

**CAMERON COUNTY, TEXAS
PARK SYSTEM**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**



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

**CAMERON COUNTY, TEXAS
PARK SYSTEM
SEPTEMBER 30, 2022**

TABLE OF CONTENTS

Letter of Transmittal.....	i
Independent Auditors' Report.....	vii
Management's Discussion and Analysis.....	x
Park System Statement of Net Position.....	1
Park System Statement of Revenues, Expenditures and Changes in Net Position.....	3
Park System Statement of Cash Flows.....	4
Park System Notes to the Financial Statements.....	5
Independent Auditors' Report on Supplementary Information.....	27
Park System Schedule of Insurance Coverage.....	28
Park System Schedule of Operating Revenues.....	29
Park System Schedule of Operating Expenditures.....	30
Cameron County Park System Schedule of Combined Debt Service Requirements.....	31
\$5,572,648 Refunding, Series 2015.....	32
\$1,407,600 Refunding, Series 2019.....	33
\$21,160,000 Certificates of Obligation, Series 2016B.....	34
\$290,613 Tax Note, Series 2020.....	35
\$705,045 Tax Note, Series 2022.....	36
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.....	37



CAMERON COUNTY *Parks and Recreation*

33248 State Park Road 100
SOUTH PADRE ISLAND, TEXAS 78597

May 16, 2023

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 and Andy Bowie Park 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 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. This access area also provides vehicular access to the beach.

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

County Beach Access No. 3 is located 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.

Cameron County Park System
May 16, 2023

County Beach Access No. 4 is located 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.

County Beach No. 6 is located 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 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 recently completed improvements to the 1.7 miles of access road, construction of new rest rooms, and installation of new environmental friendly wildlife parking lights.

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 all-inclusive playground, walking trail, picnic pavilion, lighted soccer field, basketball court pavilion and an outdoor basketball court. On May 2021, Texas Parks & Wildlife Department awarded a \$643,097 Outdoor Recreation grant to Cameron County and on December of 2022, Texas Parks & Wildlife Department awarded a State Rider in the amount of \$1,000,000. These two grants will allow for Cameron County to develop the first completely inclusive park in the region. The proposed inclusive improvements will include an aquatic recreational area and other inclusive improvements. The aquatic area will include a splash pad, water table, water playground amenities, and ADA changing rooms/restrooms (with adult diaper changing). Other improvements will include: ADA trail improvements, access walkways to all amenities, ADA fitness equipment, ADA Soccer Field, habitat improvements with interpretive signage, bench areas with wheelchair sites, accessible picnic stations, fencing for autistic visitors, and additional ADA Low Impact Development parking. Construction on this project commenced in early fall of 2022 and should be completed by fall of 2025.

Santa Rosa Community Park is located in the City of Santa Rosa, Texas. The Park was constructed in collaboration with the City of Santa Rosa and is operated and maintained by the Cameron County Parks & Recreation. Amenities at the park include two lighted baseball fields, playground facility, concession stand and a Boys & Girls Club unit operated and maintained by the City of Santa Rosa. Cameron County completed improvements to this park which included construction of a splash pad, covered basketball pavilion, picnic pavilion, walking trail, native landscaping and other amenities. Funding for these improvements came from a Texas Parks & Wildlife Grant \$750,000, ARPA Funds \$2 million and Cameron County Match \$750,000. Construction on this project commenced in early spring of 2022 and will be completed in early spring of 2023.

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, 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. In August of 2022, Texas Parks & Wildlife Department approved funding of \$750,000 for improvements to this park. The proposed improvements include new pavilion, covered basketball court, splash pad, trail improvements with solar lighting, playground improvements, birdwatch overlook improvements, kayak launching area, native landscaping, restroom renovations and other associated improvements.

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, covered basketball court, 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. Cameron County completed the development of a covered basketball court. The covered basketball court is approximately 66' x 100' and serves as a multi-use structure for residents to enjoy for basketball playing, aerobics/Zumba activities, health fairs, civic meeting, community gatherings and many outdoor recreational events. This multi-purpose facility and improvement project was made possible through the American Rescue Plan Act (ARPA) and Certificate of Obligations with a total project cost of \$810,000. This project was completed by the fall of 2022.

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 Parks Department broke ground on this project in Spring of 2022. Funding for this project included 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 Thomae, Jr. County Park and Beach Access Number.3, Number.5. This project is ongoing. The total construction cost is estimated at approximately \$1,199,950.

Adolph Thomae, 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 Thomae, Jr. County Park. The 40' x 48' pavilion area is large enough to accommodate large groups and several families. The pavilion is well illuminated for activities conducted after sun sets and for security measures. The pavilion includes ADA picnic tables; 6' picnic tables, and 32 gallon trash receptacles. In addition, the new pavilion includes interpretative signage and kiosk to educate the community about County's coastal resources. Funding for this project came from GLO CMP for a total of \$120,000, and Cameron County Match of \$80,000. This project was completed in 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 costs is approximately \$500,000. This project should be completed by fall of 2022.

Mountain Bike Trail at Pedro "Pete" Benavides Park: Cameron County received funding from the Texas Parks and Wildlife Department and the American Rescue Plan Act 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. The construction of this project is approximately \$345,500. This project is being funded through ARPA and TPWD funds. This project should be completed by late spring of 2023.

Olmito Park: The Olmito Nature Park Project is aimed to allow Cameron County to develop a nature park adjacent to Lake Olmito Resaca. The proposed park will be situated on a 39-acre tract of land with approximately 3,240 feet of waterfront. The property was donated to Cameron County by Mr. Frank Michael McKinney and Mrs. Jane E. McKinney. The proposed improvements include nature trails, fishing piers, birdwatch overlooks, wildlife viewing areas, kayak launching area, educational pavilions, nature scape playground, interpretive signage, wildlife friendly lighting, green open space, Indoor Recreational/Educational facility, comfort stations, butterfly gardens, native landscaping and other supporting amenities.

The Olmito Park will include further developing of Recreational Vehicles (RV's) sites to allow visitors to stay in the park and enhance their experience. The park will provide concession areas for kayak, paddleboats, and canoe rentals. Revenues generated from the RV sites and concessions areas will apply to offset the maintenance and operation of the park. The construction of the parking areas will be low impact development (LID) constructed with permeable material that will allow water run off to infiltrate through the system. The total project cost to complete this project is approximately \$9,180,000. The total funding committed for this project is approximately \$5,402,500. The committed funding includes the following: 2011 Bond Proceeds of \$500,000, 2022 Bond Proceeds of \$1,000,000, TPWD Outdoor Grant of \$750,000, TPWD Boating Access Grant of \$52,500, TPWD Trail Grant Program of \$200,000, Valley Baptist Legacy Foundation of \$500,000, and ARPA Funds of \$2,400,000. Construction on this project should start in fall of 2023.

Adolph Thomae, Jr. Park Living Shoreline Restoration Project Phase 3 & 4: This project began in the spring of 2022 and was completed in the spring of 2023. This project consists of stabilizing approximately 1,640 LF. of eroding shoreline which included approximately 620 LF. of articulated concrete block mattresses and concrete block wall system (gravity wall), 460 LF. of living shoreline consisting of a rip rap breakwater and a vegetated slope stabilization (Habitat Bench), and an approximate 560 LF. gravity wall shoreline to protect the existing R.V. and campsite facilities. The total project cost, both engineering and construction, for the Shoreline Restoration improvements was approximately \$2,009,664 and is being funded through the Texas General Land Office Coastal Erosion Planning and Response Act Program (CEPRA) matched with County funds (CEPRA 60%: \$1,205,798.40, County 40%: \$803,865.60).

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. This project is ongoing. (CEPRA 60%: \$131,250, County 40%: \$43,750).

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. This project is ongoing. (CEPRA 60%: \$135,000, County 20%: \$45,000, Brownsville Navigation District 20% \$45,000).

