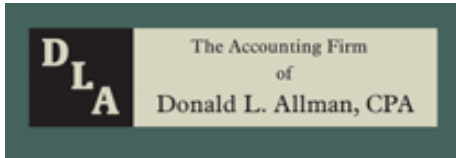


**CITY OF CAMERON, TEXAS**  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

# City of Cameron, Texas

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Donald L. Allman, CPA, PC  
205 E. University Ave, Ste. 165  
Georgetown, Texas 78626

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CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor & Members of the City Council  
City of Cameron, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Cameron, Texas as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cameron, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 3–8 and 16-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cameron, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2014, on our consideration of the City of Cameron, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cameron, Texas' internal control over financial reporting and compliance.

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Donald L Allman, CPA, PC

Georgetown, Texas  
February 27, 2014

## Management's Discussion and Analysis

The management of the City of Cameron (the City) offers the following overview and analysis of the financial statements and financial activities for the fiscal year ended September 30, 2013 for the City.

### Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$6,697,076. Of this amount, \$2,796,373 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the 2013 fiscal year, the City's governmental funds reported combined ending fund balances of \$1,011,146, an increase of \$195,136 in comparison with the prior year.
- At the end of the 2013 fiscal year, the general fund had a net increase of \$289,864 in net assets before transfers.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the city's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flow*. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property, sales and franchise taxes (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, public aviation, culture and recreation, economic development, and welfare and health. The business-type activities of the City include water distribution operations and sewer services.

The government-wide financial statements can be found on pages 9 - 11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Cameron can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government 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 a government'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 *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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found on pages 12 through 16 of this report.

**Proprietary Funds.** The city maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water distribution operations and sewer services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements include information for the water and sewer fund, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 17 through 19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 40 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceed liabilities by \$6,697,076 at the close of the most recent fiscal year.

The largest portion of the City's net assets (38%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses the capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Cameron Net Assets  
September 30, 2013**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 1,230,732	\$ 1,071,863	\$ 3,363,148	\$ 4,522,714	\$ 4,593,880	\$ 5,594,577
Capital assets	2,730,551	2,992,915	5,197,697	4,446,464	7,928,248	7,439,379
<b>Total assets</b>	<b>3,961,283</b>	<b>4,064,778</b>	<b>8,560,845</b>	<b>8,969,178</b>	<b>12,522,128</b>	<b>13,033,956</b>
Current liabilities	276,586	322,334	497,719	553,959	774,305	876,293
Long-term liabilities	1,038,000	1,095,000	4,012,747	4,260,749	5,050,747	5,355,749
<b>Total liabilities</b>	<b>1,314,586</b>	<b>1,393,505</b>	<b>4,510,466</b>	<b>4,814,708</b>	<b>5,825,052</b>	<b>6,232,042</b>
<b>Net assets:</b>						
Invested in capital assets net of related debt	1,635,551	1,840,915	936,949	2,173,439	2,572,500	4,014,354
Restricted	153,548	91,796	1,174,655	153,704	1,328,203	245,500
Unrestricted	857,598	714,733	1,938,775	1,827,327	2,796,373	2,542,060
<b>Total Net Assets</b>	<b>\$ 2,646,697</b>	<b>\$ 2,647,444</b>	<b>\$ 4,050,379</b>	<b>\$ 4,154,470</b>	<b>\$ 6,697,076</b>	<b>\$ 6,801,914</b>

An additional portion of the City's net assets of \$1,328,203 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$2,796,373 may be used to meet the government's ongoing obligations to citizens and creditors. Restricted net assets consist of funds restricted for debt service, construction, or reserved for special revenue purposes.

At the end of the 2013 fiscal year, the City is able to report positive balances in all three categories of the net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**City of Cameron Changes in Net Assets  
September 30, 2013**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Revenues:						
Charges for services, fines & fees	\$ 301,865	\$ 67,068	\$ 2,162,734	\$ 1,958,497	\$ 2,464,599	\$ 2,025,565
Donations	18,010	19,763	-	-	18,010	19,763
Grant revenues	-	-	34,709	38,231	34,709	38,231
General revenues:						
City, property, sales and franchise taxes	2,662,781	2,679,568	-	-	2,662,781	2,679,568
Investment earnings, miscellaneous and other general revenues	444,504	350,059	476,262	467,361	920,766	817,420
<b>Total revenues and transfers</b>	<b>3,427,160</b>	<b>3,116,458</b>	<b>2,673,705</b>	<b>2,464,089</b>	<b>6,100,865</b>	<b>5,580,547</b>
Expenses:						
General government	1,363,651	1,188,698	-	-	1,363,651	1,188,698
Public safety	294,884	301,277	-	-	294,884	301,277
Police	943,870	824,463	-	-	943,870	824,463
Highways and streets	171,672	555,066	-	-	171,672	555,066
Public aviation	-	32,496	-	-	-	32,496
Culture and recreation	313,979	433,720	-	-	313,979	433,720
Grant expenditures	-	-	-	1,420	-	1,420
Bond Interest	49,240	44,710	138,307	94,066	187,547	138,776
Water and sewer	-	-	2,930,100	2,450,491	2,930,100	2,450,491
<b>Total expenses</b>	<b>3,137,296</b>	<b>3,380,430</b>	<b>3,068,407</b>	<b>2,545,977</b>	<b>6,205,703</b>	<b>5,926,407</b>
Increase (decrease) in net assets	289,864	(263,972)	(394,702)	(81,888)	(104,838)	(345,860)
Transfers	(290,611)		290,611			
Net assets, beginning of the year	2,647,444	2,911,416	4,154,470	4,236,358	6,801,914	7,147,774
<b>Net assets, ending of the year</b>	<b>2,646,697</b>	<b>2,647,444</b>	<b>4,050,379</b>	<b>4,154,470</b>	<b>6,697,076</b>	<b>6,801,914</b>

The government's total net assets decreased by \$104,838 during the current fiscal year. Net assets of business-type activities decreased by \$394,702, with the general fund resulting in an increase of \$289,864.



## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2013 fiscal year, the governmental funds, which include the general fund, reported an ending fund balance of \$1,011,146, an increase of \$195,136 in comparison with the prior year. Of this amount, 85% constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$1,938,775. Net assets for the enterprise fund decreased by \$394,702 before transfers during 2013. The City fired the water operations and maintenance company and expects to see better results in future years.

## General fund Budgetary Highlights

There were no differences between the original budget and the final amended budget. During the year, revenues were less than budgetary estimates by \$282,119 and expenditures were less than budgetary estimates by \$207,125.

## Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$7,928,248 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, streets and roads, and water and sewer system infrastructure. The City chose not to report general infrastructure assets retroactively, as permitted by GASB No. 34 for smaller governments. The City will prospectively report newly acquired or constructed general infrastructure assets in the statement of net assets in the period they acquire or construct those assets.

