

CITY OF CAMERON, MISSOURI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2011

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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, 2011, 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, 2011, 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 April 11, 2012, 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 management's discussion and analysis and budgetary comparison information on pages 3 through 12 and pages 48 through 50, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information presented on pages 52 through 59, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Westbrook & Co., P.C.

April 11, 2012



Telephone
816-632-2177
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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, 2011. 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 \$35.8 million. Net assets is comprised of \$26.5 million invested in capital assets, (net of related debt); \$2.1 million restricted for debt service, park and recreation, public library, municipal band and other purposes; \$709,000 unrestricted and available for governmental purposes; and \$6.5 million unrestricted and available for the City's business-type activities.
- The City's total net assets increased approximately \$95,000. Of this amount, \$70,000 was a decrease from the City's governmental activities and \$165,000 was an increase from business-type activities.
- The City's long-term debt decreased approximately \$1.3 million (25%) during the current fiscal year.
- City Council decided in fiscal year 2010 - 2011 to place on the November 8, 2011 ballot two sales tax issues. These issues were a $\frac{1}{4}$ of one cent storm water improvement sales tax and $\frac{1}{2}$ of one cent transportation improvement sales tax. Sales tax issues were passed November 8, 2011 and will go into effect April 2012.
- The Water Department's distribution projects, which were partially funded by ARRA Grant funds, were completed 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. Final approvals and disbursements for this project were completed in fiscal year 2010 - 2011.
- The Public Works Department completed the Fifth & Mead street improvements.
- The City with assistance from Missouri Department of Transportation (State Block Grant) improved the airport taxiway and hangar surfaces. City received Grant Funding in fiscal year 2010 - 2011 in the amount of \$222,485. This project was completed early in fiscal year 2011 - 2012 with the assistance of additional grant funding.
- The Fire and Police Department each received a grant from Homeland Security for interoperable communications equipment.
- The Fire Department with financing from the Cameron Rural Fire Protection District purchased a 1999 Freightliner pumper fire truck.

- The Water department has started the Chloramines water plant improvements with engineering services provided by HDR.
- The City of Cameron made the final payments on two debt service issues.
 - ❖ The Public Safety Building COP of 1996 was paid in full March 2011. The Public Safety Building currently houses the City’s Police and Fire Departments, as well as a Zone office for the Missouri State Highway Patrol.
 - ❖ The City Hall COP of 1999 was paid in full April 2011. The City Hall building holds the administrative offices of the City of Cameron and provides office space to the Cameron Chamber of Commerce and weekly office space for the Missouri State Highway Patrol Testing Examiners.

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. A net asset - the difference between the City's assets and liabilities - is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether 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, 2011 and 2010:

Table MDA - 1
City of Cameron's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets:						
Current & other assets	\$ 2,347,070	\$ 2,789,459	\$ 9,183,891	\$ 9,542,148	\$ 11,530,961	\$ 12,331,607
Capital assets	<u>11,593,015</u>	<u>11,456,880</u>	<u>19,900,453</u>	<u>20,884,120</u>	<u>31,493,468</u>	<u>32,341,000</u>
Total assets	<u>13,940,085</u>	<u>14,246,339</u>	<u>29,084,344</u>	<u>30,426,268</u>	<u>43,024,429</u>	<u>44,672,607</u>
Liabilities:						
Other liabilities	680,691	1,096,638	1,036,888	1,971,207	1,717,579	3,067,845
Long-term liabilities	<u>399,522</u>	<u>219,637</u>	<u>5,031,793</u>	<u>5,605,158</u>	<u>5,431,315</u>	<u>5,824,795</u>
Total liabilities	<u>1,080,213</u>	<u>1,316,275</u>	<u>6,068,681</u>	<u>7,576,365</u>	<u>7,148,894</u>	<u>8,892,640</u>
Net assets:						
Invested in capital assets, net of related debt	11,337,561	10,993,712	15,253,244	15,359,640	26,590,805	26,353,352
Restricted	813,164	329,097	1,265,727	1,352,759	2,078,891	1,681,856
Unrestricted	<u>709,147</u>	<u>1,607,255</u>	<u>6,496,692</u>	<u>6,137,504</u>	<u>7,205,839</u>	<u>7,744,759</u>
Total net assets	<u>\$ 12,859,872</u>	<u>\$ 12,930,064</u>	<u>\$ 23,015,663</u>	<u>\$ 22,849,903</u>	<u>\$ 35,875,535</u>	<u>\$ 35,779,967</u>

As seen in table MDA-1, the City's combined net assets increased to \$35.8 million from \$35.7 million as a result of the increase in net assets reflected in table MDA-2.

The largest portion of the City's net assets, \$26.5 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, \$2.1 million (6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net assets, \$7.2 million (20%), represents unrestricted net assets that may be used to meet the City's ongoing obligations to citizens and creditors.

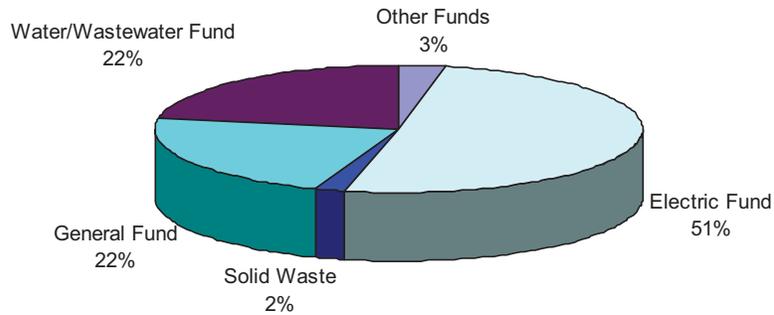
Changes in Net Assets

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

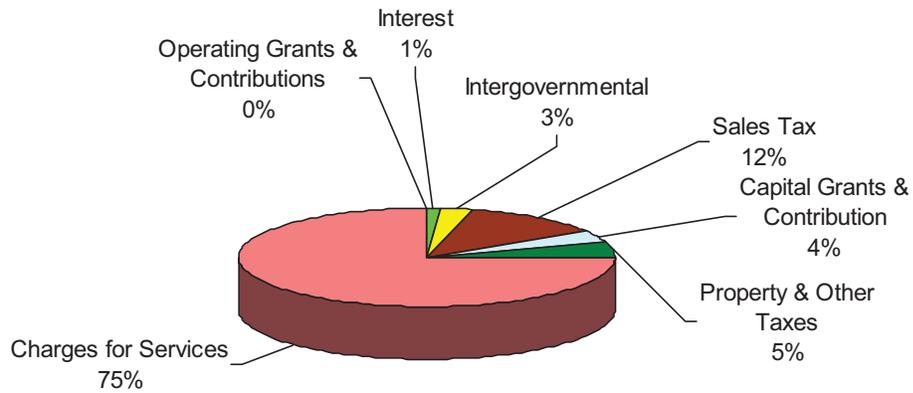
MDA -2 City of Cameron's Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for services	\$ 925,614	\$ 819,009	\$ 10,910,740	\$ 10,709,995	\$ 11,836,354	\$ 11,529,004
Operating grants and contributions	52,162	88,391	-	16,500	52,162	104,891
Capital grants	380,356	373,233	321,326	1,087,338	701,682	1,460,571
General Revenues:						
Property Taxes	691,420	724,213	-	-	691,420	724,213
Sales and Use Taxes	1,411,784	1,378,901	484,380	473,192	1,896,164	1,852,093
Other taxes	141,990	156,221	-	-	141,990	156,221
Intergovernmental	352,521	355,915	86,769	101,657	439,290	457,572
Interest	34,071	39,721	65,210	81,448	99,281	121,169
Gain (loss) on disposal	-	(1,371)	50	4,597	50	3,226
Total Revenues	<u>3,989,918</u>	<u>3,934,233</u>	<u>11,868,475</u>	<u>12,474,727</u>	<u>15,858,393</u>	<u>16,408,960</u>
Expenses						
General government	500,083	490,278	-	-	500,083	490,278
Public safety	2,107,318	2,068,713	-	-	2,107,318	2,068,713
Public works	1,563,371	1,509,691	-	-	1,563,371	1,509,691
Parks and recreation	230,200	230,481	-	-	230,200	230,481
Public library	137,624	139,795	-	-	137,624	139,795
Municipal band	68,410	57,511	-	-	68,410	57,511
Low-income housing	4,000	11,200	-	-	4,000	11,200
Interest long-term debt	54,979	56,700	-	-	54,979	56,700
Electric system	-	-	7,462,413	7,405,312	7,462,413	7,405,312
Water/wastewater system	-	-	3,351,593	3,294,097	3,351,593	3,294,097
Solid Waste	-	-	282,834	254,902	282,834	254,902
Total Expenses	<u>4,665,985</u>	<u>4,564,369</u>	<u>11,096,840</u>	<u>10,954,311</u>	<u>15,762,825</u>	<u>15,518,680</u>
Excess (deficiency) before transfers	(676,067)	(630,136)	771,635	1,520,416	95,568	890,280
Transfers	<u>605,875</u>	<u>713,091</u>	<u>(605,875)</u>	<u>(713,091)</u>	<u>-</u>	<u>-</u>
Change in net assets	(70,192)	82,955	165,760	807,325	95,568	890,280
Beginning net assets	<u>12,930,064</u>	<u>12,847,109</u>	<u>22,849,903</u>	<u>22,042,578</u>	<u>35,779,967</u>	<u>34,889,687</u>
Ending net assets	<u>\$ 12,859,872</u>	<u>\$ 12,930,064</u>	<u>\$ 23,015,663</u>	<u>\$ 22,849,903</u>	<u>\$ 35,875,535</u>	<u>\$ 35,779,967</u>

For the fiscal year ended September 30, 2011, government-wide revenues totaled \$15,858,393. Approximately 75% of all revenues are from charges from services and 12% from sales tax. See Table MDA - 3 and Table MDA - 4.

