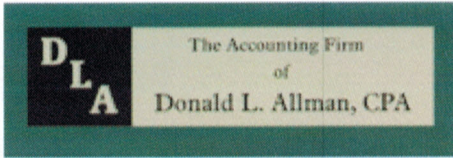


**CITY OF CAMERON, TEXAS**  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

# City of Cameron, Texas

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Donald L. Allman, CPA, PC  
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Georgetown, Texas 78633

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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, 2020, 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, 2020, 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 February 9, 2021, 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

February 9, 2021



## 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, 2020 for the City.

### Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$9,393,452. Of this amount, \$1,649,975 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the 2020 fiscal year, the City's governmental funds reported combined ending fund balances of \$2,225,676, an increase of \$112,475 in comparison with the prior year.
- At the end of the 2020 fiscal year, the general fund had a net increase of \$187,988 in net position, and proprietary fund had a net increase of \$628,015 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 \$9,393,452 at the close of the most recent fiscal year.

The largest portion of the City's net position (62%) 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, 2020**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,548,087	\$ 2,399,504	\$ 15,810,521	\$ 18,452,232	\$ 18,358,608	\$ 20,851,736
Capital assets	3,035,506	2,993,599	12,323,056	10,480,603	15,358,562	13,474,202
<b>Total assets</b>	<b>5,583,593</b>	<b>5,393,103</b>	<b>28,133,577</b>	<b>28,932,835</b>	<b>33,717,170</b>	<b>34,325,938</b>
Deferred Outflows of Resources	320,838	348,311	109,733	118,891	430,571	467,202
Current liabilities	401,940	340,318	1,326,685	1,759,277	1,728,625	2,099,595
Net OPEB Liability	130,628	106,601	44,382	36,373	175,010	142,974
Net Pension Liability	824,331	1,034,465	282,925	352,970	1,107,256	1,387,435
Long-term liabilities	685,959	905,681	19,844,730	20,892,945	20,530,689	21,798,626
<b>Total liabilities</b>	<b>2,042,858</b>	<b>2,387,065</b>	<b>21,498,722</b>	<b>23,041,565</b>	<b>23,541,580</b>	<b>25,428,630</b>
Deferred Inflows of Resources	908,080	588,844	304,629	198,217	1,212,709	787,061
<b>Net Position:</b>						
Net Investment in Capital Assets	2,160,723	1,918,689	3,681,266	3,551,701	5,841,989	5,470,390
Restricted	594,052	921,347	1,307,436	1,533,569	1,901,488	2,454,916
Unrestricted	198,718	(74,531)	1,451,257	726,674	1,649,975	652,143
<b>Total Net Position</b>	<b>\$ 2,953,493</b>	<b>\$ 2,765,505</b>	<b>\$ 6,439,959</b>	<b>\$ 5,811,944</b>	<b>\$ 9,393,452</b>	<b>\$ 8,577,449</b>

An additional portion of the City's net position of \$1,901,488 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$1,649,975 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 2020 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, 2020**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for services, fines & fees	\$ 322,376	\$ 324,213	\$ 3,197,804	\$ 2,999,438	\$ 3,520,180	\$ 3,323,651
Donations	16,958	16,958	-	-	16,958	16,958
Grant revenues	84,923	54,923	158,983	123,509	243,906	178,432
General revenues:						
Ad Valorem Taxes	1,800,725	1,732,855			1,800,725	1,732,855
Sales Taxes	957,266	951,074	-	-	957,266	951,074
Franchise Fees	715,716	721,355			715,716	721,355
Interest income	46,952	90,905			46,952	90,905
Miscellaneous and other general revenues	420,034	358,471	423,851	177,784	843,885	536,255
<b>Total revenues and transfers</b>	<b>4,364,950</b>	<b>4,250,754</b>	<b>3,780,638</b>	<b>3,300,731</b>	<b>8,145,588</b>	<b>7,551,485</b>
Expenses:						
Total Pension Expense	150,115	169,018	50,038	57,670	200,153	226,688
Total OPEB Expense	10,487	6,244	3,496	2,131	13,983	8,375
General government	1,221,462	1,321,082	-	-	1,221,462	1,321,082
Public safety	423,290	370,480	-	-	423,290	370,480
Police	1,105,435	1,140,253	-	-	1,105,435	1,140,253
Highways and streets	964,138	887,046			964,138	887,046
Public aviation	46,449	76,106			46,449	76,106
Culture and recreation	209,664	180,266	-	-	209,664	180,266
Grant expenditures	-	-	-	-	-	-
Bond Interest	45,922	43,992	252,270	415,937	298,192	459,929
Water and sewer	-	-	2,846,819	2,561,785	2,846,819	2,561,785
<b>Total expenses</b>	<b>4,176,962</b>	<b>4,194,487</b>	<b>3,152,623</b>	<b>3,037,523</b>	<b>7,329,585</b>	<b>7,232,010</b>
Increase (decrease) in net position	187,988	56,267	628,015	263,208	816,003	319,475
Transfers	-	-	-	-	-	-
Net Position, beginning of the year	2,765,505	2,709,238	5,811,944	5,548,736	8,577,449	8,257,974
Prior Period Adjustment	-	-	-	-	-	-
<b>Net Position, ending of the year</b>	<b>2,953,493</b>	<b>2,765,505</b>	<b>6,439,959</b>	<b>5,811,944</b>	<b>9,393,452</b>	<b>8,577,449</b>

The government's total net position increased by \$816,003 during the current fiscal year. Net position of business-type activities increased by \$628,015 with the general fund resulting in an increase of \$187,988.

