

CAMERON COUNTY, TEXAS
PARK SYSTEM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021



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

CAMERON COUNTY, TEXAS
PARK SYSTEM
SEPTEMBER 30, 2021

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CAMERON COUNTY PARK SYSTEM

33174 State Park Road 100
SOUTH PADRE ISLAND, TEXAS 78597

March 30, 2022

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

Honorable County Judge and Commissioners:

The Cameron County Park and Recreation Department'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 full-service recreational transient vehicle rental sites, and eight cabanas. The cabanas are equipped with bunk beds, restrooms, showers and small kitchenettes. Andy Bowie Park also known as County Beach Access No. 2 is located just north of the City of South Padre Island city limits. This park also offers a flagship Hotel on the beach of the Gulf of Mexico. Edwin K. Atwood County Parks also known as County Beach Access No. 5 is located approximately five miles north of the South Padre Island city limits. This beautiful coastal park provides five pavilions, dune walkovers, rinse stations, restrooms and showers, an environmental friendly permeable pavement parking lot, food truck parking, two toll booth stations and other associated site improvements.

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

County Beach Access No. 3 is located 0.3 miles north of Andy Bowie park Beach Access 2. This is not a vehicular accessible point, but allows public accessibility to the beach. This access area provides 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 public gulf side parking spaces and parking spaces on the west side of Park Road 100. This area provides a dune walkover that allows you to access the beach and provides seasonal lifeguards/beach patrol.

Cameron County Park System
March 30, 2022

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. This area provides a boat ramp which include two new additional boat ramps for boaters to launch and load their boats, courtesy docks, fish cleaning stations, shoreline restoration and additional truck/trailer parking spaces to alleviate some of the overcrowding experienced on busy weekends. The parking lot is constructed using a pervious paving system that is environmentally friendly. Cameron County will be completing improvements to the 1.7 miles of access road, construction of new rest rooms, and installation of new environmental friendly wildlife parking lights. These improvements will be funded through the Texas Parks & Wildlife Boating Access Grant.

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

La Esperanza Community Park is located in the colonia of Cameron Park. The amenities at the park include a walking trail, picnic pavilion, lighted soccer field, basketball court pavilion and an outdoor basketball court. Cameron County received funding assistance in the amount of \$500,000 on December, 2017 from the Valley Baptist Legacy Foundation. An All-Inclusive Playground was constructed that provide maximum ADA accessibility and is universally designed to create a myriad of play opportunities for special needs children and children with non-disabilities. This playground will be the first in both the County Park System and in Brownsville, Texas.

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

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

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

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

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

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

Pedro Benavides Recreational Park is located at the corner of Browne Road and California, in the southmost area of Brownsville, Texas. The Park is constructed on 64 acres of land adjacent to Resaca de la Guerra. Amenities at the park include; a lighted adult softball field, lighted little league baseball field, two lighted full sized soccer fields, lighted basketball court, lighted volleyball court, playground and splash pad area, four small picnic pavilions, one large picnic pavilion, BBQ areas, a one mile Resaca frontage nature trail with two nature observation stations, and approximately 1 mile walking trail with 5 integrated workout stations. The multi-purpose walking trail receives a substantial amount of traffic on a daily basis. The trail is completely ADA accessible and is extremely user friendly. Runners, Joggers and walkers alike had nothing but positive things to say about the new surface. This project was funded through bonds and Parks Capital Improvement Funds.

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

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

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

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

OTHER EVENTS

Cameron County Parks Administration Office: The Cameron County Commissioners Court approved entering into an Interlocal Agreement with the Cameron County Regional Mobility Authority for the development of the Cameron County Parks Administration Office at Isla Blanca Park. The Court has approved the 100% Construction Drawings. Funding for this project will come from the 2022 Bond Proceeds \$1,189,938, 2021 Bond Proceeds \$1,800,000, 2019 Bond Proceeds \$834,000 and 2016 Bond Proceeds \$666,000.

Cameron County Parks Toll Collection System: The Cameron County Commissioners Court Approved entering into an Interlocal Agreement with the Cameron County Regional Mobility Authority for the development of the Cameron County Parks Toll Collection System. CCRMA will provide the design, engineering, installation and construction management services for an interoperable tolling system at Isla Blanca Park, Andy Bowie Park, E.K. Atwood Park, Adolph Thoma, Jr. County Park and Beach Access Number.3, Number.5. The total construction cost is approximately \$1,199,950.00

Adolph Thoma, Jr. County Park Pavilion: The Texas General Land Office awarded a grant to the Cameron County Parks for the construction of a pavilion at Adolph Thoma, Jr. County Park. The 40' x 48' pavilion area would be large enough to accommodate large groups and several families. The pavilion will be well illuminated for activities conducted after sun sets and for security measures. The proposed pavilion would include ADA picnic tables; 6' picnic tables, and 32 gallon trash receptacles. In addition, the new pavilions will include interpretative signage and kiosk to educate the community about County's coastal resources. The total construction cost for this project is approximately \$200,000. Funding for this project will come from GLO CMP \$120,000.00 and Cameron County Match of \$80,000. This project should be completed by the summer of 2022.

Isla Blanca Park Parking Lot 10 Expansion: The Cameron County Commissioners Court approved entering into an Interlocal Agreement with the Cameron County Regional Mobility Authority for the development of a 220-space parking lot adjacent to parking lot 10 of the Sandpiper pavilion at Isla Blanca. The total construction cost is approximately \$500,000. This project should be completed by the spring of 2022.

Mountain Bike Trail at Pedro "Pete" Benavides Park: Cameron County recently received funding from the Texas Parks and Wildlife Department for the construction of a Mountain Bike Trail at Pedro "Pete" Benavides Park. The trail will be approximately 2.79 miles and will be designed to accommodate mountain bikers, trail runners and hikers. The Cameron County Commissioners Court approved entering into an Interlocal Agreement with the Cameron County Regional Mobility Authority for the development of the Mountain Bike Trail. Currently, the project is on the construction phase. This project should be completed by the summer of 2022.

Pedro "Pete" Benavides Covered Basketball Court: The Cameron County Commissioners Court recently approved entering into an Interlocal Agreement with the Cameron County Regional Mobility Authority for the development of a covered basketball court at the Pedro "Pete" Benavides Park. The proposed 66' x 100' covered basketball court will allow for residents to enjoy this multi-use structure for basketball playing, aerobics/Zumba activities, health fairs, civic meeting, community gatherings and many outdoor recreational events. The total construction cost for this project is approximately \$1,200,000. Funding for this project will come from 2021 Bond Proceeds \$602,538 and ARPA Funds in the amount of \$597,462. This project should be completed by the summer of 2022

Santa Rosa Community Park Improvements: Cameron County recently received funding from the Texas Parks and Wildlife Department for improvements to the Santa Rosa Community Park. Improvements include construction of a swimming pool, covered basketball pavilion, picnic pavilion and other amenities. Funding for this project will come from TPWD Grant \$750,000, ARPA Funds \$2 million and Cameron County Match \$750,000.

Cameron County Park System
March 30, 2022

Olmito Park: Cameron County recently acquired 39 acres through a donation for the development of a park in Olmito. Cameron County Parks will be seeking grant funding opportunities to develop this park. The park will consist on nature trails, recreational engagements, public access to Olmito Lake, and other opportunities.