Additional information on the city's capital assets can be found in Note 6 on pages 28 through 32 of this report.

**Long-term Debt.** At the end of the 2013 fiscal year, the City of Cameron had total bonded debt outstanding of \$5,355,748. The business-type activities accounted for \$4,260,748 of this amount.

**City of Cameron Outstanding Debt  
Revenue Bonds and Note Payable  
September 30, 2013**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Note Payable - SIB	\$ -	\$ -	\$ 226,748	\$ 277,467	\$ 226,748	\$ 277,467
Combinations tax & revenue bonds and certificates of deposit	1,095,000	1,152,000	3,700,000	3,880,000	4,795,000	5,032,000
Revenue bonds	-	-	334,000	344,000	334,000	344,000
First Financial Govt Cap	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 1,095,000</b>	<b>\$ 1,152,000</b>	<b>\$ 4,260,748</b>	<b>\$ 4,501,467</b>	<b>\$ 5,355,748</b>	<b>\$ 5,653,467</b>

Additional information on the City's long-term debt can be found in Note 7 on pages 33 through 36 of this report.

**Economic Factors and Next Year's Budget**

The ad valorem tax rate for 2013 was a combined rate of \$0.7348 per \$100 of assessed valuation. The 2013-2014 Budget calls for \$5,825,078 in revenues and \$5,752,773 in expenses.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Cameron finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the City of Cameron, Attention: City Secretary, P.O. Box 833, Cameron, Texas 76520.

CITY OF CAMERON  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Cameron Education Corporation
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 786,670	\$ 1,605,916	\$ 2,392,586	\$ 9,669
Restricted Cash and Cash Equivalents	153,548	1,174,655	1,328,203	-
Investments - CDs	-	45,000	45,000	-
Receivables (net of allowance for uncollectibles)	290,514	395,720	686,234	7,267
Due from Primary Government	-	-	-	38,086
Inventories	-	65,419	65,419	-
Deferred Charges	-	76,438	76,438	-
Capital Assets:				
Land	458,869	64,522	523,391	-
Infrastructure, net	240,585	-	240,585	-
Buildings, Systems and Improvements, net	1,691,100	5,084,555	6,775,655	-
Machinery and Equipment, net	339,997	48,620	388,617	-
Construction in Progress	-	-	-	-
Other Assets				
Total Assets	<u>3,961,283</u>	<u>8,560,845</u>	<u>12,522,128</u>	<u>55,022</u>
<b>LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	181,500	94,110	275,610	-
Due to Component Unit	38,086	-	38,086	-
Accrued Interest Payable	-	24,213	24,213	-
Security Deposits payable	-	131,395	-	-
Other Current Liabilities	-	-	-	-
Noncurrent Liabilities				
Due Within One Year	57,000	248,001	305,001	-
Due in More Than One Year	1,038,000	4,012,747	5,050,747	-
Total Liabilities	<u>1,314,586</u>	<u>4,510,466</u>	<u>5,825,052</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	1,635,551	936,949	2,572,500	-
Restricted for Debt Service	103,318	248,001	351,319	-
Restricted for Cemetery Care	26,248	-	26,248	-
Restricted for Court Security	21,637	-	21,637	-
Restricted for Child Safety	1,762	-	1,762	-
Restricted for Court Technology	583	-	583	-
Restricted for Construction/Capital Projects	-	926,654	926,654	-
Unrestricted Net Assets	857,598	1,938,775	2,796,373	55,022
Total Net Assets	<u>2,646,697</u>	<u>4,050,379</u>	<u>6,697,076</u>	<u>55,022</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CAMERON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,363,651	\$ 301,865	\$ 18,010
Public Safety	294,884	-	-
Police	943,870	-	-
Highways and Streets	171,672	-	-
Public Aviation	-	-	-
Culture and Recreation	313,979	-	-
Grant Expenditures	-	-	-
Bond Interest	187,547	-	-
Total Governmental Activities:	3,275,603	301,865	18,010
BUSINESS-TYPE ACTIVITIES:			
Water and Sewer	2,930,100	2,162,734	34,709
Total Business-Type Activities:	2,930,100	2,162,734	34,709
TOTAL PRIMARY GOVERNMENT:	\$ 6,205,703	\$ 2,464,599	\$ 52,719
<b>Component Unit:</b>			
Cameron Education Corporation	-	-	-
TOTAL COMPONENT UNITS:	\$ -	\$ -	\$ -

General Revenues:
Taxes:
Property Taxes
Sales Tax
Franchise Fees
Miscellaneous Revenue
Investment Earnings
Transfers In (Out)
Total General Revenues and Transfers
Net Assets -- Beginning
Net Assets -- Ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Cameron Education Corporaton	
\$ (1,043,776)	\$ -	\$ (1,043,776)	\$ -	-
(294,884)	-	(294,884)	-	-
(943,870)	-	(943,870)	-	-
(171,672)	-	(171,672)	-	-
-	-	-	-	-
(313,979)	-	(313,979)	-	-
-	-	-	-	-
(49,240)	(138,307)	\$ (187,547)		
(2,817,421)	(138,307)	(2,955,728)		-
-	(732,657)	(732,657)		-
(2,817,421)	(870,964)	(3,688,385)		-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,347,802	-	1,347,802	-	-
708,304	-	708,304	-	-
606,675	-	606,675	-	-
412,976	461,250	874,226	-	-
31,528	15,012	46,540	76	76
(290,611)	290,611	-	-	-
2,816,674	766,873	3,583,547	76	76
(747)	(104,091)	(104,838)	76	76
2,647,444	4,154,470	6,801,914	54,946	54,946
\$2,646,697	\$4,050,379	\$6,697,076	\$55,022	\$55,022

The accompanying notes are an integral part of the financial statements.

**CITY OF CAMERON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 786,671	\$ 153,548	\$ 940,219
Receivables (net of allowance for uncollectibles)	290,513	-	290,513
Inventories	-	-	-
Deferred charges	29,820	-	29,820
<b>Total Assets</b>	<b>\$ 1,107,004</b>	<b>\$ 153,548</b>	<b>\$ 1,260,552</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	62,489	-	62,489
Retirement Payable	3,060	-	3,060
Due to Component Unit	38,086	-	38,086
Deferred Revenues	-	-	-
Other Current Liabilities	145,771	-	145,771
<b>Total Liabilities</b>	<b>249,406</b>	<b>-</b>	<b>249,406</b>
Fund Balances:			
Nonspendable			
Restricted for Debt Service	-	103,318	103,318
Committed for Special Revenue Funds	-	50,230	50,230
Assigned	-	-	-
Unassigned	857,598	-	857,598
<b>Total Fund Balances</b>	<b>857,598</b>	<b>153,548</b>	<b>1,011,146</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,107,004</b>	<b>\$ 153,548</b>	<b>\$ 1,260,552</b>

The accompanying notes are an integral part of the financial statements.

