Willacy County Navigation District

FINANCIAL STATEMENTS

May 31, 2020



.

Willacy County Navigation District Table of Contents May 31, 2020

	Page
INTRODUCTORY SECTION	
Board of Directors	j
Annual Filing Affidavit	1
REPORT	
Independent Auditors' Report	3
FINANCIAL STATEMENTS	
Management's Discussion and Analysis	7
Governmental Fund Balance Sheet and Statement of Net Position	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	14
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances and Statement of Activities	15
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Notes to the Financial Statements	17
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	31
Notes to Required Supplementary Information	32
Other Schedules	
Schedule of Cash on Hand and on Depoșit	33
Schedule of General Fund Expenditures	34
Summary of Tayes Receivable	36

				Γ'
,				
				:
) }
				4
				L
				i.

Willacy County Navigation District Board Members

BOARD

Mr. Tommy Rains, Jr.
Ms. Stacey Reyes
Mr. Chad Kinney
Mr. Alberto Trevino
Mr. Mark Brown

Chairman Secretary Member Member Member

EXECUTIVE DIRECTOR

Mr. Ronald Mills

ATTORNEY

Mr. Jerry Stapleton

DISTRICT TAX ASSESSOR-COLLECTOR

Ms. Elizabeth Barnhart County Tax Assessor - Collector

g1
; ;
1
<i>r</i>
:
ı
Ī -
f 7
:

F · · ·
:
-
į.
÷
i V
:
: : : : :
p
Ł.,
· ·
i_
:
ļ

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS)	
COUNTY OF <u>WILLACY</u>)	
I.	of the
(Name of Duly Authorized	
Willacy County Navigation District hereby swear, or affin	m, that the District above has reviewed and
approved at a meeting of the District's Board of Directors of	on the its
annual audit report for the fiscal period ended <u>May 31,</u>	and that copies of the annual
audit report have been filed in the District's office, locate	d at <u>400 West Hidalgo, Raymondville, Texas</u>
78580	
(Address of the District's	Office)
This filing affidavit and the attached copy of the audit report Environmental Quality to satisfy the annual filing requirem Date:	
	(Signature of District Representative)
	(Typed Name and Title of District Representative)
Sworn to and subscribed to before me this day of	
(SEAL)	
	(Signature of Notary)
NAU Canamissian Evainas On	
My Commission Expires On:, _ Notary Public in the State of Texas.	

(This page intentionally left blank)



		-
		Amendo y
		- Torrestant
,		- Company
		!
		! .
		: :
		i.
		: : : :
)



Carr, Riggs & Ingram, LLC 402 East Tyler Avenue Harlingen, TX 78550-9122

(956) 423-3765 (956) 428-7520 (fax) CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Willacy County Navigation District

We have audited the accompanying financial statements of the governmental activities and the major fund of the Willacy County Navigation District (the "District") as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(This page intentionally left blank)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Willacy County Navigation District as of May 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures and changes in fund balances – budget and actual - general fund on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Willacy County Navigation District's basic financial statements. The introductory section and other schedules, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules are the responsibility of management and were 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section 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 them.

Caux Rigge & Ingram, L.L.C.

Harlingen, Texas December 9, 2020

(This page intentionally left blank)

As management of Willacy County Navigation District (the "District"), we offer readers of the District's financial statements this narrative overview of the financial activities of the District for the fiscal year ended May 31, 2020. We encourage readers to consider the information presented here.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities and deferred inflows at the close of the most recent period by \$6,741,478 (net position), which is an increase of \$123,255 from the prior year. The increase was primarily due to less consumable supplies and materials being incurred by the District as well as a reduction in recurring operating expenditures.

The District's General Fund reported a fund balance of \$2,016,327, which is the result of expenditures exceeding revenues by \$310,521. When compared to the budget, actual General Fund revenues were more than budgeted amounts. However, revenues decreased compared to the prior year primarily because of the capital lease proceeds acquired in the prior year. Expenditures were also more than budgeted and increased significantly compared to the prior year primarily because capital expenditures increased by 40%.

In the District's general fund, cash remained comparable to prior year. Lease receivables remained comparable to prior year as well, while deferred inflows increased by \$10,850, due in part to a decrease in the 60 day accrual resulting from decreased taxable values.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities for governmental activities. These provide information about the activities of the District as a whole and represent a long-term view of the District's property, obligations, and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for the non-appropriated budget.

