

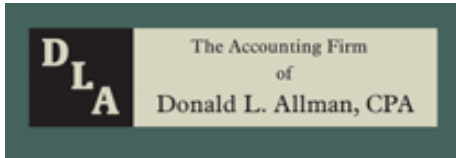
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CITY OF CAMERON, TEXAS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

City of Cameron, Texas

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CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cameron, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2015, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

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 4-10 and 43-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2016, 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

March 14, 2016

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, 2015 for the City.

Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$6,416,321. Of this amount, \$1,875,340 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the 2015 fiscal year, the City's governmental funds reported combined ending fund balances of \$1,438,774, a decrease of \$260,782 in comparison with the prior year.
- At the end of the 2015 fiscal year, the proprietary fund had a net increase of \$533,459 in net assets before transfers.

Overview of the Financial Statements

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

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

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

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

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

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

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

Governmental Funds. *Governmental funds* are used to account for essentially the functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceed liabilities by \$6,729,130 at the close of the most recent fiscal year.

The largest portion of the City's net assets (40%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses the capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Cameron Net Assets
September 30, 2015**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,630,856	\$ 1,711,231	\$ 2,466,975	\$ 2,405,463	\$ 4,097,831	\$ 4,116,694
Deferred Outflows of Resources	232,342	299,152	79,278	102,074	311,620	401,226
Capital assets	2,645,575	2,762,988	5,822,686	5,664,243	8,468,261	8,427,231
Total assets	4,508,773	4,773,371	8,368,939	8,171,780	12,877,712	12,945,151
Current liabilities	210,702	168,739	664,898	589,699	875,600	758,438
Net Pension Liability	784,846	831,977	267,799	283,880	1,052,645	1,115,857
Long-term liabilities	911,000	980,000	3,622,146	4,076,357	4,533,146	5,056,357
Total liabilities	1,906,548	1,980,716	4,554,843	4,949,936	6,461,391	6,930,652
Net assets:						
Invested in capital assets net of related debt	1,670,575	1,724,988	1,817,287	1,285,512	3,487,862	3,010,500
Restricted	271,490	211,279	781,629	883,674	1,053,119	1,094,953
Unrestricted	660,160	856,388	1,215,180	1,052,658	1,875,340	1,909,046
Total Net Assets	\$ 2,602,225	\$ 2,792,655	\$ 3,814,096	\$ 3,221,844	\$ 6,416,321	\$ 6,014,499

An additional portion of the City's net assets of \$1,053,119 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$1,875,340 may be used to meet the government's ongoing obligations to citizens and creditors. Restricted net assets consist of funds restricted for debt service, construction, or reserved for special revenue purposes.

At the end of the 2015 fiscal year, the City is able to report positive balances in all three categories of the net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**City of Cameron Changes in Net Assets
September 30, 2015**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for services, fines & fees	\$ 454,191	\$ 368,733	\$ 2,340,182	\$ 1,863,935	\$ 2,794,373	\$ 2,232,668
Donations	53,242	56,217	-	-	53,242	56,217
Grant revenues	755	-	257,385	-	258,140	-
General revenues:						
City, property, sales and franchise taxes	2,712,523	2,929,398	-	-	2,712,523	2,929,398
Investment earnings, miscellaneous and other general revenues	201,456	244,726	521,042	289,286	722,498	534,012
Total revenues and transfers	3,422,167	3,599,074	3,118,609	2,153,221	6,540,776	5,752,295
Expenses:						
General government	1,836,481	1,534,579	-	-	1,836,481	1,534,579
Public safety	314,680	396,948	-	-	314,680	396,948
Police	1,054,444	972,923	-	-	1,054,444	972,923
Highways and streets	138,860	136,414	-	-	138,860	136,414
Public aviation	-	61,140	-	-	-	61,140
Culture and recreation	165,686	146,969	-	-	165,686	146,969
Grant expenditures	-	-	-	-	-	-
Bond Interest	43,653	46,318	134,735	142,493	178,388	188,811
Water and sewer	-	-	2,450,415	2,282,457	2,450,415	2,282,457
Total expenses	3,553,804	3,295,291	2,585,150	2,424,950	6,138,954	5,720,241
Increase (decrease) in net assets	(131,637)	303,783	533,459	(271,729)	401,822	32,054
Transfers	(58,793)	375,000	58,793	(375,000)		
Net assets, beginning of the year	2,792,655	2,646,697	3,221,844	4,050,379	6,014,499	6,697,076
Prior Period Adjustment		(532,825)		(181,806)		(714,631)
Net assets, ending of the year	2,602,225	2,792,655	3,814,096	3,221,844	6,416,321	6,014,499

The government's total net assets increased by \$401,822 during the current fiscal year. Net assets of business-type activities increased by \$533,459, with the general fund resulting in an decrease of \$(131,637).

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 2015 fiscal year, the governmental funds, which include the general fund, reported an ending fund balance of \$1,438,774, a decrease of \$260,782 in comparison with the prior year. Of this amount, 81% constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

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

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$1,215,880. Net assets for the enterprise fund increased by \$592,252 before transfers during 2015. The City fired the water operations and maintenance company and expects to see better results in future years.

