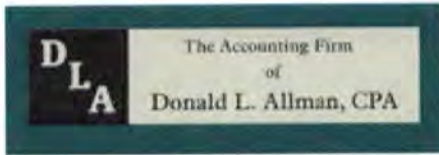


CITY OF CAMERON, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

City of Cameron, Texas

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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, 2014, 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, 2014, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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

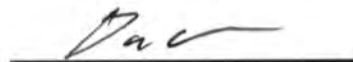
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cameron, Texas's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 26, 2015, on our consideration of the City of Cameron, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance.



Donald L. Allman, CPA, PC

Georgetown, Texas
February 26, 2015

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, 2014 for the City.

Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$7,482,384. Of this amount, \$2,623,677 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the 2014 fiscal year, the City's governmental funds reported combined ending fund balances of \$1,699,556, an increase of \$688,410 in comparison with the prior year.
- At the end of the 2014 fiscal year, the general fund had a net increase of \$1,039,819 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 \$7,482,384 at the close of the most recent fiscal year.

The largest portion of the City's net assets (40%) 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, 2014**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 1,711,231	\$ 1,230,732	\$ 3,141,499	\$ 3,363,148	\$ 4,852,730	\$ 4,593,880
Capital assets	3,499,024	2,730,551	4,945,425	5,197,697	8,444,449	7,928,248
Total assets	5,210,255	3,961,283	8,086,924	8,560,845	13,297,179	12,522,128
Current liabilities	168,739	276,586	589,699	497,719	758,438	774,305
Long-term liabilities	980,000	1,038,000	4,076,357	4,012,747	5,056,357	5,050,747
Total liabilities	1,148,739	1,314,586	4,666,056	4,510,466	5,814,795	5,825,052
Net assets:						
Invested in capital assets net of related debt	2,461,024	1,635,551	566,694	936,949	3,027,718	2,572,500
Restricted	211,279	153,548	1,619,710	1,174,655	1,830,989	1,328,203
Unrestricted	1,389,213	857,598	1,234,464	1,938,775	2,623,677	2,796,373
Total Net Assets	\$ 4,061,516	\$ 2,646,697	\$ 3,420,868	\$ 4,050,379	\$ 7,482,384	\$ 6,697,076

An additional portion of the City's net assets of \$1,830,989 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$2,623,677 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 2014 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, 2014**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for services, fines & fees	\$ 368,733	\$ 301,865	\$ 1,863,935	\$ 2,162,734	\$ 2,232,668	\$ 2,464,599
Donations	56,217	18,010	-	-	56,217	18,010
Grant revenues	736,036	-	-	34,709	736,036	34,709
General revenues:						
City, property, sales and franchise taxes	2,929,398	2,662,781	-	-	2,929,398	2,662,781
Investment earnings, miscellaneous and other general revenues	244,726	444,504	289,286	476,262	534,012	920,766
Total revenues and transfers	4,335,110	3,427,160	2,153,221	2,673,705	6,488,331	6,100,865
Expenses:						
General government	1,534,579	1,363,651	-	-	1,534,579	1,363,651
Public safety	396,948	294,884	-	-	396,948	294,884
Police	972,923	943,870	-	-	972,923	943,870
Highways and streets	136,414	171,672	-	-	136,414	171,672
Public aviation	61,140	-	-	-	61,140	-
Culture and recreation	146,969	313,979	-	-	146,969	313,979
Grant expenditures	-	-	-	-	-	-
Bond Interest	46,318	49,240	142,493	138,307	188,811	187,547
Water and sewer	-	-	2,265,239	2,930,100	2,265,239	2,930,100
Total expenses	3,295,291	3,137,296	2,407,732	3,068,407	5,703,023	6,205,703
Increase (decrease) in net assets	1,039,819	289,864	(254,511)	(394,702)	785,308	(104,838)
Transfers	375,000	(290,611)	(375,000)	290,611		
Net assets, beginning of the year	2,646,697	2,647,444	4,050,379	4,154,470	6,697,076	6,801,914
Net assets, ending of the year	4,061,516	2,646,697	3,420,868	4,050,379	7,482,384	6,697,076

The government's total net assets increased by \$785,308 during the current fiscal year. Net assets of business-type activities decreased by \$254,511, with the general fund resulting in an increase of \$1,039,819.

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 2014 fiscal year, the governmental funds, which include the general fund, reported an ending fund balance of \$1,699,556, an increase of \$688,410 in comparison with the prior year. Of this amount, 88% 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 \$254,511 before transfers during 2014. 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 more than budgetary estimates by \$607,862 and expenditures were more than budgetary estimates by \$763,498.

Capital Asses and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to \$8,444,449 (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 2014 fiscal year, the City of Cameron had total bonded debt outstanding of \$5,416,731. The business-type activities accounted for \$4,378,731 of this amount.

