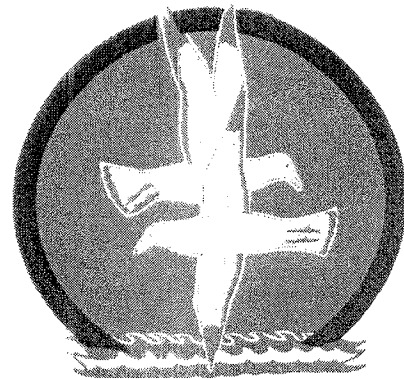


**CAMERON COUNTY, TEXAS
PARK SYSTEM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
SEPTEMBER 30, 2009 AND 2008**



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

CAMERON COUNTY, TEXAS
PARK SYSTEM
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
SEPTEMBER 30, 2009 AND 2008

CAMERON COUNTY, TEXAS
PARK SYSTEM
SEPTEMBER 30, 2009 AND 2008

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CAMERON COUNTY PARK SYSTEM

P.O. BOX 2106
SOUTH PADRE ISLAND, TEXAS 78597

February 12, 2010

Hon. County Judge, Carlos Cascos.
Hon. Commissioner Pct. 1, Laura Benavides
Hon. Commissioner Pct. 2, John Wood
Hon. Commissioner Pct. 3, David Garza
Hon. Commissioner Pct. 4, Edna Tamayo
Cameron County Courthouse
Brownsville, Texas

Hon. County Judge and Commissioners:

The Cameron County Park and Recreation Department (Park) owns and operates eleven (11) park facilities that encompass 720 acres throughout the County. The County Park and Recreation Department's mission is to provide quality recreation opportunities to the citizens and visitors of Cameron County at an affordable price. The Cameron County Park and Recreation Department seeks to develop and protect Cameron County Coastal resources and natural habitats.

Isla Blanca, Andy Bowie and Edwin K. Atwood County Parks provide beach access for day-use, as well as overnight camping, parking, retail stores, restaurants, full service pavilions, beach equipment rental and covered shade areas. Other amenities such as fishing, surfing and strolling along the edge of the shoreline are some of the nature activities enjoyed at the Isla Blanca Park. The Park also boasts a full service marina and a water park. The Park accommodates over six hundred (600) full-service recreational transient vehicle rental sites, and eight (8) cabanas that sleep 6 comfortably with restrooms, showers, and small kitchenettes. Andy Bowie and E.K. Atwood Parks, are located approximately 5 miles north on South Padre Island. These parks are designed to provide public beach access. Both Andy Bowie and E.K. Atwood Parks contain full service pavilions, picnic areas and beach rentals. Andy Bowie Park also offers full service recreational transient vehicles rental sites and restroom facilities.

Located on the mainland within the Laguna Atascosa Refuge, Adolph Thomae Jr., Park is three miles from the Laguna Madre Bay. This facility caters to anglers, birding and camping enthusiasts by providing a boat launch facility, fish cleaning facilities, recreational transient vehicle rental sites, parking, picnic areas, and tent sites.

The Park also oversees eight smaller community parks that are nestled throughout the County within small underserved communities. The community parks consist of La Esperanza, Santa Maria, Santa Rosa, Jose Esparza, Laguna Heights, Rio Hondo, La Paloma, and Browne Road Regional Park. La Esperanza Park has a community center, a multi-use sports field, a lighted covered picnic/sports court, and an open air basketball court. At La Esperanza Park, educational services are provided at the Technology Center together with social services at the Centro Cultural. Santa Maria, Santa Rosa and Jose Esparza Parks all contain small swimming pools, playgrounds, picnic areas and open space. Santa Rosa offers a softball field, and Santa Maria contains a community center, historical church and a Little League Baseball Field. The Laguna Heights Park, which is located in the colonia of Laguna Heights, provides Laguna Heights with a basketball court, pavilion, restrooms, multi purpose trail and a nature trail with a bird watch overlook. Browne Road Regional Park, which is located in the Southmost area of Brownsville, offers two lighted baseball fields, two lighted soccer fields, lighted basketball courts, playgrounds, nature trail and walking trail and a Community Center. La Paloma Park has one baseball field, one soccer field, a pavilion, a walking trail, restrooms, concession/storage room, multi age playground and basketball court. The Rio Hondo Park has two baseball fields, one soccer field, a pavilion, a walking trail, restrooms, concession/storage room, multi age playground and basketball court. As of September 30, 2009, the Laureles Park and El Ranchito Park remain under construction.

