

**CAMERON COUNTY, TEXAS
PARK SYSTEM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
SEPTEMBER 30, 2016**



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

CAMERON COUNTY, TEXAS

PARK SYSTEM

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED

SEPTEMBER 30, 2016



CAMERON COUNTY, TEXAS
PARK SYSTEM
SEPTEMBER 30, 2016

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CAMERON COUNTY PARK SYSTEM

33174 State Park Road 100
SOUTH PADRE ISLAND, TEXAS 78597

March 7, 2017

Hon. County Judge, Eddie Treviño, Jr.
Hon. Commissioner Pct. 1, Sofia C. Benavides
Hon. Commissioner Pct. 2, Alex Dominguez
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.

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 60 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 newly constructed 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 Thomae, 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.

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, playground, picnic pavilion, lighted soccer field, basketball court pavilion and an outdoor basket ball court.

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.

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 their 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.

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.

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 constructed an ADA Dune Walkover at the County Beach Access No. 4. The Dune Walkover is approximately 240' LF x 8' wide. The new dune walkover offers beachgoers an opportunity to safely access the beach with ease, including anyone requiring ADA accessibility. This new dune walkover was funded with the assistance of the Texas General Land Office.

Cameron County recently reconstructed the walking trail at Pedro "Pete" Benavides Park 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 helping create cleaner storm water runoff, especially for hardscape which create Non-Point Source Pollution areas such as parking lot, streets, gutters, sidewalks, etc. The newly reconstructed multi-purpose walking trail, including extension, measures 3,704 LF, or approximately .7 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.

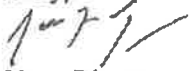
Cameron County recently received funding from the Texas Parks Wildlife Department for the construction of a Mountain Bike Trail at Pedro "Pete" Benavides Park. The trail will be approximately 2.79 miles and will be designed to accommodate mountain bikers, trail runners and hikers. Cameron county will soon begin the process of engineering and designing the trail.

Cameron County Commissioners Court recently approved the funding of approximately \$23 million in improvements to the County coastal Parks located on South Padre Island which includes Isla Blanca Park, Andy Bowie Park and E.K. Atwood Park. The majority of the improvements will be to the gulf side amenities which include renovations on the existing pavilions, restrooms, showers, boardwalks and trails. New amenities will include additional pavilions, restrooms, a 2,000 L.F boardwalk, additional dune walkovers, new rinse stations and new shower facilities. E.K. Atwood county Park has been approved for bidding solicitation which will include five pavilions, two new toll booth stations, a new environmental friendly permeable pavement parking lot, and associated site improvements.

Cameron County Park System
March 7, 2017

Recently, Cameron County broke ground on the new boat launch facility at Adolph Thomae Jr. County Park. The new boat launch facility will feature two new additional boat ramps for boaters to launch and load their boats, courtesy docks, fish cleaning station, and approximately 40 additional truck/trailer parking spaces. The parking lot will be constructed using a pervious paving system that is environmentally friendly. This boat ramp facility is funded with the assistance of the Texas Parks & Wildlife Department.

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 Park System of Cameron County, Texas, an enterprise fund of Cameron County, as of and for the year ended September 30, 2016, 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.

Auditors' 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 auditors' 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 auditors consider 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 Park System of Cameron County, Texas, as of September 30, 2016, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reported dated March 22, 2017, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Brownsville, Texas
March 22, 2017

CAMERON COUNTY PARK SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

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, 2016. 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, 2016 by \$13,089,120.

Total assets increased from Fiscal Year 2015 to Fiscal Year 2016 by \$26,556,720.

Total liabilities increased from Fiscal Year 2015 to Fiscal Year 2016 by \$25,218,467.

Total net position increased by \$1,338,253.

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, 2016, the Park's assets exceeded liabilities by \$13,089,120

The Parks have a net position of \$6,020,630 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, \$4,597,430, 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 \$2,471,060 of unrestricted net position at the end of this year.