**City of Cameron Outstanding Debt
Revenue Bonds and Note Payable
September 30, 2014**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Note Payable - SIB	\$ -	\$ -	\$ 171,465	\$ 226,748	\$ 171,465	\$ 226,748
Combinations tax & revenue bonds and certificates of deposit	1,038,000	1,095,000	3,873,266	3,700,000	4,911,266	4,795,000
Revenue bonds	-	-	334,000	334,000	334,000	334,000
First Financial Govt Cap	-	-	-	-	-	-
Total liabilities	\$ 1,038,000	\$ 1,095,000	\$ 4,378,731	\$ 4,260,748	\$ 5,416,731	\$ 5,355,748

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 2014 was a combined rate of \$0.759 per \$100 of assessed valuation. The 2013-2014 Budget calls for \$5,788,378 in revenues and \$5,716,828 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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Cameron Education Corporation
ASSETS				
Cash and Cash Equivalents	\$ 1,154,699	\$ 1,020,060	\$ 2,174,759	\$ 9,754
Restricted Cash and Cash Equivalents	211,279	1,619,711	1,830,990	-
Investments - CDs	-	45,000	45,000	-
Receivables (net of allowance for uncollectibles)	345,253	393,637	738,890	7,267
Due from Primary Government	-	-	-	38,086
Inventories	-	63,091	63,091	-
Deferred Charges	-	-	-	-
Capital Assets:				
Land	458,869	64,522	523,391	-
Infrastructure, net	212,790	-	212,790	-
Buildings, Systems and Improvements, net	1,565,372	4,830,751	6,396,123	-
Machinery and Equipment, net	414,560	50,152	464,712	-
Construction in Progress-Grants	847,433	-	847,433	-
Other Assets				
Total Assets	<u>5,210,255</u>	<u>8,086,924</u>	<u>13,297,179</u>	<u>55,107</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	72,653	109,049	181,702	-
Due to Component Unit	38,086	-	38,086	-
Accrued Interest Payable	-	45,001	45,001	-
Security Deposits payable	-	133,275	-	-
Other Current Liabilities	-	-	-	-
Noncurrent Liabilities				
Due Within One Year	58,000	302,374	360,374	-
Due in More Than One Year	980,000	4,076,357	5,056,357	-
Total Liabilities	<u>1,148,739</u>	<u>4,666,056</u>	<u>5,814,795</u>	<u>-</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,461,024	566,694	3,027,718	-
Restricted for Debt Service	124,491	302,374	426,865	-
Restricted for Cemetary Care	27,725	-	27,725	-
Restricted for Court Security	21,832	-	21,832	-
Restricted for Child Safety	1,777	-	1,777	-
Restricted for Court Technology	588	-	588	-
Restricted for Construction/Capital Projects	34,866	1,317,336	1,317,336	-
Unrestricted Net Assets	<u>1,389,213</u>	<u>1,234,464</u>	<u>2,623,677</u>	<u>55,107</u>
Total Net Assets	<u>4,061,516</u>	<u>3,420,868</u>	<u>7,482,384</u>	<u>55,107</u>

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

CITY OF CAMERON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,534,579	\$ 368,733	\$ 792,253
Public Safety	396,948	-	-
Police	972,923	-	-
Highways and Streets	136,414	-	-
Public Aviation	61,140	-	-
Culture and Recreation	146,969	-	-
Grant Expenditures	-	-	-
Bond Interest	188,811	-	-
Total Governmental Activities:	<u>3,437,784</u>	<u>368,733</u>	<u>792,253</u>
BUSINESS-TYPE ACTIVITIES:			
Water and Sewer	2,265,239	1,863,935	-
Total Business-Type Activities:	<u>2,265,239</u>	<u>1,863,935</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT:	<u><u>\$ 5,703,023</u></u>	<u><u>\$ 2,232,668</u></u>	<u><u>\$ 792,253</u></u>
Component Unit:			
Cameron Education Corporation	-	-	-
TOTAL COMPONENT UNITS:	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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
\$ (373,593)	\$ -	\$ (373,593)	\$ -
(396,948)	-	(396,948)	-
(972,923)	-	(972,923)	-
(136,414)	-	(136,414)	-
(61,140)	-	(61,140)	-
(146,969)	-	(146,969)	-
-	-	-	-
(46,318)	(142,493)	\$ (188,811)	-
(2,134,305)	(142,493)	(2,276,798)	-
-	(401,304)	(401,304)	-
(2,134,305)	(543,797)	(2,678,102)	-
-	-	-	-
-	-	-	-
-	-	-	-
1,305,232	-	1,305,232	-
839,890	-	839,890	-
722,983	-	722,983	-
258,978	274,747	533,725	-
47,041	14,539	61,580	85
375,000	(375,000)	-	-
3,549,124	(85,714)	3,463,410	85
1,414,819	(629,511)	785,308	85
2,646,697	4,050,379	6,697,076	55,022
\$4,061,516	\$3,420,868	\$7,482,384	\$55,107