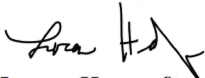
Cameron County Park System
May 16, 2023

Cameron County Beach Access No. 3 Parking Improvements and Educational Pavilion: This project was completed in September 2022. This project was 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. (CMP Grants 60%: \$100,000, County 40%: \$66,667).

Sincerely,



Joe Vega, Director
Cameron County Parks and Recreation Department



Lorena Hernandez, CPA
Cameron County Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable County Judge
and Commissioners' Court Cameron County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Cameron County, Texas Park System, and enterprise fund of Cameron County, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cameron County, Texas Park System, as of September 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cameron County, Texas Park System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2022, 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.

Change in Accounting Principle

As discussed in Note 1-B to the financial statements, in fiscal year 2022, the Cameron County, Texas Park System adopted new accounting guidance, GASB Statement No. 87 (GASB 87), Leases, which establishes a single model for lease accounting based on the foundational principle that leases are financing of the rights to use an underlying asset. The County as a lessee, and as required by GASB 87, has recognized right-to-use liabilities and intangible right-to-use lease assets. Additionally, as a lessor, the County has recognized lease receivables and related deferred inflow of resources for amounts due in subsequent periods related to the leasing activity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cameron County, Texas Park System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cameron County, Texas Park System's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages ix - 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023, on our consideration of the Cameron County, Texas 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cameron County, Texas Park System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cameron County, Texas Park System's internal control over financial reporting and compliance.

Burton, McCumber & Longoria LLP

Brownsville, Texas
May 16, 2023

**CAMERON COUNTY, TEXAS
PARK SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

This discussion and analysis of the Cameron County Park System ("Park System") financial performance provides an overview of the Park System financial activities for the fiscal year ended September 30, 2022. 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 System total assets and deferred outflows exceeded total liabilities and deferred inflows at the close of the FY 2022 and FY 2021 by \$27,795,108 and \$22,197,280 respectively. Of this amount, \$6,073,579 is restricted for specific purposes; the largest restriction is 56%, or \$3,423,524, is for beach maintenance/construction. As required by GASB 34, net position also reflects \$11,656,170 that is net investment in capital assets. With the presentation of the investment in capital assets, unrestricted net position is \$10,065,359.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Park System basic financial statements are comprised of: 1) Statement of Net Position, 2) Statement of Revenues, Expenditures, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the Financial Statements. The report also contains other supplementary information in addition to the basic financial statements.

The basic financial statements are designed to provide readers with a broad overview of the Park System finances in a manner similar to a private sector business. They present the financial picture of the Park System from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Park System (including capital assets) as well as all liabilities (including long-term debt).

The statement of net position presents information on all Park System 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 System is improving or deteriorating.

The statement of revenues, expenditures 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 System 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 SYSTEM FINANCIAL ANALYSIS

Net position serves as a useful indicator of the Park System financial position. As of September 30, 2022, the Park System assets and deferred outflows exceeded liabilities and deferred inflows by \$27,795,108.

The Park System has a net position of \$11,656,170 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 System net position, \$6,073,579, represents resources that are subject to external restrictions on how they may be used. This restricted net position includes net position for debt service, donations, and amounts restricted for construction.

The Park System had \$10,065,359 of unrestricted net position at the end of FY 2022.

The Park System net position for the fiscal years ended September 30, 2022, and 2021, is summarized as follows:

CONDENSED STATEMENT OF NET POSITION

	FY 2022	FY 2021	Increase (Decrease)
Current assets	\$21,208,224	\$18,098,829	\$3,109,395
Other non-current assets	4,820,799	-	4,820,799
Capital assets, net	35,826,774	34,563,477	1,263,297
Total Assets	61,855,797	52,662,306	9,193,491
Deferred outflows of resources	1,357,150	1,356,238	912
Total Assets and Deferred Outflows of Resources	63,212,947	54,018,544	9,194,403
Current liabilities	4,443,861	4,134,162	309,699
Long-term liabilities	24,730,183	26,941,296	(2,211,113)
Total Liabilities	29,174,044	31,075,458	(1,901,414)
Deferred inflows of resources	6,243,795	745,806	5,497,989
Total Liabilities and Deferred Inflows of Resources	35,417,839	31,821,264	3,596,575
Net Position:			
Net investment in capital assets	11,656,170	9,657,267	1,998,903
Restricted	6,073,579	5,699,879	373,700
Unrestricted	10,065,359	6,840,134	3,225,225
Total Net Position	<u>\$27,795,108</u>	<u>\$22,197,280</u>	<u>\$5,597,828</u>

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The following table provides a summary of the Park System revenues, expenditures and changes in net position for the fiscal year ended September 30, 2022 and 2021. The Park System experienced an overall increase of \$5,064,651 in net position. The \$533,177 prior year period adjustment resulted from the County's implementation of GASB Statement No.87 – Leases for the fiscal year ended September 30, 2022.

CONDENSED STATEMENT OF CHANGES IN NET POSITION

	FY 2022	FY 2021	Increase (Decrease)
Operating revenues	\$ 12,862,979	\$ 12,249,867	\$ 613,112
Operating expenses	(8,706,820)	(8,062,754)	(644,066)
Operating income (loss)	4,156,159	4,187,113	(30,954)
Non-operating revenue (expenses)	(554,666)	(728,553)	173,887
Capital grants and contributions	1,421,512	1,426,569	(5,057)
Transfers in (out)	41,646	(522,983)	564,629
Change in net position	5,064,651	4,362,146	702,505
Net position - beginning of year	22,197,280	17,835,134	4,362,146
Prior period adjustments	533,177	-	533,177
Net position - end of year	<u>\$ 27,795,108</u>	<u>\$ 22,197,280</u>	<u>\$ 5,597,828</u>

BUDGETARY HIGHLIGHTS

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 fiscal year. The Park System 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 Cameron County Budget Officer.

The FY 2022 budget was adopted on September 14, 2021 with total Park System operating expenditures of \$9,816,774, a 14% increase from Fiscal Year 2021 budgeted operating expenses.

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CAPITAL ASSETS

The Park System had \$35,826,774 in capital assets (net of accumulated depreciation). General capital assets include land, buildings, improvements, construction in progress, furniture and fixtures, other structures, automotive machinery and equipment.

Capital asset activity for the fiscal year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable Capital Assets:				
Buildings	\$10,869,402	\$ -	\$ -	\$10,869,402
Improvements other than buildings	12,455,359	1,024,422	-	13,479,781
Equipment	1,430,059	-	-	1,430,059
Furniture and fixtures	1,020,173	-	-	1,020,173
Automotive machinery and equipment	3,229,291	296,167	-	3,525,458
Other structures	25,360,036	1,976,904	-	27,336,940
Less: Accumulated depreciation	(24,142,966)	(2,105,330)	-	(26,248,296)
Net Depreciable Capital Assets	30,221,354	1,192,163	-	31,413,517
Non-Depreciable Capital Assets:				
Construction in progress	2,559,990	3,092,640	3,021,505	2,631,125
Land	1,782,132	-	-	1,782,132
TOTAL CAPITAL ASSETS, NET	<u>\$34,563,476</u>	<u>\$4,284,803</u>	<u>\$3,021,505</u>	<u>\$35,826,774</u>

DEBT ADMINISTRATION

During the period in which bonds are outstanding, the Park System Bond Order requires the County to create and maintain a Debt Service 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, 2022, the Park System had certificates of obligation payable of \$21,659,220 of which \$1,569,294 is payable in fiscal year 2023.

At September 30, 2022, the Park System had tax notes payable of \$888,178 of which \$68,580 is payable in fiscal year 2023.