General fund Budgetary Highlights

There were no differences between the original budget and the final amended budget. During the year, revenues were less than budgetary estimates by \$285,203 and expenditures were more than budgetary estimates by \$158,758.

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, 2015 amounts to \$8,468,261 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, streets and roads, and water and sewer system infrastructure. The City chose not to report general infrastructure assets retroactively, as permitted by GASB No. 34 for smaller governments. The City will prospectively report newly acquired or constructed general infrastructure assets in the statement of net assets in the period they acquire or construct those assets.

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

Long-term Debt. At the end of the 2015 fiscal year, the City of Cameron had total bonded debt outstanding of \$4,980,399. The business-type activities accounted for \$4,005,399 of this amount.

**City of Cameron Outstanding Debt
Revenue Bonds and Note Payable
September 30, 2015**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Note Payable - SIB	\$ -	\$ -	\$ 116,079	\$ 171,465	\$ 116,079	\$ 171,465
Combinations tax & revenue bonds and certificates of deposit	975,000	1,038,000	3,566,320	3,873,266	4,541,320	4,911,266
Revenue bonds	-	-	323,000	334,000	323,000	334,000
First Financial Govt Cap	-	-	-	-	-	-
Total liabilities	\$ 975,000	\$ 1,038,000	\$ 4,005,399	\$ 4,378,731	\$ 4,980,399	\$ 5,416,731

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 2015 was a combined rate of \$0.759 per \$100 of assessed valuation. The 2014-2015 Budget calls for \$6,137,363 in revenues and \$6,058,728 in expenses.

Requests for Information

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

CITY OF CAMERON
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Cameron Education Corporation
ASSETS				
Cash and Cash Equivalents	\$ 1,057,164	\$ 1,202,132	\$ 2,259,296	\$ 9,836
Restricted Cash and Cash Equivalents	271,490	781,629	1,053,119	-
Investments - CDs	-	20,000	20,000	-
Receivables (net of allowance for uncollectibles)	302,202	397,795	699,997	-
Due from Primary Government	-	-	-	38,086
Inventories	-	65,419	65,419	-
Deferred Outflows of Resources	232,342	79,278	311,620	-
Capital Assets:				
Land	458,869	64,522	523,391	-
Infrastructure, net	184,995	-	184,995	-
Buildings, Systems and Improvements, net	1,688,716	5,695,038	7,383,754	-
Machinery and Equipment, net	312,995	63,126	376,121	-
Construction in Progress-Grants	-	-	-	-
Other Assets				
Total Assets	<u>4,508,773</u>	<u>8,368,939</u>	<u>12,877,712</u>	<u>47,922</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	108,616	104,769	213,385	-
Due to Component Unit	38,086	-	38,086	-
Accrued Interest Payable	-	45,001	45,001	-
Security Deposits payable	-	131,875	-	-
Noncurrent Liabilities	-	-	-	-
Net Pension Liability	784,846	267,799	1,052,645	-
Due Within One Year	64,000	383,253	447,253	-
Due in More Than One Year	911,000	3,622,146	4,533,146	-
Total Liabilities	<u>1,906,548</u>	<u>4,554,843</u>	<u>6,461,391</u>	<u>-</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,670,575	1,817,287	3,487,862	-
Restricted for Debt Service	105,281	502,470	607,751	-
Restricted for Cemetary Care	28,955	-	28,955	-
Restricted for Court Security	25,974	-	25,974	-
Restricted for Child Safety	2,420	-	2,420	-
Restricted for Court Technology & other court acct	10,516	-	10,516	-
Restricted for Reserve//Capital Projects	98,344	279,159	377,503	-
Unrestricted Net Assets	660,160	1,215,180	1,875,340	47,922
Total Net Assets	<u>2,602,225</u>	<u>3,814,096</u>	<u>6,416,321</u>	<u>47,922</u>

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

CITY OF CAMERON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,836,481	\$ 454,191	\$ 53,997
Public Safety	314,680	-	-
Police	1,054,444	-	-
Highways and Streets	138,860	-	-
Public Aviation	-	-	-
Culture and Recreation	165,686	-	-
Grant Expenditures	-	-	-
Bond Interest	178,388	-	-
Total Governmental Activities:	3,688,539	454,191	53,997
BUSINESS-TYPE ACTIVITIES:			
Water and Sewer	2,450,415	2,340,182	257,385
Total Business-Type Activities:	2,450,415	2,340,182	257,385
TOTAL PRIMARY GOVERNMENT:	\$ 6,138,954	\$ 2,794,373	\$ 311,382
Component Unit:			
Cameron Education Corporation	7,185	-	-
TOTAL COMPONENT UNITS:	\$ 7,185	\$ -	\$ -

General Revenues:

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

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

Net (Expense) Revenue and changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Cameron Education Corporaton	
\$ (1,328,293)	\$ -	\$ (1,328,293)	\$ -	-
(314,680)	-	(314,680)	-	-
(1,054,444)	-	(1,054,444)	-	-
(138,860)	-	(138,860)	-	-
-	-	-	-	-
(165,686)	-	(165,686)	-	-
-	-	-	-	-
(43,653)	(134,735)	\$ (178,388)		
(3,045,616)	(134,735)	(3,180,351)		-
-	147,152	147,152		-
(3,045,616)	12,417	(3,033,199)		-
-	-	-	-	-
-	-	-	-	(7,185)
-	-	-	-	(7,185)
1,414,873	-	1,414,873	-	-
890,370	-	890,370	-	-
402,001	-	402,001	-	-
154,329	509,416	663,745	-	-
52,406	11,626	64,032	-	-
(58,793)	58,793	-	-	-
2,855,186	579,835	3,435,021	-	-
(190,430)	592,252	401,822	(7,185)	-
2,792,655	3,221,844	6,014,499	55,107	-
\$2,602,225	\$3,814,096	\$6,416,321	\$47,922	-

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

**CITY OF CAMERON
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	General Fund	Other Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,057,164	\$ 271,490	\$ 1,328,654
Receivables (net of allowance for uncollectibles)	256,822	-	256,822
Inventories	-	-	-
Deferred charges	45,380	-	45,380
Total Assets	\$ 1,359,366	\$ 271,490	\$ 1,630,856
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	71,405	-	71,405
Retirement Payable	3,283	-	3,283
Due to Component Unit	38,086	-	38,086
Deferred Revenues	45,380	-	45,380
Other Current Liabilities	33,928	-	33,928
Total Liabilities	192,082	-	192,082
Fund Balances:			
Nonspendable			
Restricted for Debt Service	-	105,281	105,281
Committed for Special Revenue Funds	-	166,209	166,209
Assigned	-	-	-
Unassigned	1,167,284	-	1,167,284
Total Fund Balances	1,167,284	271,490	1,438,774
Total Liabilities and Fund Balances	\$ 1,359,366	\$ 271,490	\$ 1,630,856

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

CITY OF CAMERON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2015

Total Fund Balances - Governmental Funds	\$ 1,438,774
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,645,575
Deferred outflows of resources are not assets recognized and available in the current period	232,342
Difference in current and prior year receivables and accounting & timing differences	45,380
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	(975,000)
Net Pension Liability	(784,846)
Net Assets of Governmental Activities	\$ 2,602,225

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, 2015

	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ 1,369,493	\$ -	\$ 1,369,493
General Sales And Use Taxes	890,370	-	890,370
Franchise Fees	402,001	-	402,001
Licenses and Permits	18,020	-	18,020
Charges for Services	279,657	-	279,657
Fines	156,514	-	156,514
Investment Earnings	52,406	-	52,406
Grants and donations	53,997	-	53,997
Other Revenue	154,329	-	154,329
Total Revenues	3,376,787	-	3,376,787
EXPENDITURES:			
Current:			
General Government	1,457,224	-	1,457,224
Public Safety	270,670	-	270,670
Police	1,030,848	-	1,030,848
Public Works			
Highways	83,054	-	83,054
Public Aviation	-	-	-
Culture and Recreation	154,568	-	154,568
Cameron Tourism and Advisory Board	-	-	-
Sales Tax to CEDC	294,122	-	294,122
Debt Service:			
Bond Principal	-	69,000	69,000
Bond Interest	-	46,318	46,318
Capital Outlay:			
Capital Outlay	172,972	-	172,972
Total Expenditures	3,463,458	115,318	3,578,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,671)	(115,318)	(201,989)
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	-
Transfers In	(58,793)	175,529	116,736
Transfers (Out)	(175,529)	-	(175,529)
Total Other Financing Sources (Uses)	(234,322)	175,529	(58,793)
Net Change in Fund Balances	(320,993)	60,211	(260,782)
Fund Balance - October 1 (Beginning)	1,488,277	211,279	1,699,556
Fund Balance - September 30 (Ending)	\$ 1,167,284	\$ 271,490	\$ 1,438,774

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, 2015

Total Net Change in Fund Balances - Governmental Funds \$ (260,782)

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

Capital outlay expenditures	\$172,972	
Depreciation expense	(290,385)	(117,413)

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

Property, Sales, Franchise and other revenues not collected	\$302,202	(43,051)
Less: Prior year	(345,253)	

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

45,380

change in Deferred outflows of Resources

66,810

Various other reclassifications and eliminations are necessary to convert from the

2,495

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 \$69000

69,000

Change in Net Pension Liability

47,131

\$ (190,430)