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

**CITY OF CAMERON
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	General Fund	Other Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,292,199	\$ 211,279	\$ 1,503,478
Receivables (net of allowance for uncollectibles)	345,253	-	345,253
Inventories	-	-	-
Deferred charges	47,170	-	47,170
Total Assets	\$ 1,684,622	\$ 211,279	\$ 1,895,901
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	74,321	-	74,321
Retirement Payable	2,772	-	2,772
Due to Component Unit	38,086	-	38,086
Deferred Revenues	-	-	-
Other Current Liabilities	81,166	-	81,166
Total Liabilities	196,345	-	196,345
Fund Balances:			
Nonspendable			
Restricted for Debt Service	-	124,491	124,491
Committed for Special Revenue Funds	-	86,788	86,788
Assigned	-	-	-
Unassigned	1,488,277	-	1,488,277
Total Fund Balances	1,488,277	211,279	1,699,556
Total Liabilities and Fund Balances	\$ 1,684,622	\$ 211,279	\$ 1,895,901

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, 2014

Total Fund Balances - Governmental Funds	\$ 1,699,556
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,499,024
Difference in current and prior year receivables and accounting & timing differences	(99,064)
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:	(1,038,000)
Net Assets of Governmental Activities	<u>\$ 4,061,516</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, 2014

	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ 1,313,587	\$ -	\$ 1,313,587
General Sales And Use Taxes	839,890	-	839,890
Franchise Fees	722,983	-	722,983
Licenses and Permits	18,448	-	18,448
Charges for Services	160,926	-	160,926
Fines	169,168	-	169,168
Investment Earnings	47,041	-	47,041
Grants and donations	792,253	-	792,253
Other Revenue	258,978	-	258,978
Total Revenues	<u>4,323,274</u>	<u>-</u>	<u>4,323,274</u>
EXPENDITURES:			
Current:			
General Government	1,194,043	-	1,194,043
Public Safety	227,054	-	227,054
Police	917,060	-	917,060
Public Works			
Highways	93,112	-	93,112
Public Aviation	61,140	-	61,140
Culture and Recreation	68,252	-	68,252
Cameron Tourism and Advisory Board	-	-	-
Sales Tax to CEDC	278,980	-	278,980
Debt Service:			
Bond Principal	-	57,000	57,000
Bond Interest	-	46,318	46,318
Capital Outlay:			
Capital Outlay	1,066,905	-	1,066,905
Total Expenditures	<u>3,906,546</u>	<u>103,318</u>	<u>4,009,864</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	416,728	(103,318)	313,410
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-		-
Transfers In	375,000	161,049	-
Transfers (Out)	(161,049)	-	-
Total Other Financing Sources (Uses)	<u>213,951</u>	<u>161,049</u>	<u>375,000</u>
Net Change in Fund Balances	630,679	57,731	688,410
Fund Balance - October 1 (Beginning)	857,598	153,548	1,011,146
Fund Balance - September 30 (Ending)	<u>\$ 1,488,277</u>	<u>\$ 211,279</u>	<u>\$ 1,699,556</u>

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, 2014

Total Net Change in Fund Balances - Governmental Funds	\$	688,410
<p>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.</p>		
Capital outlay expenditures		\$1,066,905
Depreciation expense		(298,432)
		768,473
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property, Sales, Franchise and other revenues not collected		\$345,253
Less: Prior year		(290,513)
		(54,740)
<p>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</p>		
		(44,324)
<p>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</p>		
		57,000
	<u>\$</u>	<u>1,414,819</u>

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, 2014

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With
	Original	Final		Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 1,266,500	\$ 1,266,500	\$ 1,313,587	\$ 47,087
General Sales and Use Taxes	654,000	654,000	839,890	185,890
Franchise Fees	741,000	741,000	722,983	(18,017)
Licenses and Permits	15,500	15,500	18,448	2,948
Charges for Services	141,500	141,500	160,926	19,426
Fines	175,000	175,000	169,168	(5,832)
Investment Earnings	30,000	30,000	47,041	17,041
Rents and Royalties Aviation	53,500	53,500	38,639	(14,861)
Grants, Donations, Misc Revenue	539,348	539,348	913,528	374,180
Total Revenues	3,616,348	3,616,348	4,224,210	607,862
EXPENDITURES:				
Current:				
General Government	804,817	804,817	1,194,043	(389,226)
Public Safety	139,982	139,982	227,054	(87,072)
Police	948,920	948,920	917,060	31,860
Public Works				
Highways and Streets	900,569	900,569	93,112	807,457
Public Aviation	53,500	53,500	61,140	(7,640)
Culture and Recreation	85,190	85,190	68,252	16,938
Cameron Tourism & Advisory Board	-	-	-	-
Sales Tax to CEDC	218,000	218,000	278,980	(60,980)
Debt Service:				
Bond Principal	227,000	227,000	57,000	170,000
Bond Interest	166,820	166,820	46,318	120,502
Depreciation	-	-	298,432	(298,432)
Capital Outlay - Lease expenses	-	-	1,066,905	(1,066,905)
Total Expenditures	3,544,798	3,544,798	4,308,296	(763,498)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	-	-	(84,086)	(155,636)
OTHER FINANCING SOURCES (USES):				
Add back Bond Principal per GAAP & Cap outlay			1,123,905	1,123,905
Transfers In	-	-	375,000	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,498,905	1,498,905
Net Change in Fund Balances	71,550	71,550	1,414,819	1,343,269
Fund Balance - October 1 (Beginning)	2,646,697	2,646,697	2,646,697	2,646,697
Fund Balance - September 30 (Ending)	\$ 2,718,247	\$ 2,718,247	\$ 4,061,516	\$ 3,989,966