**CITY OF CAMERON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2013**

Total Fund Balances - Governmental Funds	\$ 1,011,146
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,730,551
Difference in current and prior year receivables	-
Some long-term liabilities are not due and payable in the current period and therefore are not reported in these funds. Those liabilities consist of:	(1,095,000)
Net Assets of Governmental Activities	<u>\$ 2,646,697</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CAMERON  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 1,347,802	\$ -	\$ 1,347,802
General Sales And Use Taxes	708,304	-	708,304
Franchise Fees	606,675	-	606,675
Licenses and Permits	18,448	-	18,448
Charges for Services	68,757	-	68,757
Fines	214,660	-	214,660
Investment Earnings	31,528	-	31,528
Rents and Royalties	-	-	-
Other Revenue	412,976	-	412,976
Total Revenues	3,409,150	-	3,409,150
<b>EXPENDITURES:</b>			
Current:			
General Government	1,031,152	-	1,031,152
Public Safety	252,998	-	252,998
Police	889,423	-	889,423
Public Works			
Highways	129,786	-	129,786
Public Aviation	-	-	-
Culture and Recreation	245,727	-	245,727
Cameron Tourism and Advisory Board	-	-	-
Sales Tax to CEDC	250,830	-	250,830
Debt Service:			
Bond Principal	-	57,000	57,000
Bond Interest	-	49,240	49,240
Capital Outlay:			
Capital Outlay	17,247	-	17,247
Total Expenditures	2,817,163	106,240	2,923,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	591,987	(106,240)	485,747
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	-	-	-
Transfers In	-	167,992	-
Transfers (Out)	(458,603)	-	-
Total Other Financing Sources (Uses)	(458,603)	167,992	(290,611)
Net Change in Fund Balances	133,384	61,752	195,136
Fund Balance - October 1 (Beginning)	724,214	91,796	816,010
Fund Balance - September 30 (Ending)	\$ 857,598	\$ 153,548	\$ 1,011,146

The accompanying notes are an integral part of the financial statements.



CITY OF CAMERON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF  
ACTIVITIES  
SEPTEMBER 30, 2013

Total Net Change in Fund Balances - Governmental Funds \$ 195,136

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay expenditures	\$17,247	
Depreciation expense	(279,611)	(262,364)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property, Sales, Franchise and other revenues not collected	\$290,513	(16,552)
Less: Prior year	(307,065)	

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

26,033

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sale as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets. Principal payments \$57000

57,000

\$ (747)

The accompanying notes are an integral part of the financial statements.

Required Supplementary Information

CITY OF CAMERON  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,216,000	\$ 1,216,000	\$ 1,347,802	\$ 131,802
General Sales and Use Taxes	620,000	620,000	708,304	88,304
Franchise Fees	741,000	741,000	606,675	(134,325)
Licenses and Permits	24,500	24,500	18,448	(6,052)
Charges for Services	57,500	57,500	68,757	11,257
Fines	175,000	175,000	214,660	39,660
Investment Earnings	13,000	13,000	31,528	18,528
Rents and Royalties Aviation	8,000	8,000	-	(8,000)
Other Revenue & Bank balance carryover	555,139	555,139	131,846	(423,293)
Total Revenues	3,410,139	3,410,139	3,128,020	(282,119)
<b>EXPENDITURES:</b>				
Current:				
General Government	656,055	656,055	1,031,152	(375,097)
Public Safety	234,062	234,062	252,998	(18,936)
Police	920,710	920,710	889,423	31,287
Public Works				
Highways and Streets	598,251	598,251	129,786	468,465
Public Aviation	-	-	-	-
Culture and Recreation	394,169	394,169	245,727	148,442
Cameron Tourism & Advisory Board	-	-	-	-
Sales Tax to CEDC	210,000	210,000	250,830	(40,830)
Debt Service:				
Bond Principal	227,000	227,000	57,000	170,000
Bond Interest	169,892	169,892	49,240	120,652
Depreciation	-	-	279,611	(279,611)
Capital Outlay - Lease expenses	-	-	17,247	(17,247)
Total Expenditures	3,410,139	3,410,139	3,203,014	207,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(74,994)	(74,994)
<b>OTHER FINANCING SOURCES (USES):</b>				
Add back Bond Principal per GAAP & Cap outlay	-	-	74,247	74,247
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	74,247	74,247
Net Change in Fund Balances	-	-	(747)	(747)
Fund Balance - October 1 (Beginning)	2,647,444	2,647,444	2,647,444	2,647,444
Fund Balance - September 30 (Ending)	\$ 2,647,444	\$ 2,647,444	\$ 2,646,697	\$ 2,646,697

The accompanying notes are an integral part of the financial statements.

CITY OF CAMERON  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Water Revenue	1,404,980	1,404,980	1,256,522	(148,458)
Sewer Revenue	590,000	590,000	613,816	23,816
Late payment penalties	40,000	40,000	52,910	12,910
Water & Sewer taps, water billing	251,000	251,000	222,197	(28,803)
Reconnects and fees	17,000	17,000	17,285	285
Miscellaneous	50	50	461,254	461,204
Grant revenues	-	0	34,709	34,709
Investment Earnings	5,000	5,000	15,012	10,012
Transfers	171,857	171,857	290,611	118,754
Total Revenues	<u>2,479,887</u>	<u>2,479,887</u>	<u>2,964,316</u>	<u>632,887</u>
<b>EXPENDITURES:</b>				
Current:				
Water & Sewer Maintenance	719,215	719,215	1,047,223	(328,008)
Water Treatment & Pump	427,366	427,366	331,242	96,124
Sewer Treatment & Disc	271,852	271,852	555,257	(283,405)
Water & Sewer Administration	907,539	907,539	622,854	284,685
Grant expenditures	-	-	-	-
Bond Principal	153,915	153,915	240,719	(86,804)
Bond Interest	-	-	138,307	(138,307)
Depreciation	-	-	373,524	(373,524)
Capital Outlay	-	-	-	-
Total Expenditures	<u>2,479,887</u>	<u>2,479,887</u>	<u>3,309,126</u>	<u>(829,239)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(344,810)	(196,352)
<b>OTHER FINANCING SOURCES (USES):</b>				
Add back Bond Principal per GAAP	-	-	240,719	240,719
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	<u>240,719</u>	<u>240,719</u>
Net Change in Fund Balances	-	-	(104,091)	44,367
Fund Balance - October 1 (Beginning)	4,154,470	4,154,470	4,154,470	4,154,470
Fund Balance - September 30 (Ending)	<u>\$ 4,154,470</u>	<u>\$ 4,154,470</u>	<u>\$ 4,050,379</u>	<u>\$ 4,198,837</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CAMERON  
 SCHEDULE OF FUNDING PROGRESS  
 PENSION PLAN  
 SEPTEMBER 30, 2013