The notes to the financial statements (starting on page 17) provide narrative explanations or additional data needed for full disclosure in the financial statements.

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on Page 8. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the District's assets are reported whether they serve the current or future years. Liabilities are considered whether they must be paid in the current or future years.

These two statements report the District's net position and changes in it. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, to assess fully the overall health of the District; you should consider nonfinancial factors as well, such as the condition of the District facilities. In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

Government Activities – The District's basic services are reported here, including operating expenditures. Ad valorem tax revenues, charges for leases, and charges for services finance these activities.

Governmental Fund

The District reports its basic services in a governmental fund. This fund uses modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash). The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in the reconciliation statements, which are located on pages 14 and 16.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$6,618,223 to \$6,741,478. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$2,042,771 at May 31, 2020.

This increase in governmental net position was the result of revenues exceeding expenses by \$123,255. Although revenues decreased from prior year, the District was able to reduce expenses in major categories such as consumable supplies and materials and recurring operating expenses.

Table I Net Position

	2020	2019
Current and other assets Capital assets	\$2,188,204 4,714,931	\$2,430,147 4,287,259
Total assets	\$6,903,135	\$6,717,406
Current liabilities Non-current liabilities	\$ 143,964 17,693 \$ 161,657	\$ 73,443 25,740 \$ 99,183
Total liabilities	\$ 101,037	3 33,103
Net position:		
Net investment in capital assets	\$4,689,151	\$4,253,857
Restricted	9,556	9,478
Unrestricted	2,042,771	2,354,888
Total net position	\$6,741,478	\$6,618,223

Table II Changes in Net Position

	2020	2019
Income:		
Leases	\$ 805,421	\$ 842,646
Ad valorem taxes	705,681	686,648
Penalties and interest	13,810	15,289
Charges for services	42,647	47,744
Grant revenue	22,851	13,870
All other	38,381	53,110
Total income	1,628,791	1,659,307
Expenses:		
Operating expenses	1,505,536	1,493,548
Total expenses	1,505,536	1,493,548
Change in net position	123,255	165,759
Net position, June 1	6,618,223	6,452,464
Net position, May 31	\$6,741,478	\$6,618,223

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budget amendments for the general fund during fiscal year 2020.

For fiscal year 2020, actual charges for services on a budgetary basis were \$42,647 as compared to the budget amount of \$49,500. This was due to the District decreasing the budget for charges to services in relation to lease revenues as less activity was projected during the year. In addition, miscellaneous revenues were budgeted for \$50,000 as compared to the actual amount of \$23,117. This was due to the District budgeting for the same amount of activity as in prior year.

For fiscal year 2020, actual payroll expenditures on a budgetary basis were \$689,283 as compared to the budget amount of \$626,037. The \$63,246 negative variance was due to the increase in the Police Department's overtime hours. Actual amounts recorded in professional fees exceeded budgeted amounts by \$27,837 due to the need to hire attorneys for the purchase of the Harbor Office/Annex & Living Quarters. In addition, capital expenditures actual amounts exceeded the budget by \$226,321. The variance is related to purchase of the Harbor Office/Annex & Living Quarters, improvements to the Volunteer Fire Department, and the purchase of a boat's motor for the Police Department's boat.

CAPITAL ASSETS

At May 31, 2020, the District had approximately \$4,689,151 invested in capital assets.

Major additions in 2020: Harbor Office/Annex & Living Quarters Yamaha motor for PD boat

\$667,889 17,043

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many new factors with regard to the fiscal year 2020 budget. The District continues to actively pursue the sale of leaseholds of East Port Subdivision lots to fund operations.

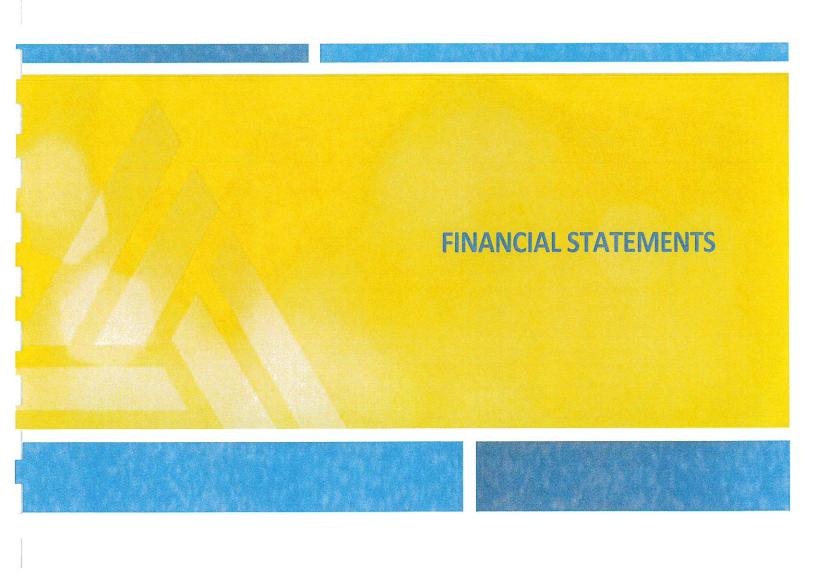
SELF INSURANCE FOR WINDSTORM AND HAIL FOR THE COVERED BOAT DOCKS IN THE SMALL CRAFT BASIN