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

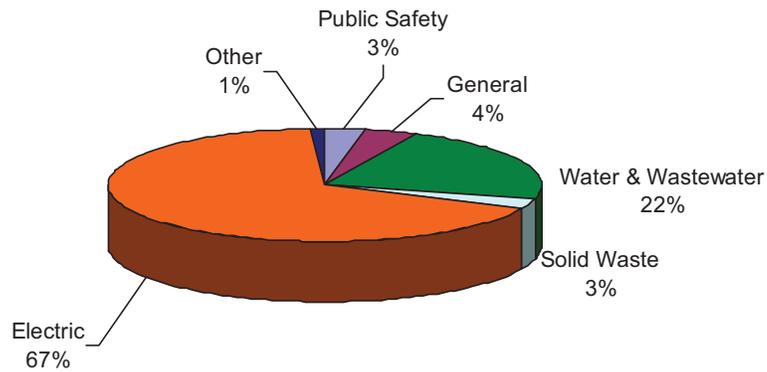


**Table MDA - 4
City of Cameron - Sources of Revenues**



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 92% of all charges for services.

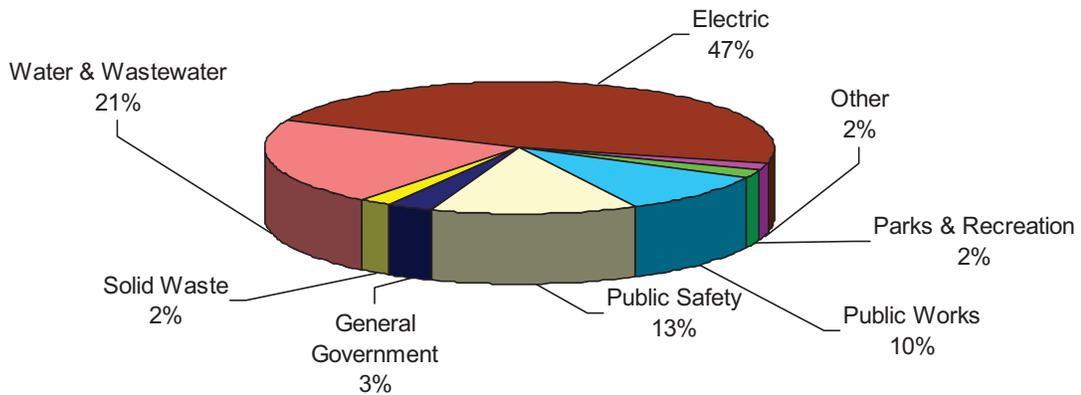
**Table MDA - 5
City of Cameron - Analysis of Charges for Services**



The second largest revenue source for the entire city is sales tax which during the 2011 fiscal year equaled \$1,896,164. The City of Cameron has a 1% sales tax to fund general governmental activities, a .125% sales tax for park and recreation equipment and a .375% sales tax for wastewater activities. In addition, the City has a Tax Increment Financing District and sales tax received for that district is restricted to funding activities within the restricted area. Sales tax activity increased from last fiscal year in the amount of \$44,071.

The City's expenses cover a range of services. Approximately 70% of all city expenses during the 2011 fiscal year are related to business-type activities.

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



Governmental Activities

Governmental activities decreased the City's net assets by \$70,192. Sales taxes, the largest governmental category, were \$1,411,784. For the fiscal year ended September 30, 2011, revenues totaled \$15,858,393 (governmental and business-type). Revenues from governmental activities were \$3,989,918, or 25%, of the total City revenue (an increase of \$55,685 from last fiscal year).

Certain revenues are generated that are specific to governmental program activity. These totaled \$1,358,132. Table MDA - 7 shows expenses and program revenues of the governmental activities for the years ended September 30, 2011 and 2010:

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

	2011			2010		
	Cost of Services	Program Revenue	Net Cost of Service	Cost of Services	Program Revenue	Net Cost of Service
General government	\$ 500,083	\$ 501,390	\$ (1,307)	\$ 490,278	\$ 444,544	\$ 45,734
Public Safety	2,107,318	458,307	1,649,011	2,068,713	358,616	1,710,097
Public Works	1,563,371	376,066	1,187,305	1,509,691	451,779	1,057,912
Park and recreation	230,200	5,420	224,780	230,481	2,003	228,478
Municipal band	68,410	-	68,410	57,511	-	57,511
Public library	137,624	16,949	120,675	139,795	20,491	119,304
Low income housing	4,000	-	4,000	11,200	3,200	8,000
Interest on long-term debt	<u>54,979</u>	<u>-</u>	<u>54,979</u>	<u>56,700</u>	<u>-</u>	<u>56,700</u>
Total	<u>\$ 4,665,985</u>	<u>\$ 1,358,132</u>	<u>\$ 3,307,853</u>	<u>\$ 4,564,369</u>	<u>\$ 1,280,633</u>	<u>\$ 3,283,736</u>

As noted in Table MDA - 7, expenses from governmental activities totaled \$4,665,985. However, the net costs of these services were \$3,307,853. The difference represents direct revenues from charges for services of \$925,614, operating grants and contributions of \$52,162, and capital grants and contributions of \$380,356. Taxes and other revenues were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City's net assets by \$165,760. Key elements of the change in net assets are as follows:

- Electric department concentrated on regular maintenance to the electric distribution system, while planning for larger infrastructure improvements in the future.
- The 2009 water improvement project started in previous fiscal years, and was funded with ARRA grant proceeds
- Water plant chloramines conversion engineering was partially funded by the State of Missouri DNR grant, to assist with the cost of this project
- The wastewater department started a contracted study of sanitary sewer evaluation study on Basin #1, the project will be ongoing with only a small percentage of the study completed in FY2011.

Financial Analysis of the City's Funds

General Fund expenditures exceeded revenues. The fund balance of the General Fund decreased \$175,625 to the amount of \$504,362. There was a decrease in fund balances for the Governmental Funds of \$312,062, which brings the Governmental Funds balances to \$1,321,876.

General Fund Budgetary Highlights

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

- Fire department with financial assistance from the Cameron Rural Fire District purchased a 1999 Freightliner pumper fire truck. This truck will be used to provide fire protection to our residents and the residents in the Cameron Rural Fire District.
- The City received a Tree Inventory Grant from the Missouri Department of Conservation. This inventory was performed on the trees located in the public areas of our community and streets. Having this information available will assist staff in future planning and maintenance of our public areas.
- Public Works continued assessing the storm water issues and environmental issues with the assistance of professional engineers planning the ground work for future projected priority areas.
- Police department currently does not have an employee associated directly with the NITRO Task Force; therefore grant revenues to assist with the salary of NITRO officer were not as originally budgeted.
- Total original expense budget of \$4,701,553 was increased to \$4,875,183. The reasons for the increase are stated above.
- The actual amounts on budgetary basis were \$4,061,281 in revenue verses \$4,463,614 in expenses. The change to the fund balance at the end of the year after transfers in and out was a decrease of \$175,625.