Cameron County recently received official notice from the Texas General Land Office awarding several grants from the Coastal Erosion Planning Response Act (CEPRA) and Coastal Management Program totaling \$1,566,250 Dollars for the following coastal county projects: Adolph Thoma, Jr. Park Shoreline Restoration Phase 3: This project is being funded through the CEPRA Cycle 10 Grant Program which will stabilize approximately 620 linear feet of shoreline from ongoing erosion and degradation at Adolph Thoma, Jr. Park. Phase III will include the construction of Articulated Concrete Block Mat (ACBM) and a retaining gravity wall. CEPRA Grant Funds Awarded: \$420,000.

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

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

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

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

Sincerely,



Joe Vega
Director
Cameron County Parks and Recreation Department



Lorena Hernandez, CPA
County Auditor
Cameron County Auditor's Office

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Cameron County, Texas Park System, an enterprise fund of Cameron County, as of and for the year ended September 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cameron County, Texas Park System, as of September 30, 2021, and the respective changes in net position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information

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

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Cameron County, Texas Park System and do not purport to, and do not present fairly the financial position of Cameron County, Texas, as of September 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022, on our consideration of the Cameron County Park System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cameron County Park System's internal control over financial reporting and compliance.

Burton, McCumber, & Longoria LLP.

Brownsville, Texas
March 30, 2022

CAMERON COUNTY, TEXAS
PARK SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

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, 2021. 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 related notes to those financial statements.

FINANCIAL HIGHLIGHTS

The Park's total assets exceeded its total liabilities at September 30, 2021 by \$22,197,280.

Total assets increased from Fiscal Year 2020 to Fiscal Year 2021 by \$2,950,528.

Total liabilities decreased from Fiscal Year 2020 to Fiscal Year 2021 by \$733,963.

Total net position increased by \$4,362,146.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Park's basic financial statements. 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, liabilities, deferred outflows, and deferred inflows with the difference reported as *net position*. Increases or decreases in net position 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, 2021, the Park's assets and deferred outflows exceeded liabilities and deferred inflows by \$22,197,280.

The Parks has a net position of \$9,657,267 invested in capital assets (e.g. land, building, improvements, construction in progress, automotive machinery, and other structures) less any outstanding debt and depreciation used to acquire those assets.

A portion of the Park's net position, \$5,699,879, 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 \$6,840,134 of unrestricted net position at the end of this year.

The Park's net position for fiscal years ended September 30, 2021, and 2020, is summarized as follows:

Condensed Schedule of Net Position September 30

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Current and other assets | \$18,098,828 | \$14,577,528 |
| Capital assets | 34,563,478 | 35,134,250 |
| Deferred outflows | 1,356,238 | 631,542 |
| Total assets and deferred outflows of resources | <u>54,018,544</u> | <u>50,343,320</u> |
| Current and other liabilities | 4,186,422 | 3,544,084 |
| Long-term liabilities | 26,889,036 | 28,265,337 |
| Deferred inflows | 745,806 | 698,765 |
| Total liabilities and deferred inflow of resources | <u>31,821,264</u> | <u>32,508,186</u> |
| Net Position: | | |
| Net investment in capital assets | 9,657,267 | 8,446,466 |
| Restricted | 5,699,879 | 7,308,900 |
| Unrestricted | 6,840,134 | 2,079,768 |
| Total net position | <u>\$22,197,280</u> | <u>\$17,835,134</u> |

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The following table provides a summary of the Park’s revenues, expenses and changes in net position for the year ended September 30, 2021, and 2020. The Park experienced an overall increase of \$4,362,146 in net position for the year ended September 30, 2021.

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

| | 2021 | 2020 |
|-------------------------------------|--------------|--------------|
| Operating revenues | \$12,249,867 | \$7,990,556 |
| Operating expenses | (8,062,754) | (7,673,017) |
| Operating income (loss) | 4,187,113 | 317,539 |
| Non-operating revenue (expenses) | (728,553) | (801,599) |
| Capital grants and contributions | 1,426,569 | 1,111,917 |
| Transfer to other funds | (522,983) | (444,421) |
| Increase (decrease) in net position | 4,362,146 | 183,436 |
| Net position – Beginning of year | 17,835,134 | 17,651,698 |
| Net position – End of year | \$22,197,280 | \$17,835,134 |

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 2021 budget was adopted on September 15, 2020 with total Park operating expenditures of \$8,500,292, a 11% decrease from Fiscal Year 2020 budgeted operating expenses.

CAPITAL ASSETS

The Parks has \$34,563,478 (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, 2021:

| 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 | 12,455,359 | - | - | 12,455,359 |
| Equipment | 1,282,816 | 147,243 | - | 1,430,059 |
| Automotive machinery and equipment | 3,148,636 | 80,654 | - | 3,229,291 |
| Furniture and fixtures | 1,020,173 | - | - | 1,020,173 |
| Other structures | 25,325,033 | 35,003 | - | 25,360,036 |
| Assets not being depreciated: | | | | |
| Construction in progress | 1,563,117 | 996,873 | - | 2,559,991 |
| Land | 1,782,132 | - | - | 1,782,132 |
| Less: Accumulated depreciation | <u>(22,312,418)</u> | <u>(1,830,547)</u> | <u>-</u> | <u>(24,142,965)</u> |
| TOTAL CAPITAL ASSETS | <u><u>35,134,250</u></u> | <u><u>(570,774)</u></u> | <u><u>-</u></u> | <u><u>34,563,478</u></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, 2021, the Park has certificates of obligation payable of \$23,275,080 of which \$1,615,860 is payable in fiscal year 2022.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

In developing the Park's budget for FY 2022, the Commissioners' Court and management considered the following factors:

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

The FY2022 budget was adopted on September 14, 2021 with total Park operating expenditures of \$9,816,774.

REQUEST FOR INFORMATION

The Park's 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 Auditor's Office at 1100 E. Monroe, Brownsville, Texas 78520.

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF NET POSITION
September 30, 2021

ASSETS

Current Assets

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 8,024,069 |
| Restricted Cash: | |
| Park Construction Fund: | |
| 2016 CO (s) | 1,195,664 |
| Parking Lot Dirty Al's | 19,202 |
| Capital Improvements | 194,511 |
| Gomesa Funds | 3,167,678 |
| Park Donation Fund: | |
| Donations | 10,239 |
| Community Parks Donations | 44,698 |
| Debt Reserve Fund | 2,477,263 |
| Operating Reserve Fund | 2,235,000 |
| Total Restricted Cash | <u>9,344,255</u> |
| Receivables | 573,138 |
| Due from other funds | 52,408 |
| Prepays | 104,666 |
| Inventory | 292 |
| Total Current Assets | <u>18,098,828</u> |

Capital Assets

| | |
|-------------------------------------|---------------------|
| Depreciable assets: | |
| Buildings | 10,869,402 |
| Improvements other than buildings | 12,455,359 |
| Equipment | 1,430,059 |
| Automotive, machinery and equipment | 3,229,291 |
| Furniture and fixtures | 1,020,173 |
| Other structures | 25,360,036 |
| | <u>54,364,320</u> |
| Accumulated depreciation | <u>(24,142,965)</u> |
| Net depreciable assets | 30,221,355 |
| Construction in progress | 2,559,991 |
| Land | 1,782,132 |
| | <u>34,563,478</u> |
| Total Capital Assets, Net | <u>34,563,478</u> |
| TOTAL ASSETS | <u>52,662,306</u> |

DEFERRED OUTFLOW OF RESOURCES

| | |
|--|----------------------|
| Deferred charges on refunding | 169,654 |
| Deferred outflows of resources- OPEB | 155,809 |
| Deferred outflows of resources- Pension | 1,030,775 |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | <u>1,356,238</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES | <u>\$ 54,018,544</u> |

(Continued)

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

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF NET POSITION-continued
September 30, 2021

