

CAMERON COUNTY, TEXAS
PARK SYSTEM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2019



CAMERON COUNTY, TEXAS
PARK SYSTEM
SEPTEMBER 30, 2019

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CAMERON COUNTY PARK SYSTEM

33174 State Park Road 100
SOUTH PADRE ISLAND, TEXAS 78597

March 20, 2020

Hon. County Judge, Eddie Treviño, Jr.
Hon. Commissioner Pct. 1, Sofia C. Benavides
Hon. Commissioner Pct. 2, Joey Lopez
Hon. Commissioner Pct. 3, David A. Garza
Hon. Commissioner Pct. 4, Gus Ruiz
Cameron County Courthouse
Brownsville, Texas

Honorable County Judge and Commissioners:

The Cameron County Park and Recreation Department maintains and operates approximately sixteen facilities that encompass approximately 812 acres throughout the County. The Cameron County Park and Recreation Department's mission is to provide safe, quality outdoor recreation opportunities to the citizens and visitors of Cameron County at an affordable price. The Cameron County Park and Recreation Department also seeks to develop and protect Cameron County Coastal resources and natural habitats.

Isla Blanca, Andy Bowie and Edwin K. Atwood County Parks provide beach access for day-use, as well as overnight camping, restroom and shower facilities, picnic pavilions, public parking, and food and beach rental concession areas. Other amenities such as fishing, surfing, bird watching and strolling along the edge of the shoreline are some of the nature activities enjoyed at these parks. Isla Blanca Park located on the south end of South Padre Island also provides retail stores, restaurants, beach equipment rentals, a full service marina, access to a water park and a boat launching facility. The Park accommodates over six hundred full-service recreational transient vehicle rental sites, and eight cabanas. The cabanas are equipped with bunk beds (sleep six persons comfortably), restrooms, showers and small kitchenettes. Andy Bowie Park also known as County Beach Access No. 2 is located just north of the City of South Padre Island city limits. This park also offers a flagship Hotel on the beach of the Gulf of Mexico. Edwin K. Atwood County Parks also known as County Beach Access No. 5 is located approximately five miles north of the South Padre Island city limits. This beautiful coastal park provides five pavilions, dune walkovers, rinse stations, restrooms and showers, an environmental friendly permeable pavement parking lot, food truck parking, two toll booth stations and other associated site improvements.

Cameron County also maintains and operates the following three public beach access areas on South Padre Island:

County Beach Access No. 3 is located 0.3 miles north of Andy Bowie park Beach Access 2. This is not a vehicular accessible point, but allows public accessibility to the beach. This access area provides 143 public parking spaces, a dune walkover that allows you to access the beach and provides seasonal lifeguards/beach patrol.

County Beach Access No. 4 is located 1 mile north of Andy Bowie Park. This is not a vehicular accessible point, but allows public accessibility to the beach. This access area provides 55 public gulf side parking spaces and 66 spaces on the west side of Park Road 100. This area provides a dune walkover that allows you to access the beach and provides seasonal lifeguards/beach patrol.

County Beach No. 6 is located approximately 4.6 miles north of Andy Bowie Park. This area allows for vehicular traffic to access the beach. Many visitors use this area for day camping, surf fishing and nature activities.

Adolph Thoma, Jr. County Park is Located on the mainland and situated within the U.S. Fish & Wildlife Service-Laguna Atascosa Wildlife Refuge. The park is adjacent to the bank of the Arroyo Colorado and offers a number of outdoor recreational opportunities such as; Lighted fishing piers, picnic areas, playground, a boat ramp with fish cleaning stations and courtesy docks, nature trail, wildlife observation tower, tent camping area, and 35 full-hookup RV sites. This area provides a newly constructed boat ramp which include two new additional boat ramps for boaters to launch and load their boats, courtesy docks, fish cleaning stations, shoreline restoration and approximately 50 additional truck/trailer parking spaces to alleviate some of the overcrowding experienced on busy weekends. The parking lot is constructed using a pervious paving system that is environmentally friendly.

The Cameron County Parks and Recreation Department also maintains and operates a combined of twelve recreational and community park facilities that are nestled throughout the County within small underserved communities. The park facilities consist of the following:

La Esperanza Community Park is located in the colonia of Cameron Park. The amenities at the park include a walking trail, picnic pavilion, lighted soccer field, basketball court pavilion and an outdoor basket ball court. Recently, with funding assistance in the amount of \$500,000 from the Valley Baptist Legacy Foundation an All-Inclusive Playground was constructed that provide maximum ADA accessibility and is universally designed to create a myriad of play opportunities for special needs children and children with non-disabilities. This playground will be the first in both the County Park System and in Brownsville

Santa Maria Community Park is located in the community of Santa Maria on Highway 281, the park offers a swimming pool, picnic shelters, playground area, multi-use athletic field and a community center that can be rented for assemblies. In addition to the amenities, a historic building, built in 1884 and known as 'The Our Lady of Visitation Church', is situated on the site.

Santa Rosa Community Park is located in the city of Santa Rosa, the amenities at the park include two lighted baseball fields, playground facility, four picnic areas, swimming pool and a Boys and Girls Club unit operated and maintained by the City of Santa Rosa.

Esparza-Domanski Community Park is located in the colonia of El Ranchito on the intersection of FM 1577 and US Highway 281. The amenities at the park include a basketball court, playground, picnic pavilion and a swimming pool.

El Ranchito Recreational Park is located in the community of El Ranchito on 24103 US Hwy 28, the amenities at the park include a baseball field, one soccer field, a basketball court, and age appropriate playgrounds, walking trails, two picnic shelters and a concession/restroom facility.

Bejarano-McFarland Memorial Park is located in the colonia of Laguna Heights, within the city limits of Port Isabel. The park is approximately 2.0 acres in size and borders the Laguna Madre bay. The amenities offered at the park consist of a bird Watch Overlook with interpretative signs that extend 110 feet into the Laguna Madre, outdoor basketball court, playground, multi-purpose trail, a large picnic pavilion with BBQ pits and a butterfly garden.

La Paloma Recreational Park is located south of San Benito, Texas, in the rural community of La Paloma. The park offers a number of recreational opportunities for the public to enjoy. Amenities include a walking trail, picnic pavilion, lighted soccer field, lighted baseball field, playground, basketball court, restrooms, concession stand and a splash pad.

Laureles Recreational Park is located just north of Los Fresnos, Texas, in the rural community of Laureles. The Park was completed in 2010 and serves as a major recreational attraction for many of the surrounding communities. Organized little league games for baseball and soccer are commonly played during the respective seasons. The park offers three baseball fields; two of which are lighted, restrooms, a concession stand, two soccer fields, a walking trail, splash pad, playground, picnic pavilion and a butterfly garden.