Capital Assets and Debt Administration

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

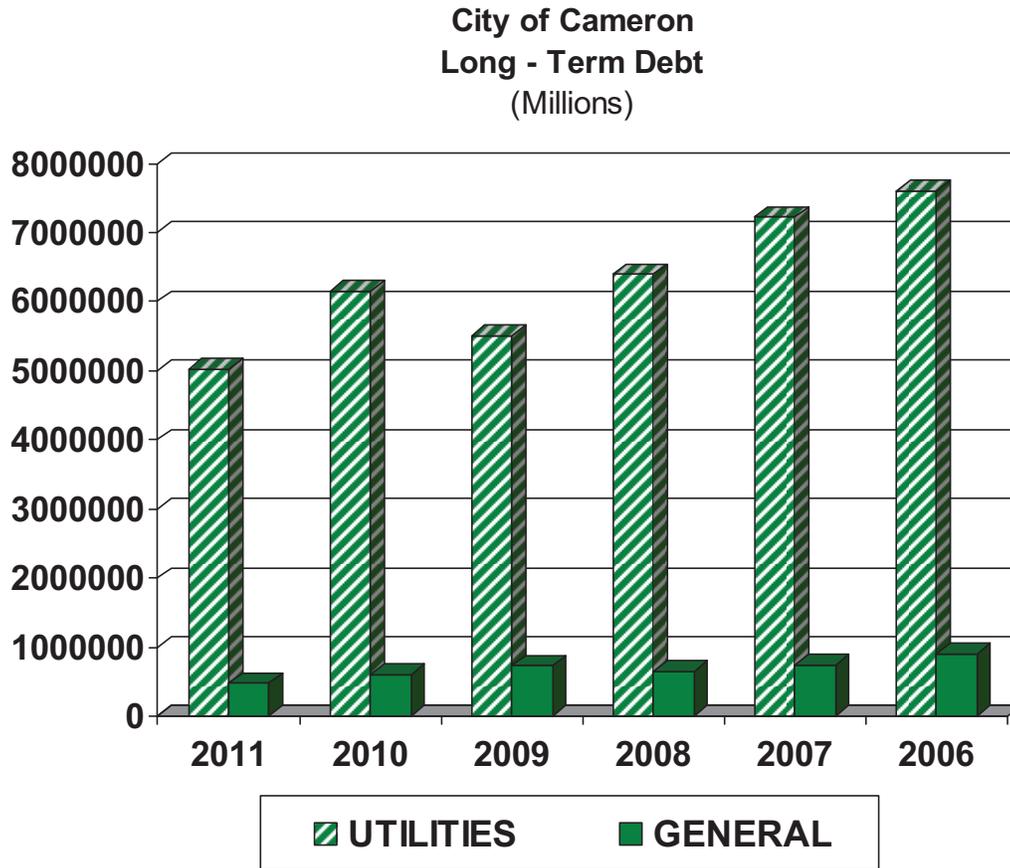
- Airport started and was in construction on a terminal/hangar area expansion project that was largely funded by Missouri Department of Transportation grant funds.
- Police Department purchased a 2011 patrol car.
- Police Department received radio grant for interoperable radios to enhance communications with other departments in emergency situations.
- Fire Department received radio grant for interoperable radios to enhance communications with other departments in emergency situations.
- City Hall administration acquired an insert/folder machine for routine mailings.
- Work release crew obtained 2 new mowers and traded in two older machines.
- Parks Department improved the video security at the skate board park.

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

- Completed work on water distribution improvements approved by voters April 2008.
- Continued working on GIS programs and improved the City's website.
- Water plant processing improvements started with preliminary engineering services for the "Chloramines Conversion" which the City received a \$22,000 grant from DNR.
- Sewer treatment/collection had lift-station SCADA improvements
- Sewer system started the Sewer Basin Evaluation Study.
- The consideration for Automatic Meter Reading, for electric and water services, were removed from the fiscal year 10 – 11 budgets.

The budgeted capital projects for fiscal year 10 - 11 totaled \$1,952,666, with some of the projects being carried over to the next budget year.

Long-term debt outstanding was decreased by \$1,328,932.



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

As of September 30, 2011 there were outstanding lawsuits against the City.

The City Council continues to strive for long-term sustainable improvements to the community. The areas of interest for the City Council: infrastructure, beautification, quality of life, and community resources.

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

Mark Gaugh, City Manager
 Barbara O’Connor, City Clerk
 Carmen Weigand, Accounting Specialist

CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 281,165	\$ (52,162)	\$ 229,003
Certificates of deposit	505,320	4,644,316	5,149,636
Receivables, net:			
Taxes	990,948	70,402	1,061,350
Utilities	-	1,464,580	1,464,580
Grants	185,755	57,317	243,072
Accrued interest	538	7,247	7,785
Accounts	45,330	-	45,330
Due from other governments	-	70,012	70,012
Internal balances	(182,859)	182,859	-
Prepaid expenses	96,601	71,424	168,025
Inventory	-	1,006,130	1,006,130
Total current assets	1,922,798	7,522,125	9,444,923
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	1,598,958	1,598,958
Special assessments, net	-	11,710	11,710
Land held for resale	100,476	-	100,476
Due from other governments	323,796	-	323,796
Deferred bond issue costs, net	-	51,098	51,098
Capital assets, net	11,593,015	19,900,453	31,493,468
Total noncurrent assets	12,017,287	21,562,219	33,579,506
Total Assets	13,940,085	29,084,344	43,024,429
LIABILITIES			
Current liabilities:			
Accounts payable	103,884	670,873	774,757
Accrued interest payable	3,217	32,784	36,001
Deferred revenue	573,590	-	573,590
Customer deposits payable	-	333,231	333,231
Total current liabilities	680,691	1,036,888	1,717,579
Noncurrent liabilities:			
Due in one year	287,357	1,049,993	1,337,350
Due in more than one year	112,165	3,981,800	4,093,965
Total non-current liabilities	399,522	5,031,793	5,431,315
Total liabilities	1,080,213	6,068,681	7,148,894
NET ASSETS			
Invested in capital assets, net of related debt	11,337,561	15,253,244	26,590,805
Restricted for:			
Debt service	-	1,265,727	1,265,727
Parks and recreation	505,740	-	505,740
Public library	137,623	-	137,623
Municipal band	167,108	-	167,108
Other purposes	2,693	-	2,693
Unrestricted	709,147	6,496,692	7,205,839
Total net assets	\$ 12,859,872	\$ 23,015,663	\$ 35,875,535

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government:							
Governmental activities:							
General government	\$ 500,083	\$ 458,793	\$ 42,597	\$ -	\$ 1,307	\$ -	\$ 1,307
Public safety	2,107,318	312,695	1,594	144,018	(1,649,011)	-	(1,649,011)
Public works	1,563,371	143,581	-	232,485	(1,187,305)	-	(1,187,305)
Parks and recreation	230,200	1,567	-	3,853	(224,780)	-	(224,780)
Public library	137,624	8,978	7,971	-	(120,675)	-	(120,675)
Municipal band	68,410	-	-	-	(68,410)	-	(68,410)
Low-income housing	4,000	-	-	-	(4,000)	-	(4,000)
Interest on long-term debt	54,979	-	-	-	(54,979)	-	(54,979)
Total governmental activities	4,665,985	925,614	52,162	380,356	(3,307,853)	-	(3,307,853)
Business-type activities:							
Electric	7,462,413	7,987,542	-	-	-	525,129	525,129
Water and wastewater	3,351,593	2,618,446	-	321,326	-	(411,821)	(411,821)
Solid waste	282,834	304,752	-	-	-	21,918	21,918
Total business-type activities	11,096,840	10,910,740	-	321,326	-	135,226	135,226
Total primary government	15,762,825	11,836,354	52,162	701,682	(3,307,853)	135,226	(3,172,627)
General revenues:							
Property tax					691,420	-	691,420
Sales and use taxes					1,411,784	484,380	1,896,164
Other local taxes					141,990	-	141,990
Gain (loss) on sale of equipment					-	50	50
Intergovernmental					352,521	86,769	439,290
Interest revenue					34,071	65,210	99,281
Transfers					605,875	(605,875)	-
Total general revenues and transfers					3,237,661	30,534	3,268,195
Change in net assets					(70,192)	165,760	95,568
Net assets, beginning of year					12,930,064	22,849,903	35,779,967
Net assets, end of year					\$ 12,859,872	\$ 23,015,663	\$ 35,875,535

See accompanying notes to the basic financial statements.

**CITY OF CAMERON, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

	<u>GENERAL FUND</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 39,590	\$ 241,575	\$ 281,165
Certificates of deposit	4,946	500,374	505,320
Receivables, net:			
Taxes	675,903	315,045	990,948
Grants	185,755	-	185,755
Accounts	43,186	2,144	45,330
Accrued interest	32	506	538
Due from other governments	323,796	-	323,796
Land held for resale	100,476	-	100,476
	<u>1,373,684</u>	<u>1,059,644</u>	<u>2,433,328</u>
Total Assets	<u>\$ 1,373,684</u>	<u>\$ 1,059,644</u>	<u>\$ 2,433,328</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 91,685	\$ 12,199	\$ 103,884
Deferred revenue	531,728	229,931	761,659
Due to other funds	182,859	-	182,859
Payable to other governments	63,050	-	63,050
	<u>869,322</u>	<u>242,130</u>	<u>1,111,452</u>
Total Liabilities	<u>869,322</u>	<u>242,130</u>	<u>1,111,452</u>
Fund balances:			
Nonspendable	100,476	-	100,476
Restricted	-	817,514	817,514
Committed	251,381	-	251,381
Unassigned	152,505	-	152,505
	<u>504,362</u>	<u>817,514</u>	<u>1,321,876</u>
Total Fund Balances	<u>504,362</u>	<u>817,514</u>	<u>1,321,876</u>
Total Liabilities and Fund Balances	<u>\$ 1,373,684</u>	<u>\$ 1,059,644</u>	<u>\$ 2,433,328</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, 2011**

Fund Balances - Total Governmental Funds \$ 1,321,876

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	\$ 29,234,718	
Less: accumulated depreciation	<u>(17,641,703)</u>	11,593,015

Prepaid insurance is reported as an expenditure in the governmental funds but the unused economic benefit is reflected as an asset in the Statement of Assets.	96,601
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(3,217)
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Certain revenue that was earned and accrued in the current period but not received until after 60 days is deferred in the fund statement but recognized under full accrual.	188,069
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Long-term liabilities are not due and payable in the current period,
and therefore, are not reported as liabilities in the governmental funds.