Cameron County Park System
February 12, 2010

REVENUES

The Parks System experienced an overall 9.62% increase in operating revenues, from \$4.44 million to \$ 4.86 million. Of the 9.62% increase in operating revenues, Isla Blanca Park accounted for 6.0% of the increase, while Andy Bowie Park, Adolph Thomae Jr Park, Public Beaches and Atwood Park accounted for 1.32%, 0.78%, 0.92%, and 0.60% of the increase in operating revenues, respectively.

EXPENSES

The Parks System experienced an overall 16.9% decrease in operating expenditures. 12.6% of the decrease in operating expenditures is directly related to a decrease in wages and employee benefits expenses. 1.70% of the decrease in operating expenses is due to a decrease in depreciation expense, and the remaining 2.69% is due to a decrease in supplies, repairs, and maintenance operating expenses.

EXTRAORDINARY EVENTS

On July 23, 2008, Hurricane Dolly made landfall in Cameron County as a Category 2 hurricane. Atwood Park, Andy Bowie, Isla Blanca and Thomae Park were in operable for approximately 15 days due to Hurricane damages. Windstorm damage at various parks was assessed at \$1,295,828. Park properties that suffered the most extensive damage were the Sea Ranch Restaurant and Isla Blanca Park. Damages assessed by the Texas Windstorm Insurance Association were 97.52% of losses attributable to Isla Blanca Park and related facilities located within Isla Blanca Park. Park System property hurricane damages were assessed by Texas Association of Counties at \$489,052. No properties owned by Cameron County parks Systems were lost but did suffer extensive wind and water damage. Cameron County Parks System received total insurance proceeds of \$1,621,158 during the fiscal year ending September 30, 2009. Insurance reimbursements received will be used to repair all damaged buildings. Cameron County was declared a disaster area thus qualifying for FEMA assistance in Pre and Post Hurricane recovery costs. It is anticipated these total costs will be about \$940,561 at a 75% FEMA reimbursement rate. As of September 30, 2009, the Parks received \$348,897 from FEMA. The Parks is also seeking loss of income reimbursement through TAC for loss of rents associated with RV parking and cabana rentals at all affected parks. The Parks may also seek loss of potential income due to damages to the Sea Ranch Restaurant.

OTHER EVENTS

Possible development of a Resort facility in Isla Blanca Park, and two new flagship hotels to be built on the north end of the Island on county park land. The Cameron County Park Master Plan identifies capital improvements to existing parks in Cameron Park, Andy Bowie Park, Browne Road Park, Isla Blanca Park, Thomae Park and Atwood Park. Community Parks' facilities are complete at Rio Hondo, Laureles, Los Indios, and La Paloma.

Sincerely,



Javier Mendez, Director
Cameron County Parks and Recreation Department



Cameron County Auditor
Martha Galarza, CPA





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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Park System of Cameron County, Texas, as of and for the years ended September 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of Cameron County, Texas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Park System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements present only the financial position of the Park System and do not purport to, and do not present fairly the financial position of Cameron County, Texas as of September 30, 2009 and 2008, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Park System of Cameron County, Texas, as of September 30, 2009 and 2008, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Brownsville, Texas
March 30, 2010

CAMERON COUNTY, TEXAS
PARK SYSTEM
 STATEMENTS OF NET ASSETS
 September 30, 2009 and 2008

ASSETS

	2009	2008
<u>CURRENT ASSETS</u>		
Cash on deposit and on hand (Note 6)	\$2,048,820.00	\$ 1,665,243
Accounts receivable - trade	313,189.00	1,354.00
Inventory	1,721.00	3,000.00
Due from Other Governments	348,897.00	170,160.00
Prepaid Insurance	93,031.00	-
Prepaid Other	2,015.00	-
TOTAL CURRENT ASSETS	2,807,673.00	1,839,757.00
<u>RESTRICTED ASSETS (Note 2)</u>		
Park Construction Fund:		
Cash on deposit	2,360,379.00	3,755,984.00
Revenue Bond Debt Service Fund:		
Cash on deposit	-	-
Revenue Bond Debt Reserve Fund:		
Cash on deposit	531,042.00	531,042.00
Operating Reserve Fund:		
Cash on deposit	758,349.00	758,349.00
TOTAL RESTRICTED ASSETS	3,649,770.00	5,045,375.00
<u>CAPITAL ASSETS (Note 1C)</u>		
Depreciable assets:		
Buildings	8,751,686.00	5,814,027.00
Improvements other than buildings	4,365,899.00	4,185,939.00
Equipment	591,112.00	583,810.00
Automotive machinery and equipment	1,102,533.00	1,083,560.00
Furniture and fixtures	731,933.00	70,271.00
Other structures	3,381,449.00	3,138,336.00
	18,924,612.00	14,875,943.00
Less: accumulated depreciation	(11,500,198.00)	(10,962,066.00)
Net depreciable assets	7,424,414.00	3,913,877.00
Construction work in progress	1,847,840.00	4,411,739.00
Land	1,549,572.00	1,549,572.00
TOTAL CAPITAL ASSETS	10,821,826.00	9,875,188.00
TOTAL ASSETS	\$ 17,279,269	\$ 16,760,320