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, 2014

	Business-Type Activities Water and Sewer
ASSETS	
Current Assets:	
Cash and Cash Equivalents	1,020,060
Restricted Cash and Cash Equivalents	1,619,711
Investments - CD	45,000
Accounts Receivable - Net of Allowance	393,637
Inventories	63,091
Total Current Assets	<u>3,141,499</u>
Noncurrent Assets:	
Deferred Charges	-
Capital Assets:	
Land	64,522
Buildings, Systems and Improvements	11,676,738
Machinery and Equipment	788,700
Construction in Progress	-
Less Accumulated Depreciation	(7,584,535)
Other Assets	
Total Noncurrent Assets	<u>4,945,425</u>
Total Assets	<u>8,086,924</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	109,049
Payroll Taxes Payable & Insurance Payable	-
Customer Deposits Payable	133,275
Accrued Interest Payable	45,001
Note Payable SIB 2003	53,001
General Obligation Bonds Payable - Current	239,373
Revenue Bonds Payable - Current	10,000
Total Liabilities	<u>589,699</u>
Noncurrent Liabilities:	
Bonds Payable - Non-current:	
General Obligation Bonds Payable	1,410,000
Note Payable SIB 2003	118,464
TWDB 2012 Bonds Payable	750,000
Note Payable CO 2012	1,160,000
Revenue Bonds Payable	324,000
Note Payable 2011 & 2013 CO	313,893
Total Noncurrent Liabilities	<u>4,076,357</u>
Total Liabilities	<u>4,666,056</u>
NET ASSETS	
Investments in Capital Assets, Net of Debt	566,694
Restricted for Debt Service & Construction	1,619,710
Unrestricted Net Assets	1,234,464
Total Net Assets	<u>\$3,420,868</u>

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

CITY OF CAMERON
 SCHEDULE OF FUNDING PROGRESS
 PENSION PLAN
 SEPTEMBER 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as of Percentage of Payroll (4)/(5)
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%
12/31/11	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%
12/31/2013	3,201,845	4,517,186	70.9%	1,315,341	1,427,268	92.16%

CITY OF CAMERON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-Type Activities Water and Sewer
ASSETS	
Current Assets:	
Cash and Cash Equivalents	1,020,060
Restricted Cash and Cash Equivalents	1,619,711
Investments - CD	45,000
Accounts Receivable - Net of Allowance	393,637
Inventories	63,091
Total Current Assets	<u>3,141,499</u>
Noncurrent Assets:	
Deferred Charges	-
Capital Assets:	
Land	64,522
Buildings, Systems and Improvements	11,676,738
Machinery and Equipment	788,700
Construction in Progress	-
Less Accumulated Depreciation	(7,584,535)
Other Assets	
Total Noncurrent Assets	<u>4,945,425</u>
Total Assets	<u>8,086,924</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	109,049
Payroll Taxes Payable & Insurance Payable	-
Customer Deposits Payable	133,275
Accrued Interest Payable	45,001
Note Payable SIB 2003	53,001
General Obligation Bonds Payable - Current	239,373
Revenue Bonds Payable - Current	10,000
Total Liabilities	<u>589,699</u>
Noncurrent Liabilities:	
Bonds Payable - Non-current:	
General Obligation Bonds Payable	1,410,000
Note Payable SIB 2003	118,464
TWDB 2012 Bonds Payable	750,000
Note Payable CO 2012	1,160,000
Revenue Bonds Payable	324,000
Note Payable 2011 & 2013 CO	313,893
Total Noncurrent Liabilities	<u>4,076,357</u>
Total Liabilities	<u>4,666,056</u>
NET ASSETS	
Investments in Capital Assets, Net of Debt	566,694
Restricted for Debt Service & Construction	1,619,710
Unrestricted Net Assets	1,234,464
Total Net Assets	<u>\$3,420,868</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, 2014