Pedro "Pete" Benavides Recreational Park is located at the corner of Browne Road and California, in the southmost area of Brownsville, Texas. The Park is constructed on 64 acres of land adjacent to Resaca de la Guerra. Amenities at the park include; a lighted adult softball field, lighted little league baseball field, two lighted full sized soccer fields, lighted basketball court, lighted volleyball court, playground and splash pad area, four small picnic pavilions, one large picnic pavilion, BBQ areas, a one mile Resaca frontage nature trail with two nature observation stations, and approximately 1 mile walking trail with 5 integrated workout stations. The walking trail at Pedro "Pete" Benavides Park is constructed with a new permeable system called TRUEGRID. TRUEGRID is a permeable paving system using green technology to create long term sustainable paving. The product aides in storm water management, erosion control and is even capable of removing pollutants from runoff because of its high infiltration rates. Many of the characteristics of TRUEGRID are highly beneficial for the environment by helpoing create cleaner storm water runoff, especially for hardscape which create Non-Point Source Pollution areas such as parking lot, streets, gutters, sidewalks, etc. The multi-purpose walking trail, including extension, measures 3,704 LF, or approximately one tenths of a mile, and receives a substantial amount of traffic on a daily basis. The trail is completely ADA accessible and is extremely user friendly. Runners, Joggers and walkers alike had nothing but positive things to say about the new surface. This project was funded through bonds and Parks Capital Improvement Funds.

Jaime J. Zapata Memorial Boat Ramp is located adjacent to the Brownsville Ship Channel, on Highway 48 between Port Isabel and the Port of Brownsville, the Jaime J. Zapata Memorial Boat Ramp offers more than just a public boat launching facility. Other amenities include; a lighted fishing pier, two picnic pavilions and a kayak launch ramp. This unique site offers fisherman, boaters, bird watchers, nature enthusiast and kayaker's quick access to San Martin Lake and the Brownsville Ship Channel.

The Parks Department also maintains and operates two social service centers. The Bob Clark Social Service Center and El Centro Cultural.

The Bob Clark Social Service Center is located in the hub of 21 colonias, at the corner of Browne Road and California Road, and serves the surrounding community of the southmost area. The Center houses a Head Start Program and a WIC Clinic. It also offers a wide variety of social services and educational programs to the community such as the GED, ESL, home economics, Zumba, sewing, family counseling, assistance with CHIP, Medicaid, Medicare, and employment placement assistance. Recently, Cameron County entered into a partnership with University of Texas Health-Rio Grande Valley on developing an Area Health Care Center at the Bob Clark Social Service Center which included examination rooms, triage rooms, conference room and lab.

El Centro Cultural is located in the colonia of Cameron Park. The Center is equipped with a technology center and offers a variety of social service and educational programs such as a GED, ESL, home economics, Zumba, baking classes, family counseling, assistance with Chip, Medicaid, Medicare, and employment placement assistance.

OTHER EVENTS

Cameron County recently received funding from the Texas Parks and Wildlife Department for the construction of a Mountain Bike Trail at Pedro "Pete" Benavides Park. The trail will be approximately 2.79 miles and will be designed to accommodate mountain bikers, trail runners and hikers. Currently, the project is under environmental review by the Texas Department of Transportation.

Cameron County Parks recently completed the renovations to Isla Blanca Park which include new pavilions, restrooms, a 2,000 L.F. beachfront boardwalk, additional walkovers, new rinse stations and concessions. The total improvement cost which includes improvements to E.K. Atwood park was approximately \$24 million.

Cameron County recently received funding in the amount of \$500,000 from the Texas Parks and Wildlife Department for Phase II of the Adolph Thomae Park, Jr. Boat Ramp Improvements. Proposed improvements include new restrooms, parking lot lights for new boat ramp located on the west side, and entrance road improvements.

Cameron County recently received official notice from the Texas General Land Office awarding several grants from the Coastal Erosion Planning Response Act (CEPRA) and Coastal Management Program totaling \$1,566,250 for the following coastal county projects.

Adolph Thomae, Jr. Park Shoreline Restoration Phase 3: This project is being funded through the CEPRA Cycle 10 Grant Program which will stabilize approximately 620 linear feet of shoreline from ongoing erosion and degradation at Adolph Thomae, Jr. Park. Phase III will include the construction of Articulated Concrete Block Mat (ACBM) and a retaining gravity wall. CEPRA Grant Funds Awarded: \$420,000.

Adolph Thoame, Jr. Park Living Shoreline Restoration Project Phase 4: This project is being funded through the CEPRA Cycle 11 Grant Program which will stabilize an additional 1,020 L.F. of eroding shoreline through the construction of a living shoreline and gravity wall that has been designed and permitted at Adolph Thomae, Jr. County Park. CEPRA Grant Funds Awarded: \$780,000.

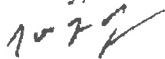
The North Cameron County Beach Nourishment Phase I: This Project is being funded through the CEPRA Cycle 11 Grant Program for engineering and permitting to amend the existing permit to nourish an additional 12 miles of beach north of the currently authorized placement limits. Phase I will include data collection, regulatory coordination and permitting, cost estimates, bathymetric surveys, coastal boundary survey, geotechnical investigation, cultural resource identification, and environmental permitting. CEPRA Grant Funds Awarded: \$131,250.

The Children's Beach Shoreline Restoration Project Phase I: This project is to protect a section of the children beach shoreline located on the west side of Isla Blanca Park owned by Cameron County and the Brownsville Navigation District. CEPRA Cycle II funds will assist Phase I of the restoration project which includes engineering services for a future construction project to stabilize the shoreline. Engineering services will consist of collecting topographic, hydrographic and geotechnical data, performing an alternative analysis, submitting an application to the US Army Corps of Engineers, and preliminary engineering design of the preferred alternative. CEPRA Grant Funds Awarded: \$135,000.


Cameron County Park System
March 20, 2020

Cameron County Beach Access No. 3 Parking Improvements and Educational Pavilion: This project is being funded through the CMP Cycle 24 Grant Program to acquire engineering services, develop architectural design and initiate permitting to enhance amenities at Cameron County Beach Access No. 3 which includes parking improvements, a new pavilion, restrooms, community rinse stations and a new dune walkover. CEPRG Grant Funds Awarded: \$100,000.

Sincerely,



Joe Vega, Director
Cameron County Parks and Recreation Department



Cameron County Auditor
Martha Galarza, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge
and Commissioners' Court
Cameron County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Cameron County, Texas Park System, an enterprise fund of Cameron County, as of and for the year ended September 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cameron County, Texas Park System, as of September 30, 2019, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages x - xiv be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cameron County, Texas Park System's basic financial statements. The Letter of Transmittal and Statistical Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Letter of Transmittal and Statistical Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on it.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Cameron County, Texas Park System and do not purport to, and do not present fairly the financial position of Cameron County, Texas, as of September 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020, on our consideration of the Cameron County Park System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cameron County Park System's internal control over financial reporting and compliance.

