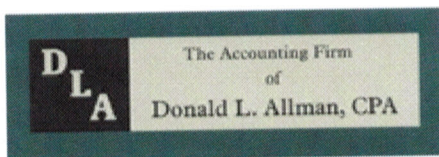


CITY OF CAMERON, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

City of Cameron, Texas

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion & Analysis	3-8
Basic Financial Statements:	
Government-wide Financial Statements:	9
Statement of Net Position	10-11
Statement of Activities	
Fund Financial Statements:	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes In Fund Balance of Governmental Funds	15
Reconciliation of the Governmental Funds Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Fund	18
Statement of Cash flows – Proprietary Fund	
Notes to Financial Statements	19-40
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	42
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Proprietary Fund	43
Schedule of Changes in Net Pension Liability and Related Ratios.....	44
Schedule of Contributions.....	45
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	46-47



Donald L. Allman, CPA, PC
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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 the City of Cameron, Texas as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Cameron, Texas' 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, 2017, 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 43–44 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2018, 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 the City of Cameron, Texas' internal control over financial reporting and compliance.

Donald L. Allman, CPA, PC



Georgetown, TX

January 29, 2018

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, 2017 for the City.

Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$6,950,986. Of this amount, \$265,827 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the 2017 fiscal year, the City's governmental funds reported combined ending fund balances of \$1,336,126, an increase of \$286,659 in comparison with the prior year.
- At the end of the 2017 fiscal year, the general fund had a net increase of \$184,864 in net position before transfers, and proprietary fund had a net increase of \$56,328 in net position 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 position* presents information on all of the city's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceed liabilities by \$6,950,986 at the close of the most recent fiscal year.

The largest portion of the City's net position (61%) 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, this net position is *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 Position
September 30, 2017**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,662,750	\$ 1,407,404	\$ 23,310,647	\$ 2,663,770	\$ 24,973,397	\$ 4,071,174
Capital assets	2,992,835	3,073,038	5,593,341	5,657,509	8,586,176	8,730,547
Total assets	4,655,585	4,480,442	28,903,988	8,321,279	33,559,573	12,801,721
Deferred Outflows of Resources	84,745	255,824	28,917	87,292	113,662	343,116
Current liabilities	325,273	330,897	1,223,485	554,399	1,548,758	885,296
Net Pension Liability	983,620	990,717	335,624	338,045	1,319,244	1,328,762
Long-term liabilities	950,148	842,000	22,815,000	3,301,342	23,765,148	4,143,342
Total liabilities	2,259,041	2,163,614	24,374,109	4,193,786	26,633,150	6,357,400
Deferred Inflows of Resources	66,432	57,890	22,667	19,753	89,099	77,643
Net Position:						
Net Investment in Capital Assets	1,941,717	2,162,038	2,276,073	2,031,004	4,217,790	4,193,042
Restricted	369,663	223,004	2,097,706	1,342,447	2,467,369	1,565,451
Unrestricted	103,477	129,720	162,350	821,581	265,827	951,301
Total Net Position	\$ 2,414,857	\$ 2,514,762	\$ 4,536,129	\$ 4,195,032	\$ 6,950,986	\$ 6,709,794

An additional portion of the City's net position of \$2,467,369 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$265,827 may be used to meet the government's ongoing obligations to citizens and creditors. Restricted net position consists of funds restricted for debt service, construction, or reserved for special revenue purposes.

At the end of the 2017 fiscal year, the City is able to report positive balances in all three categories of the net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**City of Cameron Changes in Net Position
September 30, 2017**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for services, fines & fees	\$ 403,863	\$ 481,333	\$ 3,092,957	\$ 2,685,908	\$ 3,496,820	\$ 3,167,241
Donations	-	143,362	-	-	-	143,362
Grant revenues	17,820	240,000	-	11,576	17,820	251,576
General revenues:						
City, property, sales and franchise taxes	3,007,800	3,120,525	-	-	3,007,800	3,120,525
Investment earnings, miscellaneous and other general revenues	317,436	139,650	13,683	236,488	331,119	376,138
Total revenues and transfers	3,746,919	4,124,870	3,106,640	2,933,972	6,853,559	7,058,842
Expenses:						
Total Pension Expense	172,524	159,979	58,868	54,589	231,392	214,568
General government	877,886	1,673,055	-	-	877,886	1,673,055
Public safety	283,877	311,519	-	-	283,877	311,519
Police	1,110,998	1,190,246	-	-	1,110,998	1,190,246
Highways and streets	838,003	241,050	-	-	838,003	241,050
Public aviation	38,751	30,509	-	-	38,751	30,509
Culture and recreation	194,174	204,924	-	-	194,174	204,924
Grant expenditures	-	-	-	-	-	-
Bond Interest	45,842	41,281	217,708	119,217	263,550	160,498
Water and sewer	-	-	2,773,736	2,631,304	2,773,736	2,631,304
Total expenses	3,562,055	3,852,563	3,050,312	2,805,110	6,612,367	6,657,673
Increase (decrease) in net position	184,864	272,307	56,328	128,862	241,192	401,169
Transfers	(284,769)	(279,472)	284,769	279,472	-	-
Net Position, beginning of the year	2,514,762	2,521,927	4,195,032	3,786,698	6,709,794	6,308,625
Prior Period Adjustment	-	-	-	-	-	-
Net Position, ending of the year	2,414,857	2,514,762	4,536,129	4,195,032	6,950,986	6,709,794

The government's total net position increased by \$241,192 during the current fiscal year. Net position of business-type activities increased by \$56,328, with the general fund resulting in an increase of \$184,864.

