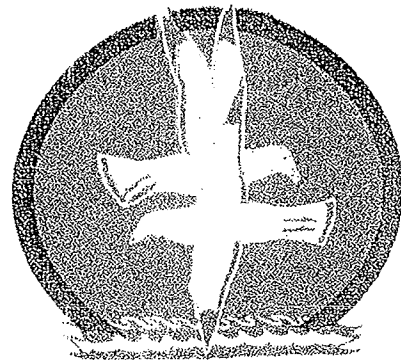
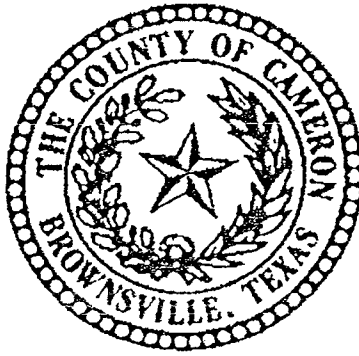


CAMERON COUNTY, TEXAS  
PARK SYSTEM  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2014



Cameron County Auditor  
1100 E. Monroe St.  
Brownsville, Texas 78520

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2014



CAMERON COUNTY, TEXAS  
PARK SYSTEM  
SEPTEMBER 30, 2014

TABLE OF CONTENTS

Title Page.....	i
Table of Contents.....	ii
Letter of Transmittal and Statistical Information.....	iii
Independent Auditor's Report.....	v
Management's Discussion and Analysis.....	vii
Park System Statement of Net Position .....	1
Park System Statement of Revenues, Expenses and Changes in Net Position.....	3
Park System Statement of Cash Flows .....	4
Park System Notes to the Financial Statements .....	5
Independent Auditor's Report on Supplementary Information.....	11
Park System Schedule of Insurance Coverage.....	12
Park System Schedule of Operating Revenues.....	14
Park System Schedule of Operating Expenses.....	16
Independent Auditor's 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.....	21





## CAMERON COUNTY PARK SYSTEM

33174 State Park Road 100  
SOUTH PADRE ISLAND, TEXAS 78597

March 25, 2015

Hon. County Judge, Carlos H. Cascos.  
Hon. Commissioner Pct. 1, Sofia C. Benavides  
Hon. Commissioner Pct. 2, Ernie Hernandez  
Hon. Commissioner Pct. 3, David A. Garza  
Hon. Commissioner Pct. 4, Dan Sanchez  
Cameron County Courthouse  
Brownsville, Texas

Honorable County Judge and Commissioners:

The Cameron County Park and Recreation Department (Park) owns and operates fourteen park facilities that encompass approximately 812 acres throughout the County. The County Park and Recreation Department's mission is to provide safe, quality 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, public parking, retail stores, restaurants, full service pavilions, beach equipment rental and covered shade 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 also boasts 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 that sleep six persons comfortably. The cabanas are equipped with restrooms, showers, and small kitchenettes. Andy Bowie and E.K. Atwood Parks are located approximately five miles north on South Padre Island. These parks are designed to provide public beach access. Both Andy Bowie and E.K. Atwood Parks contain full service pavilions, picnic areas and beach rentals. Andy Bowie Park also offers full service recreational transient vehicle rental sites, restroom facilities and access to a new hotel.

Located on the mainland within the Laguna Atascosa, United States Fish and Wildlife Refuge, Adolph Thomae Jr., Park is three miles from the Laguna Madre Bay. This facility caters to fishing, birding and camping enthusiasts by providing a boat launch facility, fish cleaning facilities, two lighted fishing piers, thirty five recreational transient vehicle rental sites, parking, picnic areas, tents and a nature trail that extends approximately 0.8 miles into the refuge property.