Burton, McCumber, & Longoria LLP

Brownsville, Texas
March 20, 2020

CAMERON COUNTY PARK SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2019

This discussion and analysis of the Cameron County Park System (Park) financial performance provides an overview of the Park's financial activities for the fiscal year ended September 30, 2019. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities and resulting changes. The MD&A should be considered in conjunction with the letter of transmittal, the accompanying basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

The Park's total assets exceeded its total liabilities at September 30, 2019 by \$17,651,698.

Total assets increased from Fiscal Year 2018 to Fiscal Year 2019 by \$1,300,158.

Total liabilities decreased from Fiscal Year 2018 to Fiscal Year 2019 by \$107,433.

Total net position increased by \$1,407,590.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Park's basic financial statement. The Park's basic financial statements are comprised of: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Park's Basic Financial Statements

The Basic Financial Statements are designed to provide readers with a broad overview of the Park's finances in a manner similar to private sector business. They present the financial picture of the Park from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Park as well as all liabilities.

The Statement of Net Position presents information on all Park's assets and liabilities, with the difference between the two reported as *net position*. Increases or decreases in net position, contrasted with budgetary decisions, should serve as a useful indicator of whether the financial position of the Park is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how net position changed during the most recent fiscal year using full accrual basis of accounting. 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 flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Statement of Cash Flows presents information on all Park's sources of cash and cash equivalents and the uses of cash and cash equivalents. Specific information about *Operating* cash flows, *Investing* cash flows, and *Financing* cash flows are presented along with information about material non-cash events.

The Notes to the Basic Financial Statements present additional information that is essential to a full understanding of the data provided in the Basic Financial Statements.

PARK'S FINANCIAL ANALYSIS

Net position serves as a useful indicator of the Park's financial position. As of September 30, 2019, the Park's assets exceeded liabilities by \$17,651,698

The Parks have a net position of \$8,371,186 invested in capital assets (e.g. land, building, improvements, construction in progress, automotive machinery, and other structures) less any outstanding debt used to acquire those assets.

A portion of the Park's net position, \$6,499,743, represents resources that are subject to external restrictions on how they may be used. This restricted net position includes net position for debt service and amounts restricted for construction.

The Park has \$2,780,769 of unrestricted net position at the end of this year.

The Park's net position for fiscal years ended September 30, 2019, is summarized as follows:

Condensed Schedule of Net Position September 30

	2019	2018
Current and other assets	\$15,322,240	\$26,736,397
Capital assets	35,838,127	23,837,650
Other Assets	1,026,223	312,385
Total assets	52,186,590	50,886,432
Current and other liabilities	3,993,668	3,908,519
Long-term liabilities	30,314,400	30,402,131
Other Liabilities	226,824	331,675
Total liabilities	34,534,892	34,642,325
Net Position:		
Net investment in capital assets	8,371,186	7,468,008
Restricted	6,499,743	5,493,731
Unrestricted	2,780,769	3,282,368
Total net position	\$17,651,698	\$16,244,107

The following table provides a summary of the Park's revenues, expenses and changes in net position for the year ended September 30, 2019, and 2018. The Park experienced an overall increase of \$1,407,591 in net position for the year ending September 30, 2019

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Condensed Schedule of Changes in Net Position
For the Year ended September 30

	2019	2018
Operating revenues	\$9,085,174	\$9,171,559
Operating expenses	(7,364,361)	(6,930,695)
Operating income (loss)	1,720,813	2,240,864
Non-operating revenue (expenses)	(57,228)	60,691
Transfer to other funds	(255,995)	(169,233)
Increase (decrease) in net position	1,407,590	2,132,322
Net position – Beginning of year	16,244,107	13,926,198
Prior period adjustment	-	185,587
Net position – End of year	\$17,651,698	\$16,244,107

GENERAL FUND BUDGETARY HIGHLIGHTS

The County Auditor is required by policy to present the Commissioners' Court with a balanced budget that contains a no- increase assumption as a starting point for budget discussions. The budget is prepared in accordance with accounting principles generally accepted in the United States of America, and with financial policies by the County Auditor and approved by the Commissioners' Court following a public hearing. Appropriated budgets are approved and employed as a management control device during the year. The Park maintains strict budgetary controls and sets its appropriations at a line item level for each department. Appropriation transfers are allowable between line items or departments only with the approval of the Commissioners' Court. Reserves are established as a budget line item and may be transferred to other budget line items with approval of the Commissioners' Court.

The FY 2019 budget was adopted on September 15, 2018 with total operating expenditures of \$9,101,468, a 1% increase from Fiscal Year 2018 budgeted operating expenses.

CAPITAL ASSETS

The Parks has \$35,838,127 (net of accumulated depreciation) invested in capital assets. General capital assets include land, buildings, improvements, construction in progress, equipment, furniture and fixtures, other structures, automotive machinery and equipment.

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Capital assets consisted of the following at September 30, 2019:

Assets being depreciated:	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Buildings	10,869,402	-	-	10,869,402
Improvements other than buildings	7,895,910	4,559,449	-	12,455,359
Equipment	1,230,674	34,294	-	1,264,968
Automotive machinery and equipment	2,527,937	391,996	-	2,919,933
Furniture and fixtures	1,020,173	-	-	1,020,173
Other structures	5,994,695	-	-	5,994,695
Assets not being depreciated:				
Construction in progress	12,322,233	12,383,390	(4,089,848)	20,615,775
Land	1,718,384	-	-	1,718,384
Less: Accumulated depreciation	<u>(19,741,758)</u>	<u>(1,278,804)</u>	<u>-</u>	<u>(21,020,562)</u>
TOTAL CAPITAL ASSETS	<u>23,837,650</u>	<u>16,090,325</u>	<u>(4,089,848)</u>	<u>35,838,127</u>

DEBT ADMINISTRATION

During the period in which the bonds are outstanding, the Park System Bond Order requires the County to create and maintain a Debt Service Reserve Fund to be funded (i) out of proceeds of Park System obligations which are secured by a parity pledge on the net revenues, as defined in the Bond Order of the Park System, (ii) from periodic deposits of net revenues, or (iii) from other funds of the County which are lawfully available for such purpose. The County is obligated by the Bond Order to maintain an amount on deposit in the Debt Service Fund equal to the average annual debt service for all Park System obligations, as defined in the Bond Order.

At September 30, 2019, the Park has certificates of obligation payable of \$25,900,413 of which \$1,340,461 is payable in fiscal year 2020.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The annual budget is developed to provide efficient, effective, and economic uses of the Park's resources as well as a means to accomplish the highest priority objectives. Through the budget, the Cameron County Commissioners set the direction of the Parks, allocates its resources, and establishes its priorities.