REQUEST FOR INFORMATION

The Park System financial report is designed to provide citizens, taxpayers and investors with a general overview of the Park System finances and to show the Park System 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, 2022**

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 11,372,875
Restricted Cash:	
Bond debt service	2,630,139
Repairs and replacements reserve	2,000,000
Park Construction Fund:	
2016 CO (s)	230,975
Capital improvements	105,000
Beach maintenance	3,423,524
Park Donation Fund:	
Beach cleanup donations	14,304
Community parks donations	5,612
Total Restricted Cash	<u>8,409,554</u>
Accounts receivable	9,871
Leases receivable	418,870
Due from other governments	561,771
Due from other funds	290,959
Prepays	143,727
Inventory	597
Total Current Assets	<u>21,208,224</u>
Non-Current Assets:	
Lease receivable, non-current	3,705,833
Right-to-use lease assets, net of amortization	16,148
Net pension asset	1,098,818
Depreciable Capital Assets:	
Buildings	10,869,402
Improvements other than buildings	13,479,781
Equipment	1,430,059
Furniture and fixtures	1,020,173
Automotive, machinery and equipment	3,525,458
Other structures	27,336,940
Accumulated depreciation	<u>(26,248,296)</u>
Net Depreciable Capital Assets	31,413,517
Construction in progress	2,631,125
Land	<u>1,782,132</u>
Total Capital Assets, Net	<u>35,826,774</u>
Total Non-Current Assets	<u>40,647,573</u>
TOTAL ASSETS	<u>61,855,797</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred charges on refunding	169,654
Deferred outflows of resources- Pension	892,810
Deferred outflows of resources- OPEB	294,686
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>1,357,150</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$ 63,212,947</u></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, 2022

LIABILITIES

Current Liabilities:

Accounts payable	\$ 526,598
Wages and fringe payable	74,125
Due to other governments	3,793
Due to other funds	1,021,934
Deferred revenue	987,187
Reserve	1,789

Non-current liabilities due within one year:

Compensated absences payable	60,359
Accrued interest payable	123,094
Lease liabilities	7,108
Tax note payable-current	68,580
Current maturities of certificates of obligation	1,569,294
Total Current Liabilities	<u>4,443,861</u>

Non-current liabilities due in more than one year:

Compensated absences payable	19,061
Lease liabilities	12,313
Tax note payables-non current	819,598
Certificates of obligation	20,089,926
Unamortized premium	2,439,645
Net OPEB liability	1,349,640
Total Non-Current Liabilities	<u>24,730,183</u>

TOTAL LIABILITIES	<u>29,174,044</u>
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DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources - Leases	3,573,434
Deferred inflows of resources- Pension	2,048,869
Deferred inflows of resources- OPEB	621,492
TOTAL DEFERRED INFLOW OF RESOURCES	<u>6,243,795</u>

TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>35,417,839</u>
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NET POSITION

Net investment in capital assets	11,656,170
Restricted for:	
Bond debt service	2,630,139
Beach maintenance	3,423,524
Donations	19,916
Unrestricted	10,065,359
TOTAL NET POSITION	<u>\$ 27,795,108</u>

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

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

OPERATING REVENUES

Entrance fees	\$ 5,000,548
Commissions	1,231,955
Rental income	5,976,518
Trash bag program	178,118
Other	475,840
TOTAL OPERATING REVENUES	<u><u>12,862,979</u></u>

OPERATING EXPENSES

Salaries and wages	3,108,242
Uniforms	31,160
Fringe benefits and payroll taxes	1,214,567
Pension expense (income)	(472,979)
OPEB expense	132,754
Supplies	426,796
Repairs and maintenance	274,839
Insurance	130,147
Travel and training	17,688
Advertising	6,070
Utilities	1,385,216
Depreciation and amortization	2,114,553
Other	69,890
Equipment and land rental	21,343
Auditing	7,166
Contractual services	239,368
TOTAL OPERATING EXPENSES	<u><u>8,706,820</u></u>

OPERATING INCOME

4,156,159

NON-OPERATING REVENUES (EXPENSES)

Gain on sale of capital assets	40,300
Interest income	243,973
Amortization of debt premium	170,190
Interest and fiscal agent charges	(1,009,129)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u><u>(554,666)</u></u>

INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS

3,601,493

Capital grants and contributions	1,421,512
Transfers in (out)	41,646

CHANGE IN NET POSITION

5,064,651

Net Position - beginning	22,197,280
Prior period adjustment	533,177
Net Position - ending	<u><u>\$ 27,795,108</u></u>

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, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 12,763,681
Cash received from other operating activities	26,196
Cash payments for goods and services	(2,528,411)
Cash payments to employees	(4,222,770)
Cash Provided by Operating Activities	<u>6,038,696</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Transfers in (out) to other funds	41,646
Interfund loan payments	69,202
Cash Provided by Non-Capital Financing Activities	<u>110,848</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(3,384,775)
Gain on sale of capital assets	40,300
Capital grants & contributions	1,416,224
Tax note premium	77,842
Interest and fiscal agent fees	(1,009,362)
Principal payments on long-term debt	(1,824,685)
Debt issuance	705,044
Cash Used for Capital and Related Financing Activities	<u>(3,979,412)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Receipts of interest	243,973
Cash Provided by Investing Activities	<u>243,973</u>
Increase in cash and cash equivalents	2,414,105
Cash and cash equivalents at beginning of year	<u>17,368,324</u>

CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>19,782,429</u>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED
(USED) BY OPERATING ACTIVITIES:**

Operating Income	4,156,159
Adjustments To Reconcile Operating Income to Cash Provided	
(Used) by Operating Activities:	
Depreciation	2,114,553
Post-employment benefits	132,754
Pension expense (income)	(472,979)
Decrease (Increase) in accounts receivable	6,784
Decrease (Increase) in prepaids	(39,061)
Decrease (Increase) in inventory	(305)
Increase (Decrease) in accounts payable	116,844
Increase (Decrease) in wages and fringe payable	72,879
Increase (Decrease) in compensated absences payable	27,160
Increase (Decrease) in reserve payable	(2,710)
Increase (Decrease) in customer deposits	(77,175)
Increase (Decrease) in due to other governments	<u>3,793</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,038,696</u>
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The notes to the financial statements are an integral part of this statement.

**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 1 – SUMMARY OF ACCOUNTING POLICIES

The financial statements of Cameron County Park System (the “Park System”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the Park System are described in the following notes to the financial statements.

A. Reporting Entity

Cameron County, Texas, a public corporation and a political subdivision of the State of Texas, through its Park System, owns and operates 1) Isla Blanca Park located in the southernmost tip of South Padre Island, 2) Andy Bowie Park (known as County Beach Access No 2) on the north end of South Padre Island, 3) Public Beach Access No 3, No 4 & No 6 all located north of Andy Bowie Park, 4) E.K. Atwood Park (known as County Beach Access No 5) further north of Public Beach Access No 6 on South Padre Island, 5) Adolph Thomae Park located in Arroyo City on the Arroyo Colorado, and other community parks located throughout Cameron County. The island parks provide transient and long-term rentals of trailer spaces, cabanas, 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 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.

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.

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

GASB Statement No. 87, *Leases* - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The Park System implemented GASB 87 in fiscal year ended September 30, 2022.

In accordance with the requirements of this statement, restated Park System net position is as follows:

Net position, September 30, 2021, as previously reported	\$ 22,197,280
Implementation of new accounting standard	<u>533,177</u>
Net position, September 30, 2021, as restated	<u>\$ 22,730,457</u>

C. Cash and Cash Equivalents

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. The Park System records investments at fair value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools as superseded by GASB Statement No. 72, Fair Value Measurement and Application, which took effect for reporting periods after June 15, 2015*. All investment income is recognized as revenue in the statement of revenues, expenditures and changes in fund balance. Participation in First Public Lone Star Investment Pool maintains a net asset value of one dollar and its dollar-weighted average maturity is 60 days or less.

D. Receivables

Reimbursements and billable services are recorded as receivables and revenues when they are earned in the Parks System statements.