In August, 2007, the commissioners voted to allow the windstorm/hail insurance policies to non-renew and, instead, to deposit an equal premium amount into a separate bank account titled "Small Craft Basin Improvement Fund". The first deposit of \$47,600 has been duplicated each August from revenues, until an amount is accumulated which would self-fund the repairs required after a hurricane. As the name of the fund implies, the money in this account can also be used to improve and maintain the docks, as needed.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have a question about this report or need additional financial information, contact the District Administration Office, at 400 West Hidalgo Ave., Raymondville, Texas 78580.

(This page intentionally left blank)



	:
	ſ

	Г
	ſ
	į
	e
	ŧ
	<u> </u>
	İ
	ć.
	a me
	1
	Windows Trys
	Opposite de .
	<i>-</i>
	and the second second
	- Australian des
	ie (Prepad una vo
	Ž.
	ſ
	7
	•
	EECOMO
	l.
	:
	; ! !
	! ! !
	i
	f :
	:
	:
	į
	*
	:
	<u></u>

Willacy County Navigation District Governmental Fund Balance Sheet and Statement of Net Position

	General			St	atement of
May 31, 2020	Fund	A	djustments	N	et Position
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,856,421	\$	2	\$	1,856,421
Certificates of Deposit	186,703		-		186,703
Accounts receivable - leases	20,926		*		20,926
Accounts receivable - tax collector	4,482		2		4,482
Ad valorem taxes receivable	151,562				151,562
Allowance for uncollectible taxes	(41,789)		2		(41,789)
Due from Port Mansfield Public Utility District	343		-		343
Total current assets	2,178,648			_	2,178,648
Non-current assets:					
Restricted assets					
Cash and cash equivalents	9,556		-		9,556
Capital assets					
Land and site preparation	5		526,656		526,656
Equipment (net of depreciation)			126,151		126,151
Marine equipment (net of depreciation)	2		16,637		16,637
Structures and improvements (net of depreciation)	•		3,979,871		3,979,871
Water rights	-		65,616		65,616
Total non-current assets	 9,556		4,714,931		4,724,487
Total assets	\$ 2,188,204	\$	4,714,931	\$	6,903,135
Liabilities					
Current liabilities:					
Accounts payable	\$ 22,190	\$		\$	22,190
Accrued expenses	 2,258	200		0.50%	2,258
Deposits	1,479		-		1,479
Unearned lease revenue	44,506				44,506
Compensated absences	-		65,443		65,443
Capital lease due in one year	2		8,088		8,088
Total current liabilities	70,433		73,531		143,964
Non-current liabilities:					
	_		17,693		17,693
Capital lease Total non-current liabilities	-		17,693	_	17,693
Total liabilities	70,433		91,224		161,657
Deferred inflows of resources Unavailable revenue ad valorem taxes	 101,444		(101,444)		-
Fund balances					
Restricted for airport funds	9,556		(9,556)		
Committed	453,009		(453,009)		
Unassigned	1,553,762		(1,553,762)		
Total fund balances	2,016,327		(2,016,327)	_	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,188,204				
		=)			
Net position			4 600 454		4 600 151
Net investment in capital assets			4,689,151		4,689,151
Restricted for airport funds			9,556		9,556
Unrestricted	 		2,042,771	,	2,042,771
Total net position		\$	6,741,478	\$	6,741,478

Willacy County Navigation District Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