Note payable - pumper truck	(21,559)	
Note payable - Cameron Rural Fire Department	(63,721)	
Capital lease - street sweeper	(58,362)	
Capital lease - folder/sorter machine	(48,762)	
Compensated absences payable	<u>(144,068)</u>	<u>(336,472)</u>

Net Assets of Governmental Activities **\$ 12,859,872**

CITY OF CAMERON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	GENERAL FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Sales tax	\$ 1,250,666	\$ 161,118	\$ 1,411,784
Property tax	419,964	271,456	691,420
Other local taxes	74,418	67,572	141,990
Intergovernmental	352,521	-	352,521
Licenses, permits and fees	425,924	-	425,924
Charges for services	345,600	-	345,600
Grants	420,700	11,824	432,524
Fines and forfeitures	113,335	-	113,335
Interest	27,643	6,428	34,071
Miscellaneous	30,204	10,545	40,749
Total Revenues	<u>3,460,975</u>	<u>528,943</u>	<u>3,989,918</u>
EXPENDITURES:			
Current:			
General government	473,630	-	473,630
Public safety	1,947,255	-	1,947,255
Public works	1,035,563	-	1,035,563
Parks and recreation	-	163,192	163,192
Public library	-	138,214	138,214
Municipal band	-	68,408	68,408
Low-income housing	-	4,000	4,000
Capital outlay	874,492	35,111	909,603
Debt service:			
Principal	53,029	177,560	230,589
Interest and fees	6,145	48,338	54,483
Total Expenditures	<u>4,390,114</u>	<u>634,823</u>	<u>5,024,937</u>
Excess (deficiency) of revenues over expenditures	<u>(929,139)</u>	<u>(105,880)</u>	<u>(1,035,019)</u>
Other financing sources (uses):			
Capital lease proceeds	117,082	-	117,082
Transfers in	778,307	141,875	920,182
Transfers out	<u>(141,875)</u>	<u>(172,432)</u>	<u>(314,307)</u>
Total other financing sources (uses)	<u>753,514</u>	<u>(30,557)</u>	<u>722,957</u>
Net change in fund balances	(175,625)	(136,437)	(312,062)
Fund balance, beginning of year	<u>679,987</u>	<u>953,951</u>	<u>1,633,938</u>
Fund balance, end of year	<u>\$ 504,362</u>	<u>\$ 817,514</u>	<u>\$ 1,321,876</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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (312,062)

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	690,039	
Depreciation expense	(553,904)	136,135

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	230,590	
Debt proceeds		(117,082)

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

Prepaid insurance		(2,942)
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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.

(496)

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

Compensated absences		(4,335)
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Change in Net Assets of Governmental Activities **\$ (70,192)**

CITY OF CAMERON, MISSOURI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	ELECTRIC	WATER/ WASTEWATER	SOLID WASTE	TOTALS
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 100,229	\$ (218,169)	\$ 65,778	\$ (52,162)
Certificates of deposit	3,885,598	517,028	241,690	4,644,316
Receivables:				
Taxes	-	70,402	-	70,402
Grants	-	57,317	-	57,317
Utilities	1,078,578	346,796	39,206	1,464,580
Accrued interest	4,523	2,292	432	7,247
Due from other governments	70,012	-	-	70,012
Due from other funds	182,859	-	-	182,859
Prepaid expenses	35,143	35,877	404	71,424
Inventory	526,050	480,080	-	1,006,130
Total current assets	5,882,992	1,291,623	347,510	7,522,125
Noncurrent assets:				
Restricted cash and cash equivalents	222,032	1,376,926	-	1,598,958
Special assessments, net	11,710	-	-	11,710
Deferred bond issue costs, net	-	51,098	-	51,098
Capital assets, net	3,507,134	16,333,436	59,883	19,900,453
Total noncurrent assets	3,740,876	17,761,460	59,883	21,562,219
Total assets	\$ 9,623,868	\$ 19,053,083	\$ 407,393	\$ 29,084,344
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 456,103	\$ 192,437	22,333	\$ 670,873
Customer deposits payable	222,032	111,199	-	333,231
Compensated absences payable	47,850	43,857	-	91,707
Accrued interest payable	-	32,784	-	32,784
Revenue bonds payable	-	909,601	-	909,601
Notes payable	-	48,685	-	48,685
Total current liabilities	725,985	1,338,563	22,333	2,086,881
Noncurrent liabilities:				
Revenue bonds payable	-	3,435,523	-	3,435,523
Accreted interest on capital appreciation bonds	-	292,877	-	292,877
Notes payable	-	253,400	-	253,400
Total noncurrent liabilities	-	3,981,800	-	3,981,800
Total liabilities	725,985	5,320,363	22,333	6,068,681
Net Assets:				
Invested in capital assets, net of related debt	3,507,134	11,686,227	59,883	15,253,244
Restricted for debt service	-	1,265,727	-	1,265,727
Unrestricted	5,390,749	780,766	325,177	6,496,692
Total net assets	8,897,883	13,732,720	385,060	23,015,663
Total liabilities and net assets	\$ 9,623,868	\$ 19,053,083	\$ 407,393	\$ 29,084,344

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, 2011

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
OPERATING REVENUES:				
Charges for services	\$ 7,924,159	\$ 2,591,279	\$ 304,752	\$ 10,820,190
Other	<u>63,383</u>	<u>27,167</u>	<u>-</u>	<u>90,550</u>
Total Operating Revenues	<u>7,987,542</u>	<u>2,618,446</u>	<u>304,752</u>	<u>10,910,740</u>
OPERATING EXPENSES:				
Production	5,933,904	847,034	-	6,780,938
Sewer treatment	-	591,363	-	591,363
Transmission & distribution	883,942	449,462	280,283	1,613,687
Administration	375,832	347,051	-	722,883
Depreciation	<u>264,884</u>	<u>850,697</u>	<u>2,551</u>	<u>1,118,132</u>
Total Operating Expenses	<u>7,458,562</u>	<u>3,085,607</u>	<u>282,834</u>	<u>10,827,003</u>
Operating Income (Loss)	<u>528,980</u>	<u>(467,161)</u>	<u>21,918</u>	<u>83,737</u>
Nonoperating Revenues (Expenses):				
Interest revenue	42,955	20,060	2,195	65,210
Taxes	-	484,380	-	484,380
Intergovernmental revenue	-	86,769	-	86,769
Gain on sale of assets	50	-	-	50
Interest expense and fees	<u>(3,851)</u>	<u>(265,986)</u>	<u>-</u>	<u>(269,837)</u>
Total Nonoperating Revenues (Expenses)	<u>39,154</u>	<u>325,223</u>	<u>2,195</u>	<u>366,572</u>
Income (loss) before contributions and transfers	<u>568,134</u>	<u>(141,938)</u>	<u>24,113</u>	<u>450,309</u>
CONTRIBUTIONS AND TRANSFERS:				
Grant revenue	-	321,326	-	321,326
Transfers in	73,614	49,385	-	122,999
Transfers out	<u>(593,078)</u>	<u>(125,796)</u>	<u>(10,000)</u>	<u>(728,874)</u>
Total contributions and transfers	<u>(519,464)</u>	<u>244,915</u>	<u>(10,000)</u>	<u>(284,549)</u>
Change in net assets	48,670	102,977	14,113	165,760
Net assets, beginning of year	<u>8,849,213</u>	<u>13,629,743</u>	<u>370,947</u>	<u>22,849,903</u>
Net assets, end of year	<u>\$ 8,897,883</u>	<u>\$ 13,732,720</u>	<u>\$ 385,060</u>	<u>\$ 23,015,663</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, 2011