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 2017 fiscal year, the governmental funds, which include the general fund, reported an ending fund balance of \$1,336,126, an increase of \$286,659 in comparison with the prior year. Of this amount, 72% 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 position of the enterprise fund at the end of the year amounted to \$162,350. Net position for the enterprise fund increased by \$56,328 before transfers during 2017.

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 \$412,788 and expenditures were less than budgetary estimates by \$190,201.

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, 2017 amounts to \$8,586,176 (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 position 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 2017 fiscal year, the City of Cameron had total bonded debt outstanding of \$24,903,386. The business-type activities accounted for \$23,852,268 of this amount.

**City of Cameron Outstanding Debt
Revenue Bonds and Note Payable
September 30, 2017**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Note Payable - SIB	\$ -	\$ -	\$ -	\$ 58,251	\$ -	\$ 58,251
Combinations tax & revenue bonds and certificates of deposit	1,051,118	911,000	23,553,268	3,257,254	24,604,386	4,168,254
Revenue bonds	-	-	299,000	311,000	299,000	311,000
Total liabilities	\$ 1,051,118	\$ 911,000	\$ 23,852,268	\$ 3,626,505	\$ 24,903,386	\$ 4,537,505

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 2017 was a combined rate of \$0.759 per \$100 of assessed valuation. The 2016-2017 Budget calls for \$6,439,532 in revenues and \$6,711,093 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 POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Cameron Education Corporation
ASSETS				
Cash and Cash Equivalents	\$ 730,220	\$ 806,151	\$ 1,536,371	\$ 9,979
Restricted Cash and Cash Equivalents	369,663	21,931,537	22,301,200	-
Investments - CDs	25,000	20,000	45,000	-
Receivables (net of allowance for uncollectibles)	535,539	489,868	1,025,407	-
Due from Primary Government	-	-	-	38,086
Inventories	2,328	63,091	65,419	-
Capital Assets:		-		
Land	458,869	64,522	523,391	-
Infrastructure, net	2,049,975	-	2,049,975	-
Buildings, Systems and Improvements, net	129,405	5,439,193	5,568,598	-
Machinery and Equipment, net	354,586	89,626	444,212	-
Construction in Progress-Grants	-	-	-	-
Other Assets				
Total Assets	4,655,585	28,903,988	33,559,573	48,065
Deferred Outflows of Resources	84,745	28,917	113,662	-
LIABILITIES				
Accounts Payable and Other Current Liabilities	186,217	40,897	227,114	-
Due to Component Unit	38,086	-	38,086	-
Security Deposits payable	-	145,320	145,320	-
Noncurrent Liabilities	-	-	-	-
Net Pension Liability	983,620	335,624	1,319,244	-
Due Within One Year	100,970	1,037,268	1,138,238	-
Due in More Than One Year	950,148	22,815,000	23,765,148	-
Total Liabilities	2,259,041	24,374,109	26,633,150	-
Deferred Inflows of Resources	66,432	22,667	89,099	-
NET POSITION				
Net Investment in Capital Assets	1,941,717	2,276,073	4,217,790	-
Restricted for Debt Service	146,064	1,301,387	1,447,451	-
Restricted for Cemetary Care	32,192	-	32,192	-
Restricted for Court Security	28,028	-	28,028	-
Restricted for Child Safety	3,835	-	3,835	-
Restricted for Court Technology & other court accts	23,213	-	23,213	-
Restricted for Reserve//Capital Projects	136,331	796,319	932,650	-
Unrestricted Net Position	103,477	162,350	265,827	48,065
Total Net Position	2,414,857	4,536,129	6,950,986	48,065

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

CITY OF CAMERON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 877,886	\$ 69,731	\$ -
Public Safety	283,877	63,767	-
Police & Court	1,110,998	204,172	-
Highways and Streets	838,003	-	17,820
Public Aviation	38,751	40,380	-
Culture and Recreation	194,174	25,813	-
Total Pension Expense	231,392	-	-
Bond Interest	263,550	-	-
Total Governmental Activities:	<u>3,838,631</u>	<u>403,863</u>	<u>17,820</u>
BUSINESS-TYPE ACTIVITIES:			
Water and Sewer	2,773,736	3,092,957	-
Total Business-Type Activities:	<u>2,773,736</u>	<u>3,092,957</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT:	<u>\$ 6,612,367</u>	<u>\$ 3,496,820</u>	<u>\$ 17,820</u>
Component Unit:			
Cameron Education Corporation	-	-	-
TOTAL COMPONENT UNITS:	<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 Position -- Beginning
 Net Position -- Ending