The Park's net position for fiscal years ended September 30, 2016, is summarized as follows:

Condensed Schedule of Net Position September 30

	2016	2015
Current and other assets	\$33,957,942	\$8,183,458
Capital assets	13,799,589	13,552,495
Other Assets	615,500	-
Total assets	48,373,031	21,735,953
Current and other liabilities	2,108,515	1,693,221
Long-term liabilities	33,079,553	8,362,390
Other Liabilities	95,843	
Total liabilities	35,283,911	10,055,611
Net Position:		
Net investment in capital assets	6,020,630	5,742,191
Restricted	4,597,430	2,207,617
Unrestricted	2,471,060	3,801,059
Total net position	\$13,089,120	\$11,750,867

The following table provides a summary of the Park's revenues, expenses and changes in net position for the year ended September 30, 2016, and 2015. The Park experienced an overall increase of \$1,338,253 in net position for the year ending September 30, 2016

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

	2016	2015
Operating revenues	\$8,829,880	\$7,528,434
Operating expenses	(6,820,257)	(6,869,597)
Operating income (loss)	2,009,623	658,837
Non-operating revenue (expenses)	(551,466)	(154,316)
Transfer to other funds	(119,904)	(252,545)
Increase (decrease) in net position	1,338,253	251,976
Net position – Beginning of year	11,750,867	11,439,297
Prior period adjustment	-	59,594
Net position – End of year	\$13,089,120	\$11,750,867

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 2016 budget was adopted on September 15, 2015 with total operating expenditures of \$6,787,345, a 7% decrease from Fiscal Year 2015 budgeted operating expenses.

CAPITAL ASSETS

The Parks has \$13,799,589 (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, 2016:

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	7,668,930	226,980	-	7,895,910
Equipment	1,159,224	55,387	-	1,214,611
Automotive machinery and equipment	1,626,670	405,933	-	2,032,603
Furniture and fixtures	1,014,322	5,851	-	1,020,173
Other structures	5,994,695	-	-	5,994,695
Assets not being depreciated:				
Construction in progress	41,107	572,250	-	613,357
Land	1,718,384	-	-	1,718,384
Less: Accumulated depreciation	<u>(16,540,239)</u>	<u>(1,019,307)</u>	<u>-</u>	<u>(17,559,546)</u>
TOTAL CAPITAL ASSETS	<u>\$ 13,552,495</u>	<u>\$ 247,094</u>	<u>\$ -</u>	<u>\$ 13,799,589</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, 2016, the Park has certificates of obligation payable of \$27,778,830 of which \$633,641 is payable in fiscal year 2016.

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 2017, the Commissioners' Court and management considered the following factors:

- Recreational vehicle site rental rates.
- Capital park improvements
- 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, 2016

ASSETS

CURRENT ASSETS

Cash on deposit and on hand	\$ 5,086,731
Accounts receivable	117,549
Inventory	1,032
Prepaid insurance	25,820
TOTAL CURRENT ASSETS	<u><u>5,231,132</u></u>

NONCURRENT ASSETS

Restricted Assets

Park Construction Fund:

Cash on deposit 2016 Co's	24,129,380
Cash on deposit 2011 Co's	524,509
Sea Ranch Improvements	52,785
Capital Improvements	29,886

Park Donation Fund:

Donations	8,405
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Public Beaches:

Beach Users fee	-
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Debt Reserve Fund:

Cash on deposit	-
Cash on deposit	1,746,845

Operating Reserve Fund:

Repairs & Replacement	600,000
Cash on deposit	1,635,000

TOTAL RESTRICTED ASSETS 28,726,810

Capital Assets

Depreciable assets:

Buildings	10,869,402
Improvements other than buildings	7,895,910
Equipment	1,214,611
Automotive machinery and equipment	2,032,603
Furniture and fixtures	1,020,173
Other structures	5,994,695
	<u>29,027,394</u>

Less: Accumulated depreciation (17,559,546)

Net depreciable assets	11,467,848
Construction work in progress	613,357
Land	<u>1,718,384</u>

TOTAL CAPITAL ASSETS 13,799,589

DEFERRED OUTFLOW OF RESOURCES

Differences between projected and actual earnings	615,500
TOTAL OTHER ASSETS	<u><u>615,500</u></u>