	Business-Type Activities Water and Sewer
OPERATING REVENUES:	
Charges for Sales and Services	1,854,432
Water and Sewer Tap Fees	231,603
Grant Revenue	-
Total Operating Revenues	<u>2,086,035</u>
OPERATING EXPENSES:	
Cost of Service	1,326,099
Administration	637,013
Grant expenditures	-
Depreciation	302,127
Total Operating Expenses	<u>2,265,239</u>
Operating Income	<u>(179,204)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	14,539
Interest Expense and Fiscal Charges	142,493
Total Non-operating Revenue (Expenses)	<u>(127,954)</u>
Income Before Contributions & Transfers	(307,158)
Capital Contributions	
Non-Operating Transfer In	(322,353)
Transfers Out	-
Change in Net Assets	<u>(629,511)</u>
Total Net Assets - October 1 (Beginning)	<u>4,050,379</u>
Total Net Assets - September 30 (Ending)	<u>\$ 3,420,868</u>

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, 2014

	Business-Type Activities Water and Sewer
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	241,379
Cash Flows from Noncapital Financing Activities:	
Transfers to Other Funds	(322,353)
Transfers from Other Funds	-
Net Cash used in Noncapital Financing Activities	(322,353)
Cash Flows from Capital and Related Financing Activities:	
Capital outlay	(49,855)
Principal Paid on Capital Debt	(370,819)
Interest and Fiscal Charges Paid on Capital Debt	(142,493)
Loan proceeds and construction draws	488,802
Net Cash Provided by Capital and Related Financing Activities	(74,365)
Cash Flows from Investing Activities:	
Transfer to Restricted Cash funds	(445,056)
Interest Received	14,539
Net Cash Provided by Investing Activities	(430,517)
Net Increase (Decrease) in Cash and Cash Equivalents	(585,856)
Cash and Cash Equivalents, Beginning of Year	1,605,916
Cash and Cash Equivalents, End of Year	\$ 1,020,060
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ (179,204)
Adjustments to reconcile operating income to Net Cash Provided by Operating Activities:	
Depreciation	302,127
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	2,083
Decrease in interest receivable	-
(Increase) Decrease in Inventories	2,328
(Increase) Decrease in deferred charges	76,438
(Decrease) Increase in Accounts & Wages Payable	14,939
(Decrease) Increase in Customer Deposits & other liabilities	1,880
(Decrease) Increase in accrued interest payable	20,788
Net Cash Provided by Operating Activities	\$ 241,379

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
09/30/2014

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		
REVENUE							
Federal:							
Loans-USDA	\$ 1,800,000	\$ 1,800,000	\$ -	\$ -	\$ -	\$ 1,800,000	\$ -
Local:	113,623	113,623	-	-	-	113,623	-
TOTAL REVENUE:	1,913,623	1,913,623	-	-	-	1,913,623	-
EXPENSES							
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	-	-	-	-	-	-	-
TOTAL EXPENSES:	1,800,000	1,713,437	-	-	-	1,713,437	86,563
Excess revenue over expenditures	\$ 113,623	\$ 200,186	\$ -	\$ -	\$ -	\$ 200,186	\$ (86,563)

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
 09/30/2014

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 Year	Prior Years	Current Year		
REVENUE							
Federal:	\$ 83,197	\$ 83,197	\$ -	\$ -	\$ -	\$ 83,197	\$ -
State:	674,513	457,814	216,699	-	-	674,513	-
Local:	84,190	-	-	84,233	-	84,233	(43)
TOTAL REVENUE:	841,900	541,011	216,699	84,233	-	841,943	(43)
EXPENSES							
Federal:							
Construction	83,197	46,160	37,037	-	-	83,197	-
Engineering	-	-	-	-	-	-	-
State:							
Construction	674,513	494,851	179,662	-	-	674,513	-
Engineering	-	-	-	-	-	-	-
Local:							
Construction	84,190	-	-	84,233	-	84,233	(43)
Engineering	-	-	-	-	-	-	-
TOTAL EXPENSES:	841,900	541,011	216,699	84,233	-	841,943	(43)
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

City of Cameron, Texas

Notes to Financial Statements
September 30, 2014

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 \$4,050,749 and the component unit's carrying amount of deposits was \$9,754. 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 \$1,67,577,308. The tax rate for the fiscal 2014 levy was \$.759 per \$100 valuation (\$.5071 per \$100 valuation for maintenance and operations, and \$.2519 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, 2014 were 97% 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	\$ 133,519	\$ 393,769	\$ -	\$ 527,288
Taxes	231,878	-	-	231,878
Gross receivables	365,397	393,769	-	759,166
Less: allowance for uncollectibles	20,144	-	-	20,144
Net Total Receivables	\$ 345,253	\$ 393,769	\$ -	\$ 739,022