CAMERON COUNTY, TEXAS
PARK SYSTEM
STATEMENT OF NET ASSETS
September 30, 2009 and 2008

LIABILITIES

	2009	2008
Current Liabilities (payable from Current Assets):		
Accounts payable	\$ 582,214	\$ 399,943
Due to other Governments	47,485	-
Wages and fringe payable	43,457	99,323
Compensated Absences payable (Note4)	8,895	22,599
Accrued Interest payable	49,109	106,544
Laguna Madre enhancement reserve	60,010	60,010
Education Reserve	5,947	5,947
Rental deposits	92,624	109,799
Total Current Liabilities (payable from Current Assets)	889,741	804,165
Current Liabilities (payable from Restricted Assets):		
Current maturities of note payable to I&S fund	165,000	103,125
Current maturities of revenue bonds (Note 3)	230,000	215,000
Total Current Liabilities (payable from Restricted Assets)	395,000	318,125
Long-term Liabilities:		
Note payable to I&S fund	7,645,000	7,871,875
Revenue bonds payable, net of current portion(Note 3)	240,000	470,000
Less: Unamortized discount and issue costs	(12,274)	(22,056)
Unfunded Actuarial Accrued Liability	299,162	
Total Long-term Liabilities	8,171,888	8,319,819
 TOTAL LIABILITIES	 9,456,629.00	 9,442,109

NET ASSETS

Invested in capital assets, net of related debt	2,554,099	(2,540,796)
Restricted for:		
Revenue Bond Debt Service		0
Revenue Bond Debt Reserve	531,042	531,042
Revenue Bond Repair and Replacement	758,349	758,349
Restricted for Construction	2,360,379	3,755,984
Donation Community Parks		0
Unrestricted	1,618,771	4,813,632
TOTAL NET ASSETS	\$ 7,822,640	\$ 7,318,211

The accompanying notes are an integral part of these financial statements.

CAMERON COUNTY, TEXAS
PARK SYSTEM
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 Years Ended September 30, 2009 and 2008

<u>OPERATING REVENUES</u>	2009	2008
Rental income	\$ 3,714,656	\$ 3,484,458
Entrance fees	1,040,168	841,845
Others	107,673	109,279
TOTAL OPERATING REVENUES	4,862,497	4,435,582
<u>OPERATING EXPENSES</u>		
Salaries and employee benefits	1,935,683	2,524,264
Employee benefit expense	152,975	-
Supplies	141,138	208,025
Repairs and maintenance	93,039	164,163
Audit and legal	5,000	5,000
Travel	1,498	2,583
Advertising	12,140	9,612
Insurance	76,090	157,377
Utilities	881,671	789,507
Taxes	13,270	11,377
Rental	15,859	16,736
Contractual	99,482	49,852
Miscellaneous	52,868	101,872
Amortization	9,782	9,782
Depreciation	538,132	618,769
TOTAL OPERATING EXPENSES	4,028,627	4,668,919
OPERATING INCOME (LOSS)	833,870	(233,337)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Interest on cash investments	55,201	326,187
Interest expense	(353,488)	(287,693)
Fiscal agent fees	(477)	(477)
Transfer to other funds	(654,537)	(307,792)
Aid from Other Governments	259,392	89,506
Grant & Program Expenses	(284,593)	(586,224)
Grant & Program Revenue	459,149	515,218
Insurance Proceeds - net of related losses	336,099.00	0.00
TOTAL NON-OPERATING REVENUES (EXPENSES)	(183,254)	(251,275)
CHANGE IN NET ASSETS	650,616	(484,612)
Total Net Assets - Beginning of year	7,318,211	7,802,823
Prior Period Adjustment	(146,187)	-
Total Net Assets - Beginning of year - restated	7,172,024	-
Total Net Assets - End of year	\$ 7,822,640	\$ 7,318,211

The accompanying notes are an integral part of these financial statements.

