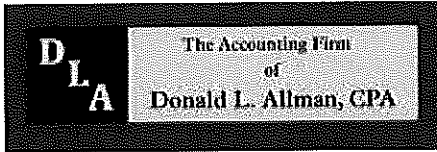


**CITY OF CAMERON, TEXAS**  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

## City of Cameron, Texas

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Donald L. Allman, CPA, PC  
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CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

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

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Cameron, Texas's basic financial statements as listed in the table of contents.

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, 2022, 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.

### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Cameron, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cameron, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Cameron, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cameron, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***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 45-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 15, 2023, 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 solely 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 the effectiveness of the City of Cameron, Texas's 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 20, 2023

## 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, 2022 for the City.

### Financial Highlights

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$12,972,893. Of this amount, \$1,614,235 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the 2022 fiscal year, the City's governmental funds reported combined ending fund balances of \$1,247,482, a decrease of \$(198,233) in comparison with the prior year.
- At the end of the 2022 fiscal year, the general fund had a net increase of \$419,949 in net position before transfers, and the proprietary fund had a net increase of \$1,751,184 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 \$10,801,760 at the close of the most recent fiscal year.

The largest portion of the City's net position (58%) 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, 2022**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,613,302	\$ 1,730,741	\$ 13,339,760	\$ 14,319,286	\$ 14,953,062	\$ 16,050,027
Capital assets	3,574,705	3,087,871	16,803,995	15,286,841	20,378,700	18,374,712
<b>Total assets</b>	<b>5,188,007</b>	<b>4,818,612</b>	<b>30,143,755</b>	<b>29,606,127</b>	<b>35,331,762</b>	<b>34,424,739</b>
Deferred Outflows of Resources	166,326	193,489	69,724	64,517	236,050	258,006
Current liabilities	512,849	338,410	2,018,056	1,846,197	2,530,905	2,184,607
Net OPEB Liability	150,456	147,959	51,006	50,159	201,462	198,118
Net Pension Liability	235,159	544,656	81,495	184,661	316,654	729,317
Long-term liabilities	719,771	571,728	17,061,396	18,762,098	17,781,167	19,333,826
<b>Total liabilities</b>	<b>1,618,235</b>	<b>1,602,753</b>	<b>19,211,953</b>	<b>20,843,115</b>	<b>20,830,188</b>	<b>22,445,868</b>
Deferred Inflows of Resources	1,320,175	1,072,954	444,556	362,163	1,764,731	1,435,117
Net Position:						
Net Investment in Capital Assets	2,540,216	2,363,536	4,976,680	6,195,476	7,516,896	8,559,012
Restricted	531,924	604,137	3,309,838	1,307,436	3,841,762	1,911,573
Unrestricted	(656,217)	(631,279)	2,270,452	962,454	1,614,235	331,175
<b>Total Net Position</b>	<b>\$ 2,415,923</b>	<b>\$ 2,336,394</b>	<b>\$ 10,556,970</b>	<b>\$ 8,465,366</b>	<b>\$ 12,972,893</b>	<b>\$ 10,801,760</b>

An additional portion of the City's net position of \$3,841,762 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$1,614,235 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 2022 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, 2022**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Program Revenues:</b>						
Charges for services, fines & fees	\$ 765,233	\$ 712,712	\$ 3,255,498	\$ 3,115,681	\$ 4,020,731	\$ 3,828,393
Donations	5,564	22,357	-	-	5,564	22,357
Grant revenues	52,620	101,919	1,429,768	831,317	1,482,388	933,236
<b>General revenues:</b>						
Ad Valorem Taxes	1,874,512	1,855,681			1,874,512	1,855,681
Sales Taxes	1,168,266	1,011,196	-	-	1,168,266	1,011,196
Franchise Fees	770,524	722,472			770,524	722,472
Interest income	114,945	93,533			114,945	93,533
Miscellaneous and other general revenues	61,997	55,197	23,254	44,255	85,251	99,452
<b>Total revenues and transfers</b>	<b>4,813,661</b>	<b>4,575,067</b>	<b>4,708,520</b>	<b>3,991,253</b>	<b>9,522,181</b>	<b>8,566,320</b>
<b>Expenses:</b>						
Total Pension Expense	(45,898)	16,354	(15,561)	-	(61,459)	16,354
Total OPEB Expense	13,282	13,525	4,428	-	17,710	13,525
General government	1,301,425	1,255,677	-	-	1,301,425	1,255,677
Public safety	483,109	532,133	-	-	483,109	532,133
Police	1,331,339	1,130,669	-	-	1,331,339	1,130,669
Highways and streets	976,632	953,921	-	-	976,632	953,921
Public aviation	106,121	101,699	-	-	106,121	101,699
Culture and recreation	156,694	212,369	-	-	156,694	212,369
Grant expenditures	-	-	-	-	-	-
Bond Interest	71,008	48,377	213,163	243,327	284,171	291,704
Water and sewer	-	-	2,755,306	2,649,961	2,755,306	2,649,961
<b>Total expenses</b>	<b>4,393,712</b>	<b>4,264,724</b>	<b>2,957,336</b>	<b>2,893,288</b>	<b>7,351,048</b>	<b>7,158,012</b>
Increase (decrease) in net position	419,949	310,343	1,751,184	1,097,965	2,171,133	1,408,308
Transfers	(340,420)	(927,442)	340,420	927,442		
Net Position, beginning of the year	2,336,394	2,953,493	8,465,366	6,439,959	10,801,760	9,393,452
Prior Period Adjustment	-	-	-	-	-	-
Net Position, ending of the year	2,415,923	2,336,394	10,556,970	8,465,366	12,972,893	10,801,760

The government's total net position increased by \$2,171,133 during the current fiscal year. Net position of business-type activities increased by \$1,751,184 with the general fund resulting in an increase of \$419,949.