May 31, 2020	Ś	2,016,327
Total governmental fund balances	Ş	2,010,327
Arraunta reported for governmental activities in the		
Amounts reported for governmental activities in the		
statement of net position are different because:		
Capital assets used in governmental activities are not financial resources		
and therefore are not reported in governmental funds.		4,714,931
and therefore are not reported in governmental runds.		.,,
Other long-term assets are not available to pay for current-period		
expenditures and therefore are reported as unavailable in the funds for		
delinquent property taxes.		101,444
and a second sec		
Long-term liabilities are not due and payable in the current period and		
therefore are not reported in the funds for		
compensated absences (\$65,443) and capital leases (\$25,781).		(91,224)
	-	
Net position of governmental activities	\$	6,741,478

Willacy County Navigation District Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities

	General			Statement of				
For the year ended May 31, 2020		Fund	Ac	djustments		Activities		
Revenues/income:			4		_			
Lease revenue	\$	805,421	\$	(-)	\$	805,421		
Charges for services		42,647				42,647		
Ad valorem taxes		694,831		10,850		705,681		
Penalties and interest		13,810		-		13,810		
Grant revenue		22,851		-		22,851		
Miscellaneous revenues		23,117		(4)		23,117		
Interest revenue		15,264				15,264		
Total revenues/income		1,617,941		10,850		1,628,791		
Total Testinesy meetine								
Expenditures/expenses:								
Payroll and related expenditures		689,283		12,369		701,652		
Professional fees		106,837		-		106,837		
Consumable supplies and materials		137,741				137,741		
Recurring operating expenditures		278,613		_		278,613		
Capital expenditures		706,321		(706.321)		(706,321)		20 (m)
Debt service:		31 A 3 3 3 4 5 4 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7		10. 1 1/2/1000/1/10 1				
Principal		7,622		(7,622)		-		
Interest		2,045		-		2,045		
Depreciation		-		278,648		278,648		
Total expenditures/expenses		1,928,462		(422,926)		1,505,536		
Excess (deficiency) of revenues over (under) expenditures		(310,521)		433,776		123,255		
Net change in fund balance		(310,521)		310,521		_		
Change in net position		-		123,255		123,255		
Change in het position				123,233				
Fund balances/net position - beginning of year		2,326,848		4,291,375		6,618,223		
Fund balances/net position - end of year	\$	2,016,327	\$	4,725,151	\$	6,741,478		

Willacy County Navigation District Reconciliation of Governmental Fund Statement of Revenues Expenditures and Changes in Fund Balances to the Statement of Activities

For the year ended May 31, 2020	
Total net change in fund balances - governmental funds	\$ (310,521)
Current year capital outlays are expenditures in the fund financial statements,	
but they are shown as increases in capital assets in the statement of net position. The	
net effect of removing 2020 capital outlays is to increase net position.	706,321
to the state of th	
Depreciation is not recognized as an expense in governmental funds since it	
does not require the use of current financial resources. The net effect of the	(278,648)
current year's depreciation is to decrease net position.	(270,040)
Repayment of capital lease principal is an expenditure in the governmental funds, but	7,622
the repayment reduces long-term liabilities in the statement of net position.	
the repayment reasons to the same services and the same services are same services and the same services and the same services are s	
Other reclassifications are necessary to convert from the modified accrual	
basis of accounting to the accrual basis accounting. This includes	
recognizing deferred inflows of resources as income, adjusting current year	
income to show the income earned from the current year's tax levy in the amount of	
\$10,850, and recognizing the liabilities associated with compensated absences (\$12,369).	
The net effect of these reclassifications and recognitions is to increase net position.	(1,519)
	ć 122.2EE
Change in net position of governmental activities	\$ 123,255



English and a second
Committee of the commit
25772124
TO THE PART OF THE
E
al
L.
: 4
; ;
: : : : : :
<u>.</u>
:
- - - - - -

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The Willacy County Navigation District ("the District") was created by action of the voters of the District in an election held on February 14, 1948. The District acquired approximately 1,760 acres of land immediately surrounding the port facilities prior to March 31, 1950, by instituting condemnation proceedings. During 1957 the District completed the purchase of 3,117.84 acres of submerged land in the port area from the State of Texas. Improvements in the District have been made over the years and include port facilities, a channel across Padre Island to the Gulf of Mexico, a 3,200 foot lighted airstrip, harbor improvements and boat stalls. Improvements were financed by bond issues which have all been retired and also through federal work projects. In the early 1960s, the U.S. government assumed the maintenance of the jetties, channel, harbor and maintenance aids after completing a significant improvement project. Other improvements made by the District over the years include a seafood processing plant, water and sewer system improvements which have been leased to the Port Mansfield Public Utility District under the terms of a 50 year lease, and additional improvements to the small craft basin, boat ramp, and boat stalls. The District owns the land within its boundaries so all businesses and residences that exist within the District pay lease revenue annually which is the primary source of revenue for the District.