The Cameron County Park System also oversees eleven smaller community parks and park facilities that are nestled throughout the County within small underserved communities. The park facilities consist of La Esperanza, Santa Maria, Santa Rosa, Jose Esparza, Bejerano-McFarland Memorial, Rio Hondo, La Paloma, Laureles, Pedro "Pete" Benavides Park, Los Indios and State Highway 48 Boat Ramp. La Esperanza Park has a community center, a multi-use sports field, a lighted covered picnic/sports court, an open air basketball court, multi-use walking trail and a playground. At La Esperanza Park, educational services are provided at the Technology Center together with social services at the Centro Cultural. Browne Road Community Center also provides social services for community

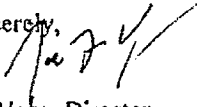
Cameron County Park System  
March 25, 2015

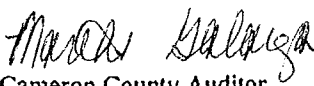
residents. Santa Maria, Santa Rosa and Jose Esparza Parks all contain small swimming pools, playgrounds, and picnic areas and open space. Santa Rosa offers a softball field, and Santa Maria contains a community center, historical church and a Little League Baseball Field. The Bejerano-McFarland Memorial Park, which is located in the Colonia of Laguna Heights, provides residence with a basketball court, pavilion, restrooms, multipurpose trail and a boardwalk/nature trail with a bird watch overlook. Pedro "Pete" Benavides Park, which is located in the Southmost area of Brownsville, offers two lighted baseball fields, two lighted soccer fields, lighted basketball courts, playgrounds, nature trail and a walking trail. La Paloma Park has one baseball field, one soccer field, a pavilion, a walking trail, restrooms, concession/storage room, multi-age playground and basketball court. Laureles Community Park has two baseball fields, one soccer field, a pavilion, a walking trail, restrooms, concession/storage room, a multi-age playground and basketball court. The Rio Hondo Park, which maintenance and operation has been turned over to the City of Rio Hondo, has two baseball fields, one soccer field, a pavilion, a walking trail, restrooms, concession/storage room, a multi-age playground and basketball court. The former Highway 48 Boat Ramp received a major renovation including the reconstruction of a boat launching ramp, courtesy docks, a new paved parking lot with solar powered lights, and two picnic pavilions. This facility was then dedicated as Jaime J. Zapata Memorial Boat Ramp which was in honor of fallen agent Jaime J. Zapata, Homeland Security Investigations Special Agent.

#### OTHER EVENTS

A new flagship convention style hotel was constructed and is in full operation at Andy Bowie Park as of July 2010. The Cameron County Parks 4 year capital improvement plan has been presented to the Cameron County Commissioner Court for Isla Blanca, Andy Bowie, E.K. Atwood, Adolph Thomae Jr., Pedro "Pete" Benavides, Santa Maria, Santa Rosa, El Ranchito Parks, La Esperanza, and the State Highway 48 Boat Ramp. One other substantial improvement made in 2010 was the design and installation of a new toll collection system at Isla Blanca, Andy Bowie, E.K. Atwood, Adolph Thomae Jr. Parks and Beach Access 6. In 2011, Cameron County Commissioners' Court approved 2.3 million dollars towards an addition to the Browne Road Community Center and the construction of a community center in Olmito, Texas. Cameron County Parks recently received a grant from the Texas General Land Office to construct an addition to the Jaime J. Zapata Memorial Boat Ramp, which will include a new fishing pier and kayak launching facility.

Sincerely,

  
Joe Vega, Director  
Cameron County Parks and Recreation Department

  
Cameron County Auditor  
Martha Galarza, CPA

## **INDEPENDENT AUDITOR'S 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 Parks System of Cameron County, Texas as of and for the year ended September 30, 2014, 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 an opinion 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 financial position of the business-type activities of the Parks System of Cameron County, Texas, as of September 30, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the Parks System and do not purport to, and do not, present fairly the financial position of Cameron County, Texas as of September 30, 2014, 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported dated March 25, 2014, on our consideration of the Park System of Cameron County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grand 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 do not 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 Park System of Cameron County, Texas' internal control over financial reporting and compliance.



LONG CHILTON, LLP  
*Certified Public Accountants*

Brownsville, Texas  
March 25, 2015

CAMERON COUNTY PARK SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2014

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, 2014. 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, 2014 by \$11,439,297.

Total assets increased from Fiscal Year 2013 to Fiscal Year 2014 by \$612,401.