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

CITY OF CAMERON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-Type Activities Water and Sewer
ASSETS	
Current Assets:	
Cash and Cash Equivalents	1,202,132
Restricted Cash and Cash Equivalents	781,629
Investments - CD	20,000
Accounts Receivable - Net of Allowance	397,795
Inventories	65,419
Total Current Assets	<u>2,466,975</u>
Noncurrent Assets:	
Deferred Outflows of Resources	79,278
Capital Assets:	
Land	64,522
Buildings, Systems and Improvements	12,840,745
Machinery and Equipment	813,855
Construction in Progress	-
Less Accumulated Depreciation	(7,896,436)
Other Assets	
Total Noncurrent Assets	<u>5,901,964</u>
Total Assets	<u>8,368,939</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	92,669
Payroll Taxes Payable & Insurance Payable	12,100
Customer Deposits Payable	131,875
Accrued Interest Payable	45,001
Note Payable SIB 2003	35,000
General Obligation Bonds Payable - Current	336,253
Revenue Bonds Payable - Current	12,000
Total Current Liabilities	<u>664,898</u>
Noncurrent Liabilities:	
Net Pension Liability	267,799
General Obligation Bonds Payable	925,000
Note Payable SIB 2003	350,000
TWDB 2012 Bonds Payable	720,000
Note Payable CO 2012	1,491,000
Revenue Bonds Payable	311,000
Note Payable 2011 & 2013 CO	92,945
Total Noncurrent Liabilities	<u>3,889,945</u>
Total Liabilities	<u>4,554,843</u>
NET ASSETS	
Investments in Capital Assets, Net of Debt	1,817,287
Restricted for Debt Service & Construction	781,629
Unrestricted Net Assets	1,215,180
Total Net Assets	<u>\$3,814,096</u>

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

CITY OF CAMERON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities
	Water and Sewer
OPERATING REVENUES:	
Charges for Sales and Services	2,593,570
Water and Sewer Tap Fees	256,028
Grant Revenue	257,385
Total Operating Revenues	3,106,983
OPERATING EXPENSES:	
Cost of Service	1,336,832
Administration	676,457
Grant expenditures	-
Depreciation	310,901
Total Operating Expenses	2,324,190
Operating Income	782,793
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	11,626
Interest Expense and Fiscal Charges	134,735
Total Non-operating Revenue (Expenses)	(123,109)
Income Before Contributions & Transfers	659,684
Capital Contributions	
Non-Operating Transfer In	58,793
Transfers Out	(126,225)
Change in Net Assets	592,252
Total Net Assets - October 1 (Beginning)	3,221,844
Total Net Assets - September 30 (Ending)	\$ 3,814,096

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, 2015

	Business-Type Activities
	Water and Sewer
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 2,849,598
Payments to Suppliers	(1,498,782)
Payments to Employees	(348,566)
Net Cash Provided by Operating Activities	<u>1,002,250</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to Other Funds	(126,225)
Transfers from Other Funds	58,793
Net Cash used in Noncapital Financing Activities	<u>(67,432)</u>
Cash Flows from Capital and Related Financing Activities:	
Capital outlay	(469,344)
Principal Paid on Capital Debt	(373,332)
Interest and Fiscal Charges Paid on Capital Debt	(134,735)
Differences in Net Pension Position not involving cash	85,993
Net Cash Provided by Capital and Related Financing Activities	<u>(891,418)</u>
Cash Flows from Investing Activities:	
Transfer to (from) Restricted Cash funds	127,046
Interest Received	11,626
Net Cash Provided by Investing Activities	<u>138,672</u>
Net Increase (Decrease) in Cash and Cash Equivalents	182,072
Cash and Cash Equivalents, Beginning of Year	<u>1,020,060</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,202,132</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	-
Operating Income	\$ 782,793
Adjustments to reconcile operating income to	
Net Cash Provided by Operating Activities:	
Depreciation	310,901
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(4,158)
Decrease in interest receivable	-
(Increase) Decrease in Inventories	(2,328)
(Increase) Decrease in deferred charges	(79,278)
(Decrease) Increase in Accounts & Wages Payable	(4,280)
(Decrease) Increase in Customer Deposits & other liabilities	(1,400)
(Decrease) Increase in accrued interest payable	-
Net Cash Provided by Operating Activities	<u>\$ 1,002,250</u>

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

City of Cameron, Texas
Notes to Financial Statements
September 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

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

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

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

City of Cameron, Texas

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Government-wide and fund financial statements

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue is considered to be measurable and available only when cash is received by the City.

City of Cameron, Texas

Notes to Financial Statements (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City reports the following major governmental funds:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue to the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

City of Cameron, Texas

Notes to Financial Statements
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Cash equivalents

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

(f) Interfund activity

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

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

(g) Restricted assets

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

(h) Capital assets

Capital assets, which include buildings, systems and improvements, machinery and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

City of Cameron, Texas

Notes to Financial Statements
(continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Capital assets (continued)

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

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

(i) Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

(j) Fund equity

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

City of Cameron, Texas

Notes to Financial Statements (continued)

2. BUDGETARY INFORMATION

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

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

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

3. DEPOSITS AND INVESTMENTS

At year end, the City's carrying amount of deposits was \$3,332,415 and the bank balance of deposits is \$3,373,616 and the component unit's carrying amount of deposits was \$9,836. 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 2014-15 levy was based was \$180,842,951. The tax rate for the fiscal 2015 levy was \$.759 per \$100 valuation (\$.5071 per \$100 valuation for maintenance and operations, and \$.2519 per \$100 valuation for debt service).