## 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 2020 fiscal year, the governmental funds, which include the general fund, reported an ending fund balance of \$2,225,676, an increase of \$112,475 in comparison with the prior year. Of this amount, 73% 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 \$1,451,257. Net position for the enterprise fund increased by \$628,015 before transfers during 2020.

### 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 \$215,100 and expenditures were less than budgetary estimates by \$(348,585).

### 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, 2020 amounts to \$15,358,562 (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 2020 fiscal year, the City of Cameron had total bonded debt outstanding of \$21,778,728. The business-type activities accounted for \$20,903,945 of this amount.



**City of Cameron Outstanding Debt  
Revenue Bonds and Note Payable  
September 30, 2020**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Note Payable - SIB	\$ 181,817	\$ 236,834	\$ 106,945	\$ 132,640	\$ 288,762	\$ 369,474
Combinations tax & revenue bonds and certificates of deposit	874,783	1,074,910	20,642,945	21,664,640	21,517,728	22,739,550
Revenue bonds	-	-	261,000	287,000	261,000	287,000
<b>Total liabilities</b>	<b>\$ 1,056,600</b>	<b>\$ 1,311,744</b>	<b>\$ 21,010,890</b>	<b>\$ 22,084,280</b>	<b>\$ 22,067,490</b>	<b>\$ 23,396,024</b>

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

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

The ad valorem tax rate for 2020 was a combined rate of \$0.753279 per \$100 of assessed valuation. The 2019-2020 Budget calls for \$7,308,200 in revenues and \$7,779,977 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, 2020

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	Cameron Education Corporation	Cameron EDC
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,868,013	\$ 1,094,555	\$2,962,568	\$ 105,214	399,091
Restricted Cash and Cash Equivalents	-	13,569,591	13,569,591	-	
Investments - CDs	-	45,000	45,000	-	
Receivables (net of allowance for uncollectibles)	677,746	1,038,284	1,716,030	-	-
Due from Primary Government	-	-	-	38,086	
Inventories	2,328	63,091	65,419	-	
Capital Assets:					
Land	458,869	64,522	523,391	-	1,112,546
Infrastructure, net	182,070	-	182,070	-	
Buildings, Systems and Improvements, net	2,115,395	12,168,358	14,283,753	-	3,553,909
Machinery and Equipment, net	279,172	90,176	369,348	-	32,300
Construction in Progress	-	-	-	-	
Other Assets					19,015
<b>Total Assets</b>	<b>5,583,593</b>	<b>28,133,577</b>	<b>33,717,170</b>	<b>143,300</b>	<b>5,116,861</b>
Deferred Outflows of Resources-Pension	298,562	102,257	400,819	-	
Deferred Outflows of Resources -OPEB	22,276	7,476	29,752		
<b>LIABILITIES</b>					
Accounts Payable and Other Current Liabilities	175,030	102,945	277,975	-	-
Due to Component Unit	38,086	-	38,086	-	
Security Deposits payable	-	164,525	164,525	-	
Noncurrent Liabilities	-	-	-	-	
Net Pension Liability	824,331	282,925	1,107,256		
Net OPEB Liability	130,628	44,382	175,010		
Due Within One Year	188,824	1,059,215	1,248,039	-	70,000
Due in More Than One Year	685,959	19,844,730	20,530,689	-	920,000
<b>Total Liabilities</b>	<b>2,042,858</b>	<b>21,498,722</b>	<b>23,541,580</b>	<b>-</b>	<b>990,000</b>
Deferred Inflows of Resources	908,080	304,629	1,212,709		
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,160,723	3,681,266	5,841,989	-	3,708,755
Restricted for Debt Service	198,825	1,307,436	1,506,261	-	101,143
Restricted for Cemetery Care	35,568		35,568		
Restricted for Court Security	36,297		36,297		
Restricted for Child Safety	4,692		4,692		
Restricted for Court Technology & other court accts	18,189		18,189		
Restricted for Reserve//Capital Projects	300,481		300,481		
Unrestricted Net Position	198,718	1,451,257	1,649,975	143,300	316,963
<b>Total Net Position</b>	<b>2,953,493</b>	<b>6,439,959</b>	<b>9,393,452</b>	<b>143,300</b>	<b>4,126,861</b>

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

CITY OF CAMERON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,221,462	\$ -	\$ 84,923
Public Safety	423,290	79,575	-
Police & Court	1,105,435	153,893	16,958
Highways and Streets	964,138	-	-
Public Aviation	46,449	81,284	-
Culture and Recreation	209,664	7,624	-
Total Pension Expense	200,153	-	-
Total OPEB Expense	13,983	-	-
Bond Interest	298,192	-	-
Total Governmental Activities:	4,482,766	322,376	101,881
BUSINESS-TYPE ACTIVITIES:			
Water and Sewer	2,846,819	3,197,804	158,983
Total Business-Type Activities:	2,846,819	3,197,804	158,983
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 7,329,585</b>	<b>\$ 3,520,180</b>	<b>\$ 260,864</b>
<b>Component Unit:</b>			
Cameron Economic Development Corporation	\$ 384,995		
Cameron Education Corporation	-	-	-
<b>TOTAL COMPONENT UNITS:</b>	<b>\$ 384,995</b>	<b>\$ -</b>	<b>\$ -</b>