Due from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the Park System. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Lending or borrowing between County funds is reflected as "due to or from".

E. Inventories and Prepaid items

Inventory is valued at average cost. Inventory and prepaids consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time the inventory items are used.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Note 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

F. Leases

Leases are defined as contractual agreements that conveys control of the right-to-use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease term is defined as the period during which a lessee has a noncancelable right-to-use an underlying asset, plus any applicable periods covered by any renewal options that are reasonably certain to be exercised, or options to terminate that are reasonably certain to be exercised. Contracts that transfer ownership of the underlying asset are recognized as financed purchases in the financial statements. Leases that have a maximum term of less than 12 months are considered short-term leases. Short-term lease payments are recognized in the period of payment.

As a lessor, the Park System recognizes a lease receivable and a corresponding deferred inflow of resources is measured at the present value of lease payments expected to be received during the lease term discounted at either the explicit interest rate or the Park's System estimated rate of return on investment. Under the lease agreements, the Park System may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

As a lessee, the Park System recognizes a lease liability and a right-to-use lease asset. At the commencement of a lease, the lease liability is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the Park's System risk free rate at lease inception. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

G. Capital Assets

Capital assets are defined as assets with a cost value of \$5,000 or more and a useful life greater than a reporting period. The costs of normal maintenance and repairs that do not add value or materially extend assets lives are not capitalized. Constructed or 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	5
Infrastructure	30

**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Park System deferred outflows consist of deferred costs on refunding debt obligations that are applicable to future period(s). In reporting advance refunding of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as deferred charges on refunding and reported as a deferred outflow of resources. These costs are amortized as components of interest expense over the shorter of the remaining life of the refunding or the refunded debt. For the fiscal year ended September 30, 2022, deferred outflow of resources due to refunding debt was recognized under the Parks System statements of \$169,654.

The Park System reports changes in Net OPEB Liability as OPEB expense or reported as deferred outflows/inflows of resources depending on the nature of the change. The OPEB expense totaled \$156,913 for the fiscal year ended September 30, 2022.

The Park System reports deferred outflows/inflows of resources related to its pension. For the fiscal year ended September 30, 2022 pension expense/(income) totaled \$(107,753) and deferred outflows/inflows were as follows:

- Pension contributions after the measurement date – these contributions are deferred and recognized the following fiscal year.
- Difference in projected and actual earnings on pension costs – investment (gains)/losses are recognized in pension expense over a period of five years.
- Difference in expected and actual pension experience – economic/demographic (gains)/losses and assumption changes or inputs are recognized over the rounded average remaining service life for all active, inactive, and retired members.

I. Compensated Absences

A liability for unused vacation, holiday and compensatory time for all full time employees is calculated and reported in the Park System statements. For financial reporting, the following criteria must be met to be considered compensated absences;

- a. leave or compensation is attributable to services already rendered
- b. leave or compensation is not contingent on a specific event (such as illness)

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the Parks System statements.

The Park's System permanent, full-time employees accrue 3.08 hours of vacation per biweekly pay period from date of employment to five years of service, 4.62 hours per pay period from 5 years to 15 years of service and 6.16 hours per pay period in excess of 15 years of continuous employment. The maximum accrual is two, three or four weeks of vacation for the respective accrual categories specified. Upon termination from Park System employment, an employee shall be entitled to payment for total accrued but unused hours of vacation.

**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 1 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences (continued)

The Park's System permanent, full-time employees accrue sick leave at the rate of 3.08 hours per pay biweekly period. Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who leaves the employment of the Park System for any reason shall receive no compensation for accrued sick leave.

Park System employees whose regular day off falls on a holiday or who are required to work on a holiday will be provided an alternate day off. Unused holiday leave accumulated after October 1, 2022 must be taken by end of each fiscal year (September 30) and shall not carryforward. Unused holiday leave accumulated prior to October 1, 2022 must be used prior to the deadline of October 1, 2027. Unused holiday leave accumulated prior to October 1, 2022 and not used by the deadline will be cancelled after October 1, 2027. Unused holiday leave is cancelled upon separation from employment without compensation to employee.

J. Unemployment and Worker's Compensation Benefits

The Parks System is a reimbursing employer for unemployment compensation benefits. The Park System processes workers' compensation payments through a third-party administrator as the claims become due. These obligations are budgeted and paid from current resources.

K. Long-term Obligations

In the Park System financial statements, long-term debt and other long-term obligations are reported as liabilities under the statement of net position. Bond/Tax Note premiums and discounts, as well as prepaid insurance costs, are deferred and amortized over the life of the bond/tax note. Bond/Tax Note payables are reported net of the applicable premium or discount. Issuance costs are recognized as an expense in the period incurred.

L. 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.

M. Subsequent Events

Management has evaluated subsequent events through May 16, 2023, the date the financial statements were available to be issued.

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 2 – DEPOSITS AND INVESTMENTS

A. Deposits, Including Certificates of Deposit

The Park System considers account balances in demand deposit accounts and certificates of deposit with a maturity of less than three months to be cash equivalents. It is the Cameron County's policy for cash to be 105% secured by collateral valued at market or par, whichever is lower, less the amount insured by the Federal Deposit Insurance Corporation (FDIC). At September 30, 2022, the Park System interest-bearing demand deposits totaled \$19,782,429 and were insured by the County's depository institution at \$250,000 through FDIC and collateralized for amounts above the FDIC limits by pledged securities in the Cameron County's name. Collateral that is pledged to Cameron County complies with the depository contract requirements, County Investment Policy and Procedures Section 9.01 and Government Code Title 10, Chapters 2256 and 2257.

GASB 72, *Fair Value Measurement and Application* requires disclosures regarding investments that calculate net asset value per share (or its equivalent). It addresses accounting and financial reporting issues related to fair value measurements by providing guidance for determining fair value for financial reporting purposes. All investments of the Park System have a determined net asset value per share of \$1.00 per share and a dollar weighted average maturity of 60 days or less.

GASB 79, Certain External Investment Pools and Pool Participation certain disclosures for an external investment pool to measure investments at amortized cost for financial reporting purposes. Cameron County's participation in investment pools does not meet the reporting criteria of this statement.

As of September 30, 2022, the Park System's carrying amount of demand deposits and investments was \$19,782,429.

<u>CURRENT ASSETS</u>	<u>FAIR VALUE</u>
Cash and equivalents	\$11,372,875
<u>RESTRICTED ASSETS</u>	
Park Construction Fund	
Cash and Equivalents	3,759,499
Bond Debt Service Fund	
Cash and Equivalents	2,630,139
Park Donations	
Cash and Equivalents	19,916
Repairs & Replacements Reserve Fund	
Cash and Equivalents	<u>2,000,000</u>
TOTAL	\$19,782,429

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

Investments are under the custody of the County Treasurer. Investing is performed in accordance with investment policies complying with State Statutes (Texas Government Code, Title 10, Chapter 2256 V.T.C.A GOVT Sec. 2256, as amended by Act 1995, 74th Legislature, Chapter 402, Section 1, effective September 1, 1995). This law requires the government entity to maintain safety of principal, maintenance of adequate liquidity, desired diversification to maximize rate of return with the previous considerations and have portfolio maturities structured to achieve the highest rate of return of interest consistent with liquidity requirements of the cash needs. The County's Investment Policy and Funds Strategy is consistent with this law and states that it will be the objective of Cameron County to earn the maximum rate of return on its investments within the policies imposed by its safety and liquidity objectives and state and federal law governing investment of public funds.

Custodial Credit Risk – In accordance with the County's investment policy, the County shall require monthly reports with market values of pledged securities from all financial institutions with which the County has collateralized deposits. The Investment Officer will monitor adequacy of collateralization levels to verify market values and total collateral positions.