TOTAL ASSETS \$ 48,373,031

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF NET POSITION-continued
Year Ended September 30, 2016

LIABILITIES

Current Liabilities (payable from Current Assets):	
Accounts payable	\$ 874,421
Capital lease payable-current	178,393
Wages and fringe payable	12,558
Compensated absences payable	64,732
Accrued interest payable	39,128
Education reserve	7,219
Rental deposits	298,423
Total Current Liabilities (payable from Current Assets)	<u>1,474,874</u>
Current Liabilities (payable from Restricted Assets):	
Current maturities of certificates of obligation	633,641
Total Current Liabilities (payable from Restricted Assets)	<u>633,641</u>
Noncurrent Liabilities:	
Certificates of obligation	27,778,830
Less: Unamortized discount	(136,087)
Plus: Unamortized premium	3,407,860
Capital lease payable	325,460
Unfunded actuarial liability	991,233
Pension Liability	712,257
Total Noncurrent Liabilities	<u>33,079,553</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Differences between expected and actual experience	95,843
TOTAL DEFERRED INFLOW OF RESOURCES	<u>95,843</u>
 TOTAL LIABILITIES	 \$ 35,283,911

NET POSITION

Net investment in capital assets	\$ 6,020,630
Restricted for:	
Debt service	1,746,845
Operating reserve	2,235,000
Construction	554,395
Donations	8,405
Sea Ranch improvements	52,785
Unrestricted	2,471,060
TOTAL NET POSITION	<u>\$ 13,089,120</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, 2016

OPERATING REVENUES

Trash bag program	\$ 94,772
Others	170,566
Entrance fees	3,724,573
Rental income	4,839,969
TOTAL OPERATING REVENUES	<u>8,829,880</u>

OPERATING EXPENSES

Travel	3,831
Audit and legal	6,647
Taxes	7,599
Advertising	10,409
Rental	17,675
Miscellaneous	29,811
Insurance	56,395
Post employee benefits expense	65,588
Pension Expense	102,794
Repairs and maintenance	246,254
Supplies	298,648
Contractual	391,638
Depreciation	1,019,306
Utilities	1,196,066
Salaries and employee benefits	3,367,596
TOTAL OPERATING EXPENSES	<u>6,820,257</u>

OPERATING INCOME (LOSS)	<u>2,009,623</u>
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NON-OPERATING REVENUES (EXPENSES)

Interest expense	(352,140)
Capital grants - expenses	(275,484)
Fiscal agent fees	(174,113)
Insurance proceeds - net of related losses	19,725
Interest on cash investments	19,062
Capital grants & contribution	211,484
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(551,466)</u>

Income (Loss) Before Capital Contributions and Transfers	1,458,157
Transfer out	(119,904)
Change in net position	1,338,253
Total Net Position - Beginning of year	<u>11,750,867</u>
Total Net Assets - Beginning of year-restated	11,750,867
Total Net Position - End of year	<u>\$ 13,089,120</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, 2016

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows From Operating Activities:

Cash received from customers	\$ 8,758,683
Cash payments for goods and services	(2,045,013)
Cash payments to employees	(3,436,035)
Net Cash Provided by Operating Activities	<u>3,277,635</u>

Cash Flows From Non-Capital Financing Activities:

Transfer to other funds	(119,904)
Insurance Proceeds	19,725
Net Cash Provided (Used) by Non-Capital Financing Activities:	<u>(100,179)</u>

Cash Flows From Capital and Related Financing Activities:

Proceeds from capital debt	21,160,000
Acquisition and construction of capital assets	(1,266,401)
Principal payments	(495,636)
Lease payments	465,801
Interest paid	(352,140)
Bond issuance cost	3,247,630
Capital grants - expenses	(275,484)
Capital grants & contribution	211,484
Fiscal agent fees paid	(174,113)
Net Cash Used for Capital and Related Financing Activities	<u>22,521,141</u>

Cash Flows From Investing Activities:

Receipts of interest	19,062
Net Cash Provided by Investing Activities	<u>19,062</u>