General Revenues:

Taxes:

Property Taxes

Sales Tax

Franchise Fees

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Net Position Increase (Decrease)

Net Position -- Beginning

Prior Period Adjustment OPEB Liability

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	Cameron EDC
\$ (1,136,539)	\$ -	\$ (1,136,539)	\$ -	
(343,715)	-	(343,715)	-	
(934,584)	-	(934,584)	-	
(964,138)	-	(964,138)	-	
34,835	-	34,835	-	
(202,040)	-	(202,040)	-	
(150,115)	(50,038)	(200,153)	-	
(10,487)	(3,496)	(13,983)	-	
(45,922)	(252,270)	(298,192)		
(3,752,705)	(305,804)	(4,058,509)	-	
-	509,968	509,968	-	
(3,752,705)	204,164	(3,548,541)	-	
-	-	-	-	(384,995)
-	-	-	-	-
-	-	-	-	(384,995)
1,800,725	-	1,800,725	-	
957,266	-	957,266	-	318,559
715,716	-	715,716	-	
420,034	371,151	791,185	-	8,282
46,952	52,700	99,652	-	995
-	-	-	-	
3,940,693	423,851	4,364,544	-	327,836
187,988	628,015	816,003	-	(57,159)
2,765,505	5,811,944	8,577,449	143,300	4,184,020
-	-	-	-	
\$2,953,493	6,439,959	\$9,393,452	143,300	4,126,861

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



**CITY OF CAMERON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,273,961	\$ 594,052	\$ 1,868,013
Receivables (net of allowance for uncollectibles)	568,451	-	568,451
Inventories	2,328	-	2,328
Deferred Taxes	110,138	-	110,138
<b>Total Assets</b>	<b>\$ 1,954,878</b>	<b>\$ 594,052</b>	<b>\$ 2,548,930</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	110,699	-	110,699
Retirement Payable	2,333	-	2,333
Due to Component Unit	38,086	-	38,086
Unearned Revenues	110,138	-	110,138
Other Current Liabilities	61,998	-	61,998
<b>Total Liabilities</b>	<b>323,254</b>	<b>-</b>	<b>323,254</b>
Fund Balances:			
Nonspendable	2,328	-	2,328
Restricted for Debt Service	-	198,825	198,825
Committed for Special Revenue Funds	-	395,227	395,227
Assigned	-	-	-
Unassigned	1,629,296	-	1,629,296
<b>Total Fund Balances</b>	<b>1,631,624</b>	<b>594,052</b>	<b>2,225,676</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,954,878</b>	<b>\$ 594,052</b>	<b>\$ 2,548,930</b>

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

**CITY OF CAMERON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

Total Fund Balances - Governmental Funds	\$	2,225,676
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		3,035,506
Deferred outflows of resources are not assets recognized and available in the current period		320,838
Difference in current and prior year receivables and accounting & timing differences		109,295
Deferred Inflows of Resources are not recognized in governmental funds		(908,080)
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		(874,783)
Net Pension Liability		(824,331)
Net OPEB Liability		(130,628)
		<hr style="width: 100%;"/>
Net Position of Governmental Activities	\$	<u>2,953,493</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, 2020

	General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 1,800,725	\$ -	\$ 1,800,725
General Sales And Use Taxes	957,266	-	957,266
Franchise Fees	715,716	-	715,716
Licenses and Permits	14,233	-	14,233
Charges for Services	154,250	-	154,250
Fines	144,879	9,014	153,893
Investment Earnings	38,300	8,652	46,952
Grants and donations	101,881	-	101,881
Other Revenue	420,034	-	420,034
Total Revenues	<u>4,347,284</u>	<u>17,666</u>	<u>4,364,950</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	833,471	-	833,471
Public Safety	399,584	-	399,584
Police & Court	1,058,709	255	1,058,964
Public Works			
Highways	897,114	-	897,114
Public Aviation	46,449	-	46,449
Culture and Recreation	197,822	-	197,822
Cameron Tourism and Advisory Board	-	-	-
Sales Tax to CEDC	318,559	-	318,559
Debt Service:			
Bond Principal	-	169,229	169,229
Bond Interest	-	48,082	48,082
Capital Outlay:			
Capital Outlay	283,201	-	283,201
Total Expenditures	<u>4,034,909</u>	<u>217,566</u>	<u>4,252,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	312,375	(199,900)	112,475
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	-	-	-
Transfers In	127,395	-	-
Transfers (Out)	-	(127,395)	-
Total Other Financing Sources (Uses)	<u>127,395</u>	<u>(127,395)</u>	<u>-</u>
Net Change in Fund Balances	439,770	(327,295)	112,475
Fund Balance - October 1 (Beginning)	1,191,854	921,347	2,113,201
Fund Balance - September 30 (Ending)	<u>\$ 1,631,624</u>	<u>\$ 594,052</u>	<u>\$ 2,225,676</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, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	112,475
<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	\$283,201	
Depreciation expense	(241,294)	41,907
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes not collected	\$110,138	843
Less: Prior year	(109,295)	
Loan proceeds are not income for government-wide financials		(3,164)
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		110,138
Total OPEB Expense is not recognized in governmental funds		(10,487)
Total Pension expense is not recognized in governmental funds		(150,115)
Change in Deferred Outflows of Resources are not recognized in governmental funds		50,291
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 \$169,229		210,134 (24,027)
Change in Deferred Inflows of Resources not recognized in governmental funds		169,229
		(319,236)
	\$	<u>187,988</u>