	<u>ELECTRIC</u>	<u>WATER/ WASTEWATER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Cash flows from operating activities:				
Cash receipts from customers	\$ 7,615,897	\$ 2,551,998	\$ 301,519	\$ 10,469,414
Cash receipts from other funds for services	341,999	10,274	-	352,273
Cash payments for other operating services	(168,605)	(242,290)	-	(410,895)
Cash payments to suppliers	(6,410,704)	(1,806,080)	(277,658)	(8,494,442)
Cash paid to employees	<u>(660,853)</u>	<u>(569,133)</u>	<u>-</u>	<u>(1,229,986)</u>
Net cash provided (used) by operating activities	<u>717,734</u>	<u>(55,231)</u>	<u>23,861</u>	<u>686,364</u>
Cash flows from noncapital financing activities:				
Advance to other funds	(70,838)	-	-	(70,838)
Transfers from other funds	73,614	49,385	-	122,999
Transfers to other funds	<u>(593,078)</u>	<u>(125,796)</u>	<u>(10,000)</u>	<u>(728,874)</u>
Net cash used by noncapital financing activities	<u>(590,302)</u>	<u>(76,411)</u>	<u>(10,000)</u>	<u>(676,713)</u>
Cash flows from capital and related financing activities:				
Capital improvements & motor vehicle sales tax received	-	479,029	-	479,029
Capital grants received	-	496,962	-	496,962
Acquisition and construction of capital assets	(2,883)	(131,583)	-	(134,466)
Proceeds from sale of capital assets	50	-	-	50
Principal paid on revenue bonds	-	(573,430)	-	(573,430)
Principal paid on certificates of participation	(154,077)	(103,362)	-	(257,439)
Principal paid on note payable	-	(46,401)	-	(46,401)
Interest and fees paid on debt	<u>(3,851)</u>	<u>(517,816)</u>	<u>-</u>	<u>(521,667)</u>
Net cash used in capital and related financing activities	<u>(160,761)</u>	<u>(396,601)</u>	<u>-</u>	<u>(557,362)</u>
Cash flows from investing activities:				
Interest received on bond escrow accounts	-	86,769	-	86,769
Interest received on cash accounts	43,908	21,132	2,237	67,277
Change in certificates of deposit	<u>(264,672)</u>	<u>266,554</u>	<u>(15,515)</u>	<u>(13,633)</u>
Net cash provided (used) by investing activities	<u>(220,764)</u>	<u>374,455</u>	<u>(13,278)</u>	<u>140,413</u>
Net increase (decrease) in cash and cash equivalents	(254,093)	(153,788)	583	(407,298)
Cash and cash equivalents, beginning of year	<u>576,354</u>	<u>1,312,545</u>	<u>65,195</u>	<u>1,954,094</u>
Cash and cash equivalents, end of year	<u>\$ 322,261</u>	<u>\$ 1,158,757</u>	<u>\$ 65,778</u>	<u>\$ 1,546,796</u>
Cash and cash equivalents	\$ 100,229	\$ (218,169)	\$ 65,778	\$ (52,162)
Restricted cash and cash equivalents	<u>222,032</u>	<u>1,376,926</u>	<u>-</u>	<u>1,598,958</u>
Cash and cash equivalents, end of year	<u>\$ 322,261</u>	<u>\$ 1,158,757</u>	<u>\$ 65,778</u>	<u>\$ 1,546,796</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 528,980	\$ (467,161)	\$ 21,918	\$ 83,737
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	264,884	850,697	2,551	1,118,132
Changes in assets and liabilities:				
(Increase) decrease in utilities receivable	(29,807)	(56,174)	(3,233)	(89,214)
(Increase) decrease in other receivables	(1,444)	-	-	(1,444)
(Increase) decrease in prepaid expenses	914	(129)	368	1,153
(Increase) decrease in inventory	(44,989)	(8,436)	-	(53,425)
Increase (decrease) in accounts payable	(10,475)	(374,760)	2,257	(382,978)
Increase (decrease) in compensated absences	4,059	(2,078)	-	1,981
Increase (decrease) in customer deposits payable	<u>5,612</u>	<u>2,810</u>	<u>-</u>	<u>8,422</u>
Net cash provided (used) by operating activities	<u>\$ 717,734</u>	<u>\$ (55,231)</u>	<u>\$ 23,861</u>	<u>\$ 686,364</u>

See accompanying notes to the basic financial statements.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, 2011

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.

For the year ended September 30, 2011, the City has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

In the Fund financial statements, fund balance consist of nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balance are amounts restricted to specific purposes. Committed fund balance are amounts that can only be used for specific purposes as pursuant to official action by the Council prior to the end of the reporting period. Assigned fund balance are amounts the City intends to use for a specific purpose but is neither restricted nor committed. The Council has the authority to assign fund balances. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general ledger.

The order of spending, regarding the restricted and unrestricted fund balance, when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those restricted fund balance classification could be used.

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 and reports all financial resources not accounted for and reported in another fund.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Pooled Cash and Temporary Investments: Cash resources of the individual funds are combined to form a pool of cash and temporary investments. Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. government securities, carried at cost. Each fund's portion of the pool is displayed on the government-wide statement of net assets as 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.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued):

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

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

Long-term Obligations:

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

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

Compensated Absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based upon length of service. Sick leave may be accumulated to a maximum of ninety days. Upon retirement, 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.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2011.

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

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

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

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Economic Activity Taxes (EATS) continued:

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

NOTE B - CASH AND 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, 2011, the bank balances of the City's deposits totaled \$1,017,522. The City's deposits were entirely covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name.

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

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

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.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE B - CASH AND INVESTMENTS (continued)

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

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

NOTE C - CERTIFICATES OF DEPOSIT

Certificates of deposit of the City as of September 30, 2011 are as follows:

Fund	Amount
Major governmental funds:	
General fund	\$ 4,946
Nonmajor governmental funds:	
Special revenue funds:	
Parks and recreation	332,194
Municipal band	107,866
Public library	60,314
Total special revenue	500,374
Total governmental funds	505,320
Enterprise Funds:	
Major Funds:	
Electric fund	3,885,598
Water and wastewater fund	517,028
Solid waste fund	241,690
Total enterprise funds	4,644,316
Total	\$ 5,149,636

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, 2011, the total deposits were covered by securities held by the bank's trust department.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 2011 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 2010 for purposes of local taxation was:

General	\$ 0.5917
Parks and recreation	0.1453
Library	0.1662
Band	<u>0.0830</u>
Total	<u>\$ 0.9862</u>

NOTE E - RESTRICTED ASSETS

Cash and cash equivalents are restricted for the following purposes:

Major Enterprise Funds:

Electric Fund:

Customer deposits	\$ 222,032
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Water and Wastewater Fund:

Customer deposits	111,199
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Revenue bond reserves and accounts:

Principal and interest retirement	423,274
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Revenue bond retirement	260,570
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Depreciation and replacement	473,818
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Depreciation and replacement - Series 1998 debt	<u>108,065</u>
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Total enterprise funds	<u>\$ 1,598,958</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, 2011

NOTE G - RECEIVABLES

Utilities receivable represent user-based charges for services provided to the City's customers. Net receivables at September 30, 2011 were as follows:

	<u>Total Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
Business-type activities:			
Major enterprise funds:			
Electric	\$ 1,220,139	\$ 141,561	\$ 1,078,578
Water and wastewater	387,934	41,138	346,796
Solid waste	46,438	7,232	39,206
Total	<u>\$ 1,654,511</u>	<u>\$ 189,931</u>	<u>\$ 1,464,580</u>

Taxes receivable represent the net collectible ad valorem taxes, local sales taxes, capital improvement sales taxes, state gasoline tax and vehicle sales tax and fees. Balances at September 30, 2011 were as follows:

<u>Fund</u>	<u>Total Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
Governmental activities:			
General:			
Ad valorem	\$ 442,347	\$ 4,757	\$ 437,590
Sales taxes	180,256	-	180,256
Gasoline tax	45,798	-	45,798
Vehicle sales tax & fees	12,259	-	12,259
Total general	<u>680,660</u>	<u>4,757</u>	<u>675,903</u>
Nonmajor governmental funds:			
Special revenue funds:			
Ad valorem	294,927	3,172	291,755
Sales taxes	22,532	-	22,532
Vehicle sales tax & fees	758	-	758
Total special revenue	<u>318,217</u>	<u>3,172</u>	<u>315,045</u>
Total governmental funds	<u>998,877</u>	<u>7,929</u>	<u>990,948</u>
Business-type activities:			
Major enterprise funds:			
Water and wastewater fund:			
Sales taxes	68,129	-	68,129
Vehicle sales tax & fees	2,273	-	2,273
Total business-type activities	<u>70,402</u>	<u>-</u>	<u>70,402</u>
Total	<u>\$ 1,069,279</u>	<u>\$ 7,929</u>	<u>\$ 1,061,350</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE H - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2011 were as follows:

Fund	Due From	Due To
Major governmental funds:		
General fund	\$ -	\$ 182,859
Enterprise Funds:		
Electric fund	182,859	-
Total	\$ 182,859	\$ 182,859

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.

Also included in interfund payables is \$70,838 in the General Fund which represents a loan from the Electric Fund to cover a temporary cash shortfall in the General Fund at September 30, 2011. This loan is to be repaid over a period of twenty four months at an annual interest rate of 1% on the unpaid balance until paid in full.

NOTE I - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2011 consisted of the following:

	Electric Fund	Water and Wastewater Fund	Solid Waste Fund	Total
Transfer to:				
Major governmental funds:				
General fund	\$ 593,078	\$ 125,796	\$ 10,000	\$ 728,874
Nonmajor governmental funds:				
Park and recreation (special revenue) fund	-	-	-	-
Major business-type funds:				
Water and wastewater (enterprise) fund	-	-	-	-
Total	\$ 593,078	\$ 125,796	\$ 10,000	\$ 728,874

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, 2011, \$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 \$539,078, \$125,796, and \$10,000 in fiscal year 2011 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, 2011

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 30th statutorily required contribution rates are 12.8% (General) and 10.7% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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	\$	399,607
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost		399,607
Actual contributions		352,453
Increase (decrease) in Net Pension Obligation		47,154
Net Pension Obligation, beginning of year		-
Net Pension Obligation, end of year	\$	47,154

The annual required contribution (ARC) was determined as part of the February 29, 2008 and/or February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% 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 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 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 29, 2008 was 15 years for the General division and 15 years for the Police division. The amortization period as of February 28, 2009 was 30 years for the General division and 30 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
6/30/2009	\$ 316,201	100.0%	\$ -
6/30/2010	331,844	100.0%	-
6/30/2011	399,607	88.2%	47,154