Total liabilities decreased from Fiscal Year 2013 to Fiscal Year 2014 by \$114,558.

Total net position increased by \$726,959.

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, 2014, the Park's assets exceeded liabilities by \$11,439,297

The Parks have a net position of \$4,969,362 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, \$2,246,493, 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 \$4,223,442 of unrestricted net position at the end of this year.

The Park's net position for fiscal years ended September 30, 2014, is summarized as follows:

### Condensed Schedule of Net Position September 30

	2014	2013
Current and other assets	\$8,149,932	\$8,170,597
Capital assets	13,332,225	12,680,049
Other Assets	-	19,110
Total assets	21,482,157	20,869,756
Current and other liabilities	1,415,238	1,166,393
Long-term liabilities	8,627,622	8,991,025
Total liabilities	10,042,860	10,157,418
Net Position:		
Net investment in capital assets	4,969,362	6,036,508
Restricted	2,246,493	3,289,746
Unrestricted	4,223,442	1,386,084
Total net position	\$11,439,297	\$10,712,338

The following table provides a summary of the Park's revenues, expenses, and changes in net position for the year ended September 30, 2014, and 2013. The Park experienced an overall increase of \$726,959 in net position for the year ending September 30, 2014.

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

	2014	2013
Operating revenues	\$7,414,947	\$6,833,273
Operating expenses	(6,109,246)	(5,820,417)
Operating income (loss)	1,305,701	1,012,856
Non-operating revenue (expenses)	(340,163)	(94,746)
Transfer to other funds	(238,579)	(335,164)
Increase (decrease) in net position	726,959	582,946
Net position – Beginning of year	10,712,338	10,292,686
Prior period adjustment	-	(163,294)
Net position – End of year	\$11,439,297	\$10,712,338

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 2014 budget was adopted on September 15, 2013 with total operating expenditures of \$8,309,186, a 2% decrease from Fiscal Year 2013 budgeted operating expenses.

CAPITAL ASSETS

The Parks has \$13,332,225 (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, 2014:

Assets being depreciated:	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Buildings	\$ 10,439,724	\$ 429,678	\$ -	\$ 10,869,402
Improvements other than buildings	6,861,628	136,196	-	6,997,824
Equipment	674,544	89,158	-	763,702
Automotive machinery and equipment	1,556,301	37,637	-	1,593,938
Furniture and fixtures	1,014,322	-	-	1,014,322
Other structures	4,537,263	426,213	-	4,963,476
Assets not being depreciated:				
Construction in progress	567,020	472,475	-	1,039,495
Land	1,718,384	-	-	1,718,384
Less: Accumulated depreciation	<u>(14,689,137)</u>	<u>(939,181)</u>	<u>-</u>	<u>(15,628,318)</u>
TOTAL CAPITAL ASSETS	<u>\$ 12,680,049</u>	<u>\$652,176</u>	<u>-</u>	<u>\$ 13,332,225</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, 2014, the Park has certificates of obligation payable of \$8,258,770 of which \$438,443 is payable in fiscal year 2014.

#### 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 2015, the Commissioners' Court and management considered the following factors:

- Recreational vehicle site rental rates.
- Implementation of new toll software.
- Additional lease income.
- Increase in daily entrance fees.
- 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, 2014

**ASSETS**

CURRENT ASSETS

Cash on deposit and on hand	\$ 5,805,430
Accounts receivable	36,630
Inventory	1,725
Prepaid insurance	59,654
<b>TOTAL CURRENT ASSETS</b>	<u><u>5,903,439</u></u>

NONCURRENT ASSETS

Restricted Assets

Park Construction Fund:	
Cash on deposit 2007 Co's	346,100
Cash on deposit 2011 Co's	566,777
El Ranchito Project	94,000
Park Donation Fund:	
Donations	7,048
Public Beaches:	
Beach users fee	144,125
Debt Reserve Fund:	
Cash on deposit	438,443
Operating Reserve Fund:	
Cash on deposit	650,000
<b>TOTAL RESTRICTED ASSETS</b>	<u><u>2,246,493</u></u>

Capital Assets

Depreciable assets:

Buildings	10,869,402
Improvements other than buildings	6,997,824
Equipment	763,702
Automotive machinery and equipment	1,593,938
Furniture and fixtures	1,014,322
Other structures	4,963,476
	<u>26,202,664</u>

Less: Accumulated depreciation	<u>(15,628,318)</u>
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Net depreciable assets	10,574,346
Construction work in progress	1,039,495
Land	<u>1,718,384</u>

TOTAL CAPITAL ASSETS	<u><u>13,332,225</u></u>
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TOTAL ASSETS	<u><u>\$ 21,482,157</u></u>
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(Continued)

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
STATEMENT OF NET POSITION-continued  
Year Ended September 30, 2014

**LIABILITIES**

Current Liabilities (payable from Current Assets):	
Accounts payable	\$ 355,929
Due to other funds	88,654
Capital lease payable-current	78,381
Wages and fringe payable	71,975
Compensated absences payable	51,439
Accrued interest payable	42,486
Education reserve	5,947
Rental deposits	281,984
Total Current Liabilities (payable from Current Assets)	<u>976,795</u>
Current Liabilities (payable from Restricted Assets):	
Current maturities of certificates of obligation	<u>438,443</u>
Total Current Liabilities (payable from Restricted Assets)	<u>438,443</u>
Noncurrent Liabilities:	
Certificates of obligation	7,820,386
Less: Unamortized discount	(10,466)
Plus: Unamortized premium	36,119
Unfunded actuarial liability	781,583
Total Noncurrent Liabilities	<u>8,627,622</u>
 TOTAL LIABILITIES	 <u>\$ 10,042,860</u>

**NET POSITION**

Net investment in capital assets	\$ 4,969,362
Restricted for:	
Debt service	438,443
Operating reserve	650,000
Construction	912,877
Beaches	144,125
Donations	7,048
El Ranchito Project	94,000
Unrestricted	4,223,442
TOTAL NET POSITION	<u>\$ 11,439,297</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, 2014

<u>OPERATING REVENUES</u>	
Others	\$ 145,946
Trash bag program	172,150
Entrance fees	2,107,421
Rental income	4,989,430
TOTAL OPERATING REVENUES	<u>7,414,947</u>
<u>OPERATING EXPENSES</u>	
Advertising	5,970
Audit and legal	6,000
Taxes	8,164
Travel	8,806
Rental	12,510
Insurance	64,341
Miscellaneous	109,822
Post employee benefits expense	76,489
Repairs and maintenance	292,653
Supplies	329,614
Depreciation	939,182
Utilities	1,020,752
Contractual	216,586
Salaries and employee benefits	3,018,357
TOTAL OPERATING EXPENSES	<u>6,109,246</u>
OPERATING INCOME (LOSS)	<u>1,305,701</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest expense	(351,425)
Grant & program expenses	(265,069)
Fiscal agent fees	(500)
Interest on cash investments	15,987
Grant & program revenues	260,844
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(340,163)</u>
Income (Loss) Before Capital Contributions and Transfers	965,538
Transfer in	-
Transfer out	(238,579)
Change in net position	<u>726,959</u>
Total Net Position - Beginning of year	<u>10,712,338</u>
Total Net Position - End of year	<u>\$ 11,439,297</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, 2014

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows From Operating Activities:

Cash received from customers	\$ 7,868,605
Cash payments for goods and services	(1,913,811)
Cash payments to employees	(2,980,024)
Net Cash Provided by Operating Activities	<u>2,974,770</u>

Cash Flows From Non-Capital Financing Activities:

Transfer to other funds	(238,579)
Grant-net	(4,225)
Net Cash Provided (Used) by Non-Capital Financing Activities:	<u>(242,804)</u>

Cash Flows From Capital and Related Financing Activities:

Acquisition and construction of capital assets	(1,591,356)
Principal payments	(411,695)
Lease payments	30,934
Interest paid	(351,425)
Bond insurance cost	17,602
Fiscal agent fees paid	(500)
Net Cash Used for Capital and Related Financing Activities	<u>(2,306,440)</u>