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Percentage Funded (1)/(2)</b>	<b>Untunded Actuarial Accrued Liability (UAAL)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as of Percentage of Payroll (4)/(5)</b>
12/31/08	1,911,586	3,342,025	57.2%	1,430,439	1,322,250	108.18%
12/31/09	1,712,734	3,156,518	54.3%	1,443,784	1,200,760	120.24%
12/31/10	2,671,539	3,910,925	68.3%	1,239,386	1,092,015	113.50%
12/31/2011	2,812,960	4,205,274	66.9%	1,392,314	1,106,622	125.82%
12/31/2012	2,955,677	4,264,086	69.3%	1,308,409	1,142,297	114.54%

CITY OF CAMERON  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013

	Business-Type Activities Water and Sewer
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	1,605,916
Restricted Cash and Cash Equivalents	1,174,655
Investments - CD	45,000
Accounts Receivable - Net of Allowance	395,720
Inventories	65,419
Total Current Assets	<u>3,286,710</u>
Noncurrent Assets:	
Deferred Charges	76,438
Capital Assets:	
Land	64,522
Buildings, Systems and Improvements	11,626,883
Machinery and Equipment	788,700
Construction in Progress	-
Less Accumulated Depreciation	(7,282,408)
Other Assets	
Total Noncurrent Assets	<u>5,274,135</u>
Total Assets	<u>8,560,845</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	94,110
Payroll Taxes Payable & Insurance Payable	-
Customer Deposits Payable	131,395
Accrued Interest Payable	24,213
Note Payable SIB 2003	53,001
General Obligation Bonds Payable - Current	185,000
Revenue Bonds Payable - Current	10,000
Total Liabilities	<u>497,719</u>
Noncurrent Liabilities:	
Bonds Payable - Non-current:	
General Obligation Bonds Payable	1,530,000
Note Payable SIB 2003	173,747
TWDB 2012 Bonds Payable	790,000
Note Payable CO 2012	1,195,000
Revenue Bonds Payable	324,000
Refundable Contracts	
Total Noncurrent Liabilities	<u>4,012,747</u>
Total Liabilities	<u>4,510,466</u>
<b>NET ASSETS</b>	
Investments in Capital Assets, Net of Debt	936,949
Restricted for Debt Service & Construction	1,174,655
Unrestricted Net Assets	1,938,775
Total Net Assets	<u>\$4,050,379</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CAMERON  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities
	Water and Sewer
<b>OPERATING REVENUES:</b>	
Charges for Sales and Services	2,401,787
Water and Sewer Tap Fees	222,197
Grant Revenue	34,709
Total Operating Revenues	2,658,693
<b>OPERATING EXPENSES:</b>	
Cost of Service	1,933,722
Administration	622,854
Grant expenditures	-
Depreciation	373,524
Total Operating Expenses	2,930,100
Operating Income	(271,407)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	15,012
Interest Expense and Fiscal Charges	138,307
Total Non-operating Revenue (Expenses)	(123,295)
Income Before Contributions & Transfers	(394,702)
Capital Contributions	
Non-Operating Transfer In	290,611
Transfers Out	-
Change in Net Assets	(104,091)
Total Net Assets - October 1 (Beginning)	4,154,470
Total Net Assets - September 30 (Ending)	\$ 4,050,379

The accompanying notes are an integral part of the financial statements.

CITY OF CAMERON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities <u>Water and Sewer</u>
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 2,463,214
Payments to Suppliers	(2,440,059)
Payments to Employees	(187,058)
Net Cash Provided by Operating Activities	<u>(163,903)</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to Other Funds	-
Transfers from Other Funds	290,611
Net Cash used in Noncapital Financing Activities	<u>290,611</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Paid on Capital Debt	(240,719)
Interest and Fiscal Charges Paid on Capital Debt	(138,307)
Net Cash Provided by Capital and Related Financing Activities	<u>(379,026)</u>
Cash Flows from Investing Activities:	
Transfer to Restricted Cash funds	(66,334)
Interest Received	15,012
Net Cash Provided by Investing Activities	<u>(51,322)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(303,640)
Cash and Cash Equivalents, Beginning of Year	<u>1,909,556</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,605,916</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ (271,407)
Adjustments to reconcile operating income to Net Cash Provided by Operating Activities:	
Depreciation	373,524
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(195,479)
Decrease in interest receivable	-
(Increase) Decrease in Inventories	(7,019)
(Increase) Decrease in deferred charges	-
(Decrease) Increase in Accounts & Wages Payable	(13,317)
(Decrease) Increase in Customer Deposits & other liabilities	(29,417)
(Decrease) Increase in accrued interest payable	(20,788)
Net Cash Provided by Operating Activities	<u>\$ (163,903)</u>

The accompanying notes are an integral part of the financial statements.



City of Cameron, Texas  
Texas Community Development Program  
Schedule of Grant Revenue and Expense  
09/30/2013

**Federal Grantor:** Office of Water, Environmental Protection Agency  
**Pass through Grantor:** Texas Water Development Board  
**CFDA Number:** 66.458  
**Contract Number:** 71716

	-Federal-			-Local-		Total	Variance
	Budget	Prior	Years	Current	Prior		
			Current	Year	Year		
<b>REVENUE</b>							
Federal:							
Loans-USDA	\$ 1,800,000	\$ 1,800,000	\$ -	\$ -	\$ -	\$ 1,800,000	\$ -
Local:	113,623	113,623	-	-	-	113,623	-
<b>TOTAL REVENUE:</b>	<b>1,913,623</b>	<b>1,913,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,913,623</b>	<b>-</b>
<b>EXPENSES</b>							
Federal:							
Construction	1,520,550	1,501,737	-	-	-	1,501,737	18,813
Engineering	279,450	211,700	-	-	-	211,700	67,750
Local:							
Construction	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-
<b>TOTAL EXPENSES:</b>	<b>1,800,000</b>	<b>1,713,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,713,437</b>	<b>86,563</b>
<b>Excess revenue over expenditures</b>	<b>\$ 113,623</b>	<b>\$ 200,186</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,186</b>	<b>\$ (86,563)</b>

The accompanying notes are an integral part of the financial statements.