## 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 2022 fiscal year, the governmental funds, which include the general fund, reported an ending fund balance of \$1,247,482, a decrease of \$(198,233) in comparison with the prior year. Of this amount, 57% 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 \$2,270,452. Net position for the enterprise fund increased by \$1,751,184 before transfers during 2022.

### 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 \$433,983 and expenditures were more than budgetary estimates by \$226,361.

### 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, 2022 amounts to \$20,378,700 (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 2022 fiscal year, the City of Cameron had total bonded debt outstanding of \$19,152,016. The business-type activities accounted for \$18,117,527 of this amount.

**City of Cameron Outstanding Debt  
Revenue Bonds and Note Payable  
September 30, 2022**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Leases payable	\$ 548,515	\$ 146,750	\$ 330,527	\$ 81,730	\$ 879,042	\$ 228,480
Combinations tax & revenue bonds and certificates of deposit	447,000	724,335	17,555,000	19,597,730	18,002,000	20,322,065
Revenue bonds	-	-	232,000	247,000	232,000	247,000
Notes & Loans payable	38,974				38,974	
<b>Total liabilities</b>	<b>\$ 1,034,489</b>	<b>\$ 871,085</b>	<b>\$ 18,117,527</b>	<b>\$ 19,926,460</b>	<b>\$ 19,152,016</b>	<b>\$ 20,797,545</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 2022 was a combined rate of \$0.77 per \$100 of assessed valuation. The 2021-2022 Budget calls for \$8,326,343 in revenues and \$8,199,268 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, 2022

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business Type Activities	Total	Cameron Education Corporation	Cameron EDC
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 124,080	\$ 1,097,197	\$ 1,221,277	\$ 11,301	487,801
Restricted Cash and Cash Equivalents	531,924	11,053,431	11,585,355	-	101,762
Investments - CDs	-	45,000	45,000	-	-
Receivables (net of allowance for uncollectibles)	954,970	1,081,041	2,036,011	-	24,050
Due from Primary Government	-	-	-	-	-
Inventories	2,328	63,091	65,419	-	-
Capital Assets:		-			
Land	458,869	64,522	523,391	-	1,012,546
Infrastructure, net	356,745	-	356,745	-	-
Buildings, Systems and Improvements, net	2,071,511	14,773,888	16,845,399	-	3,222,176
Machinery and Equipment, net	687,580	512,204	1,199,784	-	20,009
Construction in Progress	-	1,453,381	1,453,381	-	-
Other Assets					13,583
Total Assets	5,188,007	30,143,755	35,331,762	11,301	4,881,927
Deferred Outflows of Resources-Pension	166,326	69,724	236,050	-	-
<b>LIABILITIES</b>					
Accounts Payable and Other Current Liabilities	198,131	785,285	983,416	-	2,831
Due to Component Unit	-	-	-	-	-
Security Deposits payable	-	176,650	176,650	-	-
Noncurrent Liabilities	-	-	-	-	-
Net Pension Liability	235,159	81,495	316,654	-	-
Net OPEB Liability	150,456	51,006	201,462	-	-
Due Within One Year	314,718	1,056,131	1,370,849	-	75,000
Due in More Than One Year	719,771	17,061,396	17,781,167	-	770,000
Total Liabilities	1,618,235	19,211,963	20,830,198	-	847,831
Deferred Inflows of Resources	1,320,175	444,546	1,764,721		
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,540,216	4,976,680	7,516,896	-	3,423,314
Restricted for Debt Service	346,926	1,307,436	1,654,362	-	101,762
Restricted for Cemetary Care	29,536		29,536		
Restricted for Court Security	54,400		54,400		
Restricted for Child Safety	5,599		5,599		
Restricted for Court Technology & other court acct's	21,130		21,130		
Restricted for Reserve//Capital Projects	74,333	2,002,402	74,333		
Unrestricted Net Position	(656,217)	2,270,452	1,614,235	11,301	509,020
Total Net Position	2,415,923	10,556,970	12,972,893	11,301	4,034,096

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

CITY OF CAMERON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General Government	\$ 1,301,425	\$ 226,820	\$ 52,620
Public Safety	483,109	122,556	-
Police & Court	1,331,339	268,289	5,564
Highways and Streets	976,632	-	-
Public Aviation	106,121	120,759	-
Culture and Recreation	156,694	26,809	-
Total Pension Expense	(61,459)	-	-
Total OPEB Expense	17,710	-	-
Bond Interest	284,171	-	-
Total Governmental Activities:	4,595,742	765,233	58,184
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Water and Sewer	2,755,306	3,255,498	1,429,768
Total Business-Type Activities:	2,755,306	3,255,498	1,429,768
<b>TOTAL PRIMARY GOVERNMENT:</b>	\$ 7,351,048	\$ 4,020,731	\$ 1,487,952
<b>Component Unit:</b>			
Cameron Economic Development Corporation	\$ 543,799		
Cameron Education Corporation	-	-	-
<b>TOTAL COMPONENT UNITS:</b>	\$ 543,799	\$ -	\$ -