Cash Flows From Investing Activities:

Receipts of interest	15,987
Net Cash Provided by Investing Activities	<u>15,987</u>

Net increase (decrease) in cash and cash equivalents

441,513

Cash and cash equivalents at beginning of year

7,610,410

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 8,051,923

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	\$ 1,305,701
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Adjustments to Reconcile Operating Income to Net Cash

Provided by Operating Activities:

Depreciation	939,182
Post-employment benefits expense	76,489

Changes in Current Assets and Liabilities:

Decrease (Increase) in accounts receivable	460,075
Decrease (Increase) in prepaids	3,364
Decrease (Increase) in inventory	(1,261)
Increase (Decrease) in accounts payable	121,659
Increase (Decrease) in due to other funds	39,555
Increase (Decrease) in deposit payable	(6,417)
Increase (Decrease) in accrued interest payable	(1,910)
Increase (Decrease) in compensated absences	19,731
Increase (Decrease) in wages and fringe payable	<u>18,602</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 2,974,770

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, 2014

**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 2014 and 2013, 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, 2014

**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. 45 have been applied as of fiscal year ended September 30, 2014. GASB 45 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 \$939,182.

**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, 2014 totaled \$76,489.

**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, 2014

**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 25, 2015, which is 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 \$650,000. 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, 2014, 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, 2014

**Note 3 – LONG-TERM DEBT**

**B. 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, 2027, to pay the General Funds I & S Fund to make payments on these bonds.

The annual requirements to amortize the entire Note outstanding as of September 30, 2014 including interest payments of \$1,937,509 are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$ 380,000	\$ 260,491	\$ 640,491
2016	395,000	244,991	639,991
2017	410,000	228,891	638,891
2018	425,000	212,191	637,191
2019	445,000	194,569	639,569
2020-2027	<u>4,365,000</u>	<u>796,376</u>	<u>5,161,376</u>
<b>TOTAL</b>	<b>\$ <u>6,420,000</u></b>	<b>\$ <u>1,937,509</u></b>	<b>\$ <u>8,357,509</u></b>

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, 2014 including estimated interest payments of \$775,619 are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$ 58,443	\$ 76,879	\$ 135,322
2016	100,763	74,783	175,546
2017	106,003	71,151	177,154
2018	85,045	67,756	152,801
2019	87,866	64,722	152,588
2020-2027	<u>1,400,634</u>	<u>420,328</u>	<u>1,820,962</u>
<b>TOTAL</b>	<b>\$ <u>1,838,754</u></b>	<b>\$ <u>775,619</u></b>	<b>\$ <u>2,614,373</u></b>

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**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 \$51,439 to recognize the earned, yet uncompensated leave accumulated as of fiscal year-end.

**Note 5 – 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, 2014, the Park System's carrying amount of deposits and investments was \$8,051,923 and the bank balance was \$7,660,503.

<b><u>Current Assets:</u></b>	<b><u>Fair Value</u></b>
Cash and equivalents	\$5,805,430
<b><u>Restricted Assets:</u></b>	
Park Construction Fund	
Cash and cash equivalents	1,006,877
Revenue Bond Debt Reserve Fund	
Cash and cash equivalents	438,443
Park Donations	
Cash and cash equivalents	7,048
Public Beaches	
Cash and cash equivalents	144,125
Operating Reserve Fund	
Cash and cash equivalents	650,000
Total Restricted Assets	<u>\$8,051,923</u>

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**Note 6 – CAPITAL ASSETS**

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Assets being depreciated:				
Buildings	\$ 10,439,724	\$ 429,678	\$ -	\$ 10,869,402
Improvements other than buildings	6,861,628	136,196	-	6,997,824
Equipment	674,544	89,158	-	763,702
Automotive machinery and equipment	1,556,301	37,637	-	1,593,938
Furniture and fixtures	1,014,322	-	-	1,014,322
Other structures	4,537,263	426,213	-	4,963,476
Assets not being depreciated:				
Construction in progress	567,020	472,475	-	1,039,495
Land	1,718,384	-	-	1,718,384
Less: Accumulated depreciation	<u>(14,689,137)</u>	<u>(939,181)</u>	<u>-</u>	<u>(15,628,318)</u>
<b>TOTAL CAPITAL ASSETS</b>	<u><u>\$ 12,680,049</u></u>	<u><u>\$ 6 52,176</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,332,225</u></u>