City of Cameron, Texas  
 Federal Aviation Administration Airport Improvements  
 Schedule of Grant Revenue and Expense  
 09/30/2013

**Federal Grantor:** Federal Aviation Administration  
**Pass through Grantor:** Texas Department of Transportation  
**CFDA Number:** 20.106  
**Contract Number:** 6AXXAV070

	-Federal / State-			-Local-		Total	Variance	
	Budget	Prior	Years	Current	Prior			Current
			Current	Year	Years	Year		
<b>REVENUE</b>								
Federal:	\$ 83,197	\$ 83,197	\$ -	\$ -	\$ -	\$ -	\$ 83,197	\$ -
State:	674,513	457,814	-	-	-	-	457,814	216,699
Local:	84,190	-	-	-	84,233	-	84,233	(43)
<b>TOTAL REVENUE:</b>	<b>841,900</b>	<b>541,011</b>	<b>-</b>	<b>-</b>	<b>84,233</b>	<b>-</b>	<b>625,244</b>	<b>216,656</b>
<b>EXPENSES</b>								
Federal:								
Construction	83,197	46,160	-	-	-	-	46,160	37,037
Engineering	-	-	-	-	-	-	-	-
State:								
Construction	674,513	494,851	-	-	-	-	494,851	179,662
Engineering	-	-	-	-	-	-	-	-
Local:								
Construction	84,190	-	-	-	84,233	-	84,233	(43)
Engineering	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES:</b>	<b>841,900</b>	<b>541,011</b>	<b>-</b>	<b>-</b>	<b>84,233</b>	<b>-</b>	<b>625,244</b>	<b>216,656</b>
<b>Excess revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of the financial statements.

## City of Cameron, Texas

Notes to Financial Statements  
September 30, 2013

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### (a) Reporting entity

The City of Cameron, Texas (the City) was incorporated under the provisions of the laws of the State of Texas. The city is a council-manager municipal corporation and provides the following services: public safety, highways and streets, public aviation, culture and recreation, economic development, and general administrative services. The accompanying financial statements present the City and its component units, entities for which the government is considered to be financially accountable, except as noted below. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize it is legally separate from the government.

*Discretely presented component units* – The Cameron Economic Development corporation (the Economic Development Corporation) is an economic development corporation authorized to act on behalf of the City to promote and develop commercial, industrial and manufacturing enterprises. The members of the governing board of the Economic Development Corporation are appointed by the City Council and the Economic Development Corporation's operational budget is reviewed and approved by the City Council. The Economic Development Corporation is fiscally dependent on the revenues provided from a portion of the sales tax levied by the City. However, the CEDC obtained a grant in 2013 requiring an independent audit be done for the CEDC, so it is not included as a component unit for 2013 as it is having its own independent audit.

The accompanying financial statements do include a second component unit of the City, the City of Cameron Education Corporation (the Education Corporation). The members of the governing board of the Education Corporation are appointed by the City Council and the Education Corporation's operational budget is reviewed and approved by the City Council.

Additional financial information for the Cameron Economic Development Corporation may be obtained at the city's administrative office.

## City of Cameron, Texas

### Notes to Financial Statements (continued)

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

##### (b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

##### (c) Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements 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 collectible 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 a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue is considered to be measurable and available only when cash is received by the City.

## City of Cameron, Texas

### Notes to Financial Statements (continued)

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

##### (d) Measurement focus, basis of accounting and financial statement presentation (continued)

The City reports the following major governmental funds:

*General Fund* – The general fund is the city’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

*Water and Sewer Fund* – the water and sewer fund accounts for the activities of the water distribution system, the sewage treatment and collection systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type and enterprise funds, subject to this same limitation. The city has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, all general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue to the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the city’s policy to use restricted resources first, then unrestricted resources as they are needed.

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) Cash equivalents

For purposes of the statement of cash flows, the City's proprietary fund type considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(f) Interfund activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (current portion) or "advances to/from other funds" (non-current portion). All other outstanding balances between funds are reported as "due to/from other funds."

The City makes payments from the water and sewer fund to the general fund in lieu of taxes that are reported as transfers.

(g) Restricted assets

Certain proceeds of the enterprise fund bonds and certain resources are set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

(h) Capital assets

Capital assets, which include buildings, systems and improvements, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City chose not to report any general infrastructure assets constructed or acquired prior to October 1, 2003, as permitted by GASB No. 34 for smaller governments. The City will prospectively report all newly acquired or constructed general infrastructure assets in the statement of net assets in the period they acquire or construct those assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(h) Capital assets (continued)

Capital assets of the City are depreciated using the straight line method over the following estimates of useful lives:

<u>Assets</u>	<u>Years</u>
Buildings, systems and improvements	10-50
Machinery and equipment	3-20
Infrastructure	20-30

(i) Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using 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 received on debt issuances are reported as other financing sources while discounts on 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.

(j) Fund equity

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

## City of Cameron, Texas

### Notes to Financial Statements (continued)

#### **2. BUDGETARY INFORMATION**

Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. Formal budgetary integration is employed for the general fund. The budget includes proposed expenditures and the means of financing those expenditures.

Public hearings are conducted at which all interested persons' comments concerning the budget are heard.

The budget is legally enacted by the City Council. Budgetary control is maintained at the fund level. Budget revisions are made during the year. All annual appropriations lapse at fiscal year-end.

#### **3. DEPOSITS AND INVESTMENTS**

At year end, the City's carrying amount of deposits was \$3,765,789 and the component unit's carrying amount of deposits was \$9,669. All bank balances were entirely covered by federal depository insurance coverage or by collateral held by the City's custodial bank and pledged in the City's name.

The City's investment policy authorizes the City to invest excess cash in (a) obligations of the United States Government, its agencies and instrumentalities, (b) fully insured or collateralized certificates of deposits from a bank doing business in the State of Texas (c) commercial paper, (d) repurchase and reverse repurchase agreements as defined by the Public Funds Investment act, (e) registered money market funds, and (f) constant dollar Texas Local Government Investment Pools as defined by the Public funds Investment Act.

The City is also required to follow specific investment practices prescribed by the Public funds Investment Act (the Act) related to establishment of appropriate investment policies and management reports. The City is in compliance with all such significant provisions of the Act.

#### **4. PROPERTY TAXES**

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. The net assessed value upon which the fiscal 2013 levy was based was \$1,728,647,000. The tax rate for the fiscal 2013 levy was \$.7348 per \$100 valuation (\$.4592 per \$100 valuation for maintenance and operations, and \$.2756 per \$100 valuation for debt service).

Taxes are due by January 31 following the October 1 levy date. Current tax collections for the year ended September 30, 2013 were 95% of the tax levy.



