>
Total fund balances	<u>734,900</u>	<u>219,054</u>	<u>953,954</u>
Total liabilities and fund balances	<u>\$ 971,311</u>	<u>\$ 219,054</u>	<u>\$ 1,190,365</u>

**CITY OF CAMERON, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2010**

	PARKS AND RECREATION	PUBLIC LIBRARY	MUNICIPAL BAND	LOW-INCOME HOUSING	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 47,035	\$ 39,695	\$ 47,711	\$ 17,629	\$ 152,070
Certificates of deposit	329,497	59,474	106,871	-	495,842
Receivables, net:					
Taxes	130,081	123,828	61,839	-	315,748
Accrued interest	287	108	46	-	441
Accounts	1,210	-	-	6,000	7,210
Total assets	\$ 508,110	\$ 223,105	\$ 216,467	\$ 23,629	\$ 971,311

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>					
Accounts payable	\$ 4,668	\$ 1,741	\$ 226	\$ -	\$ 6,635
Deferred revenue	79,133	89,131	44,512	17,000	229,776
Total liabilities	83,801	90,872	44,738	17,000	236,411
<b>Fund Balances:</b>					
Reserved for:					
Park equipment	114,347	-	-	-	114,347
Veterans Memorial Park	14,345	-	-	-	14,345
Unreserved	295,617	132,233	171,729	6,629	606,208
Total fund balances	424,309	132,233	171,729	6,629	734,900
Total liabilities and fund balances	\$ 508,110	\$ 223,105	\$ 216,467	\$ 23,629	\$ 971,311

**CITY OF CAMERON, MISSOURI  
 COMBINING BALANCE SHEET  
 NON-MAJOR DEBT SERVICE FUNDS  
 SEPTEMBER 30, 2010**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,160	\$ -	\$ -	\$ 4,160
Receivables, net	144	-	-	144
Restricted cash and cash equivalents	<u>-</u>	<u>42,750</u>	<u>172,000</u>	<u>214,750</u>
Total assets	<u>\$ 4,304</u>	<u>\$ 42,750</u>	<u>\$ 172,000</u>	<u>\$ 219,054</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Reserved for debt service	-	42,750	172,000	214,750
Unreserved	<u>4,304</u>	<u>-</u>	<u>-</u>	<u>4,304</u>
Total fund balances	<u>4,304</u>	<u>42,750</u>	<u>172,000</u>	<u>219,054</u>
Total liabilities and fund balances	<u>\$ 4,304</u>	<u>\$ 42,750</u>	<u>\$ 172,000</u>	<u>\$ 219,054</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, 2010**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
<b>REVENUES:</b>			
Sales tax	\$ 157,210	\$ -	\$ 157,210
Property tax	284,726	-	284,726
Other local taxes	27,285	35,912	63,197
State grants	15,429	-	15,429
Interest	7,727	89	7,816
Miscellaneous	10,265	-	10,265
Total Revenues	<u>502,642</u>	<u>36,001</u>	<u>538,643</u>
<b>EXPENDITURES:</b>			
Current:			
Parks and recreation	181,481	-	181,481
Public library	142,985	-	142,985
Municipal band	57,600	-	57,600
Low-income housing	11,200	-	11,200
Capital outlay	52,786	-	52,786
Debt service:			
Principal	-	127,705	127,705
Interest and fees	-	15,477	15,477
Other	-	35,983	35,983
Total Expenditures	<u>446,052</u>	<u>179,165</u>	<u>625,217</u>
Excess (deficiency) of revenues over expenditures	56,590	(143,164)	(86,574)
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>140,900</u>	<u>140,900</u>
Net change in fund balances	56,590	(2,264)	54,326
Fund balances, beginning of year	<u>678,310</u>	<u>221,318</u>	<u>899,628</u>
Fund balances, end of year	<u>\$ 734,900</u>	<u>\$ 219,054</u>	<u>\$ 953,954</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, 2010**

	PARKS AND RECREATION	PUBLIC LIBRARY	MUNICIPAL BAND	LOW-INCOME HOUSING	TOTALS
<b>REVENUES:</b>					
Sales tax	\$ 157,210	\$ -	\$ -	\$ -	\$ 157,210
Property tax	104,803	119,988	59,935	-	284,726
Other local taxes	10,232	11,596	5,457	-	27,285
Grants	-	12,229	-	3,200	15,429
Interest	4,493	1,442	1,702	90	7,727
Miscellaneous	2,003	8,262	-	-	10,265
Total Revenues	<u>278,741</u>	<u>153,517</u>	<u>67,094</u>	<u>3,290</u>	<u>502,642</u>
<b>EXPENDITURES:</b>					
Current:					
Parks and recreation	181,481	-	-	-	181,481
Public library	-	142,985	-	-	142,985
Municipal band	-	-	57,600	-	57,600
Low-income housing	-	-	-	11,200	11,200
Capital outlay	52,786	-	-	-	52,786
Total Expenditures	<u>234,267</u>	<u>142,985</u>	<u>57,600</u>	<u>11,200</u>	<u>446,052</u>
Excess (deficiency) of revenues over expenditures	44,474	10,532	9,494	(7,910)	56,590
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Net change in fund balances	44,474	10,532	9,494	(7,910)	56,590
Fund balance, beginning of year	<u>379,835</u>	<u>121,701</u>	<u>162,235</u>	<u>14,539</u>	<u>678,310</u>
Fund balance, end of year	<u>\$ 424,309</u>	<u>\$ 132,233</u>	<u>\$ 171,729</u>	<u>\$ 6,629</u>	<u>\$ 734,900</u>