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

CITY OF CAMERON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
SEPTEMBER 30, 2020

	Business-Type Activities <u>Water and Sewer</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	1,094,555
Restricted Cash and Cash Equivalents	13,569,591
Investments - CD	45,000
Accounts Receivable - Net of Allowance	1,038,284
Inventories	63,091
Total Current Assets	<u>15,810,521</u>
Noncurrent Assets:	
Capital Assets:	-
Land	64,522
Buildings, Systems and Improvements	20,966,808
Machinery and Equipment	913,753
Construction in Progress	-
Less Accumulated Depreciation	(9,622,027)
Other Assets	-
Total Noncurrent Assets	<u>12,323,056</u>
Total Assets	<u>28,133,577</u>
Deferred Outflows of Resources	109,733
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	102,945
Payroll Taxes Payable & Insurance Payable	-
Customer Deposits Payable	164,525
General Obligation Bonds Payable-current	150,000
TWDB 2012 Bonds Payable-current	40,000
Revenue Bonds Payable-current	14,000
Note Payable 2011 & 2013 CO-current	90,215
2016 ACombination Tax & Revenue Certificates of Obligation-current	330,000
2016 BCombination Tax & Revenue Certificates of Obligation-current	435,000
Total Current Liabilities	<u>1,326,685</u>
Noncurrent Liabilities:	
Net Pension Liability	282,925
General Obligation Bonds Payable	576,000
Net OPEB Liability	44,382
TWDB 2012 Bonds Payable	520,000
Note Payable CO 2012	945,000
Revenue Bonds Payable	247,000
Leases payable	81,730
2016B Combination Tax & Revenue Certificates of Obligation	7,655,000
2016B Combination Tax & Revenue Certificates of Obligation	9,820,000
Total Noncurrent Liabilities	<u>20,172,037</u>
Total Liabilities	<u>21,498,722</u>
Deferred Inflows of Resources	304,629
<b>NET POSITION:</b>	
Net Investment in Capital Assets	3,681,266
Restricted for Debt Service	1,307,436
Unrestricted Net Position	1,451,257
Total Net Position	<u>\$6,439,959</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, 2020

	Business-Type Activities Water and Sewer
<b>OPERATING REVENUES:</b>	
Charges for Sales and Services	3,172,631
Water and Sewer Tap Fees	-
Grant Revenue	158,983
Miscellaneous income	371,151
Total Operating Revenues	<u>3,702,765</u>
<b>OPERATING EXPENSES:</b>	
Cost of Service	1,388,081
Administration	1,030,693
Depreciation	456,406
Total Operating Expenses	<u>2,875,180</u>
Operating Income	<u>827,585</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	52,700
Interest Expense and Fiscal Charges	252,270
Total Non-operating Revenue (Expenses)	<u>(199,570)</u>
Income Before Contributions & Transfers	628,015
Capital Contributions	-
Non-Operating Transfer In	-
Transfers Out	-
Change in Net Position	<u>628,015</u>
Total Net Position - October 1 (Beginning)	<u>5,811,944</u>
Total Net Position - September 30 (Ending)	<u>\$ 6,439,959</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, 2020

	Business-Type Activities <u>Water and Sewer</u>
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 2,740,094
Payments to Suppliers	(1,771,993)
Payments to Employees	(549,759)
Net Cash Provided by Operating Activities	<u>418,342</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to Other Funds	-
Transfers from Other Funds	-
Net Cash used in Noncapital Financing Activities	<u>-</u>
Cash Flows from Capital and Related Financing Activities:	
Loan proceeds	-
Capital outlay	(2,298,859)
Principal Paid on Capital Debt	(1,026,695)
Interest and Fiscal Charges Paid on Capital Debt	(252,270)
Differences in Net Pension Position not involving cash	32,534
Net Cash Provided by Capital and Related Financing Activities	<u>(3,545,290)</u>
Cash Flows from Investing Activities:	
Transfer to (from) Restricted Cash funds	2,986,716
Interest Received	52,700
Net Cash Provided by Investing Activities	<u>3,039,416</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(87,532)
Cash and Cash Equivalents, Beginning of Year	<u>1,182,087</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,094,555</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	-
Operating Income	\$ 827,585
Adjustments to reconcile operating income to Net Cash Provided by Operating Activities:	
Depreciation	456,406
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(432,537)
Decrease in interest receivable	-
(Increase) Decrease in Inventories	-
(Increase) Decrease in deferred charges	-
(Decrease) Increase in Accounts & Wages Payable	(435,787)
(Decrease) Increase in Customer Deposits & other liabilities	2,675
(Decrease) Increase in accrued interest payable	-
Net Cash Provided by Operating Activities	<u>\$ 418,342</u>

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



**City of Cameron, Texas**  
Notes to Financial Statements  
September 30, 2020

**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 \$16,577,159 and the bank balance of deposits is \$16,577,159 and the component unit's carrying amount of deposits was \$504,305. 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 2019-2020 levy was based was \$194,990,966. The tax rate for the fiscal 2019 levy was \$.753279 per \$100 valuation (\$.515626 per \$100 valuation for maintenance and operations, and \$.237653 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, 2020 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	\$ 443,259	\$ 1,038,284	\$ -	\$ 1,481,543
Taxes	254,631	-	-	254,631
Gross receivables	697,890	1,038,284	-	1,736,174
Less: allowance for uncollectibles	20,144	-	-	20,144
Net Total Receivables	\$ 677,746	\$ 1,038,284	\$ -	\$ 1,716,030