**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**5. RECEIVABLES**

Receivables as of year-end for the city’s individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Water and Sewer	Other Governmental Funds	Total
Receivables:				
Accounts	\$ 90,353	\$ 428,895	\$ -	\$ 519,248
Taxes	220,154	-	-	220,154
Gross receivables	310,507	428,895	-	739,402
Less: allowance for uncollectibles	20,144	33,841	-	53,985
Net Total Receivables	\$ 290,363	\$ 395,054	\$ -	\$ 685,417

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**6. CAPITAL ASSETS**

*Primary Government*

<b>Governmental activities:</b>	Balance			Balance
	October 1, 2012	Increases	Decreases	September 30, 2013
Capital assets, not being depreciated:				
Land	\$ 458,869	\$ -	\$ -	\$ 458,869
Construction in process	-	-	-	-
Total capital assets, not being depreciated	\$ 458,869	\$ -	\$ -	\$ 458,869

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**6. CAPITAL ASSETS** (continued)

	Balance			Balance
	October 1, 2012	Increases	Decreases	September 30, 2013
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Building, systems and improvements	\$ 3,064,530	\$ -	\$ -	\$ 3,064,530
Infrastructure	555,897	-	-	555,897
Machinery & equipment	2,395,547	17,247	-	2,412,794
total capital assets, being depreciated	<u>\$ 6,015,974</u>	<u>\$ 17,247</u>	<u>\$ -</u>	<u>\$ 6,033,221</u>
Less accumulated depreciation for:				
Buildings, systems and improvements	(1,311,938)	(61,492)	-	(1,373,430)
Infrastructure	(222,360)	(92,952)	-	(315,312)
Machinery & equipment	<u>(1,947,630)</u>	<u>(125,167)</u>	<u>-</u>	<u>(2,072,797)</u>
Total accumulated depreciation	<u>(3,481,928)</u>	<u>(279,611)</u>	<u>-</u>	<u>(3,761,539)</u>
Total capital assets being depreciated, net	<u>2,534,046</u>	<u>(262,364)</u>	<u>-</u>	<u>2,271,682</u>
Governmental activities capital assets, net	<u>\$ 2,992,915</u>	<u>\$ (262,364)</u>	<u>\$ -</u>	<u>\$ 2,730,551</u>

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**6. CAPITAL ASSETS** (continued)

*Primary Government*

	Balance			Balance
	October 1, 2012	Increases	Decreases	September 30, 2013
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 64,522	\$ -	\$ -	\$ 64,522
Construction in process	-	-	-	-
Total capital assets, not being depreciated	<u>64,522</u>	<u>-</u>	<u>-</u>	<u>64,522</u>
Capital assets, being depreciated:				
Buildings, systems and improvements	10,548,969	1,077,914	-	11,626,883
Machinery & equipment	741,857	46,843	-	788,700
Total capital assets, being depreciated	<u>11,290,826</u>	<u>1,124,757</u>	<u>-</u>	<u>12,415,583</u>
Less accumulated depreciation for:				
Buildings, systems and improvements	(6,199,384)	(342,944)	-	(6,542,328)
Machinery & equipment	(709,500)	(30,580)	-	(740,080)
Total accumulated depreciation	<u>(6,908,884)</u>	<u>(373,524)</u>	<u>-</u>	<u>(7,282,408)</u>
Business-type activities, capital assets, net	<u>\$ 4,446,464</u>	<u>\$ 751,233</u>	<u>\$ -</u>	<u>\$ 5,197,697</u>

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**6. CAPITAL ASSETS** (continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 60,108
Public Safety	54,918
Highways and streets	41,886
Culture and recreation	68,252
Police	54,447
	<hr/>
	\$ 279,611
	<hr/>
Business-type activities:	
Water and sewer facilities	<hr/> 373,524

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**7. LONG-TERM DEBT**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds have been issued for both the governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City also issues revenue bonds where the City pledges income derived from the acquired constructed assets to pay the debt service.

Long-term debt activity for the year ended September 30, 2013 was as follows:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Due Within One Year
Governmental activities:					
	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of obligation	\$ 1,152,000	\$ -	\$ 57,000	\$ 1,095,000	\$ 57,000
	<u>\$ 1,152,000</u>	<u>\$ -</u>	<u>\$ 57,000</u>	<u>\$ 1,095,000</u>	<u>\$ 57,000</u>
Business-type activities:					
Note Payable-SIB	\$ 277,467	\$ -	\$ 50,719	\$ 226,748	\$ 53,001
Revenue bonds	344,000	-	10,000	334,000	10,000
Certificates of obligation	1,770,000	-	120,000	1,650,000	120,000
2012 TWDB Bonds	860,000	-	35,000	825,000	35,000
Certificates of Obligation	1,250,000	-	25,000	1,225,000	30,000
	<u>\$ 4,501,467</u>	<u>\$ -</u>	<u>\$ 240,719</u>	<u>\$ 4,260,748</u>	<u>\$ 248,001</u>

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**LONG-TERM DEBT** (continued)

Debt for governmental activities at September 30, 2013 (continued):

\$406,000 - 2003A Tax and revenue certificates of obligation due in annual installments of \$4,000 to \$22,000 through March 2042; interest at 4.75%	\$	360,000
\$100,000 - 2003B Tax and revenue certificates of obligation due in annual installments of \$1,000 to \$5,000 through March 2042; interest at 4.5%		90,000
\$850,000 - 2008 combination tax and revenue certificates of obligation due in annual installments of \$15,000 to \$80,000 through February 15, 2023; interest of 4.41%.		<u>645,000</u>
	<u>\$</u>	<u>1,095,000</u>

Annual debt service requirements to maturity for governmental activities are as follows:

Year Ended September 30,	Principal	Interest
2014	299,999	260,987
2015	302,374	258,612
2016	307,409	253,577
2017	310,069	250,917
2018	312,949	248,277
2019-2022	653,000	746,001
2023-2027	574,000	663,431
2028-2032	478,770	632,954
2033-2037	383,000	613,939
2038-2042	408,000	589,614
2043-2045	<u>231,178</u>	<u>192,656</u>
	<u>\$ 4,260,748</u>	<u>\$ 4,710,965</u>

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**LONG-TERM DEBT** (continued)

Debt for business-type activities at September 30, 2013 is comprised of the following issues:

\$450,000 - 1994 Waterworks and sewer revenue bonds due in annual installments of \$6,000 to \$25,000 through February 2033; interest at 4.5%	\$ 334,000
	<u>\$ 334,000</u>
\$710,000 - 2003A Tax and revenue certificates of obligation due in annual installments of \$25,000 to \$50,000 beginning February 2005 through February 2024; interest at .65% to 4.0%	\$ 455,000
\$612,000 - 2003B Tax and revenue certificates of obligation due in annual installments of \$38,725 to \$58,092 beginning October 2004 through October 2017; interest at 4.5%	226,748
\$1,800,000 - 2004 Tax and revenue certificates of obligation due in annual installments of \$70,000 to \$135,000 beginning February 2006 through February 2024; interest at .75% to 3.5%	1,195,000
\$860,000 - 2012 Tax and Revenue Certificates of Obligation due in annual installments between \$35,000 to \$55,000 beginning March 1, 2013, with variable interest rates going up to .0324	825,000
\$1250,000 - 2012 Tax and Revenue Certificates of Obligation due in annual installments of \$25,000 beginning March 1, 2013 and September 1, 2013 interest only, with variable interest rates between .008 and .034.	1,225,000
	<u>\$ 3,926,748</u>

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**7. LONG -TERM DEBT** (continued)

Annual debt service requirements to maturity for business-type activities are as follows:

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, and minimum amounts to be maintained in various sinking funds. Sinking funds are required to be maintained adequate to fund interest and principal as such payments become due.