LIABILITIES

Current Liabilities

| | | |
|------------------------------------|----|-----------|
| Accounts payable | \$ | 409,754 |
| Due to other funds | | 714,181 |
| Capital lease payable-current | | 145,889 |
| Wages and fringe payable | | 1,246 |
| Compensated absences payable | | 52,260 |
| Accrued interest payable | | 123,327 |
| Tax note payable-current | | 55,044 |
| Certificates of obligation-current | | 1,615,860 |
| Reserve | | 4,499 |
| Deposits | | 1,064,362 |
| Total Current Liabilities | | 4,186,422 |

Non-current Liabilities

| | | |
|-------------------------------|--|------------|
| Certificates of obligation | | 21,659,220 |
| Unamortized premium | | 2,531,993 |
| Tax note payable | | 183,133 |
| Net OPEB liability | | 1,523,710 |
| Net Pension liability | | 990,980 |
| Total Non-current Liabilities | | 26,889,036 |
| TOTAL LIABILITIES | | 31,075,458 |

DEFERRED INFLOW OF RESOURCES

| | | |
|--|--|---------|
| Deferred inflows of resources- OPEB | | 175,791 |
| Deferred inflows of resources- Pension | | 570,015 |
| TOTAL DEFERRED INFLOW OF RESOURCES | | 745,806 |

| | | |
|--|--|------------|
| TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES | | 31,821,264 |
|--|--|------------|

NET POSITION

| | | |
|----------------------------------|--|---------------|
| Net investment in capital assets | | 9,657,267 |
| Restricted for: | | |
| Debt reserve | | 2,477,264 |
| Beach maintenance | | 3,167,678 |
| Donations | | 54,937 |
| Unrestricted | | 6,840,134 |
| TOTAL NET POSITION | | \$ 22,197,280 |

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
For the Fiscal Year Ended September 30, 2021

| | |
|--|---------------|
| <u>OPERATING REVENUES</u> | |
| Trash bag program | \$ 176,992 |
| Other | 232,300 |
| Entrance fees | 5,388,362 |
| Rental income | 6,452,213 |
| TOTAL OPERATING REVENUES | 12,249,867 |
| <u>OPERATING EXPENSES</u> | |
| Pension expense (income) | (97,516) |
| Travel | 2,743 |
| Audit and legal | 6,647 |
| Advertising | 660 |
| Taxes | 21,869 |
| Rental | 21,579 |
| Miscellaneous | 13,703 |
| Insurance | 125,131 |
| Post employee benefits expense | 59,460 |
| Repairs and maintenance | 261,155 |
| Supplies | 328,337 |
| Contractual | 436,615 |
| Depreciation | 1,830,547 |
| Utilities | 1,307,655 |
| Salaries and employee benefits | 3,744,169 |
| TOTAL OPERATING EXPENSES | 8,062,754 |
| OPERATING INCOME (LOSS) | 4,187,113 |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | |
| Interest expense | (843,858) |
| Fiscal agent fees | (750) |
| Gain on sale of capital assets | 97,017 |
| Interest income | 19,038 |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | (728,553) |
| INCOME BEFORE TRANSFERS | 3,458,560 |
| Capital grants and contributions | 1,426,569 |
| Transfers in (out) | (522,983) |
| CHANGE IN NET POSITION | 4,362,146 |
| Total Net Position - beginning | 17,835,134 |
| Total Net Position - ending | \$ 22,197,280 |

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

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2021

| | |
|---|----------------------|
| Cash Flows From Operating Activities: | |
| Cash received from customers | \$ 12,301,448 |
| Cash payments for goods and services | (2,198,268) |
| Cash payments to employees | (3,758,224) |
| Net Cash Provided by Operating Activities | 6,344,956 |
| Cash Flows From Non-Capital Financing Activities: | |
| Transfer to other funds | (522,982) |
| Net Cash Used by Non-Capital Financing Activities: | (522,982) |
| Cash Flows From Capital and Related Financing Activities: | |
| Acquisition and construction of capital assets | (1,259,773) |
| Principal payments | (1,495,458) |
| Capital lease payments | (226,646) |
| Interest paid | (843,858) |
| Bond issuance cost | (199,105) |
| Proceeds from sale of capital assets | 97,017 |
| Capital grants & contribution | 1,426,569 |
| Fiscal charges | (750) |
| Net Cash Used for Capital and Related Financing Activities | (2,502,004) |
| Cash Flows From Investing Activities: | |
| Receipts of interest | 19,038 |
| Net Cash Provided by Investing Activities | 19,038 |
| Net increase (decrease) in cash and cash equivalents | 3,339,008 |
| Cash and cash equivalents at beginning of year | 14,029,316 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 17,368,324 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | |
| Operating Income | \$ 4,187,113 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation | 1,830,547 |
| Post-employment benefits expense | 59,460 |
| Pension expense (income) | (97,516) |
| Changes in Current Assets and Liabilities: | |
| Decrease (Increase) in accounts receivable | (572,887) |
| Decrease (Increase) in prepaids | (7,576) |
| Decrease (Increase) in due from other funds | 397,503 |
| Decrease (Increase) in inventory | 664 |
| Increase (Decrease) in accounts payable | (296,441) |
| Increase (Decrease) in due to other funds | 644,559 |
| Increase (Decrease) in deposit payable | 226,961 |
| Increase (Decrease) in accrued interest payable | (14,549) |
| Increase (Decrease) in reserve | 1,172 |
| Increase (Decrease) in compensated absences | 28,212 |
| Increase (Decrease) in wages and fringe payable | (42,266) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 6,344,956 |

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, 2021

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). The Parks System of Cameron County, Texas follows 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: 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, 2021

Note 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

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

The provisions of GASB Statement No. 75 have been applied as of fiscal year ended September 30, 2021. GASB 75 created accounting standards for Other Post Employment Benefits (OPEB) provided by governmental entities separately from a pension plan. This Statement establishes standards for measurement, recognition and display of OPEB expenditures and related liabilities/assets disclosure.

C. Capital Assets and Depreciation

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

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

D. Retirement Plan

Cameron County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. Mandatory participation in the county retirement system is required by state law for all employees who work in excess of 900 hours per year. County employees contribute seven percent (7%) of their gross pay and the County contributes 10.56%, (10.49% as of January 1, 2021) of the qualified employees' earnings. Retirement plan expense is funded as accrued, and includes amortization of prior service cost over a 20-year period.

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, 2021

Note 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

G. Net Position

Net Position represents the residual interest in the Park System’s assets and deferred outflows after liabilities and deferred inflows 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. Subsequent Events

Management has evaluated subsequent events through March 30, 2022 the date the financial statements were available to be issued.