CAMERON COUNTY, TEXAS
PARK SYSTEM
 STATEMENTS OF CASH FLOWS
 Years Ended September 30, 2009 and 2008

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2009	2008
Cash Flows From Operating Activities:		
Cash received from customers	\$ 4,826,035	\$ 4,432,632
Cash payments for goods and services	(1,784,786)	(1,522,338)
Cash payments to employees	(2,005,253)	(2,465,732)
Net Cash Provided by Operating Activities	1,035,996	444,562
Cash Flows From Non-Capital Financing Activities:		
Transfer to other funds	(445,904)	(307,792)
Grant-net	176,206	-
Insurance Proceeds	336,099	-
Aid from other governments	-	18,500
Net Cash Provided (Used) by Non-Capital Financing Activities:	66,401	(289,292)
Cash Flows From Capital and Related Financing Activities:		
Payments for capital acquisitions, net	(1,484,770)	(3,836,000)
Principal payments	(380,000)	(385,000)
Interest paid	(304,379)	(287,693)
Fiscal agent fees paid	(477)	(477)
Net Cash Used for Capital and Related Financing Activities	(2,169,626)	(4,509,170)
Cash Flows From Investing Activities:		
Receipts of interest	55,201	326,185
Net Cash Provided by Investing Activities	55,201	326,185
Net increase (decrease) in cash and cash equivalents	(1,012,028)	(4,027,715)
Cash and cash equivalents at beginning of year	6,710,618	10,738,333
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 5,698,590	\$ 6,710,618
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income		
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:	833,870	(233,337)
Depreciation and amortization	547,914	628,551
Changes in Current Assets and Liabilities:		
Decrease (Increase) in accounts receivable	(36,462)	92,332
Decrease (Increase) in prepaids	(95,045)	-
Decrease (Increase) in due from other governments	(454,110)	(148,528)
Decrease (Increase) in inventory	1,278	(1,553)
Increase (Decrease) in accounts payable	382,731	30,648
Increase (Decrease) in deposit payable	(17,175)	-
Increase (Decrease) in enhancement reserve	-	60,746
Increase (Decrease) in accrued interest payable	(57,435)	(36,882)
Increase (Decrease) in compensated absences	(13,704)	(1,221)
Increase (Decrease) in wages and fringe payable	(55,866)	53,806
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,035,996	\$ 444,562

The accompanying notes are an integral part of these financial statements.

COUNTY, TEXAS
PARK SYSTEM
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

Note 1 - Summary of Accounting Policies

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

A. Operations

Cameron County, Texas, (County) through its Park System, owns and operates 1) Isla Blanca Park located in the southern most tip of South Padre Island, 2) Andy Bowie Park on the north end of South Padre Island, 3) Public Beach access road further north of Andy Bowie Park, 4) E. K. Atwood Park further north of Andy Bowie Park and Public Beaches on South Padre Island, 5) Adolph Thomae Park located in Arroyo City on the Arroyo Colorado, 6) eleven community parks located throughout Cameron County and has two parks under construction at September 30, 2009. The island parks provide transient and long-term rentals of trailer spaces and long-term leases of boat slips at the County's marina facilities. Additionally, the County has several concession leases with various food and entertainment establishments. Such concession leases generally require payment of a monthly lease amount and/or a fixed percentage of gross revenues.

B. Basis of Accounting

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

- Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net assets subject to externally imposed stipulations that the Park System maintains them permanently. For the fiscal year end 2009 and 2008, the Park System does not have nonexpendable net assets.

Expendable – Net assets 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. Such assets included the Park System's debt service restrictions and bond construction funds on hand.

- Unrestricted: Net assets that are not subject to externally imposed stipulations.

The provisions of GASB Statement No. 34 have been applied to the years presented.

COUNTY, TEXAS
PARK SYSTEM
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

Note 1 - Summary of Accounting Policies (continued)

B. Basis of Accounting (continued)

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

C. Capital Assets and Depreciation

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

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

Depreciation expense for all activities totaled \$538,132.