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*

	Balance			Balance September 30, 2020
	October 1, 2019	Increases	Decreases	
<b>Governmental activities:</b>				
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)**

<b>Governmental activities:</b>	Balance			Balance
	October 1, 2019	Increases	Decreases	September 30, 2020
Capital assets, being depreciated:				
Building, systems and improvements	\$ 3,765,954	\$ 178,000	\$ -	\$ 3,943,954
Infrastructure	701,665	-	-	701,665
Machinery & equipment	3,350,515	105,201	-	3,455,716
total capital assets, being depreciated	<u>\$ 7,818,134</u>	<u>\$ 283,201</u>	<u>\$ -</u>	<u>\$ 8,101,335</u>
Less accumulated depreciation for:				
Buildings, systems and improvements	(1,756,067)	(72,492)	-	(1,828,559)
Infrastructure	(486,941)	(32,654)	-	(519,595)
Machinery & equipment	<u>(3,040,396)</u>	<u>(136,148)</u>	<u>-</u>	<u>(3,176,544)</u>
Total accumulated depreciation	<u>(5,283,404)</u>	<u>(241,294)</u>	<u>-</u>	<u>(5,524,698)</u>
Total capital assets being depreciated, net	<u>2,534,730</u>	<u>41,907</u>	<u>-</u>	<u>2,576,637</u>
Governmental activities capital assets, net	<u>\$ 2,993,599</u>	<u>\$ 41,907</u>	<u>\$ -</u>	<u>\$ 3,035,506</u>

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

**6. CAPITAL ASSETS** (continued)

*Primary Government*

	Balance			Balance
	October 1, 2019	Increases	Decreases	September 30, 2020
<b>Business-type activities:</b>				
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	18,708,203	2,258,605	-	20,966,808
Machinery & equipment	873,499	40,254	-	913,753
Total capital assets, being depreciated	19,581,702	2,298,859	-	21,880,561
Less accumulated depreciation for:				
Buildings, systems and improvements	(8,357,604)	(440,846)	-	(8,798,450)
Machinery & equipment	(808,017)	(15,560)	-	(823,577)
Total accumulated depreciation	(9,165,621)	(456,406)	-	(9,622,027)
Business-type activities, capital assets, net	\$ 10,480,603	\$ 1,842,453	\$ -	\$ 12,323,056



**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	\$	92,251
Public Safety		23,706
Highways and streets		67,024
Culture and recreation		11,842
Police		46,471
		<hr/>
	\$	241,294
		<hr/> <hr/>
Business-type activities:		
Water and sewer facilities		456,406
		<hr/>

**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, 2020**

**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, 2020 was as follows:

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
<b>Governmental activities:</b>					
Equipment Loans	\$ 236,834	\$ -	\$ 55,017	\$ 181,817	\$ 36,443
2015 Tax Note	\$ 145,178	\$ -	\$ 34,212	\$ 110,966	\$ 35,381
Certificates of obligation	\$ 694,000	\$ -	\$ 112,000	\$ 582,000	\$ 117,000
	<u>\$ 839,178</u>	<u>\$ -</u>	<u>\$ 146,212</u>	<u>\$ 874,783</u>	<u>\$ 188,824</u>
<b>Business-type activities:</b>					
Revenue bonds	274,000	-	13,000	261,000	14,000
Certificates of obligation	844,000	-	118,000	726,000	150,000
2012 TWDB Bonds	600,000	-	40,000	560,000	40,000
Sewer Jetter loan	132,640	-	25,695	106,945	25,215
Certificates of Obligation	1,075,000	-	65,000	1,010,000	65,000
2016AComb. Tax Rev CO	8,315,000	-	330,000	7,985,000	330,000
2016BComb. Tax Rev CO	10,690,000	-	435,000	10,255,000	435,000
	<u>\$ 21,930,640</u>	<u>\$ -</u>	<u>\$ 1,026,695</u>	<u>\$ 20,903,945</u>	<u>\$ 1,059,215</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, 2020 (continued):

Equipment Loans for Firetruck, Road Grader and Tractor, due in payments from \$2607 to \$26,808, various interest rates and terms.	181,817
\$240,000 Limited Tax Note Series 2015 due in annual installments of \$39,042 through December 10, 2022; interest at 3.4%.	110,966
\$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%	505,000
\$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%	77,000
\$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%.	-
	\$ 874,783

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

Year ended September 30:	Principal	Interest
2021	150,448	48,377
2022	152,607	45,948
2023	155,039	43,659
2024	133,330	32,443
2025	141,680	14,693
Thereafter	141,679	14,693
	\$ 874,783	\$ 199,813

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

**LONG-TERM DEBT** (continued)

Debt for business-type activities at September 30, 2020 is comprised of the following issues:

<p>\$9,305,000 Combination Tax &amp; 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%</p>	\$ 7,985,000
<p>\$12,000,000 Combination Tax &amp; 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%</p>	\$ 10,255,000
<p>\$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%</p>	\$ 261,000
	\$ 225,000
<p>\$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%</p>	\$ 190,000
<p>\$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%</p>	311,000
<p>\$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</p>	560,000
<p>\$1250,000 - 2012 Tax and Revenue Certificates of Obligation due in annual installments of \$25,000 beginning rates between .008 and .034. Loan forgiven by TWDB for 9/30/17 fiscal year</p>	1,010,000
<p>\$132,640 Loan for Sewer Jetter, financed by Government Capital Corporation Payments of \$29,407, interest rate of 2.8% and loan expires 2023.</p>	106,945
	<u>\$ 20,903,945</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:

Year Ended September 30,	Principal	Interest
2021	1,064,109	243,327
2022	1,082,632	227,745
2023	1,112,996	209,898
2024	1,004,004	200,867
2025	1,043,500	183,500
Thereafter	15,596,704	2,081,240
Total	<u>20,903,945</u>	<u>3,146,577</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](http://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, 2019 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	40
Active employees	<u>43</u>
Total	120

**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 2019 and 2020 respectively. The city's contributions to TMRS for the year ended September 30, 2020 were \$274,239 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, 2019, 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, 2019 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, 2019, 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, 2018 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, 2020**

<b>A.</b>	<b>Total pension liability</b>	
	1. Service Cost	\$ 188,823
	2. Interest (on the Total Pension Liability)	379,903
	3. Changes of benefit terms	-
	4. Difference between expected and actual experience	61,881
	5. Changes of assumptions	25,480
	6. Benefit payments, including refunds of employee contributions	<u>(322,731)</u>
	7. Net change in total pension liability	\$ 333,356
	8. Total pension liability - beginning	<u>5,695,143</u>
	9. Total pension liability - ending	<u><u>\$ 6,028,499</u></u>
<b>B.</b>	<b>Plan fiduciary net position</b>	
	1. Contributions - employer	\$ 183,371
	2. Contributions - employee	90,868
	3. Net investment income	665,903
	4. Benefit payments, including refunds of employee contributions	<u>(322,731)</u>
	5. Administrative Expense	(3,763)
	6. Other	<u>(114)</u>
	7. Net change in plan fiduciary net position	\$ 613,534
	8. Plan fiduciary net position - beginning	<u>4,307,708</u>
	9. Plan fiduciary net position - ending	<u><u>\$ 4,921,242</u></u>
<b>C.</b>	<b>Net pension liability [A.9-B.9]</b>	<u><u>\$ 1,107,257</u></u>
<b>D.</b>	<b>Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	81.63%
<b>E.</b>	<b>Covered-employee payroll</b>	\$ 1,817,354
<b>F.</b>	<b>Net pension liability as a percentage of covered employee payroll [C / E]</b>	60.93%

**CITY OF CAMERON**  
**SCHEDULE OF PENSION EXPENSE**  
**SEPTEMBER 30, 2020**

1.	Total Service Cost	\$ 188,823
2.	Interest on the Total Pension Liability	379,903
3.	Current Period Benefit Changes	-
4.	Employee Contributions (Reduction of Expense)	(90,868)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(290,770)
6.	Administrative Expense	3,763
7.	Other Changes in Fiduciary Net Position	113
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	29,614
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets	(75,027)
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(26,867)
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets	81,469
12.	Total Pension Expense	\$ 200,153

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	\$1,873,042	\$1,107,257	\$475,399

**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](http://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, 2020**

	<u>Recognition Period (or amortization yrs)</u>	<u>Total (Inflow) or Outflow of Resources</u>	<u>2019 Recognized in current pension expense</u>	<u>Deferred (Inflow) Outflow in future expense</u>
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	2.9500	\$ 61,881	\$ 20,977	\$ 40,904
Difference in assumption changes [actuarial (gains) or losses]	2.9500	\$ 25,480	\$ 8,637	\$ 16,843
			<u>\$ 29,614</u>	<u>\$ 57,747</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings	5.0000	\$ (375,133)	\$ (75,027)	\$ (300,106)
on pension plan investments [actuarial (gains) or losses]			<u>\$ (75,027)</u>	<u>\$ (300,106)</u>
<u>Total:</u>				<u>\$ (242,359)</u>

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

	<u>Net deferred outflows (inflows) of resources</u>
2020	\$ (36,007)
2021	(20,915)
2022	13,030
2023	(75,025)
2024	-
Thereafter	-
Total	<u>\$ (118,917)</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 2018, 2017, and 2016 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
2015	0.11%	0.11%	100%
2016	0.10%	0.10%	100%
2017	0.10%	0.10%	100%
2018	0.10%	(city to provide)	(city to provide)
2019	0.10%	(city to provide)	(city to provide)

**Net Other Post Employment Benefits Liability.  
Actuarial Assumptions**

Actuarial assumptions were developed from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. These assumptions were adopted in 2015 and first used in the December 31, 2015 valuation.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

**NOTE 9 – SUPPLEMENTAL DEATH BENEFITS PLAN**

The Mortality Experience Investigation Study covering 2009 through 2011 is used as the basis for the post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs). Mortality Rates for service employees uses the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Inflation	2.50% per year
Overall payroll growth	3.50 to 11.5% per year including inflation
Discount rate	2.75%

**Changes in the Net Other Post Employment Benefits Liability**

	<b>Increase (Decrease)</b>
	<b><u>Total OPEB Liability</u></b>
<b>Balance at 12/31/18</b>	<b>\$142,974</b>
Changes for the year	
Service Cost	5,634
Interest on Total OPEB liability	5,372
Changes of benefit terms	0
Differences between expected and actual experience	(5,730)
Changes in assumption or other inputs	28,759
Benefit payments	<u>(1,999)</u>
Net changes	32,036
Total OPEB Liability – end of year	\$175,010
Total OPEB Liability as a Percentage of Covered Payroll	9.63%

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the current discount rate of 2.75% as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or -1 percentage point higher (3.75%) than the current rate. Because the SDBF is considered an unfunded trust, the relevant discount rate to calculate the total OPEB liability is based on the Fidelity Index’s 20 year Municipal GO AA Index.