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

Net (Expense) Revenue and changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Cameron Education Corporaton	
\$ (808,155)	\$ -	\$ (808,155)	\$ -	-
(220,110)	-	(220,110)	-	-
(906,826)	-	(906,826)	-	-
(820,183)	-	(820,183)	-	-
1,629	-	1,629	-	-
(168,361)	-	(168,361)	-	-
(172,524)	(58,868)	(231,392)	-	-
(45,842)	(217,708)	(263,550)	-	-

(3,140,372)	(276,576)	(3,416,948)	-	-
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-	319,221	319,221	-	-
(3,140,372)	42,645	(3,097,727)	-	-
-	-	-	-	-
-	-	-	-	-

1,446,745	-	1,446,745	-	-
864,162	-	864,162	-	-
696,893	-	696,893	-	-
252,633	-	252,633	-	-
64,803	13,683	78,486	89	-
(284,769)	284,769	-	-	-
3,040,467	298,452	3,338,919	89	-
(99,905)	341,097	241,192	-	-
2,514,762	4,195,032	6,709,794	47,976	-
\$2,414,857	\$4,536,129	\$6,950,986	48,065	-

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

**CITY OF CAMERON
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	General Fund	Other Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 755,220	\$ 369,663	\$ 1,124,883
Receivables (net of allowance for uncollectibles)	487,592	-	487,592
Inventories	2,328	-	2,328
Deferred charges	47,947	-	47,947
Total Assets	\$ 1,293,087	\$ 369,663	\$ 1,662,750
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	153,442	-	153,442
Retirement Payable	2,376	-	2,376
Due to Component Unit	38,086	-	38,086
Unearned Revenues	102,321	-	102,321
Other Current Liabilities	30,399	-	30,399
Total Liabilities	326,624	-	326,624
Fund Balances:			
Nonspendable	2,328	-	2,328
Restricted for Debt Service	-	146,064	146,064
Committed for Special Revenue Funds	-	223,599	223,599
Assigned	-	-	-
Unassigned	964,135	-	964,135
Total Fund Balances	966,463	369,663	1,336,126
Total Liabilities and Fund Balances	\$ 1,293,087	\$ 369,663	\$ 1,662,750

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 POSITION
SEPTEMBER 30, 2017

Total Fund Balances - Governmental Funds	\$ 1,336,126
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,992,835
Deferred outflows of resources are not assets recognized and available in the current period	84,745
Difference in current and prior year receivables and accounting & timing differences	102,321
Deferred Inflows of Resources are not recognized in governmental funds	(66,432)
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:	-
Bonds payable	(1,051,118)
Net Pension Liability	(983,620)
	\$ 2,414,857
Net Position of Governmental Activities	\$ 2,414,857

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, 2017

	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ 1,440,464	\$ -	\$ 1,440,464
General Sales And Use Taxes	864,162	-	864,162
Franchise Fees	696,893	-	696,893
Licenses and Permits	22,897	-	22,897
Charges for Services	175,687	14,896	190,583
Fines	190,383	-	190,383
Investment Earnings	62,941	1,862	64,803
Grants and donations	47,820	-	47,820
Other Revenue	222,633	-	222,633
Total Revenues	<u>3,723,880</u>	<u>16,758</u>	<u>3,740,638</u>
EXPENDITURES:			
Current:			
General Government	528,906	-	528,906
Public Safety	228,047	-	228,047
Police & Court	1,068,586	1,460	1,070,046
Public Works			
Highways	779,859	-	779,859
Public Aviation	38,751	-	38,751
Culture and Recreation	182,704	-	182,704
Cameron Tourism and Advisory Board	-	-	-
Sales Tax to CEDC	276,173	-	276,173
Debt Service:			
Bond Principal	-	99,882	99,882
Bond Interest	-	45,842	45,842
Capital Outlay:			
Capital Outlay	159,000	-	159,000
Total Expenditures	<u>3,262,026</u>	<u>147,184</u>	<u>3,409,210</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	461,854	(130,426)	331,428
OTHER FINANCING SOURCES (USES):			
Loan proceeds	240,000		240,000
Transfers In	(277,085)	277,085	
Transfers (Out)	(284,769)	-	(284,769)
Total Other Financing Sources (Uses)	<u>(321,854)</u>	<u>277,085</u>	<u>(44,769)</u>
Net Change in Fund Balances	140,000	146,659	286,659
Fund Balance - October 1 (Beginning)	826,463	223,004	1,049,467
Fund Balance - September 30 (Ending)	<u>\$ 966,463</u>	<u>\$ 369,663</u>	<u>\$ 1,336,126</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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	286,659
<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	\$159,000	
Depreciation expense	(239,203)	(80,203)
<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	\$487,592	(101,358)
Less: Prior year	(386,234)	(240,000)
<p>Loan proceeds are not income for government-wide financials</p>		
<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>		
		102,321
<p>Total Pension expense is not recognized in governmental funds</p>		
		172,524
<p>Change in Deferred Outflows of Resources are not recognized in governmental funds</p>		
		(171,079)
<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 \$99,882</p>		
		99,882
<p>Change in Deferred Inflows of Resources not recognized in governmental funds</p>		
		7,097
	\$	<u>(99,905)</u>