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

Governmental activities:	Balance			Balance
	October 1, 2013	Increases	Decreases	September 30, 2014
Capital assets, not being depreciated:				
Land	\$ 458,869	\$ -	\$ -	\$ 458,869
Construction in process	-	847,433	-	847,433
Total capital assets, not being depreciated	\$ 458,869	\$ 847,433	\$ -	\$ 1,306,302

City of Cameron, Texas

Notes to Financial Statements
(continued)

6. CAPITAL ASSETS (continued)

	Balance			Balance September 30, 2014
	October 1, 2013	Increases	Decreases	
Governmental activities:				
Capital assets, being depreciated:				
Building, systems and improvements	\$ 3,064,530	\$ -	\$ -	\$ 3,064,530
Infrastructure	555,897	-	-	555,897
Machinery & equipment	2,412,794	219,472	-	2,632,266
	<hr/>			<hr/>
total capital assets, being depreciated	\$ 6,033,221	\$ 219,472	\$ -	\$ 6,252,693
	<hr/>			<hr/>
Less accumulated depreciation for:				
Buildings, systems and improvements	(1,373,430)	(125,728)	-	(1,499,158)
Infrastructure	(315,312)	(27,795)	-	(343,107)
Machinery & equipment	(2,072,797)	(144,909)	-	(2,217,706)
	<hr/>			<hr/>
Total accumulated depreciation	(3,761,539)	(298,432)	-	(4,059,971)
	<hr/>			<hr/>
Total capital assets being depreciated, net	2,271,682	(78,960)	-	2,192,722
	<hr/>			<hr/>
Governmental activities capital assets, net	\$ 2,730,551	\$ (78,960)	\$ -	\$ 3,499,024
	<hr/>			<hr/>

City of Cameron, Texas

Notes to Financial Statements
(continued)

6. CAPITAL ASSETS (continued)

Primary Government

Business-type activities:	Balance			Balance
	October 1, 2013	Increases	Decreases	September 30, 2014
Capital assets, not being depreciated:				
Land	\$ 64,522	\$ -	\$ -	\$ 64,522
Construction in process	-		-	-
Total capital assets, not being depreciated	64,522	-	-	64,522
Capital assets, being depreciated:				
Buildings, systems and improvements	11,626,883	50,855	-	11,677,738
Machinery & equipment	788,700	-		788,700
Total capital assets, being depreciated	12,415,583	50,855	-	12,466,438
Less accumulated depreciation for:				
Buildings, systems and improvements	(6,543,328)	(296,509)		(6,839,837)
Machinery & equipment	(740,080)	(5,618)		(745,698)
Total accumulated depreciation	(7,283,408)	(302,127)	-	(7,585,535)
Business-type activities, capital assets, net	\$ 5,196,697	\$ (251,272)	\$ -	\$ 4,945,425

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	\$ 61,556
Public Safety	55,894
Highways and streets	43,334
Culture and recreation	69,699
Police	<u>67,949</u>
	<u>\$ 298,432</u>
Business-type activities:	
Water and sewer facilities	<u>302,127</u>

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, 2014 was as follows:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Governmental activities:					
	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of obligation	\$ 1,095,000	\$ -	\$ 57,000	\$ 1,038,000	\$ 58,000
	<u>\$ 1,095,000</u>	<u>\$ -</u>	<u>\$ 57,000</u>	<u>\$ 1,038,000</u>	<u>\$ 58,000</u>
Business-type activities:					
Note Payable-SIB	\$ 226,748	\$ -	\$ 55,283	\$ 171,465	\$ 53,001
Revenue bonds	334,000	10,000	10,000	334,000	10,000
Certificates of obligation	1,650,000	-	120,000	1,530,000	120,000
2012 TWDB Bonds	825,000	-	35,000	790,000	35,000
2011 Certificates of Oblig		288,809	65,289	223,520	27,187
2013 Certificates of Oblig		200,000	65,254	134,746	27,186
Certificates of Obligation	1,225,000	-	30,000	1,195,000	30,000
	<u>\$ 4,260,748</u>	<u>\$ 498,809</u>	<u>\$ 380,826</u>	<u>\$ 4,378,731</u>	<u>\$ 302,374</u>

City of Cameron, Texas

Notes to Financial Statements
(continued)

LONG-TERM DEBT (continued)

Debt for governmental activities at September 30, 2014 (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%	\$	354,000
\$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%		89,000
\$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>595,000</u>
	\$	<u>1,038,000</u>

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

Year Ended September 30,	Principal	Interest
2015	302,374	258,612
2016	307,409	253,577
2017	310,069	250,917
2018	312,949	248,277
2019	315,949	245,277
2019-2022	755,033	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>
	\$ 4,378,731	\$ 4,695,255