Note 2 - BOND INDENTURE REQUIREMENTS

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

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

Monies held as restricted assets in the fund established by the revenue bond indenture are invested in securities guaranteed by the U. S. Government. At September 30, 2021, 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, 2021

Note 3 – LONG-TERM DEBT

A. 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.

The annual requirements to amortize the Park System’s portion of this bond outstanding as of September 30, 2021 including interest payments of \$561,422 are as follows:

| YEAR ENDING <u>SEPTEMBER 30,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------------------------------|---------------------|------------------|--------------------|
| 2022 | 523,398 | 162,654 | 686,052 |
| 2023 | 549,568 | 135,829 | 685,397 |
| 2024 | 577,277 | 107,658 | 684,935 |
| 2025 | 606,526 | 78,063 | 684,589 |
| 2026 | 609,605 | 47,660 | 657,265 |
| 2027-2028 | <u>1,080,662</u> | <u>29,558</u> | <u>1,110,220</u> |
| TOTAL | <u>\$ 3,947,036</u> | <u>\$561,422</u> | <u>\$4,508,458</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 bond outstanding as of September 30, 2021 including interest payments of \$6,767,300 are as follows:

| YEAR ENDING <u>SEPTEMBER 30,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------------------------------|----------------------|--------------------|---------------------|
| 2022 | 870,000 | 779,500 | 1,649,500 |
| 2023 | 905,000 | 744,000 | 1,649,000 |
| 2024 | 940,000 | 707,100 | 1,647,100 |
| 2025 | 980,000 | 668,700 | 1,648,700 |
| 2026 | 1,020,000 | 628,700 | 1,648,700 |
| 2027-2036 | <u>13,255,000</u> | <u>3,239,300</u> | <u>16,494,300</u> |
| TOTAL | <u>\$ 17,970,000</u> | <u>\$6,767,300</u> | <u>\$24,737,300</u> |

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 3 – LONG-TERM DEBT (CONTINUED)

A. Certificates of Obligation (continued)

The County issued Certificates of Obligation, Series 2011 in the amount of \$23,570,000 at issuance June 1, 2011. The County Parks were 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.

Certificates of Obligation, Series 2011 were refinanced in fiscal year 2020 with Refunding Series 2019, leaving a principal balance of \$93,793 on series 2011 that was paid in fiscal year 2021 and \$1,375,045 on Series 2019.

The annual requirements to amortize the amounts attributable to Parks System outstanding as of September 30, 2021 including estimated interest payments of \$169,012 are as follows:

| <u>YEAR ENDING SEPTEMBER 30,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|--------------------------------------|---------------------|-------------------|---------------------|
| 2022 | 222,462 | 28,093 | 250,555 |
| 2023 | 114,726 | 27,452 | 142,178 |
| 2024 | 116,738 | 24,928 | 141,666 |
| 2025 | 119,556 | 22,233 | 141,789 |
| 2026 | 122,374 | 19,354 | 141,728 |
| 2027-2031 | <u>662,188</u> | <u>46,952</u> | <u>709,140</u> |
| TOTAL | <u>\$ 1,358,044</u> | <u>\$ 169,012</u> | <u>\$ 1,527,056</u> |

B. Tax Notes

Cameron County issued \$5,570,000 Cameron County, Texas Tax Notes, Series 2020 dated February 1, 2020 for the purpose of providing for the payment of contractual obligations to be incurred in connection with the purchase of equipment, technology upgrades for County departments, vehicles, HVAC and cooling system improvements to County building, costs of issuing the Notes and payment of contractual obligations for professional services rendered in connection therewith. Payments are due semiannually on February 15th and August 15th, maturing on February 15, 2025 with interest rates of 5.00%. Proceeds received were \$6,096,346 with premium costs of \$646,858 and bond issuance cost of \$120,512. Cameron County Park System received proceeds of \$318,075 from this issuance.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 3 – LONG-TERM DEBT (CONTINUED)

B. Tax Notes (continued)

The Notes are issued pursuant to the general laws of the state of Texas, Chapters 1371 and 1431, Texas Government Code and an order adopted by County Commissioners Court on January 7, 2020 and are direct obligations of the County, payable from the levy and collection of an ad valorem tax, within limits prescribed by law, on all taxable property in the County

The annual requirements to amortize the amounts attributable to Parks System outstanding as of September 30, 2021 including estimated interest payments of \$24,581 are as follows:

| YEAR ENDING <u>SEPTEMBER 30,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------------------------------|-------------------|-----------------|------------------|
| 2022 | 55,044 | 10,533 | 65,577 |
| 2023 | 57,914 | 7,709 | 65,623 |
| 2024 | 61,044 | 4,735 | 65,779 |
| 2025 | <u>64,175</u> | <u>1,604</u> | <u>65,779</u> |
| TOTAL | <u>\$ 238,177</u> | <u>\$24,581</u> | <u>\$262,758</u> |

C. Capital Leases and Installment Purchases

The Park System entered into an agreement with Bank of America, N.A. dated October 1, 2016 to provide \$141,835 in financing for equipment and, Five (5) vehicles through Cameron County’s master lease agreement with Bank of America, N.A. at an interest rate of 2.63% with three payments of \$47,278 due on June 2019 through June 2021. Interest to be paid during the term of the lease totals \$7,146.

The Park System entered into an agreement with Bank of America, N.A. dated October 1, 2016 to provide \$118,807 in financing for equipment, two (2) automobiles through Cameron County’s master lease agreement with Bank of America, N.A. at an interest rate of 2.82% with three payments of \$39,602 due on September 2019 through September 2021. Interest to be paid during the term of the lease totals \$6,399.

The Park System entered into an agreement with Bank of America, N.A. dated October 1, 2016 to provide \$251,550 in financing for equipment, one (1) trash truck and a tractor through Cameron County’s master lease agreement with Bank of America, N.A. at an interest rate of 2.87% with three payments of \$83,850 due on May 2020 through May 2022. Interest to be paid during the term of the lease totals \$13,777.

The Park System entered into an agreement with Bank of America, N.A. dated October 1, 2016 to provide \$197,905 in financing for computers and equipment, three (3) automobiles and a tractor through Cameron County’s master lease agreement with Bank of America, N.A. at an interest rate of 2.47% with three payments of \$65,969 due on September 2020 through September 2022. Interest to be paid during the term of the lease totals \$9,389.

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

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 \$52,260 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 Investment Pool, managed by First Public, LLC., the State of Texas investment pool available to governmental entities. Lone Star is neither a registered investment pool with the SEC nor backed by pledged collateral, but the underlying investments are AAA-rated no-load money market mutual funds, government agency securities and repurchase agreements collateralized by U.S. government securities, allowed under the Public Funds Investment Act as described by V.T.C.A., Title 10, Government Code, Section 2256. All Lone Star investments have earned Standard & Poor's highest rating – AAA – which meets the standards set by the Public Funds Investment Act. Investments are stated at cost which approximates market value. Lone Star's portfolio has low market risk due to restrictions on weighted average maturity and maximum maturity of any one investment. Lone Star's investment portfolio is required to maintain a stable \$1.00 net asset value.

As of September 30, 2021, the Park System's carrying amount of demand deposits and investments was \$17,368,324.

| | |
|----------------------------------|----------------------------|
| <u>Current Assets:</u> | <u>Fair Value</u> |
| Cash and equivalents | \$ 8,024,069 |
| <u>Restricted Assets:</u> | |
| Park Construction Fund | |
| Cash and cash equivalents | 4,577,055 |
| Revenue Bond Debt Reserve Fund | |
| Cash and cash equivalents | 2,477,263 |
| Park Donations | |
| Cash and cash equivalents | 54,937 |
| Operating Reserve Fund | |
| Cash and cash equivalents | <u>2,235,000</u> |
| TOTAL | <u>\$17,368,324</u> |

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 6 – CAPITAL ASSETS

| 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 | 12,455,359 | - | - | 12,455,359 |
| Equipment | 1,282,816 | 147,243 | - | 1,430,059 |
| Automotive machinery and equipment | 3,148,636 | 80,654 | - | 3,229,291 |
| Furniture and fixtures | 1,020,173 | - | - | 1,020,173 |
| Other structures | 25,325,033 | 35,003 | - | 25,360,036 |
| Assets not being depreciated: | | | | |
| Construction in progress | 1,563,117 | 996,873 | - | 2,559,991 |
| Land | 1,782,132 | - | - | 1,782,132 |
| Less: Accumulated depreciation | <u>(22,312,418)</u> | <u>(1,830,547)</u> | <u>-</u> | <u>(24,142,965)</u> |
| TOTAL CAPITAL ASSETS, NET | <u><u>35,134,250</u></u> | <u><u>(570,774)</u></u> | <u><u>-</u></u> | <u><u>34,563,478</u></u> |

Depreciation expense for all activities totaled \$1,830,547.