<b>General Revenues:</b>
<b>Taxes:</b>
Property Taxes
Sales Tax & Hotel/Motel Tax
Franchise Fees
Miscellaneous Revenue
Investment Earnings
Transfers In (Out)
Total General Revenues and Transfers
Net Position Increase (Decrease)
Net Position -- Beginning
Net Position -- Ending

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

Net (Expense) Revenue and changes in Net Position					
Primary Government			Component Unit	Component Unit	
Governmental Activities	Business-type Activities	Total	Cameron Education Corporaton	Cameron EDC	
\$ (1,021,985)	\$ -	\$ (1,021,985)	\$ -	-	
(360,553)	-	(360,553)	-	-	
(1,057,486)	-	(1,057,486)	-	-	
(976,632)	-	(976,632)	-	-	
14,638	-	14,638	-	-	
(129,885)	-	(129,885)	-	-	
45,898	15,561	61,459	-	-	
(13,282)	(4,428)	(17,710)	-	-	
(71,008)	(213,163)	(284,171)	-	-	
(3,570,295)	(202,030)	(3,772,325)	-	-	
-	1,929,960	1,929,960	-	-	
(3,570,295)	1,727,930	(1,842,365)	-	-	
-	-	-	-	(543,799)	
-	-	-	-	-	
-	-	-	-	(543,799)	
1,874,512	-	1,874,512	-	-	
1,168,266	-	1,168,266	-	366,487	
770,524	-	770,524	-	-	
61,997	-	61,997	-	201,819	
114,945	23,254	138,199	178	1,604	
(340,420)	340,420	-	(38,086)	-	
3,649,824	363,674	4,013,498	(37,908)	569,910	
79,529	2,091,604	2,171,133	(37,908)	26,111	
2,336,394	8,465,366	10,801,760	49,209	4,007,985	
-	-	-	-	-	
\$2,415,923	10,556,970	\$12,972,893	11,301	4,034,096	

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

**CITY OF CAMERON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 124,080	\$ 531,924	\$ 656,004
Receivables (net of allowance for uncollectibles)	787,281	-	787,281
Inventories	2,328	-	2,328
Deferred Taxes	167,689	-	167,689
<b>Total Assets</b>	<b>\$ 1,081,378</b>	<b>\$ 531,924</b>	<b>\$ 1,613,302</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	108,747	-	108,747
Retirement Payable	2,333	-	2,333
Due to Component Unit	-	-	-
Unearned Revenues	167,689	-	167,689
Other Current Liabilities	87,051	-	87,051
<b>Total Liabilities</b>	<b>365,820</b>	<b>-</b>	<b>365,820</b>
Fund Balances:			
Nonspendable	2,328		2,328
Restricted for Debt Service	-	346,926	346,926
Committed for Special Revenue Funds		184,998	184,998
Assigned	-	-	-
Unassigned	713,230	-	713,230
<b>Total Fund Balances</b>	<b>715,558</b>	<b>531,924</b>	<b>1,247,482</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,081,378</b>	<b>\$ 531,924</b>	<b>\$ 1,613,302</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, 2022**

Total Fund Balances - Governmental Funds	\$ 1,247,482
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,574,705
Deferred outflows of resources are not assets recognized and available in the current period	166,326
Difference in current and prior year receivables and accounting & timing differences	167,689
Deferred Inflows of Resources are not recognized in governmental funds	(1,320,175)
Some long-term liabilities are not due and payable in the current period and therefore are not reported in these funds. Those liabilities consist of:	-
Bonds payable	(1,034,489)
Net Pension Liability	(235,159)
Net OPEB Liability	(150,456)
	-
Net Position of Governmental Activities	\$ 2,415,923

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, 2022

	General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 1,803,713	\$ -	\$ 1,803,713
General Sales And Use Taxes	1,168,266	-	1,168,266
Franchise Fees	770,524	-	770,524
Licenses and Permits	38,838	-	38,838
Charges for Services	315,934	228,007	543,941
Fines	182,454	-	182,454
Investment Earnings	100,634	14,311	114,945
Grants and donations	36,598	21,586	58,184
Other Revenue	61,997	-	61,997
Total Revenues	<u>4,478,958</u>	<u>263,904</u>	<u>4,742,862</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	709,604	110,293	819,897
Public Safety	309,541	37,447	346,988
Police & Court	1,255,406	31,683	1,287,089
Public Works			
Highways	831,442	-	831,442
Public Aviation	107,935	-	107,935
Culture and Recreation	133,870	7,474	141,344
Cameron Tourism and Advisory Board	-	-	-
Sales Tax to CEDC	366,487	-	366,487
Debt Service:			
Bond Principal	-	303,035	303,035
Bond Interest	-	45,948	45,948
Capital Outlay:			
Capital Outlay	718,996	111,451	830,447
Total Expenditures	<u>4,433,281</u>	<u>647,331</u>	<u>5,080,612</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,677	(383,427)	(337,750)
<b>OTHER FINANCING SOURCES (USES):</b>			
Loan proceeds	479,937		479,937
Transfers In	84,275	223,343	307,618
Transfers (Out)	(563,763)	(84,275)	(648,038)
Total Other Financing Sources (Uses)	<u>449</u>	<u>139,068</u>	<u>139,517</u>
Net Change in Fund Balances	46,126	(244,359)	(198,233)
Fund Balance - October 1 (Beginning)	669,432	776,283	1,445,715
Fund Balance - September 30 (Ending)	<u>\$ 715,558</u>	<u>\$ 531,924</u>	<u>\$ 1,247,482</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, 2022

Total Net Change in Fund Balances - Governmental Funds \$ (198,233)