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION**

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as of and for the year ended September 30, 2014 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

*Long Chilton LLP*

Brownsville, Texas  
March 25, 2015

CAMERON COUNTY, TEXAS  
PARK SYSTEM  
SCHEDULE OF INSURANCE COVERAGE  
SEPTEMBER 30, 2014

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Harleysville Mutual Insurance Co	Parks Building & Content qualifying for preferred coverage under NFIP	\$2,521,500 bldg \$371,600 content	8/25/2015	Buildings/Content	\$16,951	1000/2000
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2015	Employee dishonesty - crime	\$8,851	\$7,500
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2015	Employee dishonesty - crime	-	\$7,500
National Union Fire Insurance	Employee Crime Policy	\$150,000	7/1/2015	Employee dishonesty - crime	-	\$1,500
National Union Fire Insurance	Employee Crime Policy	\$150,000	7/1/2015	Employee dishonesty - crime	-	\$1,500
National Union Fire Insurance	Employee Crime Policy	\$150,000	7/1/2015	Employee dishonesty - crime	-	\$1,500
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2015	Employee dishonesty - crime	-	\$7,500
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2015	Employee dishonesty - crime	-	\$7,500
National Union Fire Insurance	Employee Crime Policy	\$500,000	7/1/2015	Employee dishonesty - crime	-	-
Continental Casualty, Star Surplus Ins. Co., Hiscox (Lloyds)	Parks buildings, extended coverage, malicious mischief, excess flood, named storm	\$8,516,680	7/1/2015	Building	\$30,855	\$10,000
Continental Casualty, Star Surplus Ins. Co., Hiscox (Lloyds)	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$216,446	7/1/2015	Contents	-	\$10,000

CAMERON COUNTY, TEXAS  
PARK SYSTEM  
SCHEDULE OF INSURANCE COVERAGE- Continued  
SEPTEMBER 30, 2014

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	EDP	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Continental Casualty, Star Surplus Ins. Co., Hiscox (Lloyds)	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$70,000	7/1/2015			-	\$10,000
Texas Association of Counties	Auto Liability	\$100,000/\$300,000	7/1/2015		Bodily Injury per person/per occurrence Property Damage	\$9,096	\$1,000
Texas Association of Counties	Auto Liability	\$100,000	7/1/2015			-	\$1,000
Texas Association of Counties	Auto Liability	Not Covered	7/1/2015		Bodily Injury Uninsured/underinsured	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2015		Bodily Injury Uninsured/underinsured	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2015		Property damage uninsured/underinsured	-	-
Texas Association of Counties	Auto Liability	Not Covered	7/1/2015		Personal Injury	-	-
Texas Association of Counties	Auto physical damage comprehensive/collision General Liability	Cash value or cost of repair \$100,000/\$300,000	7/1/2015		Vehicles	\$643	\$1,000
Texas Association of Counties	General Liability	\$100,000	7/1/2015		Bodily Injury per person/per occurrence Property damage per occurrence	\$5,524	\$5,000
Texas Association of Counties	General Liability	\$100,000	7/1/2015		Employee benefit per claim/aggregate Damage to Premises Rented offense/aggreg.	-	\$5,000
Texas Association of Counties	General Liability	\$100,000/\$300,000	7/1/2015		On the job injuries	-	-
Texas Association of Counties	Workers Compensation	Unlimited	12/31/2014			-	-

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
 SCHEDULE OF OPERATING REVENUES  
 Year Ended September 30, 2014

ISLA BLANCA PARK

Rental Income	\$ 2,606,514
Concession leases	1,695,227
Miscellaneous income	27,505
Electricity	94,124
Water	715
Entrance fees	940,573
Tents	34,700
Boat slips/launch fees	4,294
Park tag fee	10,610
Over/(short)	1,298
Beach fee reimbursement	70,342
Commercial services permits	1,978
<b>TOTAL ISLA BLANCA PARK</b>	<b>5,487,880</b>