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CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 – NET PENSION LIABILITY

Governmental Accounting Standards Board (GASB), Statement No. 68 provides accounting and financial reporting standards for public pension plan obligations for employers. GASB 68 requires the Net Pension Liability to be recognized on the balance sheets of participating employers. The allocated Net pension liability (NPL) for the Park System total \$990,980 and it recognized pension expense (income) of \$(97,516) for fiscal year ended September 30, 2021.

Note 8 – OTHER POST EMPLOYMENT BENEFITS

Governmental Accounting Standards Board (GASB) issued Statement No. 74 & 75 in 2016 to improve accounting and financial reporting by state and local governments. These Statements substantially revised the accounting requirements previously mandated under GASB 43 and 45. In compliance with Statement 75, Cameron County has implemented these requirements during fiscal year 2018. GASB75 requires employers to recognize a liability for OPEB obligations, Net OPEB Liability, (Total OPEB Liability for unfunded plans) on the balance sheet financial statements. Changes in Net OPEB Liability are required to be recognized as OPEB Expense on the income statement or reported as deferred outflows/inflows of resources depending on the nature of the change. Benefits provided by Cameron County to retirees only includes medical benefits for which the retiree pays a monthly premium. This benefit is not available after retiree reaches the age of 65. Cameron County administers a single-employer defined benefit variety that covers employees, retirees and their spouses. The plan provisions allow members to retire upon attaining age 60 with 8 or more years of service or when the sum of their age and years of service equals 75 or more. Dependents of retirees who are not eligible for Medicare are also eligible for medical insurance coverage while retiree is alive. Effective 10/1/07, retirees are not eligible for medical benefits after age 65. Participants under disability are eligible for continued medical coverage under COBRA but must pay the full premium. Cameron County does not offer dental, vision, hearing or life insurance benefits to retirees. Cameron County does not pre-fund benefits. Benefits are paid directly from general assets on a pay-as-go basis and there is no trust for accumulating plan assets. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to Commissioner's Court.

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CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Monthly medical contributions required by retirees are as follows:

| | <u>Retiree</u> | <u>Retiree & Spouse</u> | <u>Retiree & 1 Child</u> | <u>Retiree & Children</u> | <u>Retiree & Family</u> |
|------------|----------------|-----------------------------|------------------------------|-------------------------------|-----------------------------|
| Medical/Tx | \$ 251 | \$576 | \$501 | \$532 | \$657 |

Membership in the plan at 10/1/19, the date of the latest actuarial valuation, consists of the following:

| | |
|--|------------|
| Active Members: | 67 members |
| Retirees and beneficiaries receiving benefits: | 3 members |

The valuation date of GASB75 for Cameron County is October 1, 2019, the date as of which the actuarial valuation was performed. Measurement date is September 30, 2021, the entity's fiscal year end. The OPEB liability was determined as of September 30, 2021 which is the reporting date. There have been no significant changes between the valuation date and the fiscal year end.

| | | |
|-----------------------|---------------------------|---------------------------|
| Valuation Date | October 1, 2019 | |
| Measurement Date | September 30, 2021 | |
| Actuarial Cost Method | Entry Age Normal | |
| Inflation: | 2.75% | |
| Discount Rate | September 30, 2020: 2.21% | September 30, 2021: 2.26% |

The discount rate is based on the Bond Buyer's General Obligation 20-Bond Municipal Index.

| OPEB LIABILITY | <u>September 30, 2020</u> | <u>September 30, 2021</u> |
|---|---------------------------|---------------------------|
| Park System OPEB Liability | \$ 1,176,057 | \$ 1,281,015 |
| Covered Payroll | 2,197,746 | 2,197,746 |
| OPEB Liability as a % of covered payroll | 53.51% | 58.29% |
| OPEB Liability as a % of Total OPEB Liability | 4.40% | 4.32% |

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB75.

| | | |
|---|-------|-------|
| Discount Rate | 2.21% | 2.26% |
| 20 Year Tax-Exempt Municipal Bond Yield | 2.21% | 2.26% |

Changes in Total OPEB Liability

| | <u>Incr(Decrease)</u> <u>Total OPEB</u> <u>Liability</u> |
|---|--|
| Changes in Total OPEB Liability | \$ 26,740,249 |
| Balance as of September 30, 2020 | |
| Changes for the year: | |
| Service Cost | 2,247,840 |
| Interest on total OPEB Liability | 633,181 |
| Effect on assumptions changes on inputs | 713,239 |
| Benefit Payments | <u>(678,441)</u> |
| Balance as of September 30, 2021 | \$ 29,656,068 |

Information presented as CHANGES IN TOTAL OPEB LIABILITY is inclusive for the local government of Cameron County.

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 8 – OTHER POST EMPLOYEMENT BENEFITS (CONTINUED)

The following presents the total OPEB liability of CAMERON COUNTY, calculated using the 2.26%, as well as what County's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.26%) or 1 % point higher (3.26%) than the current rate.

| | 1% Decrease | Discount Rate | 1% Increase |
|----------------------|--------------|---------------|--------------|
| | 1.26% | 2.26% | 3.26% |
| Total OPEB liability | \$32,411,652 | \$29,656,068 | \$27,076,190 |

The following represents the total OPEB liability of Cameron County, calculated using the current healthcare cost trend rates as well as what the County's total OPEB liability would be if it were calculated using trend rates that are 1% point lower or 1% point higher than the current trend rates.

| | 1% Decrease | Current Trend Rate | 1% Increase |
|----------------------|--------------|-----------------------|--------------|
| Total OPEB liability | \$25,225,996 | \$29,656,068 | \$35,081,623 |

**OPEB - MULTIPLE EMPLOYER DEFINED BENEFIT GROUP TERM PLAN
 GROUP TERM LIFE FUND**

Cameron County participates in a cost-sharing multiple-employer defined-benefit group term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). The GTLF retiree death benefit paid from the Group Term Life (GTL) program is an OPEB benefit. This OPEB program is treated as an unfunded trust, because the GTL program covers both active and retirees and is not segregated. The TCDRS GTL program is an unfunded OPEB plan as the GTL fund does not meet the requirements of a trust fund under Paragraph 4b of GASB75, because the assets of GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. For GASB75 purposes the OPEB plan is not a cost sharing plan, so the annual benefit payments are treated as being equal to the employers actual retiree GTL contributions for the year.

Information listed for OPEB Liability-GTL is inclusive for Cameron County.

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2021

Note 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Changes in Total OPEB Liability-GTL

| | Incr(Decrease) Total OPEB Liability |
|---|--|
| Balance as of December 31, 2019 | \$ 3,493,253 |
| Changes for the year: | |
| Service Cost | 123,381 |
| Interest on total OPEB Liability | 97,976 |
| Effect on economic/demographic experience | (32,071) |
| Effect on assumptions changes or inputs | 489,227 |
| Benefit Payments | (82,262) |
| Balance as of December 31, 2020 | \$ 4,089,504 |

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CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Additional Disclosures

Texas Local Government Code, Chapter 175 requires counties make available continued health benefits coverage to retirees and their dependents beyond the end of an individual's employment with County. Texas Law does not require counties to fund all or any portion of such coverage. Effective October 1, 2007, Cameron County discontinued medical coverage after age 65. The County may incur a debt obligation to pay for OPEB for its retired employees so long as the County follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide the payment of the debt and has levied a tax for such purpose. Inclusion of OPEB expense/expenditures, related liabilities (assets), note disclosures are intended to achieve compliance with the requirements of GASB75. Cameron County has not incurred a legal debt obligation for OPEB nor has it levied a tax for the same. Currently, the County funds costs associated with OPEB on a current "pay as you go" basis for each single year through annual appropriations authorized by Commissioners Court during the annual County Budget Adoption Process.