Credit Risk - The County identifies and manages credit risk by following the Investment Policy. The Investment Officer implements its investment strategy, establishes and monitors compliance with investment policies and procedures and consistently monitors prudent risk controls. The Cameron County seeks to control its risk of loss by monitoring the ratings of portfolio positions to assure compliance with the rating requirements imposed by the Public Funds Investment Act.

The County specifically addresses credit risk in stating that all county funds are fully collateralized or insured consistent with federal and state law in one or more of the following manners:

- FDIC insurance coverage
- United States Government Bonds, Notes and Bills,
- Securities of federally sponsored U. S. Agencies and instrumentality's of the United States Government and/or obligations, including
- Letters of credit, of the United States or its agencies and instrumentalities,
- No Collateralized Mortgage Obligations are acceptable.

Concentration of Credit Risk – In accordance with the Investment Policy, the County will manage its credit risk exposure through diversification and limiting its investments in each government-sponsored security to eliminate the risk of loss resulting from over concentration of liquid assets with a specific maturity, a specific issuer or a specific class of investments.

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (continued)

The 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 mutual funds, U.S. Treasury Bonds, T-bills, government agency securities and repurchase agreements allowed under the Public Funds Investment Act as described by V.T.C.A., Title 10, Government Code, Section 2256. Investments are stated at fair value, 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 and is rated AAA by Standard & Poor. Lone Star's investments maintain weighted average maturity of the portfolio at sixty days or less, with no security exceeding thirteen months in maturity. Lone Star's investment portfolio is required to maintain a stable \$1.00 net asset value. The Lone Star Investment Pool is governed by a Board of Trustees (Board) who is devoted to running an investment pool with superior level of safety and protection of investments.

Note 3 –RECEIVABLES

A. Lease Receivable

The Park System has entered into agreements to lease certain assets as a lessor. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Land agreement effective August 1, 2015 requires 240 monthly payments of \$1,500. There are no variable payment components of the lease. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.7%, which is the estimated rate of return on investments. For fiscal year ended September 30, 2022, the County recognized \$13,897 of lease revenue and \$5,451 of interest revenue under the lease.

Land agreement effective January 1, 2013 requires 238 monthly payments. For the period of 1/1/2013 - 12/31/2017, monthly payments were fixed at \$18,750. For the period of 1/1/2018 - 12/31/2022, monthly payments were fixed at \$19,688. For the period of 1/1/2023 - 12/31/2027, monthly payments are fixed at \$20,672. For the period of 1/1/2028 - 10/31/2032, monthly payments are fixed at \$21,705. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.7%, which is the estimated rate of return on investments. For fiscal year ended September 30, 2022, the County recognized \$186,348 of lease revenue and \$62,847 of interest revenue under the lease.

Land agreement effective December 5, 2014 requires 132 monthly payments of \$10,000. There are no variable payment components of the lease. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.7%, which is the estimated rate of return on investments. For fiscal year ended September 30, 2022, the County recognized \$103,720 of lease revenue and \$11,418 of interest revenue under the lease.

**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 3 – RECEIVABLES (CONTINUED)

A. Lease Receivable (continued)

Waterpark land agreement effective August 8, 2013 requires 240 monthly payments of \$8,333. There are no variable payment components of the lease. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.7%, which is the estimated rate of return on investments. For fiscal year ended September 30, 2022, the County recognized \$77,203 of lease revenue and \$26,416 of interest revenue under the lease.

Waterpark parking space agreement effective August 8, 2013 requires 240 monthly payments of \$3,500. There are no variable payment components of the lease. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.7%, which is the estimated rate of return on investments. For fiscal year ended September 30, 2022, the County recognized \$32,425 of lease revenue and \$11,095 of interest revenue under the lease.

The net present value of the future minimum less lease payments to be received as of September 30, 2022 are as follows:

Fiscal Year Ending			
<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 418,870	\$106,239	\$ 525,109
2024	433,341	94,721	528,062
2025	445,187	82,875	528,062
2026	356,339	71,724	428,063
2027	345,602	62,460	408,062
Thereafter	2,125,364	164,900	2,290,264
TOTAL	<u>\$ 4,124,703</u>	<u>\$582,919</u>	<u>\$ 4,707,622</u>

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 4 – RIGHT-TO-USE LEASE ASSET

The Park System has recorded right-to-use assets for leased equipment and easement. The right-to-use assets are amortized on a straight-line basis over the terms of the related leases.

Right-to-use lease asset activity for the fiscal year ended September 30, 2022 are as follows:

	Beginning Balance 9/30/2021	Increases	Decreases	Ending Balance 9/30/2022
Right-to-use lease assets:				
Leased easement	\$ -	\$ 3,921	\$ -	\$ 3,921
Leased equipment	-	21,450	-	21,450
Total right-to-use lease assets	-	25,371	-	25,371
Leased easement	-	(214)	-	(214)
Leased equipment	-	(9,009)	-	(9,009)
Total accumulated amortization	-	(9,223)	-	(9,223)
Right-to-use lease assets, net	\$ -	\$ 16,148	\$ -	\$ 16,148

Note 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022 are as follows:

	Beginning Balance 9/30/2021	Increases	Decreases	Ending Balance 9/30/2022
Depreciable Capital Assets:				
Buildings	\$10,869,402	\$ -	\$ -	\$10,869,402
Improvements other than buildings	12,455,359	1,024,422	-	13,479,781
Equipment	1,430,059	-	-	1,430,059
Furniture and fixtures	1,020,173	-	-	1,020,173
Automotive machinery and equipment	3,229,291	296,167	-	3,525,458
Other structures	25,360,036	1,976,904	-	27,336,940
Less: Accumulated depreciation	(24,142,966)	(2,105,330)	-	(26,248,296)
Net Depreciable Capital Assets	30,221,354	1,192,163	-	31,413,517
Non-depreciable Capital Assets:				
Construction in progress	2,559,990	3,092,640	3,021,505	2,631,125
Land	1,782,132	-	-	1,782,132
TOTAL CAPITAL ASSETS, NET	\$34,563,477	\$4,284,803	\$3,021,505	\$35,826,774

For the fiscal year ended September 30, 2022 depreciation expense totaled \$2,105,330.

CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Note 6 – LONG-TERM DEBT

A. Notes Payable

The Park System entered into an agreement with Bank of America, N.A. dated October 1, 2016 to provide \$237,773 in financing for equipment, one (1) dump truck, (1) tractor and electronic toll equipment through Cameron County's master lease agreement with Bank of America, N.A. at an interest rate of 2.87% with three payments of \$77,026, \$79,237 and \$81,510 due on May 2020 through May 2022. Interest to be paid during the term of the lease totals \$13,777. This agreement was paid in full as of April 30, 2022.

The Park System entered into an agreement with Bank of America, N.A. dated October 1, 2016 to provide \$188,517 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 \$61,312, \$62,827 and \$64,378 due on September 2020 through September 2022. Interest to be paid during the term of the lease totals \$9,389. This agreement was paid in full as of September 30, 2022.

B. Lease Liabilities

The Park System has entered into agreements to lease certain assets. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The copiers/postage equipment agreement executed January 1, 2018 requires 60 monthly payments of \$302. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.06%, which is the risk free rate. As a result of the lease, the Park System has recorded a right-to-use lease asset with a net book value of \$818 at September 30, 2022. The right-to-use lease asset is discussed in more detail in Note 4. Right-to-use Lease Asset.

The lease copiers/postage equipment agreement executed January 1, 2019 requires 60 monthly payments of \$118. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.06%, which is the risk free rate. As a result of the lease, the Park System has recorded a right-to-use lease asset with a net book value of \$1,600 at September 30, 2022. The right-to-use lease asset is discussed in more detail in Note 4. Right-to-use Lease Asset.