Net increase (decrease) in cash and cash equivalents

25,717,658

Cash and cash equivalents at beginning of year

8,095,883

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 33,813,541

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

Operating Income	\$ 2,009,623
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Adjustments to Reconcile Operating Income to Net Cash

Provided by Operating Activities:

Depreciation	1,019,306
Post-employment benefits expense	102,794
Pension Expense	65,588

Changes in Current Assets and Liabilities:

Decrease (Increase) in accounts receivable	(78,858)
Decrease (Increase) in prepaids	21,968
Decrease (Increase) in inventory	64
Increase (Decrease) in accounts payable	419,519
Increase (Decrease) in due to other funds	(252,611)
Increase (Decrease) in deposit payable	7,661
Increase (Decrease) in accrued interest payable	29,748
Increase (Decrease) in reserve payable	1,272
Increase (Decrease) in compensated absences	12,370
Increase (Decrease) in wages and fringe payable	(80,809)

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 3,277,635

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, 2016

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 2016 and 2015, 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, 2016

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, 2016. 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 \$1,019,306.

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, 2016 totaled \$65,588.

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, 2016

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 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, 2016, 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, 2016

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, 2016 including interest payments of \$1,693,161 are as follows:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 127,771	\$ 251,847	\$ 379,618
2018	133,928	246,613	380,541
2019	421,797	233,389	655,186
2020	444,888	211,722	656,610
2021	497,228	188,169	685,397
2022-2028	<u>3,947,036</u>	<u>561,421</u>	<u>4,508,457</u>
TOTAL	<u>\$ 5,572,648</u>	<u>\$1,693,161</u>	<u>\$7,265,809</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, 2016 including interest payments of \$10,969,859 are as follows:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 400,000	\$ 801,684	\$ 1,201,684
2018	450,000	879,950	1,329,950
2019	700,000	864,950	1,564,950
2020	805,000	842,375	1,647,375
2021	835,000	813,600	1,648,600
2022-2036	<u>17,970,000</u>	<u>6,767,300</u>	<u>24,737,300</u>
TOTAL	<u>\$ 21,160,000</u>	<u>\$10,969,859</u>	<u>\$32,129,859</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2016

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, 2016 including estimated interest payments of \$623,169 are as follows:

<u>YEAR ENDING SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 105,870	\$ 71,061	\$ 176,931
2018	84,937	67,670	152,607
2019	87,755	64,641	152,396
2020	90,573	61,301	151,874
2021	93,793	57,840	151,633
2022-2031	<u>1,216,895</u>	<u>300,656</u>	<u>1,517,551</u>
TOTAL	<u>\$ 1,679,823</u>	<u>\$ 623,169</u>	<u>\$ 2,302,992</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 \$64,732 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 \$102,794 as a result of this implementation.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, 2016, the Park System's carrying amount of deposits and investments was \$33,813,541 and the bank balance was \$32,961,268.

<u>Current Assets:</u>	<u>Fair Value</u>
Cash and equivalents	\$ 5,086,731
<u>Restricted Assets:</u>	
Park Construction Fund	
Cash and cash equivalents	24,736,560
Revenue Bond Debt Reserve Fund	
Cash and cash equivalents	1,746,845
Park Donations	
Cash and cash equivalents	8,405
Public Beaches	
Cash and cash equivalents	-
Operating Reserve Fund	
Cash and cash equivalents	<u>2,235,000</u>
TOTAL	<u>\$33,813,541</u>