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

CITY OF CAMERON
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-Type Activities Water and Sewer
ASSETS	
Current Assets:	
Cash and Cash Equivalents	806,151
Restricted Cash and Cash Equivalents	21,931,537
Investments - CD	20,000
Accounts Receivable - Net of Allowance	489,868
Inventories	63,091
Total Current Assets	<u>23,310,647</u>
Noncurrent Assets:	
Capital Assets:	
Land	64,522
Buildings, Systems and Improvements	13,143,558
Machinery and Equipment	868,653
Construction in Progress	-
Less Accumulated Depreciation	(8,483,392)
Other Assets	
Total Noncurrent Assets	<u>5,593,341</u>
Total Assets	<u>28,903,988</u>
Deferred Outflows of Resources	28,917
LIABILITIES	
Current Liabilities:	
Accounts Payable	40,897
Payroll Taxes Payable & Insurance Payable	-
Customer Deposits Payable	145,320
General Obligation Bonds Payable-current	145,000
TWDB 2012 Bonds Payable-current	40,000
Revenue Bonds Payable-current	12,000
Note Payable 2011 & 2013 CO-current	63,268
2016 ACombination Tax & Revenue Certificates of Obligation-current	330,000
2016 BCombination Tax & Revenue Certificates of Obligation-current	435,000
Total Current Liabilities	<u>1,211,485</u>
Noncurrent Liabilities:	
Net Pension Liability	335,624
General Obligation Bonds Payable	990,000
Note Payable SIB 2003	-
TWDB 2012 Bonds Payable	640,000
Note Payable CO 2012	1,140,000
Revenue Bonds Payable	287,000
Note Payable 2011 & 2013 CO	-
2016B Combination Tax & Revenue Certificates of Obligation	8,645,000
2016B Combination Tax & Revenue Certificates of Obligation	11,125,000
Total Noncurrent Liabilities	<u>23,162,624</u>
Total Liabilities	<u>24,374,109</u>
Deferred Inflows of Resources	22,667
NET POSITION:	
Net Investment in Capital Assets	2,276,073
Restricted for Debt Service & Construction	2,097,706
Unrestricted Net Position	162,350
Total Net Position	<u>\$4,536,129</u>

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

CITY OF CAMERON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities <u>Water and Sewer</u>
OPERATING REVENUES:	
Charges for Sales and Services	3,085,151
Water and Sewer Tap Fees	7,806
Grant Revenue	-
TWDB Forgiveness of Debt income	-
Total Operating Revenues	<u>3,092,957</u>
OPERATING EXPENSES:	
Cost of Service	1,784,997
Administration	707,252
Pension expense	58,868
Depreciation	281,487
Total Operating Expenses	<u>2,832,604</u>
Operating Income	<u>260,353</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	13,683
Interest Expense and Fiscal Charges	217,708
Total Non-operating Revenue (Expenses)	<u>(204,025)</u>
Income Before Contributions & Transfers	56,328
Capital Contributions	284,769
Non-Operating Transfer In	-
Transfers Out	-
Change in Net Position	<u>341,097</u>
Total Net Position - October 1 (Beginning)	<u>4,195,032</u>
Total Net Position - September 30 (Ending)	<u>\$ 4,536,129</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, 2017

	Business-Type Activities Water and Sewer
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 3,040,332
Payments to Suppliers	(2,073,107)
Payments to Employees	(473,587)
Net Cash Provided by Operating Activities	493,638
Cash Flows from Noncapital Financing Activities:	
Transfers to Other Funds	-
Transfers from Other Funds	284,769
Net Cash used in Noncapital Financing Activities	284,769
Cash Flows from Capital and Related Financing Activities:	
Loan proceeds	21,305,000
Capital outlay	(217,319)
Principal Paid on Capital Debt	(1,093,016)
Interest and Fiscal Charges Paid on Capital Debt	(217,708)
Differences in Net Pension Position not involving cash	62,832
Net Cash Provided by Capital and Related Financing Activities	19,839,789
Cash Flows from Investing Activities:	
Transfer to (from) Restricted Cash funds	(20,575,311)
Interest Received	13,683
Net Cash Provided by Investing Activities	(20,561,628)
Net Increase (Decrease) in Cash and Cash Equivalents	56,568
Cash and Cash Equivalents, Beginning of Year	749,583
Cash and Cash Equivalents, End of Year	\$ 806,151
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 260,353
Adjustments to reconcile operating income to Net Cash Provided by Operating Activities:	
Depreciation	281,487
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(1,219)
Decrease in interest receivable	-
(Increase) Decrease in Inventories	-
(Increase) Decrease in deferred charges	-
(Decrease) Increase in Accounts & Wages Payable	4,113
(Decrease) Increase in Customer Deposits & other liabilities	(6,095)
(Decrease) Increase in accrued interest payable	(45,001)
Net Cash Provided by Operating Activities	\$ 493,638

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

City of Cameron, Texas
Notes to Financial Statements
September 30, 2017

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 position 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 \$23,882,571 and the bank balance of deposits is \$23,853,992 and the component unit's carrying amount of deposits was \$9,979. 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 2016-2017 levy was based was \$185,334,124. The tax rate for the fiscal 2017 levy was \$.759 per \$100 valuation (\$.5492136 per \$100 valuation for maintenance and operations, and \$.266864 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, 2017 were 98% of the tax levy.