Taxes are due by January 31 following the October 1 levy date. Current tax collections for the year ended September 30, 2015 were 97% of the tax levy.

City of Cameron, Texas

Notes to Financial Statements
(continued)

5. RECEIVABLES

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

	General	Water and Sewer	Other Governmental Funds	Total
Receivables:				
Accounts	\$ 64,230	\$ 397,795	\$ -	\$ 462,025
Taxes	258,116	-	-	258,116
Gross receivables	322,346	397,795	-	720,141
Less: allowance for uncollectibles	20,144	-	-	20,144
Net Total Receivables	\$ 302,202	\$ 397,795	\$ -	\$ 699,997

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

6. CAPITAL ASSETS

Primary Government

Governmental activities:	Balance			Balance
	October 1, 2014	Increases	Decreases	September 30, 2015
Capital assets, not being depreciated:				
Land	\$ 458,869	\$ -	\$ -	\$ 458,869
Construction in process	111,397	-	(111,397)	-
Total capital assets, not being depreciated	\$ 570,266	\$ -	\$ (111,397)	\$ 458,869

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

6. CAPITAL ASSETS (continued)

Governmental activities:	Balance			Balance
	October 1, 2014	Increases	Decreases	September 30, 2015
Capital assets, being depreciated:				
Building, systems and improvements	\$ 3,064,530	\$ 182,863	\$ -	\$ 3,247,393
Infrastructure	555,897	-	-	555,897
Machinery & equipment	2,632,266	101,506	-	2,733,772
total capital assets, being depreciated	<u>\$ 6,252,693</u>	<u>\$ 284,369</u>	<u>\$ -</u>	<u>\$ 6,537,062</u>
Less accumulated depreciation for:				
Buildings, systems and improvements	(1,499,158)	(59,519)	-	(1,558,677)
Infrastructure	(343,107)	(27,795)	-	(370,902)
Machinery & equipment	(2,217,706)	(203,071)	-	(2,420,777)
Total accumulated depreciation	<u>(4,059,971)</u>	<u>(290,385)</u>	<u>-</u>	<u>(4,350,356)</u>
Total capital assets being depreciated, net	<u>2,192,722</u>	<u>(6,016)</u>	<u>-</u>	<u>2,186,706</u>
Governmental activities capital assets, net	<u>\$ 2,762,988</u>	<u>\$ (6,016)</u>	<u>\$ (111,397)</u>	<u>\$ 2,645,575</u>

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

6. CAPITAL ASSETS (continued)

Primary Government

Business-type activities:	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Capital assets, not being depreciated:				
Land	\$ 64,522	\$ -	\$ -	\$ 64,522
Construction in process	718,818	-	718,818	-
Total capital assets, not being depreciated	783,340	-	718,818	64,522
Capital assets, being depreciated:				
Buildings, systems and improvements	11,677,738	1,163,007	-	12,840,745
Machinery & equipment	788,700	25,155	-	813,855
Total capital assets, being depreciated	12,466,438	1,188,162	-	13,654,600
Less accumulated depreciation for:				
Buildings, systems and improvements	(6,839,837)	(305,870)	-	(7,145,707)
Machinery & equipment	(745,698)	(5,031)	-	(750,729)
Total accumulated depreciation	(7,585,535)	(310,901)	-	(7,896,436)
Business-type activities, capital assets, net	\$ 5,664,243	\$ 877,261	\$ 718,818	\$ 5,822,686

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	\$ 155,855
Public Safety	44,010
Highways and streets	55,806
Culture and recreation	11,118
Police	23,596
	\$ 290,385
Business-type activities:	
Water and sewer facilities	310,901

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, 2015

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, 2015 was as follows:

	Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015	Due Within One Year
Governmental activities:					
Certificates of obligation	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 1,038,000	\$ -	\$ 63,000	\$ 975,000	\$ 64,000
	<u>\$ 1,038,000</u>	<u>\$ -</u>	<u>\$ 63,000</u>	<u>\$ 975,000</u>	<u>\$ 64,000</u>
Business-type activities:					
Note Payable-SIB	\$ 171,465	\$ -	\$ 55,386	\$ 116,079	\$ 57,878
Revenue bonds	334,000	-	11,000	323,000	12,000
Certificates of obligation	1,530,000	-	125,000	1,405,000	130,000
2012 TWDB Bonds	790,000	-	35,000	755,000	35,000
2011 Certificates of Oblig	223,520	-	65,290	158,230	65,285
2013 Certificates of Oblig	134,746	-	66,656	68,090	68,090
Certificates of Obligation	1,195,000	-	15,000	1,180,000	15,000
	<u>\$ 4,378,731</u>	<u>\$ -</u>	<u>\$ 373,332</u>	<u>\$ 4,005,399</u>	<u>\$ 383,253</u>