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	\$830,447	
Depreciation expense	(-343,613)	486,834

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

Property taxes not collected	\$167,689	70,799
Less: Prior year	(96,890)	

Loan proceeds are not income for government-wide financials -

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 (31,641)

Total OPEB Expense is not recognized in governmental funds (13,282)

Total Pension expense is not recognized in governmental funds 45,898

Change in Deferred Outflows of Resources are not recognized in governmental funds (27,163)

Various other reclassifications and eliminations are necessary to convert from the -

modified accrual basis of accounting to accrual basis of accounting. These include (309,497)

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 \$303,035 303,035

Change in Deferred Inflows of Resources not recognized in governmental funds (247,221)

		<u>\$ 79,529</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF CAMERON  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
SEPTEMBER 30, 2022

	Business-Type Activities Water and Sewer
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	1,097,197
Restricted Cash and Cash Equivalents	11,053,431
Investments - CD	45,000
Accounts Receivable - Net of Allowance	1,081,041
Inventories	63,091
Total Current Assets	<u>13,339,760</u>
Noncurrent Assets:	
Capital Assets:	-
Land	64,522
Buildings, Systems and Improvements	24,620,274
Machinery and Equipment	1,446,250
Construction in Progress	1,453,381
Less Accumulated Depreciation	(10,780,432)
Other Assets	
Total Noncurrent Assets	<u>16,803,995</u>
Total Assets	<u>30,143,755</u>
Deferred Outflows of Resources	69,724
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	785,285
Payroll Taxes Payable & Insurance Payable	-
Customer Deposits Payable	176,650
General Obligation Bonds Payable-current	180,000
TWDB 2012 Bonds Payable-current	40,000
Revenue Bonds Payable-current	43,901
Lease payable current	27,230
2016 ACombination Tax & Revenue Certificates of Obligation-current	330,000
2016 BCombination Tax & Revenue Certificates of Obligation-current	435,000
Total Current Liabilities	<u>2,018,066</u>
Noncurrent Liabilities:	
Net Pension Liability	81,495
General Obligation Bonds Payable	185,000
Net OPEB Liability	51,006
TWDB 2012 Bonds Payable	440,000
Revenue Bonds Payable	463,099
Leases payable	28,297
2016B Combination Tax & Revenue Certificates of Obligation	6,995,000
2016B Combination Tax & Revenue Certificates of Obligation	8,950,000
Total Noncurrent Liabilities	<u>17,193,897</u>
Total Liabilities	<u>19,211,963</u>
Deferred Inflows of Resources	444,546
<b>NET POSITION:</b>	
Net Investment in Capital Assets	4,976,680
Restricted for Debt Service	1,307,436
Restricted for Construction	2,002,402
Unrestricted Net Position	2,270,452
Total Net Position	<u>10,556,970</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, 2022

	Business-Type Activities
	Water and Sewer
<b>OPERATING REVENUES:</b>	
Charges for Sales and Services	3,255,299
Water and Sewer Tap Fees	-
Grant Revenue	1,429,768
Miscellaneous income	30
Total Operating Revenues	4,685,097
<b>OPERATING EXPENSES:</b>	
Cost of Service	1,223,683
Administration	908,842
Depreciation	611,479
Total Operating Expenses	2,744,004
Operating Income	1,941,093
 <b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	23,254
Interest Expense and Fiscal Charges	213,163
Total Non-operating Revenue (Expenses)	(189,909)
Income Before Contributions & Transfers	1,751,184
Capital Contributions	
Non-Operating Transfer In	340,420
Transfers Out	-
Change in Net Position	2,091,604
Total Net Position - October 1 (Beginning)	8,465,366
Total Net Position - September 30 (Ending)	\$ 10,556,970

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, 2022

	Business-Type Activities <u>Water and Sewer</u>
Cash Flows from Operating Activities:	
Receipts from Customers and Users	\$ 3,446,926
Payments to Suppliers	(59,596)
Payments to Employees	(634,236)
Net Cash Provided by Operating Activities	<u>2,753,094</u>
Cash Flows from Noncapital Financing Activities:	
Transfers to Other Funds	-
Transfers from Other Funds	340,420
Net Cash used in Noncapital Financing Activities	<u>340,420</u>
Cash Flows from Capital and Related Financing Activities:	
Loan proceeds	275,000
Capital outlay	(2,128,633)
Principal Paid on Capital Debt	(1,686,203)
Interest and Fiscal Charges Paid on Capital Debt	(213,163)
Differences in Net Pension Position not involving cash	(341,143)
Net Cash Provided by Capital and Related Financing Activities	<u>(4,094,142)</u>
Cash Flows from Investing Activities:	
Transfer to (from) Restricted Cash funds	(300,066)
Interest Received	23,254
Net Cash Provided by Investing Activities	<u>(276,812)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,277,440)
Cash and Cash Equivalents, Beginning of Year	<u>2,374,637</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,097,197</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	-
Operating Income	\$ 1,941,093
Adjustments to reconcile operating income to Net Cash Provided by Operating Activities:	
Depreciation	611,479
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	2,152
Decrease in interest receivable	-
(Increase) Decrease in Inventories	-
(Increase) Decrease in deferred charges	-
(Decrease) Increase in Accounts & Wages Payable	189,475
(Decrease) Increase in Customer Deposits & other liabilities	8,895
(Decrease) Increase in accrued interest payable	-
Net Cash Provided by Operating Activities	<u>\$ 2,753,094</u>