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:

City of Cameron, Texas

Notes to Financial Statements
(continued)

	General	Water and Sewer	Other Governmental Funds	Total
Receivables:				
Accounts	\$ 317,566	\$ 489,868	\$ -	\$ 807,434
Taxes	238,117	-	-	238,117
Gross receivables	555,683	489,868	-	1,045,551
Less: allowance for uncollectibles	20,144	-	-	20,144
Net Total Receivables	\$ 535,539	\$ 489,868	\$ -	\$ 1,025,407

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, 2016	Increases	Decreases	September 30, 2017
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, 2016	Increases	Decreases	September 30, 2017
Governmental activities:				
Capital assets, being depreciated:				
Building, systems and improvements	\$ 3,631,551	\$ 57,331	\$ -	\$ 3,688,882
Infrastructure	555,897	-	-	555,897
Machinery & equipment	3,006,306	101,669	-	3,107,975
total capital assets, being depreciated	<u>\$ 7,193,754</u>	<u>\$ 159,000</u>	<u>\$ -</u>	<u>\$ 7,352,754</u>
Less accumulated depreciation for:				
Buildings, systems and improvements	(1,578,622)	(60,285)	-	(1,638,907)
Infrastructure	(398,697)	(27,795)	-	(426,492)
Machinery & equipment	(2,602,266)	(151,123)	-	(2,753,389)
Total accumulated depreciation	<u>(4,579,585)</u>	<u>(239,203)</u>	<u>-</u>	<u>(4,818,788)</u>
Total capital assets being depreciated, net	<u>2,614,169</u>	<u>(80,203)</u>	<u>-</u>	<u>2,533,966</u>
Governmental activities capital assets, net	<u>\$ 3,073,038</u>	<u>\$ (80,203)</u>	<u>\$ -</u>	<u>\$ 2,992,835</u>

City of Cameron, Texas
Notes to Financial Statements
(continued)

6. CAPITAL ASSETS (continued)

Primary Government

	Balance			Balance
	October 1, 2016	Increases	Decreases	September 30, 2017
Business-type activities:				
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	12,926,239	217,319	-	13,143,558
Machinery & equipment	868,653	-	-	868,653
Total capital assets, being depreciated	<u>13,794,892</u>	<u>217,319</u>	<u>-</u>	<u>14,012,211</u>
Less accumulated depreciation for:				
Buildings, systems and improvements	(7,437,027)	(267,338)	-	(7,704,365)
Machinery & equipment	(764,878)	(14,149)	-	(779,027)
Total accumulated depreciation	<u>(8,201,905)</u>	<u>(281,487)</u>	<u>-</u>	<u>(8,483,392)</u>
Business-type activities, capital assets, net	<u>\$ 5,657,509</u>	<u>\$ (64,168)</u>	<u>\$ -</u>	<u>\$ 5,593,341</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	\$	72,807
General government		55,830
Public Safety		58,144
Highways and streets		11,470
Culture and recreation		40,952
Police		<u>40,952</u>
	<u>\$</u>	<u>239,203</u>
Business-type activities:		
Water and sewer facilities		<u>281,487</u>

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

City of Cameron, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Pension contributions after measurement date – these contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and municipal court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position represents the difference between assets, deferred inflows/outflows of resources and liabilities. Net position investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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, 2017 was as follows:

	Balance October 1, 2016	Additions	Reductions	Balance September 30, 2017	Due Within One Year
Governmental activities:					
2015 Tax Note	\$ -	\$ 240,000	\$ 30,882	\$ 209,118	\$ 31,970
Certificates of obligation	\$ 911,000	\$ -	\$ 69,000	\$ 842,000	\$ 69,000
	<u>\$ 911,000</u>	<u>\$ 240,000</u>	<u>\$ 99,882</u>	<u>\$ 1,051,118</u>	<u>\$ 100,970</u>
Business-type activities:					
Note Payable-SIB	\$ 58,251	\$ -	\$ 58,251	\$ -	\$ -
Revenue bonds	311,000	-	12,000	299,000	12,000
Certificates of obligation	1,275,000	-	140,000	1,135,000	145,000
2012 TWDB Bonds	720,000	-	40,000	680,000	40,000
2011 Certificates of Oblig	111,033	-	62,765	48,268	48,268
2013 Certificates of Oblig	-	-	-	-	-
Certificates of Obligation	1,165,000	-	10,000	1,155,000	15,000
2016A Comb. Tax Rev CO	-	9,305,000	330,000	8,975,000	330,000
2016B Comb. Tax Rev CO	-	12,000,000	440,000	11,560,000	435,000
	<u>\$ 3,640,284</u>	<u>\$ 21,305,000</u>	<u>\$ 1,093,016</u>	<u>\$ 23,852,268</u>	<u>\$ 1,025,268</u>

The Texas Water Development Board also issued two Combination Tax & Revenue Certificates of Obligation for Water System Improvements, 2016A for \$9,305,000 and 2016B for \$12,000,000.