GASB 75 was implemented during fiscal year 2018. Information and amounts presented in the County's Comprehensive Annual Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles (GASB 75) and does not constitute or imply that the County has made a commitment or is legally obligated to provide OPEB benefits.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

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

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

Burton, McCumber, & Longoria LLP.

Brownsville, Texas
March 30, 2022

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF INSURANCE COVERAGE
 SEPTEMBER 30, 2021

| INSURER | COVERAGE | AMOUNT OF COVERAGE | LATEST POLICY EXPIRATION DATE | ASSETS COVERED | PREMIUM | DEDUCTIBLE |
|---|--|-----------------------|--|--|-----------|------------|
| Allmerica Financial Benefit Insurance Company | Employee Crime Policy | \$500,000 | 7/1/2022 | Employee dishonesty - crime. Public Employee Theft | - | \$7,500 |
| Allmerica Financial Benefit Insurance Company | Employee Crime Policy | \$250,000 | 7/1/2022 | Employee dishonesty - crime. Forgery Or Alteration | - | \$5,000 |
| Allmerica Financial Benefit Insurance Company | Employee Crime Policy | \$150,000 | 7/1/2022 | Employee dishonesty - crime. Inside The Premises - Theft of Money | - | \$1,500 |
| Allmerica Financial Benefit Insurance Company | Employee Crime Policy | \$150,000 | 7/1/2022 | Employee dishonesty - crime. Outside The Premises | - | \$1,500 |
| Allmerica Financial Benefit Insurance Company | Employee Crime Policy | \$500,000 | 7/1/2022 | Employee dishonesty - crime. Computer Fraud | - | \$7,500 |
| Allmerica Financial Benefit Insurance Company | Employee Crime Policy | \$500,000 | 7/1/2022 | Employee dishonesty - crime. Money Orders & Counterfeit Money | - | \$5,000 |
| Allmerica Financial Benefit Insurance Company | Employee Crime Policy | \$500,000 | 7/1/2022 | Employee dishonesty - Funds Transfer Fraud | - | \$7,500 |
| Allmerica Financial Benefit Insurance Company | Employee Crime Policy | \$150,000 | 7/1/2022 | Employee dishonesty - crime Inside The Premises Robbery Or Safe Burglary | - | \$1,500 |
| Lloyd's of London, Colony Ins. Co., Hiscox Inc. | Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm | \$20,968,335 | 7/1/2022 | Building | \$115,395 | \$10,000 |
| Lloyd's of London, Colony Ins. Co., Hiscox Inc. | Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm | \$2,064,911 | 7/1/2022 | Contents | - | \$10,000 |

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF INSURANCE COVERAGE- Continued
 SEPTEMBER 30, 2021

| INSURER | COVERAGE | AMOUNT OF COVERAGE | LATEST POLICY EXPIRATION DATE | ASSETS COVERED | PREMIUM | DEDUCTIBLE |
|---|--|--------------------------------------|-------------------------------|--|-----------|------------|
| Lloyd's of London, Colony Ins. Co., Hiscox Inc. | Parks Buildings Fire, extended coverage, malicious mischief, excess flood, named storm | \$104,294 | 7/1/2022 | EDP | - | \$10,000 |
| Texas Association of Counties | Auto Liability | \$100,000/\$300,000 | 7/1/2022 | Bodily Injury per person/per occurrence | \$216,525 | \$1,000 |
| Texas Association of Counties | Auto Liability | \$100,000 | 7/1/2022 | Property Damage | - | \$1,000 |
| Texas Association of Counties | Auto Liability | Not Covered | 7/1/2022 | Hired and Non-Owned | - | - |
| Texas Association of Counties | Auto Liability | \$5,000.00 | 7/1/2022 | Personal Injury Protection | - | - |
| Texas Association of Counties | Auto Liability | Not Covered | 7/1/2022 | Supplementary Death Benefit | - | - |
| Texas Association of Counties | Auto physical damage comprehensive/collision | Cash value or cost of repair | 7/1/2022 | Vehicles | \$83,512 | \$5,000 |
| Texas Association of Counties | General Liability | \$100,000/\$300,000 | 7/1/2022 | Bodily Injury per person/per occurrence | \$62,559 | \$5,000 |
| Texas Association of Counties | General Liability | \$100,000 | 7/1/2022 | Property damage per occurrence | - | \$5,000 |
| Texas Association of Counties | General Liability | \$100,000/\$300,000 | 7/1/2022 | Personal & Advertising Injury per person/per offense/aggregate | - | \$5,000 |
| Texas Association of Counties | General Liability | \$500,000 | 7/1/2022 | Employee Benefefits Liability | - | \$1,000 |
| Texas Association of Counties | General Liability | \$50,000 | 7/1/2022 | Garage Keeper's Legal Liability | - | \$1,000 |
| Texas Association of Counties | General Liability | \$100,000 | 7/1/2022 | Crisis Management | - | \$5,000 |
| Deep East Texas Self Insurance Fund | Workers Compensation | \$2,000,000/\$1,000,000 /\$1,000,000 | 1/1/2022 | Per Accident/Per Claimant/Aggregate per coverage | - | - |

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING REVENUES
 Year Ended September 30, 2021

ISLA BLANCA PARK

| | | |
|-------------------------|----|-----------|
| Water | \$ | 262 |
| Over/(short) | | 502 |
| Park tag fee | | 32 |
| Tents | | 25,095 |
| Miscellaneous income | | 62,226 |
| Beach fee reimbursement | | 137,304 |
| Electricity | | 251,332 |
| Concession leases | | 1,457,915 |
| Entrance fees | | 2,271,718 |
| Rental Income | | 3,976,638 |
| TOTAL ISLA BLANCA PARK | | 8,183,024 |

ADOLPH THOMAE PARK

| | | |
|--------------------------|--|---------|
| Miscellaneous revenue | | 3,230 |
| Over/(short) | | (1,473) |
| Apartment rental | | 2,100 |
| Electricity | | 7,789 |
| Tents | | 9,930 |
| Rental Income | | 190,672 |
| Entrance fees | | 421,262 |
| TOTAL ADOLPH THOMAE PARK | | 633,510 |

PUBLIC BEACHES

| | | |
|----------------------|--|-----------|
| Over/(short) | | 1,091 |
| Trash Bag program | | 176,993 |
| Entrance fees | | 2,127,684 |
| TOTAL PUBLIC BEACHES | | 2,305,768 |

ANDY BOWIE PARK

| | | |
|-------------------------|--|---------|
| Over/(short) | | 458 |
| Tents | | 12,415 |
| Electricity | | 9,681 |
| Miscellaneous revenue | | 20,123 |
| Entrance fees | | 180,740 |
| RV full service rentals | | 165,938 |
| Concession leases | | 341,596 |
| TOTAL ANDY BOWIE PARK | | 730,951 |

PARK RANGERS

| | | |
|------------------------------|----|-------|
| Miscellaneous fines and fees | | 8,039 |
| TOTAL PARK RANGERS | \$ | 8,039 |