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

**City of Cameron, Texas**  
Notes to Financial Statements  
September 30, 2022

**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 \$12,851,632 and the bank balance of deposits is \$12,851,632 and the component unit's carrying amount of deposits was \$589,563. 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 2020-2021 levy was based was \$243,443,117. The tax rate for the fiscal 2021 levy was \$.77 per \$100 valuation (\$.53 per \$100 valuation for maintenance and operations, and \$.24 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, 2022 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	\$ 633,987	\$ 1,081,041	\$ -	\$ 1,715,028
Taxes	341,127	-	-	341,127
Gross receivables	975,114	1,081,041	-	2,056,155
Less: allowance for uncollectibles	20,144	-	-	20,144
Net Total Receivables	\$ 954,970	\$ 1,081,041	\$ -	\$ 2,036,011

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 October 1, 2021	Increases	Decreases	Balance September 30, 2022
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)

Governmental activities:	Balance			Balance
	October 1, 2021	Increases	Decreases	September 30, 2022
Capital assets, being depreciated:				
Building, systems and improvements	\$ 3,943,954	\$ 72,620	\$ -	\$ 4,016,574
Infrastructure	941,648	-	-	941,648
Machinery, equipment & vehicles	3,513,205	757,827	-	4,271,032
total capital assets, being depreciated	\$ 8,398,807	\$ 830,447	\$ -	\$ 9,229,254
Less accumulated depreciation for:				
Buildings, systems and improvements	(1,886,811)	(58,252)	-	(1,945,063)
Infrastructure	(552,249)	(32,654)	-	(584,903)
Machinery & equipment	(3,330,745)	(252,707)	-	(3,583,452)
Total accumulated depreciation	(5,769,805)	(343,613)	-	(6,113,418)
Total capital assets being depreciated, net	2,629,002	486,834	-	3,115,836
Governmental activities capital assets, net	\$ 3,087,871	\$ 486,834	\$ -	\$ 3,574,705

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

**6. CAPITAL ASSETS (continued)**

*Primary Government*

<b>Business-type activities:</b>	Balance			Balance
	October 1, 2021	Increases	Decreases	September 30, 2022
<b>Capital assets, not being depreciated:</b>				
Land	\$ 64,522	\$ -	\$ -	\$ 64,522
Construction in process	-	1,453,381	-	1,453,381
<b>Total capital assets, not being depreciated</b>	<b>64,522</b>	<b>1,453,381</b>	<b>-</b>	<b>1,517,903</b>
<b>Capital assets, being depreciated:</b>				
Buildings, systems and improvements	24,391,408	228,866	-	24,620,274
Machinery & equipment	999,864	446,386	-	1,446,250
<b>Total capital assets, being depreciated</b>	<b>25,391,272</b>	<b>675,252</b>	<b>-</b>	<b>26,066,524</b>
<b>Less accumulated depreciation for:</b>				
Buildings, systems and improvements	(9,322,026)	(524,360)	-	(9,846,386)
Machinery & equipment	(846,927)	(87,119)	-	(934,046)
<b>Total accumulated depreciation</b>	<b>(10,168,953)</b>	<b>(611,479)</b>	<b>-</b>	<b>(10,780,432)</b>
<b>Business-type activities, capital assets, net</b>	<b>\$ 15,286,841</b>	<b>\$ 1,517,154</b>	<b>\$ -</b>	<b>\$ 16,803,995</b>

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	\$ 126,585
Public Safety	103,260
Highways and streets	54,168
Culture and recreation	15,350
Police	44,250
	<hr/>
	\$ 343,613
	<hr/>
Business-type activities:	
Water and sewer facilities	<hr/> 611,479

**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, 2021**

**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, 2022 was as follows:

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Due Within One Year
<b>Governmental activities:</b>					
Equipment Leases	146,750	582,189	180,424	548,515	184,744
2015 Tax Note	75,585	-	36,611	38,974	38,974
2008 Cert.of Obligation		155,000	75,000	80,000	80,000
2003 Cert.of Obligation A		303,000	9,000	294,000	9,000
2003 Cert.of Obligation B		75,000	2,000	73,000	2,000
Certificates of obligation	502,000	-	502,000	-	-
	<u>\$ 724,335</u>	<u>\$ 1,115,189</u>	<u>\$ 805,035</u>	<u>\$ 1,034,489</u>	<u>\$ 314,718</u>
<b>Business-type activities:</b>					
Revenue bonds	247,000	-	15,000	232,000	16,000
Certificates of obligation	576,000	-	576,000	-	-
2003 Cert.of Obligation		145,000	45,000	100,000	50,000
2004 Cert. of Obligation		390,000	125,000	265,000	130,000
2012 TWDB Bonds	520,000	-	40,000	480,000	40,000
Sewer Jetter lease	81,730	-	26,203	55,527	27,230
2022 SIB Equip Lease		275,000	-	275,000	27,901
Certificates of Obligation	94,000	-	94,000	-	-
2016A Comb.Tax Rev CO	7,655,000	-	330,000	7,325,000	330,000
2016B Comb.Tax Rev CO	9,820,000	-	435,000	9,385,000	435,000
	<u>\$ 18,993,730</u>	<u>\$ 810,000</u>	<u>\$ 1,686,203</u>	<u>\$ 18,117,527</u>	<u>\$ 1,056,131</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, 2022 (continued):