D. Retirement Plan

All employees who work in excess of 900 hours per year are members of the Texas County and District Retirement System under which the employees contribute 7% and the Park System contributes 7.59% (8.76% after January 1, 2010) of the qualified employees' earnings. Retirement plan expense is funded as accrued, and includes amortization of prior service cost over a 20-year period. Information concerning the actuarially computed value of vested benefits is not available. Retirement plan expense for the years ended September 30, 2009 and 2008 totaled \$125,754 and \$100,458, respectively.

E. Use of Estimates

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

F. Cash and Cash Equivalents

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

COUNTY, TEXAS
PARK SYSTEM
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

Note 1 - Summary of Accounting Policies (continued)

G. Net Assets

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

H. Comparative Data/Reclassifications

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

Note 2 - Bond Indenture Requirements

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

The Bond Order also obligates the County to fund an Operating Reserve Fund in the amount of \$650,000, \$320,000 to be funded upon issuance of the Refunding Bonds, Series 1996C and the Certificates of Obligation, Series 1996D from funds of the County which are currently shown in the Restricted Assets created for the benefit of the Refunded Bonds and the remaining amount to be deposited from time to time from revenues. The Operating Reserve will be used to pay items of extraordinary maintenance or extraordinary repairs and replacements of the Park System and minor capital improvements to the Park System. Amounts on deposit in the Operating Reserve may be used to pay debt service on Park Obligations in the event that amounts on deposit in the respective interest and sinking fund and the Debt Service Reserve are insufficient for such purpose.

Monies held as restricted assets in the fund established by the revenue bond indenture are invested in securities guaranteed by the U. S. Government. At September 30, 2009, the County's depository had pledged sufficient U.S. Government obligations to meet this requirement.

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009 AND 2008

Note 3 - Long-Term Debt

A. Combination Tax and Revenue Bonds

\$2,385,000; Park System Combination Tax and Revenue Certificates of Obligation, Series 96D; due in annual installments of \$205,000 to \$240,000 through December 1, 2010; interest rates ranging from 5.2% to 5.45%

	<u>\$470,000</u>
TOTAL BONDS PAYABLE	470,000
Less: Current Maturities	<u>230,000</u>
TOTAL LONG-TERM BONDS PAYABLE	<u>\$ 240,000</u>

Interest is paid each June 1 and December 1. Principal and interest payments constitute direct obligations of the County payable from a combination of a pledge of net revenues derived from the operation of the Parks and the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the County. The annual requirements to amortize all revenue bonds outstanding as of September 30, 2009 including interest payments of \$25,830 are as follows:

<u>YEAR ENDING</u> <u>SEPTEMBER 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	230,000	19,290	249,290
2011	<u>240,000</u>	<u>6,540</u>	<u>246,540</u>
TOTAL	<u>\$ 470,000</u>	<u>\$ 25,830</u>	<u>\$ 495,830</u>

B. Note Payable

The County issued \$8,000,000 in Certificates of Obligation, Series 2007. The purpose of the Certificates 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, 2007, to pay the General Funds I & S Fund to make payments on these bonds

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009 AND 2008

Note 3 - Long-Term Debt (continued)

B. Note Payable (continued)

The annual requirements to amortize the entire Note outstanding as of September 30, 2009 including interest payments of \$3,439,965 are as follows:

YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2010	165,000	320,391	485,391
2011	175,000	313,592	488,592
2012	335,000	303,391	638,391
2013	350,000	289,691	639,691
2014	365,000	275,391	640,391
2015-2027	<u>6,420,000</u>	<u>1,937,510</u>	<u>8,357,509</u>
TOTAL	<u>\$ 7,810,000</u>	<u>\$3,439,965</u>	<u>\$11,249,965</u>

Note 4 - Compensated Absences

The Cameron County Personnel Policy provides employees with vacation leave and nonvesting accumulating rights to sick pay benefits. The policy requires all employees to take vacation time prior to the end of each fiscal year; however, it allows vacation carryover for three months. Vacation pay is recognized as a part of salary compensation. Salary and wages earned, yet unpaid is recognized as accrued compensation time. Although sick leave does not vest and unused balances are not paid at the time of employee termination, current employees can accrue up to sixty days of paid sick leave. The System is reserving \$8,895 to recognize the earned, yet uncompensated leave accumulated as of fiscal year end.

Note 5 – Insurance Proceeds

The Cameron County Park System received \$1,621,158 of insurance proceeds for the year ending September 30, 2009. \$1,285,059 was used for damages due to Hurricane Dolly leaving net proceeds of \$336,099. The net proceeds will be used to fund remaining damages related to Hurricane dolly.