In developing the Park's budget for FY 2020, the Commissioners' Court and management considered the following factors:

- Recreational vehicle site rental rates.
- Capital park improvements
- Additional lease income.
- Debt service commitments and capital lease obligations.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers and investors with a general overview of the Park's finances and to show the Park's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the appropriate financial officer at 1100 E. Monroe, Brownsville, Texas 78502.

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF NET POSITION
Year Ended September 30, 2019

ASSETS

CURRENT ASSETS

Cash on deposit and on hand	\$ 6,078,616
Accounts receivable	5,615
Inventory	473
Prepaid expense	-
Prepaid insurance	51,438
TOTAL CURRENT ASSETS	<u>6,136,142</u>

RESTRICTED ASSETS

Park Construction Fund:	
Cash on deposit 2016 Co's	2,686,355
Cash on deposit 2011 Co's	524,509
Parking Lot Dirty AI's	19,202
Capital Improvements	14,400
Santa Rosa Improvements	9,501
Gomesa Funds	1,269,534
Park Donation Fund:	
Donations	10,367
Community Parks Donations	44,698
Debt Reserve Fund:	
Cash on deposit	2,372,532
Operating Reserve Fund:	
Repairs & Replacement	600,000
Cash on deposit	1,635,000
TOTAL RESTRICTED ASSETS	<u>9,186,098</u>

CAPITAL ASSETS

Depreciable assets:	
Buildings	10,869,402
Improvements other than buildings	12,455,359
Equipment	1,264,968
Automotive machinery and equipment	2,919,933
Furniture and fixtures	1,020,173
Other structures	5,994,695
	<u>34,524,530</u>
Less: Accumulated depreciation	<u>(21,020,562)</u>
Net depreciable assets	13,503,968
Construction work in progress	20,615,775
Land	1,718,384
TOTAL CAPITAL ASSETS	<u>35,838,127</u>

DEFERRED OUTFLOW OF RESOURCES

Differences between projected and actual earnings OPEB	9,990
Differences between projected and actual earnings Pension	1,016,233
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>1,026,223</u>

TOTAL ASSETS	<u>\$ 52,186,590</u>
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(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF NET POSITION-continued
Year Ended September 30, 2019

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities (payable from Current Assets):

Accounts payable	\$ 1,189,945
Due to other funds	152,233
Capital lease payable-current	308,056
Wages and fringe payable	135,766
Compensated absences payable	37,102
Accrued interest payable	140,185
Education reserve	7,281
Rental deposits	702,639
Total Current Liabilities (payable from Current Assets)	<u>2,653,207</u>

Current Liabilities (payable from Restricted Assets):

Current maturities of certificates of obligation	<u>1,340,461</u>
Total Current Liabilities (payable from Restricted Assets)	<u>1,340,461</u>

Noncurrent Liabilities:

Certificates of obligation	24,559,952
Less: Unamortized discount	-
Plus: Unamortized premium	2,895,088
Capital lease payable	372,536
Unfunded actuarial liability	1,054,009
Pension Liability	<u>1,432,815</u>
Total Noncurrent Liabilities	<u>30,314,400</u>

DEFERRED INFLOW OF RESOURCES

Differences between expected and actual experience OPEB	79,773
Differences between expected and actual experience Pension	<u>147,051</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>226,824</u>

TOTAL LIABILITIES	\$	<u>34,534,892</u>
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NET POSITION

Net investment in capital assets	\$ 8,371,186
Restricted for:	
Debt service	2,372,532
Operating reserve	2,235,000
Construction	612,310
Donations	10,367
Gomesa Funds	1,269,534
Unrestricted	<u>2,780,769</u>
TOTAL NET POSITION	<u>\$ 17,651,698</u>

The notes to the financial statements are an integral part of this statement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2019

<u>OPERATING REVENUES</u>	
Trash bag program	\$ 121,496
Others	209,191
Entrance fees	3,809,747
Rental income	4,944,740
TOTAL OPERATING REVENUES	<u>9,085,174</u>
<u>OPERATING EXPENSES</u>	
Pension Expense	237,990
Travel	9,653
Audit and legal	6,647
Advertising	7,090
Taxes	14,687
Rental	13,974
Miscellaneous	28,018
Insurance	60,740
Post employee benefits expense	126,569
Repairs and maintenance	213,269
Supplies	300,803
Contractual	260,724
Depreciation	1,278,803
Utilities	1,134,400
Salaries and employee benefits	3,670,994
TOTAL OPERATING EXPENSES	<u>7,364,361</u>
OPERATING INCOME (LOSS)	<u>1,720,813</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest expense	(1,121,051)
Capital grants - expenses	(19,055)
Fiscal agent fees	(750)
Insurance proceeds - net of related losses	779
Gain on sale of capital assets	14,518
Interest on cash investments	409,820
Capital grants & contribution	658,511
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(57,228)</u>
INCOME BEFORE TRANSFERS	<u>1,663,585</u>
Transfer out	<u>(255,995)</u>
CHANGE IN NET POSITION	1,407,590
Total Net Position - Beginning of year	<u>16,244,107</u>
Total Net Position - Beginning of year	16,244,107
Prior Period Adjustment	-
Total Net Position - End of year	<u>\$ 17,651,698</u>

The notes to the financial statements are an integral part of this statement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF CASH FLOWS
Year Ended September 30, 2019

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows From Operating Activities:

Cash received from customers	\$ 9,309,139
Cash payments for goods and services	(2,245,467)
Cash payments to employees	(3,662,164)
Net Cash Provided by Operating Activities	<u>3,401,508</u>

Cash Flows From Non-Capital Financing Activities:

Transfer to other funds	(255,995)
Insurance Proceeds	780
Net Cash Used by Non-Capital Financing Activities:	<u>(255,215)</u>

Cash Flows From Capital and Related Financing Activities:

Acquisition and construction of capital assets	(13,279,281)
Principal payments	(1,209,550)
Net capital lease payments	96,498
Interest paid	(1,121,051)
Bond issuance cost	(48,755)
Proceeds from sale of capital assets	14,518
Capital grants - expenses	(19,054)
Capital grants & contribution	658,511
Fiscal agent fees paid	(750)
Net Cash Used for Capital and Related Financing Activities	<u>(14,908,914)</u>

Cash Flows From Investing Activities:

Receipts of interest	409,820
Net Cash Provided by Investing Activities	<u>409,820</u>

Net increase (decrease) in cash and cash equivalents

	(11,352,801)
--	--------------

Cash and cash equivalents at beginning of year

	<u>26,617,515</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR

	<u>\$ 15,264,714</u>
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Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	\$ 1,720,813
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Adjustments to Reconcile Operating Income to Net Cash

Provided by Operating Activities:

Depreciation	1,278,803
Post-employment benefits expense	126,569
Pension Expense	237,990