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING REVENUES-continued
 Year Ended September 30, 2021

| | |
|--------------------------|---------------|
| <u>BEACH CLEANUP</u> | |
| Donations | \$ 700 |
| TOTAL BEACH CLEANUP | 700 |
| | |
| <u>COMMUNITY PARKS</u> | |
| Community Center Rentals | 850 |
| TOTAL COMMUNITY PARKS | 850 |
| | |
| <u>BEACH SAFETY</u> | |
| Concession leases | 100 |
| Entrance fees | 386,926 |
| TOTAL BEACH SAFETY | 387,026 |
| TOTAL OPERATING REVENUES | \$ 12,249,868 |

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES
 Year Ended September 30, 2021

ISLA BLANCA PARK

| | |
|--------------------------------|------------------|
| Advertising | \$ 660 |
| Miscellaneous | 4,388 |
| Rental | 2,862 |
| Audit and legal | 6,647 |
| Taxes | 21,869 |
| Repairs and maintenance | 51,960 |
| Supplies | 95,087 |
| Insurance | 67,786 |
| Contractual | 312,860 |
| Depreciation | 1,178,198 |
| Utilities | 914,342 |
| Salaries and employee benefits | 879,203 |
| TOTAL ISLA BLANCA PARK | <u>3,535,862</u> |

ADOLPH THOMAE PARK

| | |
|--------------------------------|----------------|
| Rental | 462 |
| Miscellaneous | 1,847 |
| Insurance | 5,014 |
| Repairs and maintenance | 21,852 |
| Supplies | 33,557 |
| Utilities | 63,590 |
| Contractual | 17,298 |
| Depreciation | 58,118 |
| Salaries and employee benefits | 209,242 |
| TOTAL ADOLPH THOMAE PARK | <u>410,980</u> |

PUBLIC BEACHES

| | |
|--------------------------------|-------------------|
| Rental | 3,208 |
| Miscellaneous | 890 |
| Repairs and maintenance | 4,281 |
| Insurance | 14,923 |
| Depreciation | 169,018 |
| Supplies | 27,578 |
| Contractual | 23,733 |
| Utilities | 109,088 |
| Salaries and employee benefits | 228,621 |
| TOTAL PUBLIC BEACHES | <u>\$ 581,340</u> |

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2021

ANDY BOWIE PARK

| | | |
|--------------------------------|----|----------------|
| Rental | \$ | 1,849 |
| Insurance | | 4,688 |
| Miscellaneous | | 300 |
| Depreciation | | 2,236 |
| Contractual | | 6,654 |
| Repairs and maintenance | | 16,803 |
| Supplies | | 24,792 |
| Utilities | | 68,513 |
| Salaries and employee benefits | | 186,432 |
| TOTAL ANDY BOWIE PARK | | <u>312,267</u> |

COMMUNITY PARKS

| | | |
|--------------------------------|--|----------------|
| Rental | | 1,021 |
| Contractual | | 2,500 |
| Insurance | | 8,114 |
| Repairs and maintenance | | 33,463 |
| Supplies | | 21,364 |
| Utilities | | 60,885 |
| Depreciation | | 32,614 |
| Salaries and employee benefits | | 189,328 |
| TOTAL COMMUNITY PARKS | | <u>349,289</u> |

BROWNE PARK

| | | |
|--------------------------------|----|----------------|
| Rental | | 613 |
| Contractual | | 2,000 |
| Insurance | | 9,551 |
| Supplies | | 8,880 |
| Repairs and maintenance | | 22,976 |
| Utilities | | 49,043 |
| Depreciation | | 76,201 |
| Salaries and employee benefits | | 106,848 |
| TOTAL BROWNE PARK | \$ | <u>276,112</u> |

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2021

FAMILY LEARNING CENTERS - LA PALOMA

| | | |
|---|----|---------|
| Insurance | \$ | 858 |
| Repairs and maintenance | | 4,124 |
| Supplies | | 2,631 |
| Salaries and employee benefits | | 4,085 |
| Utilities | | 13,949 |
| Depreciation | | 76,540 |
| TOTAL FAMILY LEARNING CENTERS-LA PALOMA | | 102,187 |

FAMILY LEARNING CENTERS - SANTA ROSA

| | | |
|---|--|--------|
| Depreciation | | 11,218 |
| TOTAL FAMILY LEARNING CENTERS- SANTA ROSA | | 11,218 |

LAURELES PARK

| | | |
|-------------------------|--|---------|
| Insurance | | 697 |
| Repairs and maintenance | | 14,554 |
| Rental | | 1,800 |
| Supplies | | 2,126 |
| Utilities | | 13,236 |
| Contractual | | 3,200 |
| Depreciation | | 89,032 |
| TOTAL LAURELES PARK | | 124,645 |

FAMILY LEARNING CENTERS - LOS INDIOS

| | | |
|--|--|-------|
| Depreciation | | 3,120 |
| TOTAL FAMILY LEARNING CENTERS-LOS INDIOS | | 3,120 |

CAMERON / LA ESPERANZA

| | | |
|------------------------------|--|--------|
| Depreciation | | 23,089 |
| TOTAL CAMERON / LA ESPERANZA | | 23,089 |

CODE ENFORCEMENT

| | | |
|--------------------------------|--|--------|
| Utilities | | 1,509 |
| Salaries and employee benefits | | 15,423 |
| TOTAL CODE ENFORCEMENT | | 16,932 |

GREENS DIVISION

| | | |
|--------------------------------|----|---------|
| Utilities | | 230 |
| Insurance | | 382 |
| Repairs and maintenance | | 6,377 |
| Supplies | | 9,024 |
| Salaries and employee benefits | | 241,547 |
| TOTAL GREENS DIVISION | \$ | 257,560 |

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2021

ADMINISTRATION

| | | |
|--------------------------------|----|----------|
| Post employment benefits | \$ | 59,460 |
| Miscellaneous expense | | 2,626 |
| Travel | | 1,863 |
| Utilities | | 3,084 |
| Rental | | 5,288 |
| Insurance | | 6,446 |
| Supplies | | 23,774 |
| Repairs and maintenance | | 39,513 |
| Depreciation | | 35,683 |
| Pension expense | | (97,516) |
| Contractual | | 58,238 |
| Salaries and employee benefits | | 782,338 |
| TOTAL ADMINISTRATION | | 920,797 |

BEACH SAFETY

| | | |
|--------------------------------|--|---------|
| Utilities | | 459 |
| Insurance | | 1,386 |
| Miscellaneous | | 1,560 |
| Rental | | 3,027 |
| Repairs and maintenance | | 12,925 |
| Contractual | | 10,132 |
| Supplies | | 15,747 |
| Depreciation | | 10,341 |
| Salaries and employee benefits | | 240,247 |
| TOTAL BEACH SAFETY | | 295,824 |

PARK RANGERS

| | | |
|--------------------------------|----|---------|
| Travel | | 880 |
| Utilities | | 1,106 |
| Miscellaneous | | 2,092 |
| Rental | | 1,449 |
| Insurance | | 5,224 |
| Repairs and maintenance | | 30,591 |
| Supplies | | 60,285 |
| Salaries and employee benefits | | 658,066 |
| TOTAL PARK RANGERS | \$ | 759,693 |

(Continued)

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES-continued
 Year Ended September 30, 2021

RIO HONDO FAMILY

| | | |
|------------------------|----|--------|
| Depreciation | \$ | 65,139 |
| TOTAL RIO HONDO FAMILY | | 65,139 |