Reporting Entity

The Board of Navigation and Canal Commissioners (Board), a five member group consisting of one at large member who serves as chairman and four members elected from precincts, is the level of government which has governance responsibilities over all activities within the jurisdiction of the Willacy County Navigation District. Local funding is derived primarily from property taxes (maintenance), lease revenues, and interest earned on invested cash. The Board is not included in any other governmental "reporting entity" as defined in Section 2100 Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public, have decision making authority, the power to designate management, the responsibility to influence significant operations and primary accountability for fiscal matters. The District does not include the financial statements of any other entity as a component unit. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the District are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental revenues are supported by taxes, intergovernmental revenues, and other nonexchange transactions and rely to a significant extent on fees and charges to external customers for support.

The District engages in a single governmental program which allows the fund financial statements and the government-wide statements to be combined. As such, the District's financial statements include the governmental fund column followed by an adjustments column which reconciles the amounts by individual accounts reported in the governmental funds to the accrual basis of accounting as shown on the Statement of Net Position.

Willacy County Navigation District Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses, by natural classification, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific classification. Revenues include lease revenue, charges for services, property tax and related revenues, grant revenue, and miscellaneous revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, lease revenue, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The adjustments column incorporates data from governmental funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's financial condition and results of the operations for the general fund, the District's only fund. Government resources in the fund financial statements are allocated to, and accounted for the purpose of, carrying on specific activities in accordance with laws, regulations, or other appropriate requirements.

The District reports the following governmental funds: The General Fund is the District's only operating fund. It accounts for all financial resources of the general government.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The appropriated budget is prepared by individual revenue/expenditure accounts. The Executive Director may make transfers of appropriations within revenue and expenditure accounts. Transfers of appropriations between accounts require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the level for total appropriations.

Excess of expenditures over appropriations

For the year ended May 31, 2020, expenditures exceeded appropriations in payroll and related expenditures (the legal level of budgetary control) of the General Fund by \$63,246. In addition, professional fees and capital expenditures actual amounts exceeded budgeted amounts by \$27,837 and \$226,321, respectively. The District does not budget for debt service expenditures which resulted in actual expenditures exceeding appropriations by \$7,622 and \$2,045 for principle and interest payments. The overspending of appropriations are considered budgetary violations.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The only investments held by the District are certificates of deposits which are reported at cost because they are not transferable and they have terms that not affected by changes in market interest rates.

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Receivables and payables

Accounts receivables – Amounts due for property taxes and for lease billings that have not been collected. Receivables relating to property taxes are shown net of an allowance for uncollectible accounts.

Allowance for uncollectible accounts – Property tax accounts receivables have been reported net of the allowance for uncollectible accounts. An allowance for tax receivable accounts within the General Fund is based on historical experience in collecting taxes.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received for lease payments before invoices are billed.

Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Airport Funds – Established in accordance with an agreement with the Texas Department of Transportation. All airport fees and revenues are to be deposited into this account. The amount is restricted to fund expenditures for the airport.

Capital Assets

Capital assets, which include land and site preparation, equipment, marine equipment, and structures and improvements assets (e.g. roads, bridges, docks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets, except for water rights, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

In the case of the initial capitalization of general structures and improvements assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. As the District constructs or acquires additional capital assets each period, including structures and improvements assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Land and water rights are not depreciated. All other assets are depreciated using the straight line method over the following estimated useful lives:

	Estimated
Assets Class	<u>Useful Lives</u>
Structures and improvements	20-50
Equipment	5-15
Marine equipment	5-15

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting as deferred inflows of resources – unavailable revenue. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the City and, accordingly upon separation from service, no monetary obligation exists. Upon an employee's termination of employment with the District, only the employee's accrued vacation balance is paid out and it is paid out at 100%.

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees with less than five years of service with the District earn 3.08 hours of paid vacation time per pay period. Employees with over five years of service earn 4.62 hours of paid vacation time per pay period. In addition, all employees earn 3.08 hours of paid sick leave per pay period.

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions — Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (Continued)

The provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors have by resolution authorized the Executive Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Property taxes – Property taxes attach as an enforceable lien on real property and are levied as of October 1st. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The tax rate assessed was .089200 per \$100 of valuation for the year ended May 31, 2020.