Equipment Loans for Firetruck, Road Grader and Tractor, due in payments from \$2607 to \$26,808, various interest rates and terms.	548,515
\$240,000 Limited Tax Note Series 2015 due in annual installments of \$39,042 through December 10, 2022; interest at 3.4%.	38,974
\$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%	294,000
\$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%	73,000
\$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%.	80,000
	\$ 1,034,489

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

Year ended September 30:	Principal	Interest
2023	314,718	32,208
2024	216,671	11,154
2025	192,889	8,411
2026	171,427	15,579
Thereafter	138,784	4,857
	\$ 1,034,489	\$ 72,209

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

**LONG-TERM DEBT** (continued)

Debt for business-type activities at September 30, 2022 is comprised of the following issues:

\$9,305,000 Combination Tax & Surplus Revenue Certificates of Obligation, Series 2016A, due in annual installments of \$414,009 to \$420,245, begins March 01, 2017 through March 1, 2042, interest rate 1.13%	\$ 7,325,000
\$12,000,000 Combination Tax & Surplus Revenue Certificates of Obligation, Series 2016B, due in annual installments of \$515,651 to \$523,733, begins March 01, 2017 through March 1, 2042, interest rate 1.13%	\$ 9,385,000
\$450,000 - 1994 Waterworks and sewer revenue bonds due in annual installments of \$6,000 to \$25,000 through February 2033; interest at 4.5%	\$ 232,000
\$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%	\$ 100,000
\$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%	265,000
\$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	480,000
\$275,000 - 2022 SIB Loan due in annual installments of \$29,485, interest rate of 1.45% Loan expires May, 24, 2032.	275,000
\$132,640 Loan for Sewer Jetter, financed by Government Capital Corporation Payments of \$29,407, interest rate of 2.8% and loan expires 2023.	55,527
	<u>\$ 18,117,527</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
2023	1,056,131	203,565
2024	1,058,204	205,559
2025	1,069,778	186,707
2026	1,076,659	179,826
2027	1,084,545	171,940
Thereafter	12,772,210	1,738,502
Total	18,117,527	2,686,099

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.tmrs.com](http://www.tmrs.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, 2021 valuation and measurement date, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	39
Active employees	<u>45</u>
Total	124

**C. Contributions**

The contribution rate for the employees in TMRS 5% 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 5% 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 5% and 5% in calendar years 2021 and 2020 respectively. The city's contributions to TMRS for the year ended September 30, 2020 were \$201,449 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, 2021, 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, 2021 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, 2021, 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, 2022**

<b>A.</b>	<b>Total pension liability</b>	
	1. Service Cost	\$ 202,235
	2. Interest (on the Total Pension Liability)	399,260
	3. Changes of benefit terms	-
	4. Difference between expected and actual experience	(34,561)
	5. Changes of assumptions	-
	6. Benefit payments, including refunds of employee contributions	<u>(314,458)</u>
	7. Net change in total pension liability	\$ 252,476
	8. Total pension liability - beginning	<u>5,971,078</u>
	9. Total pension liability - ending	<u><u>\$ 6,223,554</u></u>
<b>B.</b>	<b>Plan fiduciary net position</b>	
	1. Contributions - employer	\$ 201,449
	2. Contributions - employee	98,172
	3. Net investment income	683,115
	4. Benefit payments, including refunds of employee contributions	(314,458)
	5. Administrative Expense	(3,162)
	6. Other	<u>22</u>
	7. Net change in plan fiduciary net position	\$ 665,138
	8. Plan fiduciary net position - beginning	<u>5,241,760</u>
	9. Plan fiduciary net position - ending	<u><u>\$ 5,906,898</u></u>
<b>C.</b>	<b>Net pension liability [A.9-B.9]</b>	<u><u>\$ 316,656</u></u>
<b>D.</b>	<b>Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	94.91%
<b>E.</b>	<b>Covered-employee payroll</b>	\$ 1,963,449
<b>F.</b>	<b>Net pension liability as a percentage of covered employee payroll [C / E]</b>	16.13%

**CITY OF CAMERON**  
**SCHEDULE OF PENSION EXPENSE**  
**SEPTEMBER 30, 2022**

1. Total Service Cost	\$ 202,235
2. Interest on the Total Pension Liability	399,260
3. Current Period Benefit Changes	-
4. Employee Contributions (Reduction of Expense)	(98,172)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(353,819)
6. Administrative Expense	3,162
7. Other Changes in Fiduciary Net Position	(22)
8. Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(11,007)
9. Recognition of Current Year Outflow (Inflow) of Resources - Assets	(65,860)
10. Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(85,617)
11. Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(51,619)
12. Total Pension Expense	<u>\$ (61,459)</u>

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	\$1,138,796	\$316,555	\$ (359,213)

**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, 2022**

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2021 Recognized in current pension expense	Deferred (Inflow) Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	3.1400	\$ (34,561)	\$ (11,007)	\$ (23,554)
Difference in assumption changes [actuarial (gains) or losses]	3.1400	\$ -	\$ -	\$ -
			<u>\$ (11,007)</u>	<u>\$ (23,554)</u>
<u>Due to Assets:</u>				
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]	5.0000	\$ (329,296)	\$ (65,860)	\$ (263,436)
			<u>\$ (65,860)</u>	<u>\$ (263,436)</u>
<u>Total:</u>				<u>\$ (286,990)</u>