Note 7 – LITIGATION

The County is a defendant in a real estate case where plaintiffs allege County abandoned an easement that was given to County Parks for the use of park purposes. This is a complicated case involving donated land that Commissioners Court sought to develop by leasing land for development of a hotel complex within a public park. This case has been tried before a jury and a verdict for plaintiffs was awarded for \$21,000,000. The Court held a hearing on motions for entry of judgment and outcome was modified for \$3,500,000. Presently County is waiting on written judgment. County anticipates matter will be appealed by plaintiffs. County is confident the Court's oral ruling will be upheld on appeal. The impact of this judgment will be material to County.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Note 8 – 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	7,668,930	226,980	-	7,895,910
Equipment	1,159,224	55,387	-	1,214,611
Automotive machinery and equipment	1,626,670	405,933	-	2,032,603
Furniture and fixtures	1,014,322	5,851	-	1,020,173
Other structures	5,994,695	-	-	5,994,695
Assets not being depreciated:				
Construction in progress	41,107	572,250	-	613,357
Land	1,718,384	-	-	1,718,384
Less: Accumulated depreciation	<u>(16,540,239)</u>	<u>(1,019,307)</u>	<u>-</u>	<u>(17,559,546)</u>
TOTAL CAPITAL ASSETS	<u><u>\$ 13,552,495</u></u>	<u><u>\$ 247,094</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,799,589</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 an opinion on the financial statements as a whole. The accompanying supplementary information as of and for the year ended September 30, 2016 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Brownsville, Texas
March 22, 2017

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2016

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Massachusetts Bay Insurance Company	Employee Crime Policy	\$500,000	7/1/2017	Employee dishonesty - crime. Employee Theft - per loss	\$6,397	\$7,500
Massachusetts Bay Insurance Company	Employee Crime Policy	\$250,000	7/1/2017	Employee dishonesty - crime. Forgery Or Alteration	-	\$5,000
Massachusetts Bay Insurance Company	Employee Crime Policy	\$150,000	7/1/2017	Employee dishonesty - crime. Inside The Premises - Theft of	-	\$1,500
Massachusetts Bay Insurance Company	Employee Crime Policy	\$150,000	7/1/2017	Employee dishonesty - crime. Outside The Premises	-	\$1,500
Massachusetts Bay Insurance Company	Employee Crime Policy	\$500,000	7/1/2017	Employee dishonesty - crime. Computer Faud	-	\$7,500
Massachusetts Bay Insurance Company	Employee Crime Policy	\$500,000	7/1/2017	Employee dishonesty - crime. Money Orders & Counterfeit Money	-	\$5,000
Massachusetts Bay Insurance Company	Employee Crime Policy	Not Covered	7/1/2017	Employee dishonesty - crime Employee Theft - Per Employee Coverage	-	-
Massachusetts Bay Insurance Company	Employee Crime Policy	Not Covered	7/1/2017	Employee dishonesty - crime Inside The Premises - Robbery Or Building	-	-
Continental Casualty, The Hanover Insurance Group, Hiscox (Lloyds)	Parks buildings, extended coverage, malicious mischief, excess flood, named storm	\$8,516,680	7/1/2017		\$20,756	\$10,000
Continental Casualty, The Hanover Insurance Group, Hiscox (Lloyds)	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$216,446	7/1/2017	Contents	-	\$10,000

CAMERON COUNTY, TEXAS
PARK SYSTEM

SCHEDULE OF INSURANCE COVERAGE- Continued
SEPTEMBER 30, 2016

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Continental Casualty, The Hanover Insurance Group, Hiscox (Lloyds)	Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm	\$70,000	7/1/2017	EDP	-	\$10,000
Texas Association of Counties	Auto Liability	\$100,000/\$300,000	7/1/2017	Bodily Injury per person/per occurrence Property Damage	-	\$1,000
Texas Association of Counties	Auto Liability	\$100,000	7/1/2017		-	\$1,000
Texas Association of Counties	Auto Liability	Within Auto Liability Limits	7/1/2017	Hired and Non-Owned	-	1,000.00
Texas Association of Counties	Auto Liability	Within Auto Liability Limits	7/1/2017	Limited Mexico Coverage	-	1,000.00
Texas Association of Counties	Auto Liability	\$5,000.00	7/1/2017	Personal Injury Protection	-	-
Texas Association of Counties	Auto Liability	\$10,000.00	7/1/2017	Supplementary Death Benefit	-	-
Texas Association of Counties	Auto physical damage comprehensive/collision General Liability	Cash value or cost of repair	7/1/2017	Vehicles	-	\$5,000
Texas Association of Counties	General Liability	\$100,000/\$300,000	7/1/2017	Bodily Injury per person/per occurrence Property damage per occurrence	-	\$5,000
Texas Association of Counties	General Liability	\$100,000	7/1/2017	Property damage per occurrence	-	\$5,000
Texas Association of Counties	General Liability	\$50,000	7/1/2017	Employee Benefits Liability	-	\$1,000
Texas Association of Counties	General Liability	\$100,000	7/1/2017	Medical Payment	-	-
Texas Association of Counties	General Liability	\$5,000	7/1/2017		-	-
Texas Association of Counties	General Liability	\$50,000	7/1/2017	Garage Keeper's Legal Liability	-	\$1,000
Texas Association of Counties	Workers Compensation	\$1,000,000/\$1,000,000 /\$2,000,000	1/1/2018	Per Accident/Per Claimant/Aggregate per coverage	-	-