The copiers/postage equipment agreement executed January 1, 2020 requires 60 monthly payments of \$411. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.06%, which is the risk free rate. As a result of the lease, the Park System has recorded right-to-use lease asset with a net book value of \$10,023 at September 30, 2022. The right-to-use lease asset is discussed in more detail in Note 4. Right-to-use Lease Asset.

The easement lease agreement executed February 1, 1990 requires 600 monthly payments of \$42. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.06%, which is the risk free rate. As a result of the lease, the Park System has recorded a right-to-use lease asset with a net book value of \$3,707 at September 30, 2022. The right-to-use lease asset is discussed in more detail in Note 4. Right-to-use Lease Asset.

**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 6 – LONG-TERM DEBT (CONTINUED)

B. Lease Liabilities (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022, were as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2023	\$ 7,108	\$ 643	\$ 7,751
2024	5,389	395	5,784
2025	1,498	235	1,733
2026	285	215	500
2027	296	203	499
Thereafter	4,845	1,322	6,167
Subtotal	19,421	3,013	22,434
Less current maturities	(7,108)	(643)	(7,751)
Long-term	\$ 12,313	\$ 2,370	\$ 14,683

C. Tax Notes

Tax notes are issued pursuant to the general laws of the State of Texas, Chapters 1371 and 1431, Texas Government Code and are direct obligations of the County, payable from the levy and collection of ad valorem tax, within the limits prescribed by law, on all taxable property in the County.

Cameron County issued \$6,850,000 Cameron County, Texas Tax Notes, Series 2022 dated May 5, 2022 for the purpose of purchasing equipment, and the paying costs of issuance. Payments are due semiannually on February 15th and August 15th, maturing on February 15, 2029 with interest rates of 5.00%. Proceeds received were \$6,973,342 with premium costs of \$693,342 and bond issuance cost of \$33,757. Cameron County Park System received proceeds of \$769,037 from this issuance.

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.

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 6 – LONG-TERM DEBT (CONTINUED)

C. Tax Notes (continued)

The annual requirements to amortize the amounts outstanding attributable to Parks System as of September 30, 2022, including estimated interest payments of \$178,212 are as follows:

Fiscal Year Ending			
<u>September 30, 2022</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 68,580	\$ 42,694	\$ 111,274
2024	86,306	38,822	125,128
2025	121,432	33,629	155,061
2026	142,019	27,043	169,062
2027	148,755	19,773	168,528
2028-2029	<u>321,086</u>	<u>16,251</u>	<u>337,337</u>
TOTAL	<u>\$888,178</u>	<u>\$178,212</u>	<u>\$1,066,390</u>

D. Certificates of Obligation

During the period in which the bonds are outstanding, the Park System Bond Order requires the County to create and maintain a Debt Service 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 a Repairs & Replacements Reserve Fund. The 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 the unrestricted net position 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.

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 6 – LONG-TERM DEBT (CONTINUED)

D. Certificates of Obligation (continued)

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 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 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 amounts outstanding attributable to Parks System as of September 30, 2022, including estimated interest payments of \$6,527,487 are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,569,294	\$ 907,281	\$ 2,476,575
2024	1,634,015	839,686	2,473,701
2025	1,706,082	768,996	2,475,078
2026	1,751,979	695,714	2,447,693
2027	1,831,369	620,736	2,452,105
2028-2032	7,096,481	2,166,721	9,263,202
2033-2036	6,070,000	528,350	6,598,350
TOTAL	\$21,659,220	\$6,527,484	\$28,186,704

**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 7 – RETIREMENT PLAN

Plan Description

The Cameron County provides retirement, disability and death benefits, for all of its full-time employees through a nontraditional defined benefit pension plan administered by the statewide, public employee Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of approximately 800 counties and districts pension plans.

TCDRS issues an aggregate annual comprehensive financial report on a calendar year basis. The ACFR is available on the TCDRS website at www.TCDRS.org or upon request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

The plan's provisions are adopted by the governing body of the employer, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits, with interest. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer's contribution is determined using an actuarially determined rate of 10.56% for the months of the calendar year in 2021 and 10.49% for the months of the calendar year in 2022. As of December 31, 2021, the Summary Valuation for the County's TCDRS plan recognized an investment gain. Previous years' deferred actuarial investment losses are first used to reduce that year's actuarial investment gain. A portion of the remaining gain was recognized in this year's valuation, with the remainder deferred until future valuations. Investment markets have experienced an investment loss in 2022 due to the Coronavirus outbreak making it likely that our plan will experience a substantial investment loss which will cause an increase in the required contribution rates. Due to the valuation smoothing of investment gains and losses over five years, we can expect rates to increase over the next several years as the investment loss is recognized.

**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 7 – RETIREMENT PLAN (CONTINUED)

Plan Description (continued)

The contribution rate payable by the employee members for the calendar years 2021 and 2022 is the rate of 7.00% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. For the Cameron County's fiscal year ended September 30, 2022, the actual employer contributions were \$9,130,638, and were equal to the required contribution.

County Pension Plan Provisions

Employee Deposit Rate	7 %
Employee Matching	200 %
Prior Service Credit	160 %

Retirement Eligibility

Age 60 (vesting)	8 years of services
Rule of	75 years total age + service
At any age	30 years of service

Optional Benefits

Partial Lump-Sum Payment at Retirement	Yes
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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 (NPL) or Net Pension Asset (NPA) to be recognized on the balance sheets of participating employers. The allocated Net Pension Asset (NPA) for the Park System totaled \$1,098,818, and the recognized pension expense (income) of (\$107,753) for fiscal year ended September 30, 2022.

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 8 – OTHER POST EMPLOYMENT BENEFITS

Post- Retirement Medical Benefits:

Texas Local Government Code, Chapter 175 requires counties make available continued health benefit 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, County discontinued medical coverage after age 65. The County may incur a debt obligation to pay for OPEB cost 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. Information and amounts presented in the County's Annual Comprehensive 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. Cameron County has not incurred a legal debt obligation for OPEB nor has it levied a tax for the same. The County does not have a separate audited GAAP basis postemployment benefit plan report available for defined benefit plans. 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.

A. The Plan: Health Insurance Benefit

Cameron County administers a single-employer defined health benefit plan that covers employees, retirees and their spouses. Benefits provided by the 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. 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 coverage while retiree is alive but they must pay for dependent coverage. Participants under disability are eligible for continued medical coverage under COBRA but must pay the full premium.

After COBRA expires, there is no additional medical coverage for disabled participants. Cameron County does not offer dental, vision or hearing medical benefits to retirees. Transactions are recorded using the accrual basis of accounting. Plan member and employer contributions are recognized in the period for which the contributions are due. Benefits and refunds are recognized when due and payable. 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
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A. The Plan: Health Insurance Benefit (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	\$ 276	\$ 634	\$ 551	\$ 586	\$ 723

Cameron County's membership in the plan at 10/1/21, the date of the latest actuarial valuation, consists of the following:

Active Members	1,531
Retirees and beneficiaries receiving benefits:	52
Spouses of Retirees	17
Total	<u>1,600</u>

The valuation date of GASB75 for Cameron County is October 1, 2021, the date as of which the actuarial valuation was performed. Measurement date is September 30, 2022, the entity's fiscal year end. The OPEB liability was determined as of September 30, 2022 which is the reporting date. There have been no significant changes between the valuation date and the fiscal year end.

Valuation Date	October 1, 2021
Measurement Date	September 30, 2022
Actuarial Cost Method	Entry Age Normal

Results for FYE21 were based on results for FYE20. No assumption updates were made for FYE21 and FYE20.

Discount Rate	September 30, 2021	2.26%
	September 30, 2022	4.02%

The discount rate is based on the Bond Buyer's General Obligation 20-Bond Municipal Index immediately prior to or coincident with the measurement date.

Inflation	2.50% per annum
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Price inflation from December 31, 2021 actuarial report from TCDRS.