Changes in Current Assets and Liabilities:

Decrease (Increase) in accounts receivable	20,936
Decrease (Increase) in prepaids	40,249
Decrease (Increase) in inventory	171
Increase (Decrease) in accounts payable	(302,677)
Increase (Decrease) in due to other funds	72,650
Increase (Decrease) in deposit payable	203,029
Increase (Decrease) in accrued interest payable	(5,608)
Increase (Decrease) in reserve payable	(247)
Increase (Decrease) in compensated absences	(10,029)
Increase (Decrease) in wages and fringe payable	18,859

NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>\$ 3,401,508</u>
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The notes to the financial statements are an integral part of this statement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Operations

Cameron County, Texas, (County) through its Park System, owns and operates 1) Isla Blanca Park located in the southernmost tip of South Padre Island, 2) Andy Bowie Park on the north end of South Padre Island, 3) Public Beach access road further north of Andy Bowie Park, 4) E. K. Atwood Park further north of Andy Bowie Park and Public Beaches on South Padre Island, 5) Adolph Thomae Park located in Arroyo City on the Arroyo Colorado, and eleven community parks located throughout Cameron County. The island parks provide transient and long-term rentals of trailer spaces and long-term leases of boat slips at the County's marina facilities. Additionally, the County has several concession leases with various food and entertainment establishments. Such concession leases generally require payment of a monthly lease amount and/or a fixed percentage of gross revenues.

B. Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board (GASB). For the year ended September 30, 2003, the Parks System of Cameron County, Texas adopted GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments (GASB 34) as amended by GASB Statement No. 37 and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net position subject to externally imposed stipulations that the Park System maintains them permanently. For the fiscal year end 2019 and the Park System does not have nonexpendable net position.
 - Expendable – Net position whose use by the Park System is subject to externally imposed stipulations that can be fulfilled by actions of the Park System pursuant to those stipulations or that expire by the passage of time.
- Unrestricted: Net position that is not subject to externally imposed stipulations.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

The accompanying financial statements have been prepared on the accrual basis. The Park System reports as a Business Type Activity, as defined by GASB Statement No. 34. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

The provisions of GASB Statement No. 75 have been applied as of fiscal year ended September 30, 2019. GASB 75 created accounting standards for Other Post Employment Benefits (OPEB) provided by governmental entities separately from a pension plan. This Statement establishes standards for measurement, recognition and display of OPEB expenditures and related liabilities/assets disclosure.

C. Capital Assets and Depreciation

Purchased assets are recorded at historical cost. Depreciation is provided over the estimated useful lives on a straight-line basis over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	40
Furniture and Fixtures	5
General Equipment	5
Vehicles	5
Computer hardware	3
Infrastructure	30

Depreciation expense for all activities totaled \$1,278,803.

D. Retirement Plan

All employees who work in excess of 900 hours per year are members of the Texas County and District Retirement System under which the employees contribute 7% and the Park System contributes 8.76% of the qualified employees' earnings. Retirement plan expense is funded as accrued, and includes amortization of prior service cost over a 20-year period. Information concerning the actuarially computed value of vested benefits is not available. Retirement plan expense for the year ended September 30, 2019 totaled \$126,569.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Park System considers cash on hand and deposits at banks as well as all highly liquid investments purchased with a maturity of three (3) months or less or with no stated maturity to be cash equivalents.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

G. Net Position

Net Position represents the residual interest in the Park System's assets after liabilities are deducted and consist of three sections: Invested in capital assets, net of related debt, Restricted and Unrestricted. Net investment in capital assets includes capital assets, restricted and unrestricted, net of accumulated depreciation, reduced by outstanding debt. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. The Park System's restricted assets are expendable. All other net position is unrestricted.

H. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of the changes in the system's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

I. Subsequent Events

Management has evaluated subsequent events through March 20, 2020 the date the financial statements were available to be issued.

Note 2 - BOND INDENTURE REQUIREMENTS

During the period in which the bonds are outstanding, the Park System Bond Order requires the County to create and maintain a Debt Service Reserve Fund to be funded (i) out of proceeds of Park System obligations which are secured by a parity pledge on the net revenues, as defined in the Bond Order of the Park System, (ii) from periodic deposits of net revenues, or (iii) from other funds of the County which are lawfully available for such purpose. The County is obligated by the Bond Order to maintain an amount on deposit in the Debt Service Fund equal to the average annual debt service for all Park System obligations, as defined in the Bond Order.

The Bond Order also obligates the County to fund an Operating Reserve Fund in the amount of \$1,635,000. The Operating Reserve will be used to pay items of extraordinary maintenance or extraordinary repairs and replacements of the Park System and minor capital improvements to the Park System. Amounts on deposit in the Operating Reserve may be used to pay debt service on Park Obligations in the event that amounts on deposit in the respective interest and sinking fund and the Debt Service Reserve are insufficient for such purpose.

Monies held as restricted assets in the fund established by the revenue bond indenture are invested in securities guaranteed by the U. S. Government. At September 30, 2019, the County's depository had pledged sufficient U.S. Government obligations to meet this requirement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note 3 – LONG-TERM DEBT

Certificates of Obligation

The County issued Certificates of Obligation, Series 2007 in the amount of \$8,000,000 on February 15, 2007. The purpose of the Certificates of Obligation are to provide for the payment of contractual obligations to be incurred in connection with the design, planning, acquisition, construction, equipping, expansion, and/or renovation of certain public property, specifically being improvements and additions to, and/or acquisition of, various public parks and other public recreation facilities located throughout the County; and to pay costs of issuance of the Certificates. The Park System raised the R.V. rental space rates and will use the funds formally designated for payment of the Refunding Bonds, Series 1996C, which final payment will be December 1, 2028, to pay the General Funds I & S Fund to make payments on these bonds.

Certificates of Obligation, Series 2007 in the amount of \$5,572,648 were refinanced with Refunding Series 2015 on March 31, 2015, leaving a principal balance of \$395,000 on series 2007 that were paid in fiscal year 2016.

The annual requirements to amortize the entire Note outstanding as of September 30, 2019 including interest payments of \$961,313 are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	444,888	211,722	656,610
2021	497,228	188,169	685,397
2022	523,398	162,654	686,052
2023	549,568	135,829	685,397
2024	577,277	107,658	684,935
2025-2028	<u>2,296,793</u>	<u>155,281</u>	<u>2,452,074</u>
TOTAL	<u>\$ 4,889,152</u>	<u>\$961,313</u>	<u>\$5,850,465</u>

The County issued Certificates of Obligation, Series 2016B in the amount of \$21,160,000 on September 1, 2016. The purpose of the Certificates of Obligation are to provide for the payment of contractual obligations to be incurred in connection with the design, planning, acquisition, equipping, expansion, repair, and/or renovation of County Parks, including Isla Blanca Park, Andy Bowie Park, EK Atwood Park, and Olmito Community Park, and to pay costs of issuance of the 2016B Certificates.