City of Cameron, Texas

Notes to Financial Statements
(continued)

LONG-TERM DEBT (continued)

Debt for business-type activities at September 30, 2014 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%	\$ 420,000
\$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%	171,465
\$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%	1,110,000
\$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	790,000
\$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.	1,195,000
\$400,000 - 2011 Certificates of Obligation, due in quarterly payments of \$16,322, December, March, June, September, variable interest	223,520
\$200,000 - 2013 Certificates of Obligation, due in annual payments of \$69,554, variable interest.	134,746
	<u>\$ 4,044,731</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>
2015-2018	1,014,625	834,353
2019-2022	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>\$ 4,378,731</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, 2013 valuations are contained in the 2014 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)	1.5 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,	2013	2012	2011
Actuarial value of assets	3,201,845	2,955,677	2,812,960
Actuarial accrued liability	4,517,186	4,264,086	4,205,274
Percentage funded	70.88%	69.32%	66.89%
Unfunded actuarial accrued liability (UAAL)	1,315,341	1,308,409	1,392,314
Annual covered payroll	1,427,268	1,142,297	1,106,622
UAAL as a percentage of covered payroll	108.51%	118.10%	130.50%
Year ended September 30,	2013	2012	2011
Net pension obligation (NPO) at the beginning of the period	-	-	-
Annual pension cost:			
Annual required contribution (ARC)	180,644	116,150	107,001
Contributions made	180,644	116,150	107,001
NPO at the end of the period	-	-	-

City of Cameron, Texas

Notes to Financial Statements
(continued)

8. EMPLOYEE BENEFIT PLAN (continued)

Actuarial Assumptions

	2013	2012	2011
Actuarial cost method	Entry Age Normal	Projected unit credit	Projected unit credit
Amortization method	Level percent	Level percent	Level percent
Remaining amortization period	26 years - closed period	25.7 years - closed period	26.6 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%	7.0%
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)

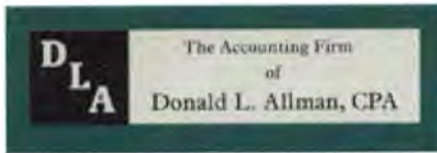
TMRS issues a publicly available annual financial report that includes financial statements and required supplementary information. The report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153.

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, 2014.



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

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, 2014, 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.

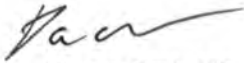
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

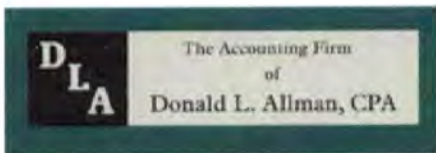
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in 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 26, 2015



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

CERTIFIED PUBLIC ACCOUNTANT

OMB Circular A-133 Report on Compliance for Each Major Program and Report on Internal Control over Compliance—with Unmodified Opinion on Compliance; No Material Weaknesses or Significant Deficiencies

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and City Council
City of Cameron, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Cameron, Texas's compliance 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 City of Cameron, Texas's major federal programs for the year ended September 30, 2014. City of Cameron, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Cameron, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. 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 City of Cameron, Texas'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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Cameron, Texas's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Cameron, Texas, complied, in all material respects, with the types of 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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

City of Cameron, Texas's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Cameron, Texas's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of City of Cameron, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Cameron, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of Cameron, Texas'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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Donald L. Allman, CPA, PC

Georgetown TX
February 26, 2014

CITY OF CAMERON

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

September 30, 2014

	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)	30,000	33,118	63,118
\$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	\$ 185,000	\$ 105,502	\$ 290,502
Actual Balance Included in Restricted Cash and Cash Equivalents			1,619,711
Estimated Deficient (Excess) Cash at September 30, 2014			\$ (1,329,209)

* 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, 2014

Texas Municipal League Intergovernmental Risk Pool

	Policy Period	Property Liability Coverage	Worker's Compensation Coverage
		10/01/13-10/01/14	10/01/13-10/01/14
Estimated Annual Contribution		31621	17225
Balance due at 09/30/14		0	0
Coverage Limits			
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		\$ 25,000	
Crime Coverage - Forgery		\$ 25,000	
Crime Coverage - Theft		\$ 25,000	
Crime Coverage - Computer Fraud		\$ 25,000	

See accompanying independent auditor's report.

CITY OF CAMERON

Schedule of Water and Sewer Connections and Water Accountability
September 30, 2014

In September 2014, there were 1,937 active water connections and 1,937 active sewer connections. The following water schedule indicates the accountability for gallons of water in the system for 2014:

Gallons of Water Sold	244,582,700
Gallons of Water Used for Municipal Purposes	2,794,600
Gallons of Water Lost	<u>81,017,700</u>
Total Gallons Pumped	<u>328,395,000</u>

See accompanying independent auditor's report

CITY OF CAMERON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

A. Summary of Auditors' Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financing reporting

One or more material weaknesses identified?