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING REVENUES
Year Ended September 30, 2016

ISLA BLANCA PARK

Rental Income	\$ 2,617,530
Concession leases	1,499,879
Miscellaneous income	14,251
Electricity	89,020
Water	1,000
Entrance fees	1,698,486
Tents	31,365
Boat slips/launch fees	162
Park tag fee	4,941
Over/(short)	417
Beach fee reimbursement	123,333
Commercial services permits	905
TOTAL ISLA BLANCA PARK	6,081,289

ADOLPH THOMAE PARK

Rental Income	92,427
Entrance fees	361,239
Boat slips/launch fees	1,080
Apartment rental	2,100
Park tag fees	1,325
Miscellaneous revenue	729
Electricity	579
Over/(short)	(1,153)
Tents	5,130
TOTAL ADOLPH THOMAE PARK	463,456

PUBLIC BEACHES

Entrance fees	1,140,240
Trash Bag program	94,772
Over/(short)	5,124
Miscellaneous income	-
TOTAL PUBLIC BEACHES	1,240,136

ANDY BOWIE PARK

RV full service rentals	86,788
Apartment rental	150
Concession leases	401,799
Tents	2,115
Miscellaneous revenue	7,934
Electricity	2,972
Over/(short)	374
Entrance fees	155,350
TOTAL ANDY BOWIE PARK	657,482

PARK RANGERS

Miscellaneous fines and fees	5,513
TOTAL PARK RANGERS	5,513

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING REVENUES-continued
Year Ended September 30, 2016

BEACH CLEANUP

Donations	5,300
TOTAL BEACH CLEANUP	<u>5,300</u>

COMMUNITY PARKS

Miscellaneous Revenue	-
Swimming Pools	5,187
Community Center Rentals	7,115
Donations Park summer program	5,304
TOTAL COMMUNITY PARKS	<u>17,606</u>

BEACH SAFETY

Entrance fees	356,563
Concession leases	2,535
TOTAL BEACH SAFETY	<u>359,098</u>
TOTAL OPERATING REVENUES	<u>\$ 8,829,880</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES
 Year Ended September 30, 2016

ISLA BLANCA PARK

Advertising	\$ 3,700
Audit and legal	6,647
Contractual	72,978
Depreciation	376,074
Insurance	35,072
Miscellaneous	9,088
Rental	2,969
Repairs and maintenance	63,101
Salaries and employee benefits	623,700
Supplies	76,315
Taxes	7,599
Utilities	750,397
TOTAL ISLA BLANCA PARK	2,027,640

ADOLPH THOMAE PARK

Salaries and employee benefits	179,688
Supplies	26,444
Repairs and maintenance	12,703
Advertising	1,946
Insurance	1,077
Utilities	43,293
Rental	471
Contractual	6,290
Miscellaneous	6,499
Depreciation	52,522
TOTAL ADOLPH THOMAE PARK	330,933

PUBLIC BEACHES

Salaries and employee benefits	196,588
Supplies	28,751
Repairs and maintenance	6,929
Utilities	150,359
Contractual	255,408
Insurance	83
Rental	-
Miscellaneous	4,000
Depreciation	26,932
TOTAL PUBLIC BEACHES	669,050