City of Cameron, Texas

Notes to Financial Statements
(continued)

LONG-TERM DEBT (continued)

Debt for governmental activities at September 30, 2017 (continued):

\$240,000 Limited Tax Note Series 2015 due in annual installments of \$39,042 through December 10, 2022; interest at 3.4%.	209,118
\$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%	334,000
\$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%	83,000
\$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>425,000</u>
	<u>\$ 1,051,118</u>

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	100,970	45,094
2019	102,072	43,992
2020	103,212	42,852
2021	104,381	41,683
2022	105,611	40,453
2023	106,872	39,191
Thereafter	428,000	25,936
	-	-
	-	-
	<u>\$ 1,051,118</u>	<u>\$ 279,201</u>

City of Cameron, Texas
Notes to Financial Statements
(continued)

LONG-TERM DEBT (continued)

Debt for business-type activities at September 30, 2017 is comprised of the following issues:

\$9,305,000 Combination Tax & Surplus Revenue Certificates of Obligation, Series 2016A, due in annual installments of \$414,009 to \$420,245, begins March 01, 2017 through March 1, 2042, interest rate 1.13%	\$ 8,975,000
\$12,000,000 Combination Tax & Surplus Revenue Certificates of Obligation, Series 2016B, due in annual installments of \$515,651 to \$523,733, begins March 01, 2017 through March 1, 2042, interest rate 1.13%	\$ 11,560,000
\$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%	\$ 299,000
Loan forgiven by TWDB for 9/30/17 fiscal year	
\$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%	\$ 310,000
Loan forgiven by TWDB for 9/30/17 fiscal year	
\$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%	-
Loan forgiven by TWDB for 9/30/17 fiscal year	
\$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%	825,000
Loan forgiven by TWDB for 9/30/17 fiscal year	
\$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	680,000
Loan forgiven by TWDB for 9/30/17 fiscal year	
\$1,250,000 - 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. Loan forgiven by TWDB for 9/30/17 fiscal year	1,155,000
\$400,000 - 2011 Certificates of Obligation, due in quarterly payments of \$16,322, December, March, June, September, variable interest	48,268
	<u>\$ 23,852,268</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:

<u>Year Ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	1,025,268	276,119
2019	1,080,949	415,937
2020	1,016,678	419,162
2021	1,016,677	418,584
2022	1,016,678	417,256
2023-2027	4,511,872	1,454,126
2028-2032	4,518,770	1,265,604
2033-2037	4,638,000	1,023,456
2038-2042	4,871,515	143,328
2043-2045	155,861	-
	<u>\$ 23,852,268</u>	<u>\$ 5,833,572</u>

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.

City of Cameron, Texas
Notes to Financial Statements
(continued)

8. EMPLOYEE BENEFIT PLAN

1. Texas Municipal Retirement Systems

Plan Description

The City of Cameron participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>45</u>
Total	107

C. Contributions

The contribution rate for the employees in TMRS 7% of employee gross earnings, and the City matching percentages are 150%, both as adopted by the governing body of the City. For employees that were employed before TMRS retirement was in place the rate is 10.21% to allow them to catch up. Under the state law governing TMRS, the contribution rate for each city is annually determined by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Cameron were required to contribute 7% of their annual gross earnings during the fiscal year. Employees who were employed before TMRS contribute 10.21% in order to catch up. The contribution rates for the City of Cameron were 7% and 7% in calendar years 2016 and 2017 respectively. The city's contributions to TMRS for the year ended September 30, 2017 were \$174,375, and were in excess of the required contributions.

NOTE 8 – PENSION PLANS (continued)D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year

Overall payroll growth 3.0% to 10.5% per year

Investment Rate of Return 6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB o account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2004, first used in the December 31, 2016 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2016 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE 8 – PENSION PLANS (continued)

Asset class	Target allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Cameron
Schedule of Changes in Net Pension Liability and Related Ratios Current Period
September 30, 2017

A.	Total pension liability	\$ 175,333
	1. Service Cost	336,870
	2. Interest (on the Total Pension Liability)	-
	3. Changes of benefit terms	(15,828)
	4. Difference between expected and actual experience	-
	5. Changes of assumptions	(215,960)
	6. Benefit payments, including refunds of employee contributions	<u>\$ 280,415</u>
	7. Net change in total pension liability	5,010,984
	8. Total pension liability - beginning	<u>\$ 5,291,399</u>
	9. Total pension liability - ending	<u><u>\$ 5,291,399</u></u>
B.	Plan fiduciary net position	\$ 174,375
	1. Contributions - employer	85,863
	2. Contributions - employee	248,616
	3. Net investment income	(215,960)
	4. Benefit payments, including refunds of employee contributions	(2,810)
	5. Administrative Expense	(151)
	6. Other	<u>\$ 289,933</u>
	7. Net change in plan fiduciary net position	3,682,222
	8. Plan fiduciary net position - beginning	<u>\$ 3,972,155</u>
	9. Plan fiduciary net position - ending	<u><u>\$ 3,972,155</u></u>
C.	Net pension liability [A.9-B.9]	<u><u>\$ 1,319,244</u></u>
D.	Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	75.07%
E.	Covered-employee payroll	\$ 1,717,269
F.	Net pension liability as a percentage of covered employee payroll [C / E]	76.82%