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

	Net deferred outflows (inflows) of resources
2022	\$ (171,513)
2023	(160,153)
2024	(75,659)
2025	(65,856)
2026	-
Thereafter	-
Total	<u>\$ (473,181)</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 2022, 2021, and 2020 were \$0.29, \$0.32, and \$0.26 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
2018	0.28%	0.28%	100%
2019	0.26%	0.26%	100%
2020	0.26%	0.26%	100%
2021	0.32%	(city to provide)	(city to provide)
2022	0.29%	(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) Total OPEB Liability</b>
<b>Balance at 12/31/20</b>	<b>\$198,118</b>
Changes for the year	
Service Cost	9,621
Interest on Total OPEB liability	4,019
Changes of benefit terms	0
Differences between expected and actual experience	(12,523)
Changes in assumption or other inputs	6,154
Benefit payments	(3,927)
Net changes	3,334
Total OPEB Liability – end of year	\$201,462
Total OPEB Liability as a Percentage of Covered Payroll	10.26%

**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	\$245,693	\$201,462	\$166,962

**NOTE 9 – SUPPLEMENTAL DEATH BENEFITS PLAN**

**CITY OF CAMERON  
SCHEDULE OF OPEB EXPENSE  
SEPTEMBER 30, 2022**

1. Total Service Cost	\$ 9,621
2. Interest on the Total OPEB Liability	4,019
3. Changes in Benefit terms	-
4. Employer administrative costs	-
5. Recognition of deferred outflows/inflows of resources	
6. Difference between expected and actual experience	(8,736)
7. Changes in assumptions or other inputs	<u>12,806</u>
8. Total OPEB Expense	\$ 17,710

**CITY OF CAMERON**  
**SCHEDULE OF OPEB OUTFLOWS AND INFLOWS - CURRENT AND FUTURE EXPENSE**  
**SEPTEMBER 30, 2022**

	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2021 Recognized in current OPEB expense	Deferred (Inflow) Outflow in future expense
<u>Due to Liabilities:</u>				
Difference in expected and actual experience [actuarial (gains) or losses]	4.8500	(12,523)	(2,583)	(9,940)
Difference in assumption changes [actuarial (gains) or losses]	4.8500	6,154	1,269	4,885
Difference in projected and actual earnings on pension plan investments [actuarial(gains) or losses]	5	-	-	-
Contributions made subsequent to measurement date		Provided by City	Provided by City	Provided by City
			<u>(2,583)</u>	<u>(9,940)</u>

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

	Net deferred outflows (inflows) of resources
2022	\$ 2,313
2023	4,758
2024	581
2025	(1,113)
2026	-
Thereafter	-
Total	<u>\$ 6,539</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, 2022.

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, 2022

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,905,000	\$ 1,905,000	\$ 1,803,713	\$ (101,287)
General Sales and Use Taxes	924,000	924,000	1,168,266	244,266
Franchise Fees	725,000	725,000	770,524	45,524
Licenses and Permits	30,000	30,000	38,838	8,838
Charges for Services	224,929	224,929	423,182	198,253
Fines	205,000	205,000	182,454	(22,546)
Investment Earnings	71,800	71,800	114,945	43,145
Rents and Royalties Aviation	101,100	101,100	120,759	19,659
Grants, Donations, Misc Revenue	122,050	122,050	120,181	(1,869)
Total Revenues	<u>4,308,879</u>	<u>4,308,879</u>	<u>4,742,862</u>	<u>433,983</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	880,187	880,187	819,897	60,290
Public Safety	378,174	378,174	309,541	68,633
Police & Court	1,310,390	1,310,390	1,287,089	23,301
Public Works	-	-	-	-
Highways and Streets	1,060,649	1,060,649	831,442	229,207
Public Aviation	56,700	56,700	107,935	(51,235)
Culture and Recreation	310,904	310,904	141,344	169,560
Cameron Tourism & Advisory Board	-	-	-	-
Sales Tax to CEDC	305,000	305,000	366,487	(61,487)
Debt Service:				
Bond Principal	514,800	514,800	303,035	211,765
Bond Interest	-	-	45,948	(45,948)
Capital Outlay	-	-	830,447	(830,447)
Total Expenditures	<u>4,816,804</u>	<u>4,816,804</u>	<u>5,043,165</u>	<u>(226,361)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(507,925)</u>	<u>(507,925)</u>	<u>(300,303)</u>	<u>207,622</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	-	-	442,490	442,490
Transfers In	635,000	635,000	-	-
Transfers Out (Use)	-	-	(340,420)	340,420
Total Other Financing Sources (Uses)	<u>635,000</u>	<u>635,000</u>	<u>102,070</u>	<u>102,070</u>
Net Change in Fund Balances	127,075	127,075	(198,233)	309,692
Fund Balance - October 1 (Beginning)	1,445,715	1,445,715	1,445,715	1,445,715
Fund Balance - September 30 (Ending)	<u>\$ 1,572,790</u>	<u>\$ 1,572,790</u>	<u>\$ 1,247,482</u>	<u>\$ 1,755,407</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, 2022