The annual requirements to amortize the entire Note outstanding as of September 30, 2019 including interest payments of \$8,423,275 are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	805,000	842,375	1,647,375
2021	835,000	813,600	1,648,600
2022	870,000	779,500	1,649,500
2023	905,000	744,000	1,649,000
2024	940,000	707,100	1,647,100
2025-2036	<u>15,255,000</u>	<u>4,536,700</u>	<u>19,791,700</u>
TOTAL	<u>\$ 19,610,000</u>	<u>\$8,423,275</u>	<u>\$28,033,275</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

Note 3 – LONG-TERM DEBT (continued)

The County issued Certificates of Obligation, Series 2011 in the amount of \$23,570,000 on June 1, 2011. The County Parks are liable for \$1,897,600 of the Certificate of Obligation, Series 2011. The purposes of the Certificates of Obligation are to provide for the payment of contractual obligations to be incurred in connection with the construction of a community center in Olmito and for improvements to Benavides County Park and Browne Road Social Service Center.

The annual requirements to amortize the entire Note outstanding as of September 30, 2019 including estimated interest payments of \$484,438 are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	90,573	61,301	151,874
2021	93,793	57,840	151,633
2022	98,221	53,508	151,729
2023	103,454	48,466	151,920
2024	107,882	43,722	151,604
2024-2031	<u>907,338</u>	<u>154,960</u>	<u>1,062,298</u>
TOTAL	<u>\$ 1,401,261</u>	<u>\$ 419,797</u>	<u>\$ 1,821,058</u>

Note 4 - COMPENSATED ABSENCES

The Cameron County Personnel Policy provides employees with vacation leave and non-vesting accumulating rights to sick pay benefits. The policy requires all employees to take vacation time prior to the end of each fiscal year; however, it allows vacation carryover for three months. Vacation pay is recognized as a part of salary compensation. Salary and wages earned, yet unpaid is recognized as accrued compensation time. Although sick leave does not vest and unused balances are not paid at the time of employee termination, current employees can accrue up to sixty days of paid sick leave. The System is reserving \$37,102 to recognize the earned, yet uncompensated leave accumulated as of fiscal year-end.

Note 5 – NET PENSION LIABILITY

Governmental Accounting Standards Board issued Statement No. 68 which are new reporting standards for public pension plans and participating employers which address specifics of reporting public pension plan obligations for employers. Net pension liability (NPL) for Cameron County was determined on an actuarial valuation as of the valuation date. The Park System recognized pension expense costs of \$237,990 as a result of this implementation.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 6 – CASH AND INVESTMENT

Custodial Credit Risk-Deposits:

Park System deposits at year-end were covered either by Federal depository insurance or collateral held by the Cameron County Treasurer in the Park System's name. Cameron County adopted an investment policy in January 1997, which reinforces the County's investment practices of remaining in compliance with V.T.C.A, Title 10, Government Code, Section 2256.

Concentration Risk:

Cameron County has investments with Lone Star, an investment pool sponsored by the Texas Association of School Boards. It is policy that the County may not invest more than 65% of available cash with no more than 35% of available cash balances invested in any one investment pool. Due to interest rates these pools were not used other than minimum amounts to hold open the accounts.

As of September 30, 2019, the Park System's carrying amount of deposits and investments was \$15,264,714 and the bank balance was \$15,249,607.

<u>Current Assets:</u>	<u>Fair Value</u>
Cash and equivalents	\$ 6,078,616
<u>Restricted Assets:</u>	
Park Construction Fund	
Cash and cash equivalents	4,523,501
Revenue Bond Debt Reserve Fund	
Cash and cash equivalents	2,372,532
Park Donations	
Cash and cash equivalents	55,065
Operating Reserve Fund	
Cash and cash equivalents	<u>2,235,000</u>
TOTAL	<u>\$15,264,714</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 7 – CAPITAL ASSETS

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Assets being depreciated:				
Buildings	10,869,402	-	-	10,869,402
Improvements other than buildings	7,895,910	4,559,449	-	12,455,359
Equipment	1,230,674	34,294	-	1,264,968
Automotive machinery and equipment	2,527,937	391,996	-	2,919,933
Furniture and fixtures	1,020,173	-	-	1,020,173
Other structures	5,994,695	-	-	5,994,695
Assets not being depreciated:				
Construction in progress	12,322,233	12,383,390	(4,089,848)	20,615,775
Land	1,718,384	-	-	1,718,384
Less: Accumulated depreciation	<u>(19,741,758)</u>	<u>(1,278,804)</u>	<u>-</u>	<u>(21,020,562)</u>
TOTAL CAPITAL ASSETS	<u><u>23,837,650</u></u>	<u><u>16,090,325</u></u>	<u><u>(4,089,848)</u></u>	<u><u>35,838,127</u></u>

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Honorable County Judge
and Commissioners' Court
Cameron County, Texas

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Burton, McCumber, & Longoria LLP

Brownsville, Texas
March 20, 2020

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2019

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Massachusetts Bay Insurance Company	Employee Crime Policy	\$500,000	7/1/2020	Employee dishonesty - crime, Public Employee Theft	-	\$7,500
Massachusetts Bay Insurance Company	Employee Crime Policy	\$250,000	7/1/2020	Employee dishonesty - crime, Forgery Or Alteration	-	\$5,000
Massachusetts Bay Insurance Company	Employee Crime Policy	\$150,000	7/1/2020	Employee dishonesty - crime, Inside The Premises - Theft of	-	\$1,500
Massachusetts Bay Insurance Company	Employee Crime Policy	\$150,000	7/1/2020	Employee dishonesty - crime, Outside The Premises	-	\$1,500
Massachusetts Bay Insurance Company	Employee Crime Policy	\$500,000	7/1/2020	Employee dishonesty - crime, Computer Faud	-	\$7,500
Massachusetts Bay Insurance Company	Employee Crime Policy	\$500,000	7/1/2020	Employee dishonesty - crime, Money Orders & Counterfeit Money	-	\$5,000
Massachusetts Bay Insurance Company	Employee Crime Policy	\$500,000	7/1/2020	Employee dishonesty - Funds Transfer Fraud	-	7,500.00
Massachusetts Bay Insurance Company	Employee Crime Policy	\$150,000	7/1/2020	Employee dishonesty - crime Inside The Premises Robbery Or Building	-	1,500.00
Lloyd's of London, Colony Ins. Co., Velocity Risk Underwriters	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$20,394,670	7/1/2020	Building	\$55,114	\$10,000
Lloyd's of London, Colony Ins. Co., Velocity Risk Underwriters	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$264,911	7/1/2020	Contents	-	\$10,000