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A. The Plan: Health Insurance Benefit (continued)

Medical OPEB Liability	<u>September 30, 2021</u>	<u>September 30, 2022</u>
Park System OPEB Liability	\$ 1,281,015	\$ 1,098,090
Covered Payroll	2,197,746	2,105,835
OPEB Liability a % of covered payroll	58.29%	52.15%
OPEB Liability a % of Total OPEB Liability	4.32%	4.07%

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 dates. Any significant changes during this period have been reflected as prescribed by GASB75.

	<u>September 30, 2021</u>	<u>September 30, 2022</u>
Discount Rate	2.26%	4.02%
20 Year Tax-Exempt Municipal Bond Yield	2.26%	4.02%

Changes in Cameron County's NET - OPEB Liability - Medical

	<u>Incr(Decrease) Total OPEB Liability</u>
Changes in Total OPEB Liability	\$ 29,656,068
Balance as of September 30, 2021	
Changes for the year:	
Service Cost	2,269,194
Interest on total OPEB Liability	710,310
Effect on economic/demographic gains/losses	1,290,916
Effect on assumptions changes or inputs	(5,950,516)
Expected benefit payments	(996,820)
Balance as of September 30, 2022	<u><u>\$ 26,979,152</u></u>

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
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A. The Plan: Health Insurance Benefit (continued)

The following presents the total OPEB liability of Cameron County, calculated using the 4.02%, as well as what County's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.02%) or 1% point higher (5.02%) than the current rate.

1% Decrease	Discount Rate	1% Increase
3.02%	4.02%	5.02%

Total OPEB liability	\$ 29,384,906	\$ 26,979,152	\$ 24,753,997
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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
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Total OPEB liability	\$ 23,662,542	\$ 26,979,152	\$ 30,936,843
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B. 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 TCERS 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 employer's actual retiree GTL contributions for the year.

	<u>December 31, 2020</u>	<u>December 31, 2021</u>
Total OPEB Liability	\$ 4,089,504	\$ 4,337,807

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**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 9 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B. OPEB – Multiple Employer Defined Benefit Group Term Plan Group Term Life Fund (continued)

The total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below:

Discount Rate:	<u>December 31, 2020</u>	<u>December 31, 2021</u>
Discount rate ⁽¹⁾	2.12 %	2.06 %
Long-term expected rate of return, net of investment expenses	Does not apply	Does not apply
Municipal bond rate	2.12 %	2.06 %

(1)The OPEB plan has been determined to be an unfunded OPEB plan: therefore only the municipal bond rate applies

Key Actuarial Assumptions:

All actuarial assumptions that determined the total OPEB liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2020, except where required to be different by GASB75.

	<u>Beginning Date</u>	<u>Ending Date</u>
Valuation date	December 31, 2020	December 31, 2021
Measurement date	December 31, 2020	December 31, 2021
Employer's fiscal year	October 1, 2021	September 30, 2022

All actuarial assumptions that determined the total OPEB liability as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be difference by GASB75.

Changes in Cameron County's Net - OPEB Liability - GTL

	<u>Incr(Decrease) Total OPEB Liability</u>
Balance as of December 31, 2020	\$ 4,089,504
Changes for the year:	
Service Cost	146,202
Interest on total OPEB Liability	88,889
Effect on economic/demographic experience	18,265
Effect on assumptions changes or inputs	81,095
Expected benefit payments	(86,148)
Balance as of December 31, 2021	<u>\$ 4,337,807</u>

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

**CAMERON COUNTY, TEXAS
PARK SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Note 9 – 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.

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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
May 16, 2023

**CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2022**

INSURER	COVERAGE	AMOUNT OF COVERAGE	LATEST POLICY EXPIRATION DATE	ASSETS COVERED	DEDUCTIBLE
Hanover Insurance Company	Employee Crime Policy	\$500,000	7/1/2022	Public Employee Theft	\$7,500/ per loss
		\$250,000	7/1/2022	Forgery Or Alteration	\$5,000/ per loss
		\$175,000	7/1/2022	Inside Premises/Theft of Money & Sec.	\$1,500/ per loss
		\$150,000	7/1/2022	Outside The Premises	\$1,500/ per loss
		\$500,000	7/1/2022	Computer and Funds Transfer Fraud	\$7,500/ per loss
		\$500,000	7/1/2022	Money Orders/Counterfeit Currency	\$5,000/ per loss
		\$150,000	7/1/2022	Inside Premises/Robbery Or Safe Burglary	\$1,500/ per loss
Lloyd's of London, Colony Ins. Co., Hiscox Inc.	Parks buildings, fire, extended coverage, malicious mischief, excess flood, named storm	\$14,060,987	7/1/2022	Building	\$10,000
	Parks buildings, fire, extended coverage, malicious mischief, excess flood, named storm	\$264,911	7/1/2022	Contents	\$10,000
	Parks buildings, fire, extended coverage, malicious mischief, excess flood, named storm	\$104,294	7/1/2022	EDP	\$10,000
	Parks buildings, fire, extended coverage, malicious mischief, excess flood, named storm	\$3,570,794	7/1/2022	Improvements & Betterments	\$10,000
	Parks buildings, fire, extended coverage, malicious mischief, excess flood, named storm	\$753,775	7/1/2022	Boat Ramp	\$10,000
	Parks buildings, fire, extended coverage, malicious mischief, excess flood, named storm	\$2,471,122	7/1/2022	Other / Adolph Parking Lot Lights & Fixtures	\$10,000
Texas Association of Counties	Auto Liability	\$100,000/\$300,000	7/1/2022	Bodily Injury per person/per occurrence	\$1,000/ per occurrence
Texas Association of Counties	Auto Liability	\$100,000	7/1/2022	Property Damage	\$1,000/ per occurrence
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	Hired and Non-Owned	-
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	\$5,000/ per occurrence
Texas Association of Counties	General Liability	\$100,000/\$300,000	7/1/2022	Bodily Injury per person/per occurrence	\$5,000/ per occurrence
Texas Association of Counties	General Liability	\$100,000	7/1/2022	Property damage per occurrence	\$5,000/ per occurrence
Texas Association of Counties	General Liability	\$100,000/\$300,000	7/1/2022	Personal & Advertising Injury per person/per offense/aggregate	\$5,000/ per occurrence
Texas Association of Counties	General Liability	\$100,000	7/1/2022	Crisis Management	\$5,000/ per occurrence
Texas Association of Counties	General Liability	\$500,000	7/1/2022	Employee Benefits Liability	\$1,000/ per occurrence
Texas Association of Counties	General Liability	\$50,000	7/1/2022	Garage Keeper's Legal Liability	\$1,000/ per occurrence

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING REVENUES
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

	ISLA BLANCA	PUBLIC BEACHES	ANDY BOWIE	ADOLPH THOMAE	BEACH SAFETY	PARK RANGERS	COMMUNITY PARKS	BEACH CLEANUP	TOTAL
OPERATING REVENUES									
Charges for services	\$ 2,100,276	\$ 1,940,842	\$ 199,560	\$ 404,030	\$ 355,841	\$ -	\$ -	\$ -	\$ 5,000,548
Commissions	1,009,175	-	222,780	-	-	-	-	-	1,231,955
Rental income	4,459,331	-	351,755	183,453	-	-	6,693	-	5,001,232
Apartment rental	-	-	-	2,100	-	-	-	-	2,100
Concession leases	592,798	-	17,900	-	-	-	-	-	610,698
Electricity	296,196	-	7,613	7,612	-	-	-	-	311,421
Water	462	-	-	-	-	-	-	-	462
Tents	17,875	-	19,250	13,480	-	-	-	-	50,605
Trashbag program	-	178,118	-	-	-	-	-	-	178,118
Beach fee reimbursement	135,931	-	-	-	-	-	-	-	135,931
Donations	-	-	-	-	-	-	-	400	400
Park summer program	-	-	-	-	-	-	2,625	-	2,625
Other	294,266	498	24,853	5,356	900	11,011	-	-	336,884
TOTAL	\$ 8,906,310	\$ 2,119,458	\$ 843,710	\$ 616,031	\$ 356,741	\$ 11,011	\$ 9,318	\$ 400	\$ 12,862,979

**CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF OPERATING EXPENDITURES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	ISLA BLANCA	PARK RANGERS	PARK ADMIN	PUBLIC BEACHES	ADOLPH THOMAE	COMMUNITY PARKS	ANDY BOWIE	BROWNE PARK	BEACH SAFETY	GREENS DIVISION
OPERATING EXPENDITURES										
Salaries and wages	\$ 656,354	\$ 476,035	\$ 624,650	\$ 219,530	\$ 187,758	\$ 193,422	\$ 166,410	\$ 99,587	\$ 213,513	\$ 189,050
Uniforms	9,623	4,975	2,143	-	549	1,207	2,633	613	5,428	2,870
Fringe benefits and payroll taxes	304,775	184,260	251,631	42,482	86,843	85,122	71,557	43,722	46,737	88,977
Pension expense (income)	-	-	(472,979)	-	-	-	-	-	-	-
OPEB expense	-	-	132,754	-	-	-	-	-	-	-
Supplies	100,820	80,996	44,538	29,669	33,315	39,239	34,499	12,026	18,252	15,314
Repairs and maintenance	83,757	31,275	30,895	3,075	26,802	33,018	22,091	14,633	8,246	6,936
Audit	7,166	-	-	-	-	-	-	-	-	-
Insurance	52,461	7,186	9,175	19,186	8,319	9,231	4,353	14,121	1,341	524
Travel and training	2,000	1,106	5,508	-	-	-	-	-	9,074	-
Advertising	750	-	2,075	-	2,000	-	1,245	-	-	-
Utilities	987,271	3,319	2,896	94,314	61,896	67,916	59,578	52,995	420	-
Depreciation and amortization	1,337,542	5,735	61,066	170,654	73,423	47,967	4,977	97,965	223	-
Other	49,379	2,243	4,854	1,919	4,207	-	1,388	5,000	900	-
Equipment rental	13,710	(4,930)	3,242	(1,111)	500	3,445	-	942	5,545	-
Contractual	128,275	-	63,990	18,550	9,968	-	8,985	-	9,600	-
TOTAL	\$ 3,733,883	\$ 792,200	\$766,438	\$ 598,268	\$ 495,580	\$ 480,567	\$ 377,716	\$ 341,604	\$ 319,279	\$303,671

	LAURELES PARK	LA PALOMA	RIO HONDO	EL RANCHITO	CODE ENFORCEMENT	CAMERON / LA ESPERANZA	PARKS SUMMER PROGRAM	LOS INDIOS	SANTA ROSA	BEACH CLEANUP	TOTAL
OPERATING EXPENDITURES (continued)											
Salaries and wages	\$ 2,911	\$ 14,204	\$ -	\$ 11,779	\$ 40,235	\$ -	\$ 12,804	\$ -	\$ -	\$ -	\$ 3,108,242
Uniforms	120	200	-	175	624	-	-	-	-	-	31,160
Fringe benefits and payroll taxes	313	1,599	-	1,300	3,871	-	1,378	-	-	-	1,214,567
Pension expense (income)	-	-	-	-	-	-	-	-	-	-	(472,979)
OPEB expense	-	-	-	-	-	-	-	-	-	-	132,754
Supplies	4,410	4,217	-	5,404	1,999	-	1,700	-	-	398	426,796
Repairs and maintenance	4,838	3,897	-	4,467	909	-	-	-	-	-	274,839
Audit	-	-	-	-	-	-	-	-	-	-	7,166
Insurance	1,816	1,763	-	671	-	-	-	-	-	-	130,147
Travel and training	-	-	-	-	-	-	-	-	-	-	17,688
Advertising	-	-	-	-	-	-	-	-	-	-	6,070
Utilities	34,124	10,513	-	9,974	-	-	-	-	-	-	1,385,216
Depreciation and amortization	100,963	87,870	65,140	33,942	-	23,089	-	3,120	877	-	2,114,553
Other	-	-	-	-	-	-	-	-	-	-	69,890
Equipment rental	-	-	-	-	-	-	-	-	-	-	21,343
Contractual	-	-	-	-	-	-	-	-	-	-	239,368
TOTAL	\$149,495	\$ 124,263	\$65,140	\$67,712	\$47,638	\$23,089	\$15,882	\$3,120	\$877	\$ 398	\$8,706,820

CAMERON COUNTY, TEXAS
PARK SYSTEM
SCHEDULE OF COMBINED DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2022

<u>FISCAL YEAR</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENT</u>
2023	1,637,874	492,375	457,600	2,587,849
2024	1,720,321	457,600	420,908	2,598,829
2025	1,827,514	420,908	381,717	2,630,139
2026	1,893,998	381,717	341,040	2,616,755
2027	1,980,124	341,039	299,470	2,620,634
2028	1,845,316	299,468	264,910	2,409,694
2029	1,456,507	264,910	235,821	1,957,238
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><u>22,547,398</u></u>	<u><u>3,599,034</u></u>	<u><u>3,106,662</u></u>	<u><u>29,253,094</u></u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
\$5,572,648 LIMITED TAX REFUNDING BONDS, SERIES 2015
SEPTEMBER 30, 2022

<u>FISCAL YEAR</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENT</u>
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>\$ 3,423,638</u>	<u>\$ 236,776</u>	<u>\$ 161,992</u>	<u>\$ 3,822,406</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
\$1,407,600 CERTIFICATES OF OBLIGATION, REFUNDING SERIES 2019
SEPTEMBER 30, 2022

<u>FISCAL YEAR</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENT</u>
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	125,595	8,933	7,369	141,897
2028	128,814	7,367	5,698	141,879
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>\$ 1,135,582</u>	<u>\$ 77,625</u>	<u>\$ 63,291</u>	<u>\$ 1,276,498</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
\$21,160,000 CERTIFICATES OF OBLIGATION, SERIES 2016B
SEPTEMBER 30, 2022

<u>FISCAL YEAR</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENT</u>
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>\$ 17,100,000</u>	<u>\$ 3,184,425</u>	<u>\$ 2,803,375</u>	<u>\$ 23,087,800</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
\$290,613 TAX NOTE, SERIES 2020
SEPTEMBER 30, 2022

<u>FISCAL YEAR</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENT</u>
2023	\$ 57,914	\$ 4,579	\$ 3,130	\$ 65,623
2024	61,044	3,131	1,604	65,779
2025	64,175	1,604	-	65,779
TOTAL	<u>\$ 183,133</u>	<u>\$ 9,314</u>	<u>\$ 4,734</u>	<u>\$ 197,181</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
\$705,045 TAX NOTE, SERIES 2022
SEPTEMBER 30, 2022

<u>FISCAL YEAR</u>	<u>PRINCIPAL FEBRUARY 15</u>	<u>INTEREST FEBRUARY 15</u>	<u>INTEREST AUGUST 15</u>	<u>FISCAL YEAR REQUIREMENT</u>
2023	\$ 10,666	\$ 17,626	\$ 17,359	\$ 45,651
2024	25,262	17,359	16,728	59,349
2025	57,257	16,728	15,297	89,281
2026	142,019	15,297	11,746	169,062
2027	148,755	11,746	8,027	168,529
2028	156,614	8,027	4,112	168,753
2029	164,472	4,112	-	168,584
TOTAL	<u>\$ 705,045</u>	<u>\$ 90,895</u>	<u>\$ 73,269</u>	<u>\$ 869,209</u>

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

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, 2022, and the related notes to the financial, and have issued our report thereon dated May 16, 2023.

Report on 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) as a basis for designing 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 Camron 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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

May 16, 2023