City of Cameron, Texas

Notes to Financial Statements
(continued)

LONG-TERM DEBT (continued)

Debt for governmental activities at September 30, 2015 (continued):

\$406,000 - 2003A Tax and revenue certificates of obligation due in annual installments of \$4,000 to \$22,000 through March 2042; interest at 4.75%	\$	348,000
\$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%		87,000
\$850,000 - 2008 combination tax and revenue certificates of obligation due in annual installments of \$15,000 to \$80,000 through February 15, 2023; interest of 4.41%.		<u>540,000</u>
	\$	<u>975,000</u>

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

Year Ended September 30,	Principal	Interest
2016	383,253	119,217
2017	310,069	116,557
2018	312,949	248,277
2019	315,949	245,277
2020	251,678	248,667
2021-2022	503,355	497,334
2023-2027	574,000	663,431
2028-2032	478,770	632,954
2033-2037	383,000	613,939
2038-2042	336,515	589,614
2043-2045	<u>155,861</u>	<u>128,437</u>
	<u>\$ 4,005,399</u>	<u>\$ 4,103,704</u>

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

LONG-TERM DEBT (continued)

Debt for business-type activities at September 30, 2015 is comprised of the following issues:

\$450,000 - 1994 Waterworks and sewer revenue bonds due in annual installments of \$6,000 to \$25,000 through February 2033; interest at 4.5%	\$ 323,000
	<u>\$ 323,000</u>
\$710,000 - 2003A Tax and revenue certificates of obligation due in annual installments of \$25,000 to \$50,000 beginning February 2005 through February 2024; interest at .65% to 4.0%	\$ 385,000
\$612,000 - 2003B Tax and revenue certificates of obligation due in annual installments of \$38,725 to \$58,092 beginning October 2004 through October 2017; interest at 4.5%	116,079
\$1,800,000 - 2004 Tax and revenue certificates of obligation due in annual installments of \$70,000 to \$135,000 beginning February 2006 through February 2024; interest at .75% to 3.5%	1,020,000
\$860,000 - 2012 Tax and Revenue Certificates of Obligation due in annual installments between \$35,000 to \$55,000 beginning March 1, 2013, with variable interest rates going up to .0324	755,000
\$1250,000 - 2012 Tax and Revenue Certificates of Obligation due in annual installments of \$25,000 beginning March 1, 2013 and September 1, 2013 interest only, with variable interest rates between .008 and .034.	1,180,000
\$400,000 - 2011 Certificates of Obligation, due in quarterly payments of \$16,322, December, March, June, September, variable interest	158,230
\$200,000 - 2013 Certificates of Obligation, due in annual payments of \$69,554, variable interest.	68,090
	<u>\$ 3,682,399</u>

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

7. LONG -TERM DEBT (continued)

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

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

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

Prior Period Adjustments

The GASB has issued Statement No. 68, "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27,*" which became effective for fiscal year 2015. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date. The implementation of Statement No. 68 resulted in restatement of beginning net position for the elimination of the previously reported net pension obligation, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. The City of Cameron has actually overfunded their pension obligation thus far, and no prior pension amounts were recorded in previous financial statements. The Net Pension Liability, and Deferred Outflows of Resources, which is an asset, have been recorded for 2014 and 2015 which record a prior period adjustment of \$(532,825) in the general fund for 2014, \$(181,806) in the proprietary fund for 2014, for fund balance.

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

8. EMPLOYEE BENEFIT PLAN

1. Texas Municipal Retirement Systems

Plan Description

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

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

B. Benefits Provided

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

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

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	26
Active employees	<u>42</u>
Total	93

C. Contributions

The contribution rate for the employees in TMRS is 5%, 6% and 7% of employee gross earnings, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. 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 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Cameron were 5% and 5% in calendar years 2014 and 2015 respectively. The city's contributions to TMRS for the year ended September 30, 2015 were \$137,591 in the General Fund, and \$46,948 in the Proprietary Fund, 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, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation 3.0% per year

Overall payroll growth 3.0% per year

Investment Rate of Return 7.0% 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, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 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 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. 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 7.0%. 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, 2015

A.	Total pension liability	
	1. Service Cost	\$ 137,802
	2. Interest (on the Total Pension Liability)	313,266
	3. Changes of benefit terms	-
	4. Difference between expected and actual experience	(59,075)
	5. Changes of assumptions	-
	6. Benefit payments, including refunds of employee contributions	(221,717)
	7. Net change in total pension liability	<u>\$ 170,276</u>
	8. Total pension liability - beginning	4,517,186
	9. Total pension liability - ending	<u><u>\$ 4,687,462</u></u>
B.	Plan fiduciary net position	
	1. Contributions - employer	\$ 189,896
	2. Contributions - employee	72,925
	3. Net investment income	194,582
	4. Benefit payments, including refunds of employee contributions	(221,717)
	5. Administrative Expense	(2,031)
	6. Other	(167)
	7. Net change in plan fiduciary net position	<u>\$ 233,488</u>
	8. Plan fiduciary net position - beginning	3,401,329
	9. Plan fiduciary net position - ending	<u><u>\$ 3,634,817</u></u>
C.	Net pension liability [A.9-B.9]	<u><u>\$ 1,052,645</u></u>
D.	Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	77.54%
E.	Covered-employee payroll	\$ 1,458,501
F.	Net pension liability as a percentage of covered employee payroll [C / E]	72.17%