**CITY OF CAMERON
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2017**

1.	Total Service Cost	\$ 175,333
2.	Interest on the Total Pension Liability	336,870
3.	Current Period Benefit Changes	-
4.	Employee Contributions (Reduction of Expense)	(85,863)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(248,550)
6.	Administrative Expense	2,810
7.	Other Changes in Fiduciary Net Position	151
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(4,372)
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets	(13)
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(3,491)
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets	58,517
12.	Total Pension Expense	\$ 231,392

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$1,993,265	\$1,319,244	\$762,331

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

CITY OF CAMERON
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2017

	Recognition Period (or amortization <u>yrs)</u>	Total (Inflow) or Outflow of <u>Resources</u>	2016 Recognized in current <u>pension expense</u>	Deferred (Inflow) Outflow in <u>future expense</u>
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	3.6200	\$ (15,828)	\$ (4,372)	\$ (11,456)
Difference in assumption changes [actuarial (gains) or losses]	3.6200	\$ -	\$ -	\$ -
			<u>\$ (4,372)</u>	<u>\$ (11,456)</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings	5.0000	\$ (66)	\$ (13)	\$ (53)
on pension plan investments [actuarial (gains) or losses]			<u>\$ (13)</u>	<u>\$ (53)</u>
<u>Total:</u>				<u>\$ (11,509)</u>

Deferred Outflows and Deferred Inflows of Resources, by year, to be recognized in future pension expense as follows:

	Net deferred outflows (inflows) of <u>resources</u>
2017	\$ 59,006
2018	62,823
2019	47,089
2020	(14)
2021	-
Thereafter	-
Total	<u>\$ 168,904</u>

NOTE 9 – SUPPLEMENTAL DEATH BENEFITS PLAN

The City also participates in the cost-sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS); known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is on “other postemployment benefit,” or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during the employees’ entire careers.

The City’s contributions to the TMRS SDBF for the years ended 2016, 2015, and 2014 were \$10,000, \$10,000, and \$10,000 respectively, which equaled the required contributions each year.

TMRS records indicate the following percentages contributed by the City (as employer contributions) for the following fiscal years ending:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2014	0.11%	0.11%	100%
2015	0.10%	0.10%	100%
2016	0.10%	0.10%	100%
2017	0.10%	(city to provide)	(city to provide)
2018	0.10%	(city to provide)	(city to provide)

10. 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.

11. CONTINGENCIES

According to the City Attorney there is no pending litigation that would have a material effect on the financial statements as of September 30, 2017.

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, 2017

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 1,423,000	\$ 1,423,000	\$ 1,440,464	\$ 17,464
General Sales and Use Taxes	750,000	750,000	864,162	114,162
Franchise Fees	744,000	744,000	696,893	(47,107)
Licenses and Permits	18,500	18,500	22,897	4,397
Charges for Services	141,550	141,550	150,203	8,653
Fines	175,000	175,000	190,383	15,383
Investment Earnings	37,800	37,800	64,803	27,003
Rents and Royalties Aviation	8,000	8,000	40,380	32,380
Grants, Donations, Misc Revenue	30,000	30,000	270,453	240,453
Total Revenues	<u>3,327,850</u>	<u>3,327,850</u>	<u>3,740,638</u>	<u>412,788</u>
EXPENDITURES:				
Current:				
General Government	559,320	559,320	528,906	30,414
Public Safety	247,505	247,505	228,047	19,458
Police	1,105,906	1,105,906	1,070,046	35,860
Public Works				
Highways and Streets	814,186	814,186	779,859	34,327
Public Aviation	-	-	38,751	(38,751)
Culture and Recreation	230,700	230,700	182,704	47,996
Cameron Tourism & Advisory Board	-	-	-	-
Sales Tax to CEDC	250,000	250,000	276,173	(26,173)
Debt Service:				
Bond Principal	391,794	391,794	99,882	291,912
Bond Interest	-	-	45,842	(45,842)
Capital Outlay - Lease expenses	-	-	159,000	(159,000)
Total Expenditures	<u>3,599,411</u>	<u>3,599,411</u>	<u>3,409,210</u>	<u>190,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(271,561)</u>	<u>(271,561)</u>	<u>331,428</u>	<u>602,989</u>
OTHER FINANCING SOURCES (USES):				
Loan proceeds			240,000	240,000
Transfers In	271,561	271,561	-	-
Transfers Out (Use)	-	-	(284,769)	284,769
Total Other Financing Sources (Uses)	<u>271,561</u>	<u>271,561</u>	<u>(44,769)</u>	<u>(44,769)</u>
Net Change in Fund Balances	-	-	286,659	558,220
Fund Balance - October 1 (Beginning)	1,049,467	1,049,467	1,049,467	1,049,467
Fund Balance - September 30 (Ending)	<u>\$ 1,049,467</u>	<u>\$ 1,049,467</u>	<u>\$ 1,336,126</u>	<u>\$ 1,607,687</u>