There is no specific maximum debt limit established by law for the City; therefore, the limit is governed by the City's ability to levy and collect taxes to service the debt.

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2014-2017	896,642	834,353
2018-2022	1,139,640	803,433
2023-2027	1,022,000	656,130
2028-2032	842,466	601,930
2033-2035	360,000	290,365
	<u>\$ 4,260,748</u>	<u>\$ 3,186,211</u>



## City of Cameron, Texas

### Notes to Financial Statements (continued)

#### **8. EMPLOYEE BENEFIT PLAN**

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The city is one of 811 municipalities having the benefit plan administered by TMRS. Each of the municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2011 valuations are contained in the 2012 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been an average of his/her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the city were as follows:

Deposit Rate:	5%
Matching Ratio (City to Employee)	1 to 1
A member is vested after:	5 years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City are: 5 years/age 60, 20 years/any age.

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25 year amortization period. The unit credit actuarial cost method is used for determining the city contribution rate. Both the employees and the City made contributions monthly.

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**8. EMPLOYEE BENEFIT PLAN** (continued)

Since the city needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e., December 31, 2010 valuations are effective for rates beginning January 2011).

*Schedule of Actuarial Liabilities and Funding Progress*

Actual valuation date, December 31,	2012	2011	2010
Actuarial value of assets	2,955,677	2,812,960	2,671,539
Actuarial accrued liability	4,264,086	4,205,274	3,910,925
Percentage funded	69.32%	66.89%	68.31%
Unfunded actuarial accrued liability (UAAL)	1,308,409	1,392,314	1,239,386
Annual covered payroll	1,142,297	1,106,622	1,092,015
UAAL as a percentage of covered payroll	118.10%	130.50%	113.50%
Year ended September 30,	2012	2011	2010
Net pension obligation (NPO) at the beginning of the period	-	-	-
Annual pension cost:			
Annual required contribution (ARC)	116,150	107,001	91,464
Contributions made	116,150	107,001	91,464
NPO at the end of the period	-	-	-

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**8. EMPLOYEE BENEFIT PLAN** (continued)

*Actuarial Assumptions*

	2011	2010	2009
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percent	Level percent	Level percent
Remaining amortization period	26 years - closed period	27 years - closed period	28 years - closed period
Asset valuation method	10 yr Smoothed Market	10 yr Smoothed Market	10 yr Smoothed Market
Investment rate of return	7.0%	7.0%	7.5%
Projected salary increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes inflation at	3.0%	3.0%	3.0%
Cost of living adjustments	2.1% (3% CPI)	2.1% (3% CPI)	2.1% (3% CPI)

**City of Cameron, Texas**

Notes to Financial Statements  
(continued)

**8. EMPLOYEE BENEFIT PLAN** (continued)

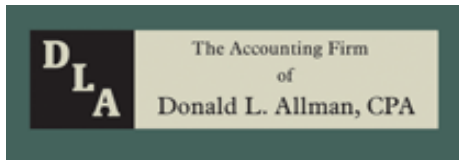
TMRS issues a publicly available annual financial report that includes financial statements and required supplementary information. The report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153.

**9. 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 purchases commercial insurance coverage for these risks of loss.

**10. CONTINGENCIES**

According to the City Attorney there is no pending litigation that would have a material affect on the financial statements as of September 30, 2013.



Donald L. Allman, CPA, PC  
205 E. University Ave. Ste 165  
Georgetown, Texas 78626

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**CERTIFIED PUBLIC ACCOUNTANT**

**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 Honorable Mayor & Members of the City Council  
City of Cameron, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Cameron, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Cameron, Texas' basic financial statements, and have issued our report thereon dated February 27, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Cameron, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Cameron, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Cameron, Texas' internal control.

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 functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Cameron, Texas' financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald L. Allman, CPA, PC

Georgetown, TX  
February 27, 2014

**CITY OF CAMERON**

Schedule of Interest and Sinking Balances – Enterprise Fund  
Texas Water Development Board Debt

September 30, 2013

	Principal	Interest	Total
\$710,000 Combination tax and revenue Certificates of Obligations Series 2003A (next interest and principal payment due February 2013)	\$ 35,000	\$ 16,104	\$ 51,104
\$860,000 Combination tax and revenue Certificates of Obligation Series 2012 (next interest and principal payment due March 2013)	35,000	19,475	54,475
\$1,250,000 Combination tax and revenue Certificates of Obligation Series 2012 (next interest and principal payment due March 2013)	25,000	34,827	59,827
\$1,800,000 Combination tax and revenue Certificates of Obligation Series 2004 (next interest and principal payment due February 2013)	85,000	36,805	121,805
Required Balance	\$ 180,000	\$ 107,211	\$ 287,211
Actual Balance Included in Restricted Cash and Cash Equivalents			1,174,655
Estimated Deficient (Excess) Cash at September 30, 2013			\$ (887,444)

\* Adequate to pay the interest and the principal as such interest and principal comes due.

See accompanying independent auditor's report.

**CITY OF CAMERON**

Schedule of Insurance Coverage  
September 30, 2013

Texas Municipal League Intergovernmental Risk Pool

	Property Liability Coverage	Worker's Compensation Coverage
Policy Period	10/01/12-10/01/13	10/01/12-10/01/13
Estimated Annual Contribution	50385	16437
Balance due at 09/30/13	0	0
<b>Coverage Limits</b>		
General Liability	\$ 1,000,000	
Law Enforcement	\$ 1,000,000	
Errors & Omissions	\$ 1,000,000	
Aviation	\$ 1,000,000	
Hangerskeepers	\$ 250,000	
Chartered Aircraft	\$ 1,000,000	
Automobile Liability	\$ 1,000,000	
Auto Physical Damage	per schedule	
Real & Personal Property	\$ 14,035,638	
Mobile Equipment	\$ 601,812	
Boiler & Machinery	\$ 100,000	
Crime Coverage - Fidelity	\$ 30,000	
Crime Coverage - Forgery	\$ 30,000	
Crime Coverage - Theft	\$ 30,000	
Crime Coverage - Computer Fraud	\$ 30,000	

See accompanying independent auditor's report.