Note 6 – Prior Period Adjustment

A prior period adjustment of \$146,187 was recorded to accrue the Parks portion of Cameron County's unfunded actuarial accrued liability for post employment benefits.

CAMERON COUNTY, TEXAS
PARK SYSTEM
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009 AND 2008

Note 7 - Cash and Investments

Custodial Credit Risk-Deposits:

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

Concentration Risk:

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

As of September 30, 2009, the Park System's carrying amount of deposits and investments was \$5,698,590 and the bank balance was \$5,318,574.

<u>Current Assets:</u>	<u>Fair Value</u>
Cash and equivalents	\$2,048,820
<u>Restricted Assets:</u>	
Park Construction Fund	
Cash and equivalents	2,360,379
Revenue Bond Debt Service Fund	
Cash and equivalents	-
Revenue Bond Debt Reserve Fund	
Cash and equivalents	531,042
Operating Reserve Fund	
Cash and equivalents	<u>758,349</u>
TOTAL	<u>\$5,698,590</u>

Note 8 – Capital Assets

Capital assets consisted of the following at September 30, 2009:

Assets being depreciated:	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Buildings	\$5,814,027	\$2,937,659	\$ -	\$8,751,686
Improvements other than buildings	4,185,939	179,960	-	4,365,899
Equipment	583,810	7,302	-	591,112
Automotive machinery and equipment	1,083,560	18,973	-	1,102,533
Furniture and fixtures	70,271	661,662	-	731,933
Other structures	3,138,336	243,113	-	3,381,449
Assets not being depreciated:				
Construction in progress	4,411,739	-	2,563,899	1,847,840
Land	1,549,572	-	-	1,549,572
Less: Accumulated depreciation	<u>(10,962,066)</u>	<u>(538,132)</u>	<u>-</u>	<u>(11,500,198)</u>
TOTAL CAPITAL ASSETS	<u>\$ 9,875,188</u>	<u>\$ 3,510,537</u>	<u>\$2,563,899</u>	<u>\$10,821,826</u>

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

LONG CHILTON, LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS AND INDIVIDUALS

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

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole of the Park System of Cameron County, Texas as of and for the years ended September 30, 2009 and 2008, which is presented in the preceding section of this report. The accompanying supplementary information as of and for the years ended September 30, 2009 and 2008, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Long Chilton LLP

Brownsville, Texas
March 30, 2010

CAMERON COUNTY, TEXAS
 PARK REVENUE SYSTEM
 SCHEDULE OF INSURANCE COVERAGE
 SEPTEMBER 30, 2009

INSURER	COVERAGE	AMOUNT OF COVERAGE	POLICY EXPIRATION DATE	ASSETS COVERED	PREMIUM	DEDUCTIBLE
Coleman Hall & Heinze Ins	Windstorm & Hail Policy # 19631113 & 47451902	\$5,349,376	5/28/2010	Building & Content	\$84,613	Greater of \$1,000 or 1% of insured value
Delta Lloyds Insurance Company	Flood Insurance	\$2,814,800	12/15/2009	Buildings	\$26,880	\$500
Western Surety	Public Employee Dishonesty Bond Form 'O'	\$250,000	12/1/2009	Employee dishonesty	\$253	\$1,000
Texas Association of Counties	Fire, extended coverage, malicious mischief	\$8,354,554	7/1/2010	Building	\$17,413	\$5,000
	Fire, extended coverage, malicious mischief	\$191,446	7/1/2010	Contents	\$399	\$5,000
	Fire, extended coverage, malicious mischief	\$70,000	7/1/2010	EDP	\$146	\$5,000
	Fire, extended coverage, malicious mischief	\$50,217	7/1/2010	Mobile	\$154	\$5,000
Texas Association of Counties	Auto Liability	\$100,000/\$300,000	7/1/2010	Bodily Injury per person/per occurrence	\$5,838	\$5,000
	Note: current coverage period is from 3/19/2008 through 7/1/09 due to change in effective date from 3/19 to 07/01/2009	\$100,000.00		Property Damage	-	-
		\$20,000 per person		Bodily Injury	-	-
		\$40,000 per accident		Uninsured/underinsured	-	-
		\$15,000 per accident		Uninsured/underinsured	-	-
		\$5,000.00		property damage uninsured/underinsured	-	-
				Personal Injury	-	-
Texas Association of Counties	Auto physical damage comprehensive/No vehicles carry APD	Cash value or cost of repair	7/1/2010	Vehicles	-	\$250
Texas Association of Counties	Auto physical damage collision/ No vehicles carry APD	Cash value or cost of repair	7/1/2010	Vehicles	-	\$250
Texas Association of Counties	General Liability	\$100,000/\$300,000	7/1/2010	Bodily Injury per person/per occurrence	\$12,100	\$5,000
		\$100,000/\$100,000		Property damage per occurrence/aggregate	-	-
		\$100,000/\$100,000		Employee benefit per claim/aggregate	-	-
Texas Association of Counties	Workers Compensation	Unlimited	12/31/2009	On the job injuries	-	-