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF INSURANCE COVERAGE- Continued
SEPTEMBER 30, 2019

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Lloyd's of London, Colony Ins. Co., Velocity Risk Underwriters	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$138,507	7/1/2020	EDP	-	\$10,000
Texas Association of Counties	Auto Liability	\$100,000/\$300,000	7/1/2020	Bodily Injury per person/per occurrence Property Damage	\$186,356	\$1,000
Texas Association of Counties	Auto Liability	\$100,000	7/1/2020		-	\$1,000
Texas Association of Counties	Auto Liability	Not Covered	7/1/2020	Hired and Non-Owned	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2020	Limited Mexico Coverage	-	-
Texas Association of Counties	Auto Liability	\$5,000.00	7/1/2020	Personal Injury Protection	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2020	Supplementary Death Benefit	-	-
Texas Association of Counties	Auto physical damage comprehensive/collision	Cash value or cost of repair	7/1/2020	Vehicles	\$77,168	\$5,000
Texas Association of Counties	General Liability	\$100,000/\$300,000	7/1/2020	Bodily Injury per person/per occurrence Property damage per occurrence	\$62,559	\$5,000
Texas Association of Counties	General Liability	\$100,000	7/1/2020	Personal & Advertising Injury per person/per offense/aggregate	-	\$5,000
Texas Association of Counties	General Liability	\$100,000/\$300,000	7/1/2020	Employee Benefits Liability	-	\$5,000
Texas Association of Counties	General Liability	\$500,000	7/1/2020	Garage Keeper's Legal Liability	-	\$1,000
Texas Association of Counties	General Liability	\$50,000	7/1/2020	Per Accident/Per Claimant/Aggregate per coverage	-	\$1,000
Texas Association of Counties	Workers Compensation	\$1,000,000/\$1,000,000 /\$2,000,000	1/1/2020		-	-

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING REVENUES
 Year Ended September 30, 2019

<u>ISLA BLANCA PARK</u>	
Over/(short)	\$ (176)
Water	262
Tents	19,250
Park tag fee	20,632
Miscellaneous income	31,572
Beach fee reimbursement	131,809
Electricity	169,575
Concession leases	1,395,534
Entrance fees	1,586,873
Rental Income	2,685,010
TOTAL ISLA BLANCA PARK	<u>6,040,341</u>
<u>ADOLPH THOMAE PARK</u>	
Over/(short)	157
Miscellaneous revenue	450
Park tag fees	1,072
Apartment rental	2,100
Electricity	3,991
Tents	7,060
Rental Income	104,496
Entrance fees	304,319
TOTAL ADOLPH THOMAE PARK	<u>423,645</u>
<u>PUBLIC BEACHES</u>	
Over/(short)	14,043
Trash Bag program	121,500
Entrance fees	1,412,157
TOTAL PUBLIC BEACHES	<u>1,547,700</u>
<u>ANDY BOWIE PARK</u>	
Park tag fee	112
Over/(short)	141
Electricity	5,350
Tents	5,845
Miscellaneous revenue	16,937
RV full service rentals	122,212
Entrance fees	137,628
Concession leases	413,972
TOTAL ANDY BOWIE PARK	<u>702,197</u>
<u>PARK RANGERS</u>	
Miscellaneous fines and fees	7,290
TOTAL PARK RANGERS	<u>7,290</u>

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING REVENUES-continued
Year Ended September 30, 2019

BEACH CLEANUP

Donations	1,475
TOTAL BEACH CLEANUP	<u>1,475</u>

COMMUNITY PARKS

Swimming Pools	2,324
Donations Park summer program	3,990
Community Center Rentals	<u>10,080</u>
TOTAL COMMUNITY PARKS	<u>16,394</u>

BEACH SAFETY

Concession leases	1,500
Entrance fees	<u>344,632</u>
TOTAL BEACH SAFETY	<u>346,132</u>
TOTAL OPERATING REVENUES	<u>\$ 9,085,174</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES
 Year Ended September 30, 2019

ISLA BLANCA PARK

Travel	295
Advertising	1,040
Rental	\$ 1,593
Miscellaneous	5,376
Audit and legal	6,647
Taxes	14,687
Insurance	18,753
Repairs and maintenance	51,247
Supplies	86,824
Contractual	111,963
Depreciation	453,507
Utilities	715,388
Salaries and employee benefits	733,944
TOTAL ISLA BLANCA PARK	2,201,264

ADOLPH THOMAE PARK

Rental	353
Advertising	2,000
Insurance	2,225
Miscellaneous	5,203
Repairs and maintenance	8,799
Contractual	8,996
Supplies	26,021
Utilities	35,344
Depreciation	60,100
Salaries and employee benefits	221,368
TOTAL ADOLPH THOMAE PARK	370,409

PUBLIC BEACHES

Rental	500
Miscellaneous	1,911
Repairs and maintenance	3,059
Insurance	9,753
Depreciation	222,061
Supplies	23,937
Contractual	29,396
Utilities	124,719
Salaries and employee benefits	258,640
TOTAL PUBLIC BEACHES	673,976

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2019

ANDY BOWIE PARK

Advertising	950
Insurance	2,383
Depreciation	3,403
Miscellaneous	4,219
Contractual	5,812
Repairs and maintenance	16,660
Supplies	27,586
Utilities	44,677
Salaries and employee benefits	163,291
TOTAL ANDY BOWIE PARK	268,981

COMMUNITY PARKS

Contractual	499
Rental	661
Insurance	3,861
Repairs and maintenance	21,843
Supplies	24,613
Depreciation	57,307
Utilities	84,769
Salaries and employee benefits	219,122
TOTAL COMMUNITY PARKS	412,675

BROWNE PARK

Contractual	-
Rental	661
Insurance	5,458
Supplies	10,379
Repairs and maintenance	20,824
Utilities	72,849
Depreciation	76,427
Salaries and employee benefits	139,151
TOTAL BROWNE PARK	325,749

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2019

<u>FAMILY LEARNING CENTERS - LA PALOMA</u>	
Insurance	486
Supplies	2,744
Repairs and maintenance	2,971
Salaries and employee benefits	13,180
Utilities	20,616
Depreciation	104,394
TOTAL FAMILY LEARNING CENTERS-LA PALOMA	<u>144,391</u>
<u>FAMILY LEARNING CENTERS - SANTA ROSA</u>	
Depreciation	11,218
TOTAL FAMILY LEARNING CENTERS- SANTA ROSA	<u>11,218</u>
<u>LAURELES PARK</u>	
Insurance	433
Supplies	2,206
Repairs and maintenance	2,246
Salaries and employee benefits	13,518
Utilities	23,170
Depreciation	114,210
TOTAL LAURELES PARK	<u>155,783</u>
<u>FAMILY LEARNING CENTERS - LOS INDIOS</u>	
Depreciation	5,256
TOTAL FAMILY LEARNING CENTERS-LOS INDIOS	<u>5,256</u>
<u>CAMERON / LA ESPERANZA</u>	
Contractual	-
Depreciation	30,706
TOTAL CAMERON / LA ESPERANZA	<u>30,706</u>
<u>CODE ENFORCEMENT</u>	
Utilities	1,585
Supplies	2,819
Repairs and maintenance	3,683
Salaries and employee benefits	21,366
TOTAL CODE ENFORCEMENT	<u>29,453</u>
<u>GREENS DIVISION</u>	
Utilities	133
Insurance	346
Repairs and maintenance	6,975
Supplies	10,013
Salaries and employee benefits	216,779
TOTAL GREENS DIVISION	<u>234,246</u>