	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	2,035,731	78,931
Sewer Revenue	1,080,000	1,080,000	1,083,315	3,315
Late payment penalties	54,000	54,000	66,772	12,772
Water & Sewer taps, water billing	7,000	7,000	38,636	31,636
Reconnects and fees	25,000	25,000	30,845	5,845
Miscellaneous	50	50	30	(20)
Grant revenues	-	0	1,429,768	1,429,768
Investment Earnings	5,500	5,500	23,254	17,754
Transfers	254,114	254,114	340,420	86,306
<b>Total Revenues</b>	<b>3,382,464</b>	<b>3,382,464</b>	<b>5,048,771</b>	<b>1,587,376</b>
<b>EXPENDITURES:</b>				
Current:				
Water & Sewer Maintenance	761,604	761,604	709,353	52,251
Water Treatment & Pump	426,992	426,992	327,579	99,413
Sewer Treatment & Disc	279,092	279,092	186,751	92,341
Water & Sewer Administration	955,858	955,858	908,842	47,016
Grant expenditures	-	-	-	-
Bond Principal	958,917	958,917	1,686,203	(727,286)
Bond Interest	-	-	213,163	(213,163)
Depreciation	-	-	611,479	(611,479)
Capital Outlay	-	-	2,128,633	(2,128,633)
<b>Total Expenditures</b>	<b>3,382,463</b>	<b>3,382,463</b>	<b>6,772,003</b>	<b>(3,389,540)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,723,232)	(1,802,164)
<b>OTHER FINANCING SOURCES (USES):</b>				
Add back Bond Principal & Capital Outlay per GAAP	-	-	3,814,836	3,814,836
Prior Period Adjustment OPEB	-	-	-	-
Transfers Out (Use)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>3,814,836</b>	<b>3,814,836</b>
Net Change in Fund Balances	1	1	2,091,604	2,012,672
Fund Balance - October 1 (Beginning)	8,465,366	8,465,366	8,465,366	8,465,366
Fund Balance - September 30 (Ending)	<b>\$ 8,465,367</b>	<b>\$ 8,465,367</b>	<b>\$ 10,556,970</b>	<b>\$ 10,478,038</b>

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)**

<b>Total pension liability</b>	2015	2016	2017	2018	2019	2020	2021
1. Service Cost	165,699	175,333	169,160	174,366	188,823	197,059	202,235
2. Interest (on the Total Pension Liab)	326,317	336,870	354,227	369,319	379,903	402,065	399,260
3. Changes of benefit terms	-	-	-	-	-	-	-
4. Difference between expect and act	23,232	(15,828)	(10,405)	(68,921)	61,881	(315,535)	(34,561)
5. Changes of assumptions	25,565	-	-	-	25,480	-	-
6. Benefit payments, including refunds	(217,291)	(215,960)	(256,351)	(327,651)	(322,731)	(341,010)	(314,458)
7. Net change in total pension liability	323,522	280,415	256,631	147,113	333,356	(57,421)	252,476
8. Total pension liability - beginning	4,687,462	5,010,984	5,291,399	5,548,030	5,695,143	6,028,499	5,971,078
9. Total pension liability - ending	5,010,984	5,291,399	5,548,030	5,695,143	6,028,499	5,971,078	6,223,554
<b>Plan fiduciary net position</b>							
1. Contributions - employer	181,296	174,375	172,821	169,372	183,371	195,538	201,449
2. Contributions - employee	81,465	85,863	83,248	85,057	90,868	95,014	\$ 98,172
3. Net investment income	5,364	248,616	550,069	(135,261)	665,903	373,487	683,115
4. Benefit payments, including refunds	(217,291)	(215,960)	(256,351)	(327,651)	(322,731)	(341,010)	(314,458)
5. Administrative Expense	(3,267)	(2,810)	(2,853)	(2,616)	(3,763)	(2,417)	(3,162)
6. Other	(162)	(151)	(145)	(138)	(113)	(94)	22
7. Net change in plan fiduciary net pos	47,405	289,933	546,789	(211,237)	613,535	320,518	665,138
8. Plan fiduciary net position - begin	3,634,817	3,682,222	3,972,155	4,518,945	4,307,708	4,921,242	5,241,760
9. Plan fiduciary net position - ending	3,682,222	3,972,155	4,518,944	4,307,708	4,921,243	5,241,760	5,906,898
<b>Net pension liability [A.9-B.9]</b>	1,328,762	1,319,244	1,029,086	1,387,435	1,107,256	729,318	316,656
<b>Plan fiduciary net position as a percentage of the total pension liability [B.9 / A.9]</b>	73.48%	75.07%	81.45%	75.64%	81.63%	87.79%	94.91%
<b>Covered-employee payroll</b>	\$ 1,629,292	1,717,269	1,664,960	1,701,133	1,817,354	1,900,281	1,963,449
<b>Net pension liability as a percentage of covered employee payroll [C / E]</b>	81.55%	76.82%	61.81%	81.56%	60.93%	38.38%	16.13%

**City of Cameron**  
**Schedule of Contributions**  
**Last 10 Fiscal Years (will ultimately be displayed)**  
**September 30, 2022**

	2015	2016	2017	2018	2019	2020	2021
Actually Determined Contribution	262,761	260,238	256,069	254,429	274,239	290,552	299,621
Contributions in relation to the actuarially determined contribution	<u>262,761</u>	<u>260,238</u>	<u>256,069</u>	<u>254,429</u>	<u>274,239</u>	<u>290,552</u>	<u>299,621</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	1,629,292	1,717,269	1,664,960	1,701,133	1,817,354	1,900,281	1,963,449
Contributions as a percentage of covered employee payroll	16.13%	15.15%	15.38%	14.96%	15.09%	15.29%	15.26%

**Notes to Schedule**

Valuation Date determined 12/31/2021  
Notes

**Valuation Date:**

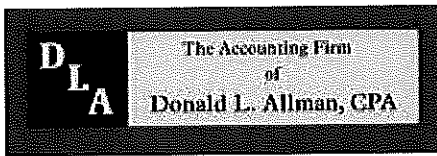
Notes Actuarially determined contribution rates are calculated as of December 31 and become effective

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	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, 2022, 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 20, 2023.

**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 20, 2023