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING REVENUES
 Years Ended September 30, 2009 and 2008

<u>ISLA BLANCA PARK</u>	2009	2008
Rental Income	2,063,404	\$ 2,009,572
Sale of surplus	2,316	7,935
Concession leases	1,134,498	1,045,473
Miscellaneous income	95,818	90,917
Electricity	201,348	189,673
Water	4,526	4,562
Entrance fees	452,690	343,768
Tents	23,867	20,034
Commercial services permits	-	475
TOTAL ISLA BLANCA PARK	<u>3,978,467</u>	<u>3,712,409</u>
<u>ADOLPH THOMAE PARK</u>		
Rental Income	148,506	67,464
Entrance fees	72,047	119,741
Boat slips/launch fees	10,216	8,058
Electricity	2,059	1,772
Tents	2,734	2,815
TOTAL ADOLPH THOMAE PARK	<u>235,562</u>	<u>199,850</u>
<u>PUBLIC BEACHES</u>		
Entrance fees	200,798	160,156
TOTAL PUBLIC BEACHES	<u>200,798</u>	<u>160,156</u>
<u>ANDY BOWIE PARK</u>		
RV full service rentals	78,574	70,232
Apartment rental	2,420	3,225
Concession leases	116,228	66,031
Tents	2,700	6,134
Miscellaneous revenue	1,843	1,736
Electricity	9,932	8,972
Entrance fees	105,713	102,516
TOTAL ANDY BOWIE PARK	<u>317,410</u>	<u>258,846</u>
<u>ATWOOD PARK</u>		
Entrance fees	122,245	95,630
TOTAL ATWOOD PARK	<u>122,245</u>	<u>95,630</u>
<u>PARK RANGERS</u>		
Miscellaneous fines and fees	3,015	3,560
TOTAL PARK RANGERS	<u>3,015</u>	<u>3,560</u>
<u>COMMUNITY PARKS</u>		
Donations for Learning Centers	5,000	5,131
TOTAL COMMUNITY PARKS	<u>5,000</u>	<u>5,131</u>
TOTAL OPERATING REVENUES	<u>\$ 4,862,497</u>	<u>\$ 4,435,582</u>

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES
 Years Ended September 30, 2009 and 2008

	2009	2008
<u>ISLA BLANCA PARK</u>		
Salaries and employee benefits	\$ 464,675	\$ 537,697
Supplies	36,302	41,576
Repairs and maintenance	32,483	53,025
Audit and legal	5,000	5,000
Travel	-	160
Advertising	6,484	4,602
Insurance	34,747	87,047
Utilities	599,740	560,031
Taxes	13,270	11,377
Rental	5,401	4,674
Contractual	69,867	45,228
Miscellaneous	49,467	101,872
Amortization	9,781	9,782
Depreciation	254,418	314,008
TOTAL ISLA BLANCA PARK	1,581,635	1,776,079
<u>ADOLPH THOMAE PARK</u>		
Salaries and employee benefits	119,668	116,839
Supplies	9,918	16,484
Repairs and maintenance	4,853	7,686
Advertising	1,832	1,000
Insurance	2,653	3,837
Utilities	46,373	44,538
Rental	555	523
Contractual	10,998	1,222
Depreciation	26,113	28,644
TOTAL ADOLPH THOMAE PARK	222,963	220,773
<u>PUBLIC BEACHES</u>		
Salaries and employee benefits	\$ 21,928	\$ 40,518
Supplies	3,583	2,114
Repairs and maintenance	297	2,638
Utilities	3,833	3,241
Rental	1,135	1,477
Depreciation	891	1,948
TOTAL PUBLIC BEACHES	31,667	51,936

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES
 Years Ended September 30, 2009 and 2008