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING EXPENSES-continued
Year Ended September 30, 2016

ANDY BOWIE PARK

Salaries and employee benefits	163,064
Supplies	22,813
Repairs and maintenance	21,713
Advertising	1,163
Insurance	3,201
Utilities	46,420
Miscellaneous	4,494
Contractual	5,153
Depreciation	2,093
TOTAL ANDY BOWIE PARK	<u>270,114</u>

COMMUNITY PARKS

Salaries and employee benefits	206,653
Supplies	19,418
Repairs and maintenance	15,498
Insurance	3,334
Utilities	83,043
Rental	714
Contractual	140
Depreciation	99,574
TOTAL COMMUNITY PARKS	<u>428,374</u>

BROWNE PARK

Salaries and employee benefits	118,159
Supplies	14,541
Repairs and maintenance	15,966
Insurance	7,280
Utilities	55,181
Rental	606
Contractual	60
Depreciation	76,382
TOTAL BROWNE PARK	<u>288,175</u>

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2016

FAMILY LEARNING CENTERS - LA PALOMA

Salaries and employee benefits	12,994
Supplies	7,692
Utilities	24,166
Insurance	110
Depreciation	104,394
Repairs and maintenance	3,629
TOTAL FAMILY LEARNING CENTERS-LA PALOMA	<u>152,985</u>

FAMILY LEARNING CENTERS - SANTA ROSA

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

LAURELES PARK

Salaries and employee benefits	12,915
Supplies	9,931
Repairs and maintenance	7,591
Insurance	110
Depreciation	114,210
Utilities	23,822
TOTAL LAURELES PARK	<u>168,579</u>

FAMILY LEARNING CENTERS - LOS INDIOS

Depreciation	5,256
TOTAL FAMILY LEARNING CENTERS-LOS INDIOS	<u>5,256</u>

CAMERON / LA ESPERANZA

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

CODE ENFORCEMENT

Salaries and employee benefits	35,389
Supplies	2,725
Repairs and maintenance	2,499
TOTAL CODE ENFORCEMENT	<u>40,613</u>

GREENS DIVISION

Salaries and employee benefits	193,578
Supplies	8,529
Utilities	242
Repairs and maintenance	9,779
Insurance	256
TOTAL GREENS DIVISION	<u>212,384</u>

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2016

ADMINISTRATION

Salaries and employee benefits	672,121
Post employment benefits	65,588
Pension expense	102,794
Supplies	14,406
Repairs and maintenance	24,551
Utilities	4,006
Travel	1,341
Advertising	3,600
Insurance	1,541
Depreciation	35,683
Rental	2,545
Miscellaneous expense	3,179
Contractual	42,810
TOTAL ADMINISTRATION	<u>974,165</u>

BEACH SAFETY

Salaries and employee benefits	325,655
Supplies	21,466
Repairs and maintenance	9,763
Utilities	697
Travel	1,719
Insurance	166
Depreciation	833
Rental	2,177
Miscellaneous	1,419
Contractual	8,800
TOTAL BEACH SAFETY	<u>372,695</u>

PARK RANGERS

Salaries and employee benefits	598,908
Supplies	39,912
Repairs and maintenance	48,300
Utilities	3,205
Travel	770
Insurance	4,164
Rental	8,192
Miscellaneous	1,133
TOTAL PARK RANGERS	<u>704,584</u>

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING EXPENSES-continued
Year Ended September 30, 2016

RIO HONDO FAMILY

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

SUMMER PROGRAM

Salaries and employee benefits	15,426
Supplies	1,071
TOTAL SUMMER PROGRAM	<u>16,497</u>

EL RANCHITO PARK

Salaries and employee benefits	12,757
Supplies	4,633
Repairs and maintenance	4,231
Utilities	11,236
TOTAL EL RANCHITO PARK	<u>32,857</u>

TOTAL OPERATING EXPENSES	<u>\$ 6,820,257</u>
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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 Park System of Cameron County, Texas, and have issued our report thereon dated March 22, 2016.

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.

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 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Brownsville, Texas

March 22, 2017