**CITY OF CAMERON, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
<b>REVENUES:</b>				
Economic activity taxes	\$ 14,324	\$ -	\$ -	\$ 14,324
Payment in lieu of taxes	21,588	-	-	21,588
Interest	<u>57</u>	<u>5</u>	<u>27</u>	<u>89</u>
Total Revenues	<u>35,969</u>	<u>5</u>	<u>27</u>	<u>36,001</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	-	75,000	52,705	127,705
Interest and fees	-	9,005	6,472	15,477
Developer expenditures	<u>35,983</u>	<u>-</u>	<u>-</u>	<u>35,983</u>
Total Expenditures	<u>35,983</u>	<u>84,005</u>	<u>59,177</u>	<u>179,165</u>
Excess (deficiency) of revenues over expenditures	<u>(14)</u>	<u>(84,000)</u>	<u>(59,150)</u>	<u>(143,164)</u>
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>81,750</u>	<u>59,150</u>	<u>140,900</u>
Net change in fund balances	(14)	(2,250)	-	(2,264)
Fund balance, beginning of year	<u>4,318</u>	<u>45,000</u>	<u>172,000</u>	<u>221,318</u>
Fund balance, end of year	<u>\$ 4,304</u>	<u>\$ 42,750</u>	<u>\$ 172,000</u>	<u>\$ 219,054</u>

**CITY OF CAMERON, MISSOURI**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

<b>MUNICIPAL COURT FUND</b>				
	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
<b>ASSETS</b>				
Cash	\$ 360	\$ 102,006	\$ 102,216	\$ 150
<b>LIABILITIES</b>				
Court bonds payable	\$ 360	\$ 102,006	\$ 102,216	\$ 150

**CITY OF CAMERON, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PROJECT NUMBER	EXPENDITURES
<u>Environmental Protection Agency</u>			
Passed through Missouri Department of Natural Resources:			
Capitalization Grants for Drinking Water:			
ARRA-Drinking Water Grant	66.468	DW291193-03G	\$ 1,087,338
ARRA-SRF-Drinking Water Loan	66.468	DW291193-03L	1,123,822
SRF-Drinking Water Loan	66.468	DW291193-03	<u>266,678</u>
Total Capitalization Grants for Drinking Water			<u>2,477,838</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass through Missouri Department of Economic Development:			
Community Development Block Grant	14.218	98-HI-01	2,200
<u>U.S. Department of Public Safety</u>			
Passed through Missouri Department of Public Safety:			
ARRA-Justice Assistance Grant	16.804		9,345
<u>U.S. Department of Transportation</u>			
Passed through Missouri Department of Transportation:			
Highway Planning and Construction	20.205	STP-7000(104)	315,660
State Block Grant-Airport Layout Plan	20.106	07-013A-1	31,350
<u>National Endowment for the Humanities</u>			
Passed through Missouri State Library:			
LSTA Targeted Collection Development	45.310	2011-LCP9-TCDC9CN9-6261	5,000
<u>U.S. Department of Homeland Security</u>			
Passed through Missouri Department of Safety:			
Disaster Assistance	97.036	049-10828-00	<u>11,151</u>
			<u>\$ 2,852,544</u>

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Cameron under programs of the federal government for the year ended September 30, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule present only a selected portion of the operations of City of Cameron, it is not intended to and does not present the financial position, changes in net assets or cash flows of City of Cameron.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## **INTERNAL CONTROL AND COMPLIANCE**

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

To the City Council  
City of Cameron, Missouri

We have audited the 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, 2010 which collectively comprise the City's basic financial statements and have issued our report thereon dated March 15, 2011. These financial statements were prepared in accordance with generally accepted accounting principles. 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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 10-01 and 10-02 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 certain matters that we have reported to the administration of the City in a separate letter dated March 15, 2011.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and question costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, 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.*

March 15, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the City Council  
City of Cameron, Missouri

Compliance

We have audited the compliance of City of Cameron with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. The City's major federal programs are identified in the summary of auditor's 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 Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

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 programs in order to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected and corrected on a timely basis.

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, and 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.*

March 15, 2011

**CITY OF CAMERON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

**A. SUMMARY OF AUDITOR'S 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, which were material weaknesses.
3. No instances of noncompliance material to the financial statements of the City were disclosed during the audit.
4. There were no significant 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 programs tested as major programs were:

Capitalization Grants for Drinking Water	CFDA No. 66.468
Highway Planning and Construction	CFDA No. 20.205
8. The threshold for distinguishing Types 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 WEAKNESSES**

**10-01 FINANCIAL ACCOUNTING AND REPORTING**

Statement on Auditing Standards 115, which is effective for audits of periods ending on or after December 15, 2009, requires auditors to communicate to management and those charged with governance, significant deficiencies and material weaknesses identified in the audit.

Under SAS 115, 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.

**CITY OF CAMERON, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

10-01 FINANCIAL ACCOUNTING AND REPORTING (continued)

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

*Condition:* The City does not have the expertise in financial accounting and reporting as required under SAS 115.

*Criteria:* Internal controls should be designed to prevent, or 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.

10-02 SEGREGATION OF DUTIES

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

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

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

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

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

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

None