	2009	2008
<u>ANDY BOWIE PARK</u>		
Salaries and employee benefits	\$ 115,416	\$ 152,773
Supplies	12,507	11,279
Repairs and maintenance	6,578	11,665
Advertising	1,000	1,000
Insurance	10,672	22,735
Utilities	36,905	39,102
Rental	300	55
Contractual	2,048	1,830
Depreciation	78,983	81,494
TOTAL ANDY BOWIE PARK	264,409	321,933
<u>ATWOOD PARK</u>		
Salaries and employee benefits	67,670	66,907
Supplies	2,302	3,314
Repairs and maintenance	335	958
Utilities	26,922	17,234
Rental	250	-
Insurance	4,561	8,890
Depreciation	10,696	11,541
TOTAL ATWOOD PARK	112,736	108,844
<u>COMMUNITY PARKS</u>		
Salaries and employee benefits	172,788	113,384
Supplies	16,338	31,848
Repairs and maintenance	5,949	7,726
Travel	92	-
Insurance	6,562	8,998
Utilities	121,675	82,671
Rental	659	344
Contractual	1,041	362
Depreciation	67,531	68,978
TOTAL COMMUNITY PARKS	392,635	314,311
<u>BROWNE PARK</u>		
Salaries and employee benefits	71,151	134,280
Supplies	14,579	15,590
Repairs and maintenance	4,796	5,111
Insurance	2,366	7,824
Utilities	23,993	30,116
Contractual	528	1,210
Depreciation	76,303	77,462
TOTAL BROWNE PARK	193,716	271,593

CAMERON COUNTY, TEXAS
PARK SYSTEM
 SCHEDULE OF OPERATING EXPENSES
 Years Ended September 30, 2009 and 2008

	2009	2008
<u>FAMILY LEARNING CENTERS - LA PALOMA</u>		
Salaries and employee benefits	\$ 4,378	\$ 0
Supplies	7,669	-
Utilities	9,385	-
Repairs and maintenance	3,000	-
TOTAL FAMILY LEARNING CENTERS-LA PALOMA	<u>24,432</u>	<u>-</u>
<u>FAMILY LEARNING CENTERS - OTHER</u>		
Salaries and employee benefits	-	-
Supplies	-	-
Utilities	9,795	9,985
Repairs and maintenance	-	-
TOTAL FAMILY LEARNING CENTERS-OTHER	<u>9,795</u>	<u>9,985</u>
<u>PARK RANGERS</u>		
Salaries and employee benefits	184,585	553,379
Supplies	14,919	26,577
Repairs and maintenance	13,737	59,770
Utilities	449	1,003
Travel	-	(50)
Insurance	2,605	2,736
Rental	2,421	4,559
Contractual	15,000	-
Depreciation	23,197	34,694
TOTAL PARK RANGERS	<u>256,913</u>	<u>682,668</u>
<u>GREENS DIVISION</u>		
Salaries and employee benefits	120,310	146,655
Insurance	905	-
TOTAL GREENS DIVISION	<u>121,215</u>	<u>146,655</u>
<u>ADMINISTRATION</u>		
Salaries and employee benefits	593,346	661,832
Supplies	26,426	59,243
Repairs and maintenance	21,011	15,584
Utilities	2,600	1,586
Travel	1,406	2,473
Advertising	2,823	3,010
Insurance	10,785	15,310
Rental	5,139	5,104
TOTAL ADMINISTRATION PARKS	<u>663,536</u>	<u>764,142</u>
TOTAL OPERATING EXPENSES	<u>\$ 3,875,652</u>	<u>\$ 4,668,919</u>

CAMERON COUNTY, TEXAS
 PARK SYSTEM
\$2,385,000 PARK SYSTEM COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 1996D
 DATED NOVEMBER 26, 1996

300/340 at 5.2%, 341/383 at 5.3%, 384/429 at 5.4%, 430/477 at 5.45%
 PAYABLE AT CHASE BANK OF TEXAS, N. A., SAN ANTONIO, TEXAS

<u>DUE</u>	<u>Principal Dec 1</u>	<u>Interest Jun 1</u>	<u>Interest Dec 1</u>	<u>Fiscal Requirements</u>
2009	230,000		12,750	
2010		6,540		249,290
2010	240,000		6,540	246,540
	<u>\$ 470,000</u>	<u>\$ 6,540</u>	<u>\$ 19,290</u>	<u>\$ 495,830</u>