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE L - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassification</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 3,066,624	\$ -	\$ -	\$ 3,066,624
Construction in progress	-	<u>250,062</u>	-	<u>250,062</u>
Total nondepreciable assets	<u>3,066,624</u>	<u>250,062</u>	<u>-</u>	<u>3,316,686</u>
Depreciable capital assets:				
Buildings	2,998,514	6,942	-	3,005,456
Improvements	907,250	-	-	907,250
Equipment	4,049,658	325,193	185,674	4,189,177
Publications	521,309	17,691	-	539,000
Street network	<u>17,001,324</u>	<u>275,825</u>	<u>-</u>	<u>17,277,149</u>
Total depreciable assets	<u>25,478,055</u>	<u>625,651</u>	<u>185,674</u>	<u>25,918,032</u>
Less accumulated depreciation:				
Buildings	754,921	72,679	-	827,600
Improvements	271,406	59,738	-	331,144
Equipment	3,223,097	240,318	185,674	3,277,741
Publications	430,049	16,270	-	446,319
Street network	<u>12,408,326</u>	<u>350,573</u>	<u>-</u>	<u>12,758,899</u>
Total accumulated depreciation	<u>17,087,799</u>	<u>739,578</u>	<u>185,674</u>	<u>17,641,703</u>
Total depreciable capital assets, net	<u>8,390,256</u>	<u>(113,927)</u>	<u>-</u>	<u>8,276,329</u>
Total governmental activities capital assets	<u>\$ 11,456,880</u>	<u>\$ 136,135</u>	<u>\$ -</u>	<u>\$ 11,593,015</u>

Depreciation expense was charged to functions as follows:

General government	\$ 24,201
Public safety	138,601
Public works	518,207
Parks and recreation	38,749
Public library	<u>19,820</u>
	<u>\$ 739,578</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE L - CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Retirements/ Reclassification	Ending Balance
Business-type activities:				
Electric fund:				
Nondepreciable assets:				
Land	\$ 42,541	\$ -	\$ -	\$ 42,541
Construction in progress	-	-	-	-
Total nondepreciable capital assets	<u>42,541</u>	<u>-</u>	<u>-</u>	<u>42,541</u>
Depreciable capital assets:				
Buildings and improvements	3,552,563	-	-	3,552,563
Equipment	3,927,312	2,883	-	3,930,195
Total depreciable capital assets	<u>7,479,875</u>	<u>2,883</u>	<u>-</u>	<u>7,482,758</u>
Less accumulated depreciation:				
Buildings and improvements	860,124	143,853	-	1,003,977
Equipment	2,893,157	121,031	-	3,014,188
Total accumulated depreciation	<u>3,753,281</u>	<u>264,884</u>	<u>-</u>	<u>4,018,165</u>
Total depreciable capital assets, net	<u>3,726,594</u>	<u>(262,001)</u>	<u>-</u>	<u>3,464,593</u>
Total electric capital assets	<u>3,769,135</u>	<u>(262,001)</u>	<u>-</u>	<u>3,507,134</u>
Water and wastewater fund:				
Nondepreciable assets:				
Land	710,551	-	-	710,551
Construction in progress	-	22,275	-	22,275
Total nondepreciable capital assets	<u>710,551</u>	<u>22,275</u>	<u>-</u>	<u>732,826</u>
Depreciable capital assets:				
Buildings and improvements	28,062,352	2,805	-	28,065,157
Equipment	3,973,299	106,500	-	4,079,799
Total depreciable capital assets	<u>32,035,651</u>	<u>109,305</u>	<u>-</u>	<u>32,144,956</u>
Less accumulated depreciation:				
Buildings and improvements	14,753,422	724,136	-	15,477,558
Equipment	940,226	126,562	-	1,066,788
Total accumulated depreciation	<u>15,693,648</u>	<u>850,698</u>	<u>-</u>	<u>16,544,346</u>
Total depreciable capital assets, net	<u>16,342,003</u>	<u>(741,393)</u>	<u>-</u>	<u>15,600,610</u>
Total water and wastewater capital assets	<u>17,052,554</u>	<u>(719,118)</u>	<u>-</u>	<u>16,333,436</u>
Solid waste fund:				
Nondepreciable assets:				
Land	46,705	-	-	46,705
Depreciable capital assets:				
Equipment	36,104	-	-	36,104
Less accumulated depreciation:				
Equipment	20,375	2,551	-	22,926
Total depreciable capital assets, net	<u>15,729</u>	<u>(2,551)</u>	<u>-</u>	<u>13,178</u>
Total solid waste capital assets	<u>62,434</u>	<u>(2,551)</u>	<u>-</u>	<u>59,883</u>
Total business-type activities capital assets	<u>\$ 20,884,123</u>	<u>\$ (983,670)</u>	<u>\$ -</u>	<u>\$ 19,900,453</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE L - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Electric	\$ 264,884
Water and wastewater	850,698
Solid waste	<u>2,551</u>
	<u>\$ 1,118,133</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 2011.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, 2011, 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, 2011.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE O - CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance October 1, 2010	Additions	Retirements	Ending Balance September 30, 2011	Amount due within one year
Governmental Activities:					
1996 Certificates of Participation	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -
2001 Certificates of Participation	102,561	-	102,561	-	-
Capital lease - street sweeper	86,173	-	27,811	58,362	28,715
Capital lease - folder/sorter machine	-	53,361	4,599	48,762	9,914
Note payable - pumper truck	42,208	-	20,649	21,559	21,559
Note payable - Cameron Rural Fire	-	63,721	-	63,721	20,051
Payable to other governments	157,253	-	94,203	63,050	63,050
Accrued compensated absences	139,733	4,335	-	144,068	144,068
Total Governmental Activities	\$ 602,928	\$ 121,417	\$ 324,823	\$ 399,522	\$ 287,357
Business-Type Activities:					
Electric Fund:					
2001 Certificates of Participation	\$ 154,077	\$ -	\$ 154,077	\$ -	\$ -
Accrued compensated absences	43,791	4,059	-	47,850	47,850
Total Electric Fund	197,868	4,059	154,077	47,850	47,850
Water and Wastewater Fund:					
1992 Revenue Bonds	180,000	-	85,000	95,000	95,000
1993 Refunding Bonds	253,054	-	129,730	123,324	123,324
1996 Revenue Bonds	1,140,000	-	145,000	995,000	150,000
1998 Revenue Bonds	1,955,000	-	185,000	1,770,000	190,000
2001 Certificates of Participation	103,062	-	103,062	-	-
2009 Refunding & Improvement Bonds	1,390,500	-	28,700	1,361,800	58,400
Accreted interest	543,414	39,734	290,271	292,877	292,877
Note payable - odor control improvement	348,486	-	46,401	302,085	48,685
Accrued compensated absences	45,935	-	2,078	43,857	43,857
Total Water and Wastewater Fund	5,959,451	39,734	1,015,242	4,983,943	1,002,143
Total Business-Type Activities	\$ 6,157,319	\$ 43,793	\$ 1,169,319	\$ 5,031,793	\$ 1,049,993

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 capital lease obligations are made by the General Fund.

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE P - LONG-TERM DEBT

Debt service requirements to maturity for all bonds outstanding at September 30, 2011 are as follows:

Year Ending September 30,	Business-Type Activities	
	Revenue Bonds	
	Water and Wastewater Fund	
	Principal	Interest
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
Total	\$ 4,345,124	\$ 1,045,977

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE Q - BONDS PAYABLE

Revenue bonds outstanding at September 30, 2011 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%.	\$ 95,000
Series 1993 Combined Waterworks & Sewerage System Refunding Revenue Bonds: Capital appreciation bonds, interest accretion at 6.65%, compounded semiannually, with total maturity value of \$430,000 at March 1, 2012	123,324
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%	995,000
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%	1,770,000
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>1,361,800</u>
Total Water and Wastewater Fund revenue bonds	4,345,124
Accreted Interest on Series 1993 Capital Appreciation Bonds	<u>292,877</u>
	<u>\$ 4,638,001</u>

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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	\$ 423,274
Bond retirement	260,570
Depreciation and replacement	473,818
System and equipment replacement	108,065
Total revenue bond reserves	<u>\$ 1,265,727</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, 2011

NOTE R - CAPITAL LEASE OBLIGATIONS

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%.

On February 17, 2011, the City entered into a lease purchase agreement to finance the cost of a folder/sorter machine. The lease is for 5 years requiring quarterly installments of \$3,042 through March 20, 2016, interest at 5%.

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	\$ 197,082
Less: Accumulated depreciation	(54,442)
Total	\$ 142,640

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

Year Ending September 30,	Governmental Activities
2012	\$ 42,779
2013	42,779
2014	12,168
2015	12,168
2016	6,084
Total minimum lease payments	115,978
Less amount representing interest	(8,854)
Present value of minimum lease payments	\$ 107,124

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE S - NOTES PAYABLE

Notes payable at September 30, 2011 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	\$	21,559
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Note payable to Cameron Rural Fire District, due in annual installments of \$23,669 through April 15, 2014, interest at 5.5%, unsecured		63,721
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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		302,085
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Total notes payable	\$	387,365
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Maturities of notes payable are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2012	\$ 41,610	\$ 48,685
2013	21,245	51,159
2014	22,425	53,719
2015	-	56,407
2016	-	92,115
	\$ 85,280	\$ 302,085

CITY OF CAMERON, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE T - PAYABLE TO OTHER GOVERNMENTS

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 April 1, 2012. The balance owed to the Board on September 30, 2011 is \$63,050.

NOTE U - 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, 2011, the outstanding principal amount payable was \$18,675,000.