ADOLPH THOMAE PARK

Rental Income	88,927
Entrance fees	174,001
Boat slips/launch fees	14,058
Apartment rental	2,100
Park tag fees	2,385
Miscellaneous revenue	300
Electricity	866
Over/(short)	860
Tents	4,536
<b>TOTAL ADOLPH THOMAE PARK</b>	<b>288,033</b>

PUBLIC BEACHES

Entrance fees	496,725
Trash Bag program	172,150
Over/(short)	(3,741)
Miscellaneous income	6
<b>TOTAL PUBLIC BEACHES</b>	<b>665,140</b>

ANDY BOWIE PARK

RV full service rentals	84,969
Apartment rental	4,050
Concession leases	354,889
Tents	1,845
Miscellaneous revenue	32,188
Electricity	3,933
Over/(short)	931
Entrance fees	77,926
<b>TOTAL ANDY BOWIE PARK</b>	<b>560,731</b>

PARK RANGERS

Miscellaneous fines and fees	2,015
<b>TOTAL PARK RANGERS</b>	<b>2,015</b>

(Continued)

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
SCHEDULE OF OPERATING REVENUES-continued  
Year Ended September 30, 2014

BEACH CLEANUP

Donations	7,700
TOTAL BEACH CLEANUP	<u>7,700</u>

COMMUNITY PARKS

Swimming Pools	4,031
Community Center Rentals	10,285
Donations Park summer program	2,255
TOTAL COMMUNITY PARKS	<u>16,571</u>

BEACH SAFETY

Entrance fees	382,812
Concession leases	4,065
TOTAL BEACH SAFETY	<u>386,877</u>
TOTAL OPERATING REVENUES	<u>\$ 7,414,947</u>

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
 SCHEDULE OF OPERATING EXPENSES  
 Year Ended September 30, 2014

ISLA BLANCA PARK

Advertising	\$ 1,904
Audit and legal	6,000.00
Contractual	96,240.00
Depreciation	260,233.00
Insurance	20,209.00
Miscellaneous	78,013.00
Rental	2,508.00
Repairs and maintenance	94,289.00
Salaries and employee benefits	555,628.14
Supplies	92,955.00
Taxes	8,164.00
Utilities	662,994.00
TOTAL ISLA BLANCA PARK	<u>1,879,137</u>

ADOLPH THOMAE PARK

Salaries and employee benefits	134,724
Supplies	26,899
Repairs and maintenance	15,777
Advertising	833
Insurance	580
Utilities	42,886
Contractual	8,913
Miscellaneous	8,725
Depreciation	71,999
TOTAL ADOLPH THOMAE PARK	<u>311,336</u>

(Continued)

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
 SCHEDULE OF OPERATING EXPENSES-continued  
 Year Ended September 30, 2014

PUBLIC BEACHES

Salaries and employee benefits	194,335
Supplies	24,586
Repairs and maintenance	21,618
Utilities	109,443
Contractual	18,990
Insurance	51
Rental	700
Miscellaneous	6,492
Depreciation	10,696
TOTAL PUBLIC BEACHES	<u>386,911</u>

ANDY BOWIE PARK

Salaries and employee benefits	155,641
Supplies	12,229
Repairs and maintenance	15,272
Advertising	833
Insurance	1,267
Utilities	33,077
Miscellaneous	10,428
Contractual	7,757
Depreciation	47,212
TOTAL ANDY BOWIE PARK	<u>283,716</u>

COMMUNITY PARKS

Salaries and employee benefits	184,190
Supplies	23,498
Repairs and maintenance	19,736
Insurance	1,473
Utilities	66,576
Rental	516
Contractual	365
Depreciation	81,995
TOTAL COMMUNITY PARKS	<u>378,349</u>

(Continued)

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
 SCHEDULE OF OPERATING EXPENSES-continued  
 Year Ended September 30, 2014