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

Program revenues and expenses — Program revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal program revenues of the General Fund are lease revenues, charges for services, grant revenues, miscellaneous revenues, and interest income. Expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrances

Encumbrance accounting which uses purchase orders, contracts and other commitments for the expenditures of resources is not utilized in the Governmental Fund of the District. Expenditures are recognized when the goods purchased are received or when the services have been performed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 9, 2020 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued 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 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 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 years beginning after June 15, 2021.

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In June 2017, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. GASB No. 88 improves the information that is disclosed in notes to governments financial statements related to debt, including direct borrowings and placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019.

NOTE 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The District's deposits, including certificates of deposits, were fully insured or collateralized as required by the state statues at May 31, 2020. At year-end, the respective bank balance totaled \$1,881,146. Of the total bank balance, \$250,000 of the District's bank balances is covered by federal depository insurance (FDIC). The remainder was covered by collateral with a value of \$2,030,071. The collateral was held at third party banks (safekeeping banks) in the District's name under a joint safekeeping agreement between various banks and the District.

Custodial credit risk - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount of deposits at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's deposit balance was fully collateralized all year and as a result, the District believes it has no custodial credit risk for deposits.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires investments to have maturities of less than one year on a weighted average maturity basis.

Credit risk — Section 150: Investments of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligation, the District limits investments to certificates of deposits.

Willacy County Navigation District Notes to the Financial Statements

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Concentration risk — Section I50: Investments of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. As of May 31, 2020, bank certificates of deposits represent 100% of the portfolio.

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statues authorize the entity to invest in (1) obligations at the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposits, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Willacy County Navigation District believes it is in substantial compliance with the requirements of the Act and with the local policies except for the adoption of a written investment policy.

As of May 2020, the District had the following investments:

	Amount
General Fund (Carrying value at cost) Certificate of Deposit #1 Certificate of Deposit #2	\$ 80,882 \$105,821

At May 31, 2020, Certificates of Deposit had a maturity of more than 90 days from year end; therefore, these certificates are reported as temporary investments and recorded at cost.

Accounts Receivable

Lease revenues are billed on an annual or semi-annual basis. The amount of services delivered for the period from the last billing date to May 31, 2020, is accrued at year end. The District deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off, lease agreements are voided, and security deposits are applied against negative balances.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable (Continued)

All account receivables are shown net of allowances for uncollectible accounts for the District. The accounts receivable and allowance for uncollectible accounts at May 31, 2020 were as follows:

				Ad		
				Valorem		Other
	Leases	Tax	Collector	Taxes	go	vernments
Receivable	\$ 20,926	\$	4,482	\$151,562	\$	343
Less: allowance for uncollectibles	-		_	(41,789)		
Total receivables	\$ 20,926	\$	4,482	\$109,773	\$	343

There are no other reserves for receivables recorded by the District as of May 31, 2020.

Capital Assets

The following is a summary of changes in capital assets during the year ended May 31, 2020:

	June 1, 2019 Balance	Additions	Dele	tions	May 31, 2020 Balance
Governmental activities					
Land and site preparation	\$ 526,656	\$ -	\$	42	\$ 526,656
Structures and improvements	10,487,871	684,039		-	11,171,910
Equipment	982,064	5,238		-	987,302
Marine equipment	36,500	17,043		-	53,543
Water rights	65,616	346 ************************************			65,616
Total at historical cost	12,098,707	706,320		8	12,805,027
Less accumulated depreciation for:					
Structures and improvements	(6,954,896)	(237,143)		-	(7,192,039)
Equipment	(820,052)	(41,099)		-	(861,151)
Marine equipment	(36,500)	(406)		-	(36,906)
Total	(7,811,448)	(278,648)		-	(8,090,096)
Governmental activities					
Capital assets, net	\$ 4,287,259	\$ 427,672	\$		\$ 4,714,931

Long-Term Debt and Liabilities

The District entered into a lease agreement as a lessee for financing the acquisition of a 2018 Jeep valued at \$42,843. The jeep has a five-year estimated useful life. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Changes in long-term debt for the period ending May 31, 2020 are as follows:

	В	eginning alance /1/2019	Ado	litions	Ret	irements	В	Ending salance 31/2020		e Within ne Year
Governmental activities: Capital lease	ς .	33.402	\$	-	\$	(7,622)	\$	25.780	Ś	8,088
Total long-term debt	\$	33,402	\$	-	\$	(7,622)	\$	25,780	\$	8,088

Capital Lease Obligations

Debt service requirements on long-term debt at May 31, 2020 are as follows:

Year Ending			Total
May 31,	Principal	Interest	Requirements
2021	8,088	1,578	9,666
2022	8,583	1,083	9,666
2023	9,109	558	9,667
	\$ 25,780	\$ 3,219	\$ 28,999

Compensated absences for the year ended May 31, 2020 amount to \$65,443 which will be liquidated in future periods primarily by the General Fund for governmental activities.

Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental		
		Activities	
Capital assets (net)	\$	4,714,931	
Outstanding debt related to capital assets		(25,780)	
Net investment in capital assets	\$	4,689,151	

NOTE 3: DEFINED CONTRIBUTION PLAN

The District provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan and investment earnings. Employees are eligible to participate after completing approximately one year's service. The District contributes 5% of the employee's base salary each month. Contributions to the plan for the year ended May 31, 2020 were \$20,201.

Willacy County Navigation District Notes to the Financial Statements

NOTE 4: RELATED ORGANIZATION

The District's officials are also responsible for appointing the members of the board of the Port Mansfield Public Utility District, but the District's accountability for this organization does not extend beyond making the appointments. The District does not provide funding, has no obligation for any debt issued by the Port Mansfield Public Utility District, and cannot impose its will on the Port Mansfield Public Utility District. However, the District processes payroll for Port Mansfield Public Utility District who remits a portion back to the District based on the employee's percentage allocation as determined by management.

The water facilities originally constructed by the District were leased to the Port Mansfield Public Utility District under the terms of a fifty year lease executed June 14, 1978.

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

The District is not part of windstorm or hail insurance as they have their own self-funded insurance set aside as noted in Note 6.

The District is a member of the Texas Municipal League Intergovernmental Pool, a joint self-insurance pool of Texas Political Subdivisions, which provides workers' compensation coverage and liability and property damage for the District based upon a sharing of risks among members of the pool.

The District continues to carry commercial insurance for the risks of loss from employee dishonesty for bonding of its directors. There have been no claims resulting from these risks in any of the past three fiscal years. There has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 6: RESTRICTED FUND BALANCES

Restricted – Airport Fund – The component of fund balance that is restricted with constraints placed on their use by the Department of Transportation. As of May 31, 2020, the Airport Fund had a balance of \$9,556.

Committed Funds - The District established a fund in August, 2007, to self-fund insurance and receive an approximate dollar amount of what had previously been paid for windstorm and hail insurance for the covered boat docks B, C, D and E.

These funds can be used for renovating or repairing any of the docks in the small craft basins. The balance of this fund at May 31, 2020 is \$347,188.

In prior years the District established a reserve fund that will only be utilized in the event of an extreme emergency or public calamity. The balance of this fund at May 31, 2020 is \$105,821.

Willacy County Navigation District Notes to the Financial Statements

NOTE 7: COMMITMENTS AND CONTINGENCIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions by others and by the District, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

REQUIRED **SUPPLEMENTARY INFORMATION UNAUDITED**

	Annual Company 179
	Prince and Company Like
	Section 400 C
	T a superior de la compansión de la com
	in the state of th
	E
	:
	:
	: : : :
	: !

Willacy County Navigation District Schedule of Revenues, Expenditures, and Changes In Fund Balances – Budget and Actual General Fund

For the Year Ended May 31, 2020

· · · · · · · · · · · · · · · · · · ·		_		8			Variance
_		Buc	lget	The second secon			Favorable
	(Original		Final	 Actual	(L	Infavorable)
Revenues							
Lease revenue	Ś	783,000	\$	783,000	\$ 805,421	\$	22,421
Ad valorem taxes		527,000		527,000	694,831		167,831
Penalties and interest		-		=	13,810		13,810
Charges for services		49,500		49,500	42,647		(6,853)
Grant revenue		-		-	22,851		22,851
Miscellaneous revenues		50,000		50,000	23,117		(26,883)
Interest revenue		4,000		4,000	15,264		11,264
Total revenues		1,413,500		1,413,500	1,617,941		204,441
Expenditures							
Payroll and related expenditures		626,037		626,037	689,283		(63,246)
Professional fees		79,000		79,000	106,837		(27,837)
Consumable supplies and materials		225,000		225,000	137,741		87,259
Recurring operating expenditures		317,100		317,100	278,613		38,487
Capital expenditures		480,000		480,000	706,321		(226,321)
Debt Service:							
Principal		-			7,622		(7,622)
Interest		-			2,045		(2,045)
Total expenditures		1,727,137		1,727,137	1,928,462		(201,325)
Excess (deficiency) of revenues over (under expenditures	r)	(313,637)		(313,637)	(310,521)		3,116
Fund Balance, June 01, 2019		1,850,298		1,850,298	2,326,848		5
Fund Balance, May 31, 2020	\$	1,536,661	\$	1,536,661	\$ 2,016,327	\$	3,116