**CITY OF CAMERON
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2015**

1.	Total Service Cost	\$ 137,802
2.	Interest on the Total Pension Liability	313,266
3.	Current Period Benefit Changes	-
4.	Employee Contributions (Reduction of Expense)	(72,925)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(238,093)
6.	Administrative Expense	2,031
7.	Other Changes in Fiduciary Net Position	167
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(16,860)
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets	8,702
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	-
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets	-
12.	Total Pension Expense	\$ 134,090

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 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	\$1,651,077	\$1,052,645	\$557,811

Pension Plan Fiduciary Net Position

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

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

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

CITY OF CAMERON
SCHEDULE OF OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE
SEPTEMBER 30, 2015

	<u>Recognition Period (or amortization yrs)</u>	<u>Total (Inflow) or Outflow of Resources</u>	<u>2014 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]	3.5038	\$ (59,075)	\$ (16,860)	\$ (42,215)
Difference in assumption changes [actuarial (gains) or losses]	3.5038	\$ -	\$ -	\$ -
			<u>\$ (16,860)</u>	<u>\$ (42,215)</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ 43,511	\$ 8,702	\$ 34,809
			<u>\$ 8,702</u>	<u>\$ 34,809</u>
<u>Total:</u>				<u>\$ (7,406)</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>
2015	\$ (8,158)
2016	(8,158)
2017	207
2018	8,703
2019	-
Thereafter	-
Total	<u>\$ (7,406)</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 2015, 2014, and 2013 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
2012	0.11%	0.11%	100%
2013	0.12%	0.12%	100%
2014	0.11%	0.11%	100%
2015	0.10%	0.10%	100%
2016	0.10%	(city to provide)	(city to provide)

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance coverage for these risks of loss.

11. CONTINGENCIES

According to the City Attorney there is no pending litigation that would have a material affect on the financial statements as of September 30, 2015.

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, 2015

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,330,000	\$ 1,330,000	\$ 1,369,493	\$ 39,493
General Sales and Use Taxes	660,000	660,000	890,370	230,370
Franchise Fees	369,000	369,000	402,001	33,001
Licenses and Permits	18,500	18,500	18,020	(480)
Charges for Services	85,500	85,500	279,657	194,157
Fines	200,000	200,000	156,514	(43,486)
Investment Earnings	33,200	33,200	52,406	19,206
Rents and Royalties Aviation	8,000	8,000	8,369	369
Grants, Donations, Misc Revenue	957,790	957,790	199,957	(757,833)
Total Revenues	<u>3,661,990</u>	<u>3,661,990</u>	<u>3,376,787</u>	<u>(285,203)</u>
EXPENDITURES:				
Current:				
General Government	606,500	606,500	1,408,811	(802,311)
Public Safety	241,442	241,442	270,670	(29,228)
Police	1,121,800	1,121,800	1,030,848	90,952
Public Works				
Highways and Streets	813,860	813,860	83,054	730,806
Public Aviation	-	-	-	-
Culture and Recreation	273,050	273,050	154,568	118,482
Cameron Tourism & Advisory Board	-	-	-	-
Sales Tax to CEDC	220,000	220,000	294,122	(74,122)
Debt Service:				
Bond Principal	385,338	385,338	69,000	316,338
Bond Interest	-	-	46,318	(46,318)
Depreciation	-	-	290,385	(290,385)
Capital Outlay - Lease expenses	-	-	172,972	(172,972)
Total Expenditures	<u>3,661,990</u>	<u>3,661,990</u>	<u>3,820,748</u>	<u>(158,758)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(443,961)	(443,961)
OTHER FINANCING SOURCES (USES):				
Add back Bond Principal per GAAP & Cap outlay			241,972	241,972
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	(58,793)	58,793
Total Other Financing Sources (Uses)	-	-	183,179	183,179
Net Change in Fund Balances	-	-	(260,782)	(260,782)
Fund Balance - October 1 (Beginning)	1,699,556	1,699,556	1,699,556	1,699,556
Fund Balance - September 30 (Ending)	<u>\$ 1,699,556</u>	<u>\$ 1,699,556</u>	<u>\$ 1,438,774</u>	<u>\$ 1,438,774</u>