EL RANCHITO PARK

| | | |
|--------------------------------|--|--------|
| Insurance | | 62 |
| Repairs and maintenance | | 1,736 |
| Salaries and employee benefits | | 2,790 |
| Supplies | | 3,492 |
| Utilities | | 8,621 |
| TOTAL EL RANCHITO PARK | | 16,701 |

| | | |
|--------------------------|----|-----------|
| TOTAL OPERATING EXPENSES | \$ | 8,062,755 |
|--------------------------|----|-----------|

**Cameron County, Texas
Park System
Schedule of Combined Debt Service Requirements**

| <u>DUE</u> | <u>PRINCIPAL FEBRUARY 15</u> | <u>INTEREST FEBRUARY 15</u> | <u>INTEREST AUGUST 15</u> | <u>FISCAL YEAR REQUIREMENTS</u> |
|------------|----------------------------------|---------------------------------|-------------------------------|---|
| 2022 | 1,615,860 | 501,530 | 468,717 | 2,586,107 |
| 2023 | 1,569,294 | 470,171 | 437,110 | 2,476,575 |
| 2024 | 1,634,015 | 437,110 | 402,576 | 2,473,701 |
| 2025 | 1,706,082 | 402,576 | 366,420 | 2,475,078 |
| 2026 | 1,751,979 | 366,420 | 329,294 | 2,447,693 |
| 2027 | 1,831,368 | 329,294 | 291,443 | 2,452,105 |
| 2028 | 1,688,703 | 291,443 | 260,798 | 2,240,944 |
| 2029 | 1,292,035 | 260,798 | 235,821 | 1,788,654 |
| 2030 | 1,351,061 | 235,821 | 203,546 | 1,790,428 |
| 2031 | 1,419,683 | 203,546 | 169,525 | 1,792,754 |
| 2032 | 1,345,000 | 169,525 | 135,900 | 1,650,425 |
| 2033 | 1,415,000 | 135,900 | 100,525 | 1,651,425 |
| 2034 | 1,485,000 | 100,525 | 63,400 | 1,648,925 |
| 2035 | 1,555,000 | 63,400 | 32,300 | 1,650,700 |
| 2036 | 1,615,000 | 32,300 | - | 1,647,300 |
| TOTAL | <u>\$ 23,275,080</u> | <u>\$ 4,000,359</u> | <u>\$ 3,497,375</u> | <u>\$ 30,772,814</u> |

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

| <u>DUE</u> | <u>PRINCIPAL FEBRUARY 15</u> | <u>INTEREST FEBRUARY 15</u> | <u>INTEREST AUGUST 15</u> | <u>FISCAL YEAR REQUIREMENTS</u> |
|--------------|----------------------------------|---------------------------------|-------------------------------|---|
| 2022 | 523,398 | 87,869 | 74,785 | 686,052 |
| 2023 | 549,568 | 74,784 | 61,045 | 685,397 |
| 2024 | 577,277 | 61,045 | 46,613 | 684,935 |
| 2025 | 606,526 | 46,613 | 31,450 | 684,589 |
| 2026 | 609,605 | 31,450 | 16,210 | 657,265 |
| 2027 | 635,774 | 16,210 | 6,674 | 658,658 |
| 2028 | 444,888 | 6,674 | - | 451,562 |
| TOTAL | <u><u>\$ 3,947,036</u></u> | <u><u>\$ 324,645</u></u> | <u><u>\$ 236,777</u></u> | <u><u>\$ 4,508,458</u></u> |

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

| <u>DUE</u> | <u>PRINCIPAL FEBRUARY 15</u> | <u>INTEREST FEBRUARY 15</u> | <u>INTEREST AUGUST 15</u> | <u>FISCAL YEAR REQUIREMENTS</u> |
|------------|----------------------------------|---------------------------------|-------------------------------|---|
| 2022 | 870,000 | 398,450 | 381,050 | 1,649,500 |
| 2023 | 905,000 | 381,050 | 362,950 | 1,649,000 |
| 2024 | 940,000 | 362,950 | 344,150 | 1,647,100 |
| 2025 | 980,000 | 344,150 | 324,550 | 1,648,700 |
| 2026 | 1,020,000 | 324,550 | 304,150 | 1,648,700 |
| 2027 | 1,070,000 | 304,150 | 277,400 | 1,651,550 |
| 2028 | 1,115,000 | 277,400 | 255,100 | 1,647,500 |
| 2029 | 1,160,000 | 255,100 | 231,900 | 1,647,000 |
| 2030 | 1,215,000 | 231,900 | 201,525 | 1,648,425 |
| 2031 | 1,280,000 | 201,525 | 169,525 | 1,651,050 |
| 2032 | 1,345,000 | 169,525 | 135,900 | 1,650,425 |
| 2033 | 1,415,000 | 135,900 | 100,525 | 1,651,425 |
| 2034 | 1,485,000 | 100,525 | 63,400 | 1,648,925 |
| 2035 | 1,555,000 | 63,400 | 32,300 | 1,650,700 |
| 2036 | 1,615,000 | 32,300 | - | 1,647,300 |
| TOTAL | <u>\$ 17,970,000</u> | <u>\$ 3,582,875</u> | <u>\$ 3,184,425</u> | <u>\$ 24,737,300</u> |

**Cameron County, Texas
Park System
\$1,407,600 Certificates of Obligation, Series 2019**

| <u>DUE</u> | <u>PRINCIPAL FEBRUARY 15</u> | <u>INTEREST FEBRUARY 15</u> | <u>INTEREST AUGUST 15</u> | <u>FISCAL YEAR REQUIREMENTS</u> |
|--------------|----------------------------------|---------------------------------|-------------------------------|---|
| 2022 | 222,462 | 15,211 | 12,882 | 250,555 |
| 2023 | 114,726 | 14,337 | 13,115 | 142,178 |
| 2024 | 116,738 | 13,115 | 11,813 | 141,666 |
| 2025 | 119,556 | 11,813 | 10,420 | 141,789 |
| 2026 | 122,374 | 10,420 | 8,934 | 141,728 |
| 2027 | 125,594 | 8,934 | 7,369 | 141,897 |
| 2028 | 128,815 | 7,369 | 5,698 | 141,882 |
| 2029 | 132,035 | 5,698 | 3,921 | 141,654 |
| 2030 | 136,061 | 3,921 | 2,021 | 142,003 |
| 2031 | 139,683 | 2,021 | - | 141,704 |
| TOTAL | <u><u>\$ 1,358,044</u></u> | <u><u>\$ 92,839</u></u> | <u><u>\$ 76,173</u></u> | <u><u>\$ 1,527,056</u></u> |

**Cameron County, Texas
Park System
\$290,613 Tax Note, Series 2020**

| <u>DUE</u> | <u>PRINCIPAL FEBRUARY 15</u> | <u>INTEREST FEBRUARY 15</u> | <u>INTEREST AUGUST 15</u> | <u>FISCAL YEAR REQUIREMENTS</u> |
|------------|----------------------------------|---------------------------------|-------------------------------|---|
| 2022 | 55,044 | 5,954 | 4,578 | 65,577 |
| 2023 | 57,914 | 4,578 | 3,130 | 65,623 |
| 2024 | 61,044 | 3,130 | 1,604 | 65,779 |
| 2025 | 64,175 | 1,604 | - | 65,779 |
| TOTAL | <u>\$ 238,177</u> | <u>\$ 15,268</u> | <u>\$ 9,313</u> | <u>\$ 262,758</u> |

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cameron County Park System, as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cameron County Park System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions

of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Burton, McCumber, & Longoria LLP.

Brownsville, Texas
March 30, 2022