NOTE V - FUND BALANCES

The following is a summary of the Governmental Fund balances of the City for the year ended September 30, 2011.

<u>Classification/Fund</u>	<u>Purpose</u>	
Nonspendable:		
General Fund	Land held for resale	<u>\$ 100,476</u>
Restricted:		
Parks and Recreation	Operate parks	505,740
Public Library	Operate library	137,623
Municipal band	Operate band	167,108
Low-income housing	Homebuyer program	2,693
TIF special allocation	Debt payments	<u>4,350</u>
Total Restricted		<u>817,514</u>
Committed:		
General Fund	Airport improvements	<u>251,381</u>
Unassigned:		
General Fund		<u>152,505</u>
Total Fund Balances		<u><u>\$ 1,321,876</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	BUDGET		ACTUAL	BUDGET TO GAAP DIFFERENCES		GENERAL FUND
	ORIGINAL	FINAL		OVER (UNDER)		
REVENUES:						
Sales tax	\$ 1,350,000	\$ 1,350,000	\$ 1,250,666	\$ -		\$ 1,250,666
Property tax	416,000	416,000	407,131	-		407,131
Other local taxes	105,000	105,000	74,418	-		74,418
Intergovernmental	399,000	399,000	352,521	-		352,521
Gross receipts tax	446,600	446,600	513,624	(1)	(513,624)	-
In lieu of tax	84,000	84,000	81,733	(1)	(68,900)	12,833
Licenses, permits and fees	469,600	469,600	425,924	-		425,924
Charges for services	247,950	275,950	345,600	-		345,600
Interfund charges for services	17,350	17,350	17,782	(1)	(17,782)	-
Grants	616,000	893,160	420,700	-		420,700
Fines and forfeitures	101,000	101,000	113,335	-		113,335
Interest	32,750	12,750	27,643	-		27,643
Gain on sale of land	110,000	110,000	-	-		-
Miscellaneous	55,000	209,142	30,204	-		30,204
Total Revenues	<u>4,450,250</u>	<u>4,889,552</u>	<u>4,061,281</u>		<u>(600,306)</u>	<u>3,460,975</u>
EXPENDITURES:						
Current:						
General government	455,282	512,632	473,630	-		473,630
Public safety	2,080,750	2,066,800	1,947,255	-		1,947,255
Public works	1,186,531	1,179,536	1,035,563	-		1,035,563
Capital outlay	906,900	1,116,215	874,492	-		874,492
Debt Service:						
Principal	-	-	-	(2)	53,029	53,029
Interest and fees	-	-	-	(2)	6,145	6,145
Capital lease payments	72,090	-	59,174	(2)	(59,174)	-
Total Expenditures	<u>4,701,553</u>	<u>4,875,183</u>	<u>4,390,114</u>		<u>-</u>	<u>4,390,114</u>
Excess (deficiency) of revenues over expenditures	<u>(251,303)</u>	<u>14,369</u>	<u>(328,833)</u>		<u>(600,306)</u>	<u>(929,139)</u>
Other financing sources (uses):						
Capital lease proceeds	-	-	117,082	-		117,082
Transfers in	129,000	144,000	178,001	(1)	600,306	778,307
Transfers out	(154,500)	(137,950)	(141,875)	-		(141,875)
Total other financing sources (uses)	<u>(25,500)</u>	<u>6,050</u>	<u>153,208</u>		<u>600,306</u>	<u>753,514</u>
Net change in fund balance	(276,803)	20,419	(175,625)	-		(175,625)
Fund balance, beginning of year	<u>679,987</u>	<u>679,987</u>	<u>679,987</u>	-		<u>679,987</u>
Fund balance, end of year	<u>\$ 403,184</u>	<u>\$ 700,406</u>	<u>\$ 504,362</u>	<u>\$ -</u>		<u>\$ 504,362</u>

See accompanying notes to the required supplementary information.

CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2011

Budgets and Budgetary Accounting

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

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

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

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

CITY OF CAMERON, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN
SEPTEMBER 30, 2011

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
2/28/2009	\$ 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%
2/28/2011	5,625,384	7,138,964	1,513,580	79%	2,884,417	52%

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, 2011 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, 2011**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
ASSETS			
Cash and cash equivalents	\$ 237,369	\$ 4,206	\$ 241,575
Certificates of deposit	500,374	-	500,374
Receivables, net:			
Taxes	315,045	-	315,045
Accounts	2,000	144	2,144
Accrued interest	<u>506</u>	<u>-</u>	<u>506</u>
Total assets	<u>\$ 1,055,294</u>	<u>\$ 4,350</u>	<u>\$ 1,059,644</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 12,199	\$ -	\$ 12,199
Deferred revenues	<u>229,931</u>	<u>-</u>	<u>229,931</u>
Total liabilities	<u>242,130</u>	<u>-</u>	<u>242,130</u>
Fund Balances:			
Restricted	<u>813,164</u>	<u>4,350</u>	<u>817,514</u>
Total fund balances	<u>813,164</u>	<u>4,350</u>	<u>817,514</u>
Total liabilities and fund balances	<u>\$ 1,055,294</u>	<u>\$ 4,350</u>	<u>\$ 1,059,644</u>

**CITY OF CAMERON, MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2011**

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
ASSETS					
Cash and cash equivalents	\$ 130,109	\$ 46,970	\$ 42,597	\$ 17,693	\$ 237,369
Certificates of deposit	332,194	60,314	107,866	-	500,374
Receivables, net:					
Taxes	130,748	122,923	61,374	-	315,045
Accrued interest	229	194	83	-	506
Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Total assets	<u>\$ 593,280</u>	<u>\$ 230,401</u>	<u>\$ 211,920</u>	<u>\$ 19,693</u>	<u>\$ 1,055,294</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,114	\$ 3,072	\$ 13	\$ -	\$ 12,199
Deferred revenue	<u>78,426</u>	<u>89,706</u>	<u>44,799</u>	<u>17,000</u>	<u>229,931</u>
Total liabilities	<u>87,540</u>	<u>92,778</u>	<u>44,812</u>	<u>17,000</u>	<u>242,130</u>
Fund Balances:					
Restricted	<u>505,740</u>	<u>137,623</u>	<u>167,108</u>	<u>2,693</u>	<u>813,164</u>
Total liabilities and fund balances	<u>\$ 593,280</u>	<u>\$ 230,401</u>	<u>\$ 211,920</u>	<u>\$ 19,693</u>	<u>\$ 1,055,294</u>

**CITY OF CAMERON, MISSOURI
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 SEPTEMBER 30, 2011**

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
ASSETS				
Cash and cash equivalents	\$ 4,206	\$ -	\$ -	\$ 4,206
Receivables, net	<u>144</u>	<u>-</u>	<u>-</u>	<u>144</u>
Total assets	<u>\$ 4,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,350</u>
LIABILITIES AND FUND BALANCES				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:				
Restricted	<u>4,350</u>	<u>-</u>	<u>-</u>	<u>4,350</u>
Total liabilities and fund balances	<u>\$ 4,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,350</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, 2011

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>TOTAL NON-MAJOR FUNDS</u>
REVENUES:			
Sales tax	\$ 161,118	\$ -	\$ 161,118
Property tax	271,456	-	271,456
Other local taxes	26,309	41,263	67,572
State grants	11,824	-	11,824
Interest	6,372	56	6,428
Miscellaneous	<u>10,545</u>	<u>-</u>	<u>10,545</u>
Total Revenues	<u>487,624</u>	<u>41,319</u>	<u>528,943</u>
EXPENDITURES:			
Current:			
Parks and recreation	163,192	-	163,192
Public library	138,214	-	138,214
Municipal band	68,408	-	68,408
Low-income housing	4,000	-	4,000
Capital outlay	35,111	-	35,111
Debt service:			
Principal	-	177,560	177,560
Interest and fees	-	7,075	7,075
Other	<u>-</u>	<u>41,263</u>	<u>41,263</u>
Total Expenditures	<u>408,925</u>	<u>225,898</u>	<u>634,823</u>
Excess (deficiency) of revenues over expenditures	<u>78,699</u>	<u>(184,579)</u>	<u>(105,880)</u>
Other financing sources (uses)			
Transfers in	-	141,875	141,875
Transfers out	<u>(432)</u>	<u>(172,000)</u>	<u>(172,432)</u>
Total other financing sources (uses)	<u>(432)</u>	<u>(30,125)</u>	<u>(30,557)</u>
Net change in fund balances	78,267	(214,704)	(136,437)
Fund balances, beginning of year	<u>734,897</u>	<u>219,054</u>	<u>953,951</u>
Fund balances, end of year	<u>\$ 813,164</u>	<u>\$ 4,350</u>	<u>\$ 817,514</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, 2011