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, 2017

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Water Revenue	1,906,951	1,906,951	1,927,278	20,327
Sewer Revenue	1,013,681	1,013,681	963,363	(50,318)
Late payment penalties	54,000	54,000	66,109	12,109
Water & Sewer taps, water billing	7,000	7,000	7,806	806
Buckholts Utility billing	-	-	-	-
Reconnects and fees	25,000	25,000	27,176	2,176
Miscellaneous	50	50	-	(50)
Grant revenues	-	0	-	-
Investment Earnings	4,000	4,000	13,683	9,683
Transfers	101,000	101,000	284,769	183,769
Total Revenues	3,111,682	3,111,682	3,290,184	158,175
EXPENDITURES:				
Current:				
Water & Sewer Maintenance	555,489	555,489	873,787	(318,298)
Water Treatment & Pump	407,923	407,923	584,968	(177,045)
Sewer Treatment & Disc	311,682	311,682	283,885	27,797
Water & Sewer Administration	738,840	738,840	707,252	31,588
Grant expenditures	-	-	-	-
Bond Principal	1,097,748	1,097,748	1,093,016	4,732
Bond Interest	-	-	217,708	(217,708)
Depreciation	-	-	281,487	(281,487)
Capital Outlay	-	-	217,319	(217,319)
Total Expenditures	3,111,682	3,111,682	4,259,422	(1,147,740)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(969,238)	(989,565)
OTHER FINANCING SOURCES (USES):				
Add back Bond Principal & Capital Outlay per GAAP	-	-	1,310,335	1,310,335
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,310,335	1,310,335
Net Change in Fund Balances	-	-	341,097	320,770
Fund Balance - October 1 (Beginning)	4,195,032	4,195,032	4,195,032	4,195,032
Fund Balance - September 30 (Ending)	\$ 4,195,032	\$ 4,195,032	\$ 4,536,129	\$ 4,515,802

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

City of Cameron
Schedule of Changes in Net Pension Liability and Related Ratios
Last ten years (will ultimately be displayed)

	2014	2015	2016	2017
Total pension liability				
1. Service Cost	\$ 137,802	165,699	175,333	xxxx
2. Interest (on the Total Pension Liability)	313,266	326,317	336,870	xxxx
3. Changes of benefit terms	-	-	-	
4. Difference between expected and actual experience	(59,075)	23,232	(15,828)	xxxx
5. Changes of assumptions	-	25,565	-	
6. Benefit payments, including refunds of employee contributions	(221,717)	(217,291)	(215,960)	xxxx
7. Net change in total pension liability	<u>\$ 170,276</u>	<u>323,522</u>	<u>280,415</u>	<u>xxxx</u>
8. Total pension liability - beginning	4,517,186	4,687,462	5,010,984	xxxx
9. Total pension liability - ending	<u><u>\$ 4,687,462</u></u>	<u><u>5,010,984</u></u>	<u><u>5,291,399</u></u>	<u><u>xxxx</u></u>
Plan fiduciary net position				
1. Contributions - employer	\$ 189,896	181,296	174,375	xxxx
2. Contributions - employee	72,925	81,465	85,863	xxxx
3. Net investment income	194,582	5,364	248,616	xxxx
4. Benefit payments, including refunds of employee contributions	(221,717)	(217,291)	(215,960)	xxxx
5. Administrative Expense	(2,031)	(3,267)	(2,810)	xxxx
6. Other	(167)	(162)	(151)	xxxx
7. Net change in plan fiduciary net position	<u>\$ 233,488</u>	<u>47,405</u>	<u>289,933</u>	<u>xxxx</u>
8. Plan fiduciary net position - beginning	3,401,329	3,634,817	3,682,222	xxxx
9. Plan fiduciary net position - ending	<u><u>\$ 3,634,817</u></u>	<u><u>3,682,222</u></u>	<u><u>3,972,155</u></u>	<u><u>xxxx</u></u>
Net pension liability [A.9-B.9]	<u><u>\$ 1,052,645</u></u>	1,328,762	1,319,244	xxxx
Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	77.54%	73.48%	75.07%	xxx
Covered-employee payroll	\$ 1,458,501	\$ 1,629,292	1,717,269	xxx
Net pension liability as a percentage of covered employee payroll [C / E]	72.17%	81.55%	76.82%	xxx

City of Cameron
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)
September 30, 2017

	2014	2015	2016	2017
Actually Determined Contribution	\$ 262,821	\$ 262,761	\$ 260,238	\$xxx,xxx
Contributions in relation to the actuarially determined contribution	<u>262,821</u>	<u>262,761</u>	<u>260,238</u>	<u>xxx,xxx</u>
Contribution deficiency (excess)	-	-	-	xxx,xxx
Covered employee payroll	\$ 1,458,501	\$ 1,629,292	\$ 1,717,269	\$xxx,xxx
Contributions as a percentage of covered employee payroll	18.02%	16.13%	15.15%	xx.xx%

Notes to Schedule

Valuation Date determined 12/31/2016
Notes

Valuation Date:
Notes

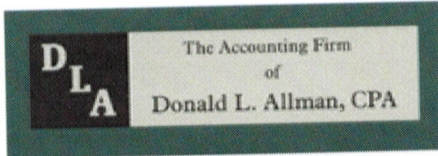
Actuarially determined contribution rates are calculated as of December 31 and become effective

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year Smoothed Market 15% Soft Corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.



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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 the City of Cameron, Texas, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Cameron, Texas' basic financial statements, and have issued our report thereon dated January 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City of Cameron, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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, Texas

January 29, 2018