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

CITY OF CAMERON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Water Revenue	1,404,980	1,404,980	1,371,446	(33,534)
Sewer Revenue	595,000	595,000	584,004	(10,996)
Late payment penalties	50,000	50,000	49,387	(613)
Water & Sewer taps, water billing	237,000	237,000	256,028	19,028
Reconnects and fees	17,500	17,500	22,975	5,475
Miscellaneous	50	50	565,758	565,708
Grant revenues	-	0	257,385	257,385
Investment Earnings	4,000	4,000	11,626	7,626
Transfers	86,093	86,093	58,793	(27,300)
Total Revenues	2,394,623	2,394,623	3,177,402	816,313
EXPENDITURES:				
Current:				
Water & Sewer Maintenance	707,018	707,018	685,280	21,738
Water Treatment & Pump	397,147	397,147	434,742	(37,595)
Sewer Treatment & Disc	250,213	250,213	216,810	33,403
Water & Sewer Administration	691,900	691,900	676,457	15,443
Grant expenditures	-	-	-	-
Bond Principal	223,345	223,345	373,332	(149,987)
Bond Interest	-	-	134,735	(134,735)
Depreciation	-	-	310,901	(310,901)
Capital Outlay	-	-	469,344	(469,344)
Total Expenditures	2,269,623	2,269,623	3,301,601	(1,031,978)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(124,199)	(215,665)
OTHER FINANCING SOURCES (USES):				
Add back Bond Principal & Capital Outlay per GAAP			842,676	842,676
Transfers In			-	-
Transfers Out (Use)	(125,000)	(125,000)	(126,225)	1,225
Total Other Financing Sources (Uses)	(125,000)	(125,000)	716,451	716,451
Net Change in Fund Balances	-	-	592,252	500,786
Fund Balance - October 1 (Beginning)	3,221,844	3,221,844	3,221,844	3,221,844
Fund Balance - September 30 (Ending)	\$ 3,221,844	\$ 3,221,844	\$ 3,814,096	\$ 3,722,630

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)

Total pension liability	2014	2015	2016	2017
1. Service Cost	\$ 137,802	xxxx	xxxx	xxxx
2. Interest (on the Total Pension Liability)	313,266	xxxx	xxxx	xxxx
3. Changes of benefit terms	-			
4. Difference between expected and actual experience	(59,075)	xxxx	xxxx	xxxx
5. Changes of assumptions	-			
6. Benefit payments, including refunds of employee contributions	(221,717)	xxxx	xxxx	xxxx
7. Net change in total pension liability	<u>\$ 170,276</u>	xxxx	xxxx	xxxx
8. Total pension liability - beginning	4,517,186	xxxx	xxxx	xxxx
9. Total pension liability - ending	<u><u>\$ 4,687,462</u></u>	xxxx	xxxx	xxxx
Plan fiduciary net position				
1. Contributions - employer	\$ 189,896	xxxx	xxxx	xxxx
2. Contributions - employee	72,925	xxxx	xxxx	xxxx
3. Net investment income	194,582	xxxx	xxxx	xxxx
4. Benefit payments, including refunds of employee contributions	(221,717)	xxxx	xxxx	xxxx
5. Administrative Expense	(2,031)	xxxx	xxxx	xxxx
6. Other	(167)	xxxx	xxxx	xxxx
7. Net change in plan fiduciary net position	<u>\$ 233,488</u>	xxxx	xxxx	xxxx
8. Plan fiduciary net position - beginning	3,401,329	xxxx	xxxx	xxxx
9. Plan fiduciary net position - ending	<u><u>\$ 3,634,817</u></u>	xxxx	xxxx	xxxx
Net pension liability [A.9-B.9]	<u><u>\$ 1,052,645</u></u>	xxxx	xxxx	xxxx
Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]	77.54%	xxxx	xxx	xxx
Covered-employee payroll	\$ 1,458,501	xxxx	xxx	xxx
Net pension liability as a percentage of covered employee payroll [C / E]	72.17%	xxxx	xxxx	xxx

City of Cameron
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)
September 30, 2015

	2014	2015	2016	2017
Actually Determined Contribution	\$ 4,687,462	xxx,xxx	\$xxx,xxx	\$xxx,xxx
Contributions in relation to the actuarially determined contribution	<u>3,634,817</u>	<u>xxx,xxx</u>	<u>xxx,xxx</u>	<u>xxx,xxx</u>
	-		xxx,xxx	xxx,xxx
Contribution deficiency (excess)	1,052,645	xxx,xxx	xxx,xxx	xxx,xxx
Covered employee payroll	\$ 1,458,501	xxx,xxx	\$xxx,xxx	\$xxx,xxx
Contributions as a percentage of covered employee payroll	18.02%	xx.xx%	xx.xx%	xx.xx%

Notes to Schedule

Valuation Date determined 12/31/2014
Notes

Valuation Date:

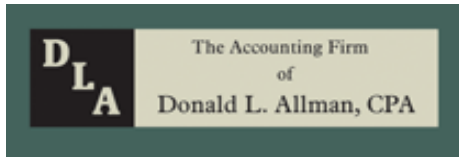
Notes Actuarially determined contribution rates are calculated as of December 31 and become effective

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market 15% Soft Corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% Including Inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
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 City of Cameron, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Cameron, Texas' basic financial statements, and have issued our report thereon dated March 14, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Cameron, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Donald L. Allman, CPA, PC

Georgetown, TX
March 14, 2016