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2019

ADMINISTRATION

Advertising	3,100
Miscellaneous expense	4,546
Utilities	4,868
Rental	5,962
Travel	7,964
Supplies	14,482
Insurance	14,874
Repairs and maintenance	24,072
Depreciation	35,683
Contractual	86,864
Post employment benefits	126,569
Pension expense	237,990
Salaries and employee benefits	737,726
TOTAL ADMINISTRATION	1,304,700

BEACH SAFETY

Rental	-
Insurance	376
Travel	402
Utilities	456
Miscellaneous	3,145
Repairs and maintenance	5,655
Depreciation	10,758
Supplies	14,996
Contractual	15,623
Salaries and employee benefits	300,141
TOTAL BEACH SAFETY	351,552

PARK RANGERS

Travel	992
Utilities	1,017
Contractual	1,573
Insurance	1,640
Miscellaneous	1,814
Rental	5,977
Repairs and maintenance	40,719
Supplies	48,303
Salaries and employee benefits	606,744
TOTAL PARK RANGERS	708,779

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING EXPENSES-continued
Year Ended September 30, 2019

RIO HONDO FAMILY

Depreciation	93,772
TOTAL RIO HONDO FAMILY	<u>93,772</u>

SUMMER PROGRAM

Supplies	896
Salaries and employee benefits	16,706
TOTAL SUMMER PROGRAM	<u>17,602</u>

EL RANCHITO PARK

Repairs and maintenance	150
Insurance	4,519
Supplies	4,878
Utilities	4,985
Salaries and employee benefits	9,317
TOTAL EL RANCHITO PARK	<u>23,849</u>

TOTAL OPERATING EXPENSES	<u>\$ 7,364,361</u>
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Cameron County, Texas
Park System
Schedule of Combined Debt Service Requirements

<u>DUE</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENTS</u>
2020	1,340,461	570,090	545,308	2,455,859
2021	1,426,021	545,308	514,301	2,485,630
2022	1,491,619	514,301	481,361	2,487,281
2023	1,558,022	481,360	446,935	2,486,317
2024	1,625,159	446,935	411,545	2,483,639
2025	1,698,836	411,545	374,536	2,484,917
2026	1,747,148	374,536	335,958	2,457,642
2027	1,828,953	335,958	297,054	2,461,965
2028	1,689,105	297,054	264,850	2,251,009
2029	1,295,255	264,850	238,606	1,798,711
2030	1,356,696	238,606	205,044	1,800,346
2031	1,428,138	205,044	169,525	1,802,707
2032	1,345,000	169,525	135,900	1,650,425
2033	1,415,000	135,900	100,525	1,651,425
2034	1,485,000	100,525	63,400	1,648,925
2035	1,555,000	63,400	32,300	1,650,700
2036	1,615,000	32,300	-	1,647,300
TOTAL	<u>\$ 25,900,413</u>	<u>\$ 5,187,237</u>	<u>\$ 4,617,148</u>	<u>\$ 35,704,798</u>

Cameron County, Texas
\$5,572,648 Limited Tax Refunding Bonds, Series 2015

<u>DUE</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENTS</u>
2020	444,888	111,422	100,300	656,610
2021	497,228	100,300	87,869	685,397
2022	523,398	87,869	74,785	686,052
2023	549,568	74,784	61,045	685,397
2024	577,277	61,045	46,613	684,935
2025	606,526	46,613	31,450	684,589
2026	609,605	31,450	16,210	657,265
2027	635,774	16,210	6,674	658,658
2028	444,888	6,674		451,562
TOTAL	<u>\$ 4,889,152</u>	<u>\$ 536,367</u>	<u>\$ 424,946</u>	<u>\$ 5,850,465</u>

Cameron County, Texas
\$21,160,000 Certificates of Obligation, Series 2016B

<u>DUE</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENTS</u>
2020	805,000	427,225	415,150	1,647,375
2021	835,000	415,150	398,450	1,648,600
2022	870,000	398,450	381,050	1,649,500
2023	905,000	381,050	362,950	1,649,000
2024	940,000	362,950	344,150	1,647,100
2025	980,000	344,150	324,550	1,648,700
2026	1,020,000	324,550	304,150	1,648,700
2027	1,070,000	304,150	277,400	1,651,550
2028	1,115,000	277,400	255,100	1,647,500
2029	1,160,000	255,100	231,900	1,647,000
2030	1,215,000	231,900	201,525	1,648,425
2031	1,280,000	201,525	169,525	1,651,050
2032	1,345,000	169,525	135,900	1,650,425
2033	1,415,000	135,900	100,525	1,651,425
2034	1,485,000	100,525	63,400	1,648,925
2035	1,555,000	63,400	32,300	1,650,700
2036	1,615,000	32,300		1,647,300
 TOTAL	 \$ 19,610,000	 \$ 4,425,250	 \$ 3,998,025	 \$ 28,033,275

Cameron County, Texas
\$1,897,600 Certificates of Obligation, Series 2011

<u>DUE</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENTS</u>
2020	90,573	31,443	29,858	151,874
2021	93,793	29,858	27,982	151,633
2022	98,221	27,982	25,526	151,729
2023	103,454	25,526	22,940	151,920
2024	107,882	22,940	20,782	151,604
2025	112,310	20,782	18,536	151,628
2026	117,543	18,536	15,598	151,677
2027	123,179	15,598	12,980	151,757
2028	129,217	12,980	9,750	151,947
2029	135,255	9,750	6,706	151,711
2030	141,696	6,706	3,519	151,921
2031	148,138	3,519		151,657
TOTAL	<u>\$ 1,401,261</u>	<u>\$ 225,620</u>	<u>\$ 194,177</u>	<u>\$ 1,821,058</u>

**INDEPENDENT AUDITORS' 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 County Judge and
Commissioners' Court
Cameron County, 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 business-type activities of the Cameron County Park System, as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2020.

Internal Control over Financial Reporting

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

Burton, McCumber, & Longoria LLP

Brownsville, Texas
March 20, 2020