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB liability	\$211,074	\$175,010	\$146,921



**NOTE 9 – SUPPLEMENTAL DEATH BENEFITS PLAN**

**CITY OF CAMERON  
SCHEDULE OF OPEB EXPENSE  
SEPTEMBER 30, 2020**

1. Total Service Cost	\$ 5,634
2. Interest on the Total OPEB Liability	5,372
3. Changes in Benefit terms	-
4. Employer administrative costs	-
5. Recognition of deferred outflows/inflows of resources	
6. Difference between expected and actual experience	(3,336)
7. Changes in assumptions or other inputs	6,313
8. Total OPEB Expense	<u>\$ 13,983</u>

**CITY OF CAMERON  
SCHEDULE OF OPEB OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE  
SEPTEMBER 30, 2020**

	<u>Recognition Period (or amortization yrs)</u>	<u>Total (Inflow) or Outflow of Resources</u>	<u>2019 Recognized in current OPEB expense</u>	<u>Deferred (Inflow) Outflow in future expense</u>
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	4.7200	\$ (5,730)	\$ (1,214)	\$ (4,516)
Difference in assumption changes [actuarial (gains) or losses]	4.7200	\$ 28,759	\$ 6,093	\$ 22,666
Contributions made subsequent to measurement date		Provided by City	Provided by City	Provided by City
			<u>\$ 4,879</u>	<u>\$ 18,150</u>

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

	<u>Net deferred outflows (inflows) of resources</u>
2020	\$ 2,977
2021	2,825
2022	1,068
2023	3,513
2024	-
Thereafter	-
Total	<u>\$ 10,383</u>



**NOTE 9 – SUPPLEMENTAL DEATH BENEFITS PLAN**

**Other Information**

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. In order to determine the retiree portion of the City's Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll \* retiree Portion of SDB Contribution (Rate)

**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 affect on the financial statements as of September 30, 2020.

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, 2020

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,792,000	\$ 1,792,000	\$ 1,800,725	\$ 8,725
General Sales and Use Taxes	870,000	870,000	957,266	87,266
Franchise Fees	734,000	734,000	715,716	(18,284)
Licenses and Permits	15,000	15,000	14,233	(767)
Charges for Services	237,000	237,000	72,966	(164,034)
Fines	165,000	165,000	153,893	(11,107)
Investment Earnings	57,800	57,800	46,952	(10,848)
Rents and Royalties Aviation	110,000	183,000	81,284	(101,716)
Grants, Donations, Misc Revenue	141,050	96,050	521,915	425,865
Total Revenues	4,121,850	4,149,850	4,364,950	215,100
<b>EXPENDITURES:</b>				
Current:				
General Government	815,410	815,410	833,471	(18,061)
Public Safety	302,469	302,469	399,584	(97,115)
Police & Court	1,274,604	1,274,604	1,058,964	215,640
Public Works	-	-	-	-
Highways and Streets	900,622	900,622	897,114	3,508
Public Aviation	239,500	239,500	46,449	193,051
Culture and Recreation	266,038	266,038	197,822	68,216
Cameron Tourism & Advisory Board	-	-	-	-
Sales Tax to CEDC	290,000	290,000	318,559	(28,559)
Debt Service:				
Bond Principal	512,417	512,417	169,229	343,188
Bond Interest	-	-	48,082	(48,082)
Capital Outlay - Lease expenses	-	-	283,201	(283,201)
Total Expenditures	4,601,060	4,601,060	4,252,475	348,585
Excess (Deficiency) of Revenues Over (Under) Expenditures	(479,210)	(479,210)	112,475	563,685
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	-	-	-
Transfers In	499,044	535,967	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	499,044	535,967	-	-
Net Change in Fund Balances	19,834	19,834	112,475	563,685
Fund Balance - October 1 (Beginning)	2,113,201	2,113,201	2,113,201	2,113,201
Fund Balance - September 30 (Ending)	\$ 2,133,035	\$ 2,133,035	\$ 2,225,676	\$ 2,676,886