**CITY OF CAMERON**

Schedule of Water and Sewer Connections and Water Accountability  
September 30, 2013

In September 2013, there were 2,075 active water connections and 1,999 active sewer connections. The following water schedule indicates the accountability for gallons of water in the system for 2013:

Gallons of Water Sold	269,010,400
Gallons of Water Used for Municipal Purposes	-
Gallons of Water Lost	<u>59,217,600</u>
Total Gallons Pumped	<u><u>328,228,000</u></u>

See accompanying independent auditor's report

City of Cameron, Texas  
Texas Parks and Wildlife Department Pool Project  
Schedule of Grant Revenue and Expense  
09/30/2013

**Federal Grantor:** NO FEDERAL MONIES

**Pass through Grantor:** Texas Parks and Wildlife Department

**CFDA Number:**

**Contract Number:** 50-000357

	-Federal-			-Local-		Total	Variance
	Budget	Prior Years	Current Year	Prior Year	Current Year		
<b>REVENUE</b>							
Federal:	\$ 500,000	\$ 469,019	\$ 30,381	\$ -	\$ -	\$ 499,400	\$ 600
Local:	500,000	-	-	568,229	-	568,229	(68,229)
<b>TOTAL REVENUE:</b>	<b>1,000,000</b>	<b>469,019</b>	<b>30,381</b>	<b>568,229</b>	<b>-</b>	<b>1,067,629</b>	<b>(67,629)</b>
<b>EXPENSES</b>							
Federal:							
Construction	500,000	469,019	30,381	-	-	499,400	600
Engineering	-	-	-	-	-	-	-
Local:							
Construction	300,000	-	-	504,429	-	504,429	(204,429)
Engineering	103,400	-	-	13,350	-	13,350	90,050
Administration	96,600	-	-	50,450	-	50,450	46,150
<b>TOTAL EXPENSES:</b>	<b>1,000,000</b>	<b>469,019</b>	<b>30,381</b>	<b>568,229</b>	<b>-</b>	<b>1,067,629</b>	<b>(67,629)</b>
<b>Excess revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying auditor's report.

City of Cameron, Texas  
Texas Department of Transportation Hike and Bike Trail  
Schedule of Grant Revenue and Expense  
09/30/2013

**Federal Grantor:** NO FEDERAL MONIES

**Pass through Grantor:** Texas Department of Transportation

**CFDA Number:**

**Contract Number:** 0917-12-064 (TEA-21)

	-Federal-			-Local-		Total	Variance
	Budget	Prior	Years	Current	Prior		
				Year	Year		
<b>REVENUE</b>							
Federal:	\$ 1,065,552	\$ 1,035,121	\$	-	\$ -	\$ 1,035,121	\$ 30,431
Local:	426,892	-	-	-	426,892	426,892	-
<b>TOTAL REVENUE:</b>	<b>1,492,444</b>	<b>1,035,121</b>		<b>-</b>	<b>426,892</b>	<b>1,462,013</b>	<b>30,431</b>
<b>EXPENSES</b>							
Federal:							
Construction	1,065,552	1,035,121	-	-	-	1,035,121	30,431
Engineering	-	-	-	-	-	-	-
Local:							
Construction	253,324	-	-	-	253,324	253,324	-
Engineering	123,568	-	-	-	123,568	123,568	-
Administration	50,000	-	-	-	50,000	50,000	-
<b>TOTAL EXPENSES:</b>	<b>1,492,444</b>	<b>1,035,121</b>		<b>-</b>	<b>426,892</b>	<b>1,462,013</b>	<b>30,431</b>
<b>Excess revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying auditor's report.

City of Cameron, Texas  
Texas Parks and Wildlife Department Orchard Park  
Schedule of Grant Revenue and Expense  
09/30/2013

**Federal Grantor:** NO FEDERAL MONIES

**Pass through Grantor:** Texas Parks and Wildlife Department

**CFDA Number:**

**Contract Number:** 54-00036

	-Federal-			-Local-		Total	Variance
	Budget	Prior	Years	Current	Prior		
				Year	Year		
<b>REVENUE</b>							
Federal:	\$ 50,000	\$ 61,123	\$	-	\$ -	\$ 61,123	\$ (11,123)
Local:	50,000	-	-	-	13,083	38,231	(1,314)
<b>TOTAL REVENUE:</b>	<b>100,000</b>	<b>61,123</b>		<b>-</b>	<b>13,083</b>	<b>38,231</b>	<b>(12,437)</b>
<b>EXPENSES</b>							
Federal:							
Construction	50,000	62,163	-	-	-	62,163	(12,163)
Engineering	-	-	-	-	-	-	-
Local:							
Construction	-	-	-	-	11,833	-	(11,833)
Engineering	50,000	-	-	-	1,000	19,500	29,500
Administration	-	-	-	-	250	-	(250)
<b>TOTAL EXPENSES:</b>	<b>100,000</b>	<b>62,163</b>		<b>-</b>	<b>13,083</b>	<b>19,500</b>	<b>5,254</b>
<b>Excess revenue over expenditures</b>	<b>\$ -</b>	<b>\$ (1,040)</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 18,731</b>	<b>\$ (17,691)</b>

See accompanying auditor's report.

City of Cameron, Texas  
Texas Department of Housing and Community Affairs  
Schedule of Grant Revenue and Expense  
09/30/2013

Federal Grantor: No Federal Monies  
Pass Thru Grantor: Texas Department of Housing and Community Affairs  
2009 Community Development Block Grants  
CFDA Number 14.228

	-Federal-			-Local-		Total	Variance
	Budget	Prior Years	Current Year	Prior Years	Current Year		
<b>REVENUE</b>							
Federal:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local:	253,000	-	-	12,750	237,250	250,000	3,000
<b>TOTAL REVENUE:</b>	<b>253,000</b>	<b>-</b>	<b>-</b>	<b>12,750</b>	<b>237,250</b>	<b>250,000</b>	<b>3,000</b>
<b>EXPENSES</b>							
Federal:							
Construction	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-
Local:							
Construction	230,000	-	-	-	236,703	236,703	(6,703)
Engineering	-	-	-	-	-	-	-
Administration	23,000	-	-	23,000	-	23,000	-
<b>TOTAL EXPENSES:</b>	<b>253,000</b>	<b>-</b>	<b>-</b>	<b>23,000</b>	<b>236,703</b>	<b>259,703</b>	<b>(6,703)</b>
<b>Excess revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10,250)</b>	<b>\$ 547</b>	<b>\$ (9,703)</b>	<b>\$ 9,703</b>

See accompanying auditor's report.