_____ Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

2. State Awards

Internal control over major programs:

One or more material weaknesses identified?

_____ Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X None Reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ Yes X No

Identification of major programs:

C DFA Number(s)

CDBG 14,228
20.106

Name of State Program or Cluster

Texas Department of Agriculture
TxDOT

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____ Yes X No

B. Financial Statement Findings

None

C. State Awards Findings and Questioned Costs

No audit findings or questioned costs noted.

CITY OF CAMERON, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2014

TEXAS DEPARTMENT OF TRANSPORTATION, TEXAS DEPARTMENT OF AGRICULTURE

Community Development Block Grants/States Program – CFDA No. 20.106, CDBG 14.228

There were no prior audit findings.

**CITY OF CAMERON, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2014**

None noted so no corrective action required.

City of Cameron, Texas
Texas Parks and Wildlife Department Pool Project
Schedule of Grant Revenue and Expense
09/30/2014

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		
REVENUE							
Federal:	\$ 500,000	\$ 469,019	\$ 30,381	\$ -	\$ -	\$ 499,400	\$ 600
Local:	500,000	-	-	568,229	-	568,229	(68,229)
TOTAL REVENUE:	1,000,000	469,019	30,381	568,229	-	1,067,629	(67,629)
EXPENSES							
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
TOTAL EXPENSES:	1,000,000	469,019	30,381	568,229	-	1,067,629	(67,629)
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying auditor's report.

City of Cameron, Texas
Texas Department of Transportation Hike and Bike Trail
Schedule of Grant Revenue and Expense
09/30/2014

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 Year	Prior Year	Current Year		
REVENUE							
Federal:	\$ 1,065,552	\$ 1,035,121	\$ -	\$ -	\$ -	\$ 1,035,121	\$ 30,431
Local:	426,892	-	-	426,892	-	426,892	-
TOTAL REVENUE:	1,492,444	1,035,121	-	426,892	-	1,462,013	30,431
EXPENSES							
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	-
TOTAL EXPENSES:	1,492,444	1,035,121	-	426,892	-	1,462,013	30,431
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying auditor's report.

City of Cameron, Texas
Texas Parks and Wildlife Department Orchard Park
Schedule of Grant Revenue and Expense
09/30/2014

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 Year	Prior Year	Current Year		
REVENUE							
Federal:	\$ 50,000	\$ 61,123	\$ -	\$ -	\$ -	\$ 61,123	\$ (11,123)
Local:	50,000	-	-	13,083	38,231	51,314	(1,314)
TOTAL REVENUE:	100,000	61,123	-	13,083	38,231	112,437	(12,437)
EXPENSES							
Federal:							
Construction	50,000	62,163	-	-	-	62,163	(12,163)
Engineering	-	-	-	-	-	-	-
Local:							
Construction	-	-	-	11,833	-	11,833	(11,833)
Engineering	50,000	-	-	1,000	19,500	20,500	29,500
Administration	-	-	-	250	-	250	(250)
TOTAL EXPENSES:	100,000	62,163	-	13,083	19,500	94,746	5,254
Excess revenue over expenditures	\$ -	\$ (1,040)	\$ -	\$ -	\$ 18,731	\$ 17,691	\$ (17,691)

See accompanying auditor's report.

City of Cameron, Texas
Texas Department of Housing and Community Affairs
Schedule of Grant Revenue and Expense
09/30/2014

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

See accompanying auditor's report.

City of Cameron, Texas
Texas Water Development Board
Schedule of Grant Revenue and Expense
09/30/2014

Federal grantor: No Federal monies
Pass Through Grantor: Texas Department of Agriculture
2014 Community Development Block Grant
CDFA Number: CDBG 14.228

	-Federal-			-Local-		Total	Variance
	Budget	Prior Years	Current Year	Prior Year	Current Year		
REVENUE							
Federal:	\$ 860,000	\$ -	\$ 733,536	\$ -	\$ -	\$ 733,536	\$ 126,464
Local:	86,000	-	-	-	54,475	54,475	31,525
TOTAL REVENUE:	946,000	-	733,536	-	54,475	788,011	157,989
EXPENSES							
Federal:							
Construction	700,000	-	568,896	-	-	568,896	131,104
Engineering	160,000	-	149,922	-	-	149,922	10,078
Local:							
Construction	70,000	-	-	-	-	-	70,000
Engineering	16,000	-	-	-	-	-	16,000
Administration	-	-	-	-	-	-	-
TOTAL EXPENSES:	946,000	-	718,818	-	-	718,818	227,182
Excess revenue over expenditures	\$ -	\$ -	\$ 14,718	\$ -	\$ 54,475	\$ 69,193	\$ (69,193)

See accompanying auditor's report