BROWNE PARK

Salaries and employee benefits	86,543
Supplies	10,905
Repairs and maintenance	14,831
Insurance	2,427
Utilities	49,665
Rental	516
Contractual	210
Depreciation	76,939
<b>TOTAL BROWNE PARK</b>	<b>242,036</b>

FAMILY LEARNING CENTERS - LA PALOMA

Salaries and employee benefits	15,071
Supplies	1,474
Utilities	21,088
Insurance	141
Depreciation	105,162
Repairs and maintenance	5,473
<b>TOTAL FAMILY LEARNING CENTERS-LA PALOMA</b>	<b>148,409</b>

FAMILY LEARNING CENTERS - SANTA ROSA

Depreciation	877
<b>TOTAL FAMILY LEARNING CENTERS- SANTA ROSA</b>	<b>877</b>

LAURELES PARK

Salaries and employee benefits	13,011
Supplies	5,714
Repairs and maintenance	7,607
Depreciation	114,210
Utilities	28,124
<b>TOTAL LAURELES PARK</b>	<b>168,667</b>

FAMILY LEARNING CENTERS - LOS INDIOS

Depreciation	5,948
<b>TOTAL FAMILY LEARNING CENTERS-LOS INDIOS</b>	<b>5,948</b>

CAMERON / LA ESPERANZA

Depreciation	30,706
<b>TOTAL CAMERON / LA ESPERANZA</b>	<b>30,706</b>

(Continued)

CAMERON COUNTY, TEXAS  
**PARK SYSTEM**  
 SCHEDULE OF OPERATING EXPENSES-continued  
 Year Ended September 30, 2014

CODE ENFORCEMENT

Salaries and employee benefits	27,899
Supplies	8,465
Repairs and maintenance	2,616
TOTAL CODE ENFORCEMENT	38,980

GREENS DIVISION

Salaries and employee benefits	155,416
Supplies	9,547
Repairs and maintenance	10,229
Insurance	359
TOTAL GREENS DIVISION	175,551

ADMINISTRATION

Salaries and employee benefits	592,941
Post employment benefits	76,489
Supplies	29,294
Repairs and maintenance	39,084
Utilities	4,783
Travel	5,996
Advertising	2,399
Insurance	33,582
Depreciation	39,431
Rental	7,091
Miscellaneous expense	3,759
Contractual	84,115
TOTAL ADMINISTRATION	918,964

BEACH SAFETY

Salaries and employee benefits	329,072
Supplies	16,317
Repairs and maintenance	10,759
Utilities	636
Travel	2,221
Insurance	432
Rental	1,180
Miscellaneous	1,514
TOTAL BEACH SAFETY	362,131

(Continued)

CAMERON COUNTY, TEXAS  
PARK SYSTEM  
SCHEDULE OF OPERATING EXPENSES-continued  
Year Ended September 30, 2014

PARK RANGERS

Salaries and employee benefits	559,362
Supplies	64,596
Repairs and maintenance	35,363
Utilities	1,481
Travel	589
Insurance	3,676
Rental	-
Miscellaneous	891
TOTAL PARK RANGERS	<u>665,958</u>

RIO HONDO FAMILY

Insurance	141
Depreciation	93,773
TOTAL RIO HONDO FAMILY	<u>93,914</u>

SUMMER PROGRAM

Salaries and employee benefits	14,522
Supplies	3,135
TOTAL SUMMER PROGRAM	<u>17,657</u>

TOTAL OPERATING EXPENSES	<u>\$ 6,109,246</u>
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**INDEPENDENT AUDITOR'S 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 Park System of Cameron County, Texas, and have issued our report thereon dated March 25, 2014.

**Internal Control Over Financial Reporting**

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Parks System of Cameron County, Texas, as of September 30, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Parks System and do not purport to, and do not, present fairly the financial position of Cameron County, Texas as of September 30, 2014, 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reported dated March 25, 2014, on our consideration of the Park System of Cameron County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grand 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 do not 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 Park System of Cameron County, Texas' internal control over financial reporting and compliance.



**LONG CHILTON, LLP**  
*Certified Public Accountants*

Brownsville, Texas  
March 25, 2015