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, 2020

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Water Revenue	1,956,800	1,956,800	2,032,260	75,460
Sewer Revenue	965,000	965,000	1,088,594	123,594
Late payment penalties	54,000	54,000	31,373	(22,627)
Water & Sewer taps, water billing	7,000	7,000	6,472	(528)
Reconnects and fees	25,000	25,000	13,932	(11,068)
Miscellaneous	50	50	371,151	371,101
Grant revenues	-	0	158,983	158,983
Investment Earnings	5,500	5,500	52,700	47,200
Transfers	145,000	145,000	-	(145,000)
Total Revenues	<u>3,158,350</u>	<u>3,158,350</u>	<u>3,755,465</u>	<u>521,655</u>
<b>EXPENDITURES:</b>				
Current:				
Water & Sewer Maintenance	644,493	644,493	642,833	1,660
Water Treatment & Pump	421,891	421,891	503,667	(81,776)
Sewer Treatment & Disc	327,935	327,935	241,581	86,354
Water & Sewer Administration	843,228	843,228	1,030,693	(187,465)
Grant expenditures	-	-	-	-
Bond Principal	961,370	961,370	1,026,695	(65,325)
Bond Interest	-	-	252,270	(252,270)
Depreciation	-	-	456,406	(456,406)
Capital Outlay	-	-	2,298,859	(2,298,859)
Total Expenditures	<u>3,198,917</u>	<u>3,198,917</u>	<u>6,453,004</u>	<u>(3,254,087)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(2,697,539)	(2,732,432)
<b>OTHER FINANCING SOURCES (USES):</b>				
Add back Bond Principal & Capital Outlay per GAAP			3,325,554	3,325,554
Prior Period Adjustment OPEB			-	-
Transfers Out (Use)	(200,000)	(200,000)	-	(200,000)
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>3,325,554</u>	<u>3,325,554</u>
Net Change in Fund Balances	(240,567)	(240,567)	628,015	593,122
Fund Balance - October 1 (Beginning)	5,811,944	5,811,944	5,811,944	5,811,944
Fund Balance - September 30 (Ending)	<u>\$ 5,571,377</u>	<u>\$ 5,571,377</u>	<u>\$ 6,439,959</u>	<u>\$ 6,405,066</u>

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	2018	2019
<b>Total pension liability</b>						
1. Service Cost	\$ 137,802	165,699	175,333	169,160	174,366	188,823
2. Interest (on the Total Pension Liability)	313,266	326,317	336,870	354,227	369,319	379,903
3. Changes of benefit terms	-	-	-	-	-	-
4. Difference between expected and actual	(59,075)	23,232	(15,828)	(10,405)	(68,921)	61,881
5. Changes of assumptions	-	25,565	-	-	-	25,480
6. Benefit payments, including refunds	(221,717)	(217,291)	(215,960)	(256,351)	(327,651)	(322,731)
7. Net change in total pension liability	\$ 170,276	323,522	280,415	256,631	147,113	333,356
8. Total pension liability - beginning	4,517,186	4,687,462	5,010,984	5,291,399	5,548,030	5,695,143
9. Total pension liability - ending	\$ 4,687,462	5,010,984	5,291,399	5,548,030	5,695,143	6,028,499
<b>Plan fiduciary net position</b>						
1. Contributions - employer	\$ 189,896	181,296	174,375	172,821	169,372	183,371
2. Contributions - employee	72,925	81,465	85,863	83,248	85,057	90,868
3. Net investment income	194,582	5,364	248,616	550,069	(135,261)	665,903
4. Benefit payments, including refunds	(221,717)	(217,291)	(215,960)	(256,351)	(327,651)	(322,731)
5. Administrative Expense	(2,031)	(3,267)	(2,810)	(2,853)	(2,616)	(3,763)
6. Other	(167)	(162)	(151)	(145)	(138)	(113)
7. Net change in plan fiduciary net position	\$ 233,488	47,405	289,933	546,789	(211,237)	613,535
8. Plan fiduciary net position - beginning	3,401,329	3,634,817	3,682,222	3,972,155	4,518,945	4,307,708
9. Plan fiduciary net position - ending	\$ 3,634,817	3,682,222	3,972,155	4,518,944	4,307,708	4,921,243
<b>Net pension liability [A.9-B.9]</b>	\$ 1,052,645	1,328,762	1,319,244	1,029,086	1,387,435	1,107,256
<b>Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	77.54%	73.48%	75.07%	81.45%	75.64%	81.63%
<b>Covered-employee payroll</b>	\$ 1,458,501	\$ 1,629,292	1,717,269	1,664,960	1,701,133	1,817,354
<b>Net pension liability as a percentage of covered employee payroll [C / E]</b>	72.17%	81.55%	76.82%	61.81%	81.56%	60.93%

**City of Cameron**  
**Schedule of Contributions**  
**Last 10 Fiscal Years (will ultimately be displayed)**  
**September 30, 2020**

	2014	2015	2016	2017	2018	2019
Actually Determined Contribution	\$ 262,821	\$ 262,761	\$ 260,238	\$ 256,069	254,429	\$ 274,2
Contributions in relation to the actuarially determined contribution	<u>262,821</u>	<u>262,761</u>	<u>260,238</u>	<u>256,069</u>	<u>254,429</u>	<u>274,2</u>
Contribution deficiency (excess)	-	-	-	-	-	-
Covered employee payroll	\$ 1,458,501	\$ 1,629,292	\$ 1,717,269	\$ 1,664,960	1,701,133	1,817,3
Contributions as a percentage of covered employee payroll	18.02%	16.13%	15.15%	15.38%	14.96%	15.0

Notes to Schedule

Valuation Date determined  
Notes 12/31/2019

**Valuation Date:**  
Notes

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

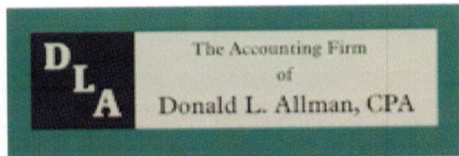
**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 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, 2020, 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 February 9, 2021.

**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

February 9, 2021