	<u>PARKS AND RECREATION</u>	<u>PUBLIC LIBRARY</u>	<u>MUNICIPAL BAND</u>	<u>LOW-INCOME HOUSING</u>	<u>TOTALS</u>
REVENUES:					
Sales tax	\$ 161,118	\$ -	\$ -	\$ -	\$ 161,118
Property tax	99,981	114,375	57,100	-	271,456
Other local taxes	9,719	11,100	5,490	-	26,309
Grants	3,853	7,971	-	-	11,824
Interest	3,655	1,273	1,380	64	6,372
Miscellaneous	1,567	8,978	-	-	10,545
Total Revenues	<u>279,893</u>	<u>143,697</u>	<u>63,970</u>	<u>64</u>	<u>487,624</u>
EXPENDITURES:					
Current:					
Parks and recreation	163,192	-	-	-	163,192
Public library	-	138,214	-	-	138,214
Municipal band	-	-	68,408	-	68,408
Low-income housing	-	-	-	4,000	4,000
Capital outlay	35,111	-	-	-	35,111
Total Expenditures	<u>198,303</u>	<u>138,214</u>	<u>68,408</u>	<u>4,000</u>	<u>408,925</u>
Excess (deficiency) of revenues over expenditures	81,590	5,483	(4,438)	(3,936)	78,699
Other financing sources (uses)					
Transfers out	<u>(158)</u>	<u>(91)</u>	<u>(183)</u>	<u>-</u>	<u>(432)</u>
Net change in fund balances	81,432	5,392	(4,621)	(3,936)	78,267
Fund balance, beginning of year	<u>424,308</u>	<u>132,231</u>	<u>171,729</u>	<u>6,629</u>	<u>734,897</u>
Fund balance, end of year	<u>\$ 505,740</u>	<u>\$ 137,623</u>	<u>\$ 167,108</u>	<u>\$ 2,693</u>	<u>\$ 813,164</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, 2011

	<u>TIF SPECIAL ALLOCATION</u>	<u>PUBLIC SAFETY BUILDING</u>	<u>CITY HALL BUILDING</u>	<u>TOTALS</u>
REVENUES:				
Economic activity taxes	\$ 14,824	\$ -	\$ -	\$ 14,824
Payment in lieu of taxes	26,439	-	-	26,439
Interest	<u>46</u>	<u>2</u>	<u>8</u>	<u>56</u>
Total Revenues	<u>41,309</u>	<u>2</u>	<u>8</u>	<u>41,319</u>
EXPENDITURES:				
Debt service:				
Principal	-	75,000	102,560	177,560
Interest and fees	-	4,502	2,573	7,075
Developer expenditures	<u>41,263</u>	<u>-</u>	<u>-</u>	<u>41,263</u>
Total Expenditures	<u>41,263</u>	<u>79,502</u>	<u>105,133</u>	<u>225,898</u>
Excess (deficiency) of revenues over expenditures	<u>46</u>	<u>(79,500)</u>	<u>(105,125)</u>	<u>(184,579)</u>
Other financing sources (uses)				
Transfers in	-	36,750	105,125	141,875
Transfers out	<u>-</u>	<u>-</u>	<u>(172,000)</u>	<u>(172,000)</u>
Total Other financing sources (uses)	<u>-</u>	<u>36,750</u>	<u>(66,875)</u>	<u>(30,125)</u>
Net change in fund balances	46	(42,750)	(172,000)	(214,704)
Fund balance, beginning of year	<u>4,304</u>	<u>42,750</u>	<u>172,000</u>	<u>219,054</u>
Fund balance, end of year	<u>\$ 4,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,350</u>

CITY OF CAMERON, MISSOURI
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

MUNICIPAL COURT FUND				
	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
ASSETS				
Cash	\$ 150	\$ 141,130	\$ 141,280	\$ -
LIABILITIES				
Court bonds payable	\$ 150	\$ 141,130	\$ 141,280	\$ -

CITY OF CAMERON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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	\$ 301,279
ARRA-SRF-Drinking Water Loan	66.468	ER-10-ARRA-MO1010131	<u>20,447</u>
Total Capitalization Grants for Drinking Water			<u>321,326</u>
<u>U.S. Department of Transportation</u>			
Passed through Missouri Department of Transportation:			
State Block Grant-Airport Layout Plan	20.106	10-13A-01	219,645
<u>National Endowment for the Humanities</u>			
Passed through Missouri State Library:			
LSTA Targeted Collection Development	45.310	2011-LBE0-TMGC0CN0-6430	3,077
<u>U.S. Department of Homeland Security</u>			
Passed through Missouri Department of Safety:			
State Homeland Security Program	97.067	2010 Region H SHSGP	72,797
Disaster Assistance	97.036	049-10828-00	<u>20,490</u>
			<u>\$ 637,335</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, 2011. 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, 2011 which collectively comprise the City's basic financial statements and have issued our report thereon dated April 11, 2012. 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 and other deficiencies that we consider to be significant deficiencies.

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 11-01, 11-02, 11-03, and 11-04 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 11-05 to be a significant deficiency.

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 also noted certain matters that we have reported to the administration of the City in a separate letter dated April 11, 2012.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses 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.

April 11, 2012

**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, 2011. 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, 2011.

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.

April 11, 2012

**CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
• Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
• Significant deficiency(ies) identified?	<u> X </u>	Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
• Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> </u>	Yes	<u> X </u> No
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Identification of major programs:
Capitalization Grants for Drinking Water CFDA No. 66.468

Dollar threshold used to distinguish between type A and type B programs:	<u> \$ 300,000 </u>
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Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u> No
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B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESSES

11-01 FINANCIAL ACCOUNTING AND REPORTING

Criteria: The design and operation of internal control procedures should permit management to prevent, detect, and correct misstatements in the draft financial statements prepared by the auditor.

CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Condition: The City engages the auditor to assist in the preparation of the draft financial statements and City Administrator is designated to oversee the audit services performed. We noted during our audit that the City personnel do not have sufficient experience in the applicable accounting principles and disclosure requirements used to prepare the draft financial statements. Further, the City does not have procedures to use disclosure checklists when reviewing the draft financial statements.

Cause: The City has not adopted policies and procedures designed to enhance the approval of the audited financial statements drafting process.

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

Recommendation: The City should adopt policies and procedures designated to enhance the approval of the audited financial statement drafting process.

Auditee's Response: As part of the regular review by an outside accounting person/firm, we will develop appropriate controls/policies to coincide with enhancing the approval of the audited financial statements.

11-02 SEGREGATION OF DUTIES

Criteria: The City should segregate the duties for processing court receipts to provide adequate internal controls.

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.

Cause: Municipal court duties for processing receipts are not segregated.

Effect: Lack of internal 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.

Auditee's Response: The City implemented a Justice Information System (JIS) whereby fines are recorded on the State's system. The Administrative assistant makes the bank deposit. The City Clerk will check the deposits against the bank statements each month.

11-03 GENERAL LEDGER

Criteria: The City should perform monthly accounting procedures to reconcile each general ledger account balance and activity to supporting detail to ensure financial data is accurate.

Condition: During our audit, we identified material misstatements in numerous general ledger account balances which were communicated to management.

Cause: The City does not perform monthly accounting procedures to reconcile each general ledger account balance to supporting detail records.

**CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Effect: Errors or misstatements could occur and not be detected and corrected on a timely basis.

Recommendation: The City should implement monthly accounting procedures to reconcile each general ledger account balance and activity to supporting detail records.

Auditee's Response: City staff has already started reviewing general ledger account entries after entries are posted. Staff will review monthly detail transaction reports on all accounts as part of the month-end processing. This review will include all general ledger account transactions, consisting of entries generated from cash receipts at the front counter and monthly processing procedures. The City is considering the feasibility of obtaining services of an accounting professional with municipal government experience to review accounting procedures and statements on a regular basis. This should help improve the process of general ledger review.

11-04 UTILITY BILLING

Criteria: The City should perform monthly accounting procedures to reconcile utility revenue recorded on the general ledger to amounts billed and collected. These monthly procedures should include analysis of customer usage to detect any significant variances.

Condition: During our audit we noted that the City does not have accounting procedures to reconcile the utility revenue recorded on the general ledger to amounts billed and collected. Further, the City does not perform monthly analytical procedures to detect significant variances in utility billings.

Cause: The City has not implemented monthly accounting controls to ensure utility revenues reported on the general ledger are accurate.

Effect: Errors or misstatements in utility billings could occur and not be detected and corrected on a timely basis.

Recommendation: We recommend that the City implement monthly accounting procedures to reconcile the utility revenue recorded on the general ledger to amounts billed and collected. Further, review procedures should be implemented to research any significant variances in customer usage which could indicate potential misstatements in revenue.

Auditee's Response: The City has already implemented a change to the usage versus cost spreadsheet to show any anomalies in the amount used versus the amount billed in each utility customer class category.

SIGNIFICANT DEFICIENCY

11-05 INVENTORY CONTROLS

Criteria: Inventory internal controls should be implemented to properly record the value of inventory on the City's financial statements and track the purchase and use of inventory items to insure the efficient use of materials and supplies and prevent theft or loss of such items.

Condition: During our audit, we noted that the City does not have inventory controls to track the receipt and usage of items from inventory during the year.

**CITY OF CAMERON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Cause: The City has not implemented inventory control procedures to monitor the purchase and use of materials and supplies.

Effect: Waste, loss or theft of inventory items could occur and not be detected.

Recommendation: We recommend that the City implement inventory internal controls to track the receipt and usage of inventory items.

Auditee's Response: We know of no way to totally control small inventory items, but will consult with an independent accounting person/firm for ideas on inventory control.

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

None

**CITY OF CAMERON, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

The prior audit report contained no written comments related to the federal awards programs.