Willacy County Navigation District Notes to Required Supplementary Information

Stewardship, compliance, and accountability

Budgetary information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year end. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

Formal budgetary integration is employed as a management control device during the year for the General Fund. This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The Board Members approve total budget appropriations. The Board Members approve any revisions that alter the total appropriations of any account. The level of budgetary responsibility is by total appropriations.

Before the end of the fiscal year, the General Manager prepares the budget by account, and includes information on the past year and current year estimates.

Before May 31, the proposed budget is presented to the Board for review. During the Board meeting the Board may add to, subtract from or change appropriations.

Expenditures Over Appropriations

Instances were noted in which expenditures exceeded budgeted amounts within the General Fund as detailed in the Schedule of Revenues, Expense, and Changes in Fund Balance – Budget & Actual – General Fund:

	Budget	Actual	Variance
Payroll and related expenditures	\$626,037	\$689,283	\$(63,246)
Professional fees	79,000	106,837	(27,837)
Capital expenditures	480,000	706,321	(226,321)
Principal	-	7,622	(7,622)
Interest		2,045	(2,045)

Expenditures exceeded appropriations for payroll and related expenditures due to the increase in overtime hours incurred by the Police Department. Actual amounts recorded in professional fees exceeded budgeted amounts by \$27,837 due to the need to hire attorneys for the purchase of the Harbor Office/Annex & Living Quarters. In addition, capital expenditures exceeded budgeted amounts due to the purchase of the Harbor Office/Annex & Living Quarters, improvements to the Volunteer Fire Department, and the purchase of a boat's motor for the Police Department's boat.



		;

		And the second s
		ent derivative of the second o
		· · · · · · · · · · · · · · · · · · ·
		:
		i :
		: ! !

Willacy County Navigation District Schedule of Cash on Hand and on Deposit

May 31, 2020

	Cash and Cas	Cash and Cash Equivalents		Investments
	Unrestricted	Restricted	Unrestricted	Restricted
Cash on hand	\$ 122	\$ -	\$ -	\$ -
Checking accounts:				
Undeposited funds	1,753	-	17	=
FCB Dredging	101,944	-	-	-
FCB Small Craft				
Basin Improvement Fund	347,188	-	(<u>-</u>	E
FCB Maintenance & Operations	1,214,323	-	0.77	-
FCB Airport Fund	=	9,556	(c)	-
FCB Payroll	397	-	-	-
FCB Deposit	109,886	120	12	-
FCB Checking	11,898	-	-	8
FCB PM Police Department	67,566	=	e -	-
FCB Undistributed Funds	1,344	-	-	-
Certificate of Deposit (1)	-	-	80,882	-
Certificate of Deposit (2)	-	-	105,821	2
Total General Fund	\$ 1,856,421	\$ 9,556	\$ 186,703	\$ -

FUNDS	CERTIFICATE NUMBER	INTEREST RATE	MATURITY DATE	BALANCES AT END OF YEAR
GENERAL FUND				
Unrestricted (1) Committed	6723813458	0.40%	12/16/2020	\$ 80,882
Emergency Fund (2)	6726088118	0.40%	12/16/2020	\$ 105,821

Willacy County Navigation District Schedule of General Fund Expenditures

For the Year Ended May 31,		2020		2019	
Payroll and related expenditures	_		_	054.570	
Administrative salaries	\$	272,218	\$	251,570	
Maintenance and operation salaries		256,740		257,570	
Payroll taxes		42,783		39,266	
Insurance		76,582		66,082	
Auto and travel		18,359		22,219	
Housing		2,400		10,500	
Retirement		20,201		20,020	
Total		689,283		667,227	
Professional fees					
Legal and legal notices		42,350		30,764	
Auditing and accounting		14,500		10,950	
Engineering and consulting		49,987		31,000	
Total		106,837		72,714	
Total					
Consumable supplies and materials					
Office supplies		1,740		2,554	
Office expenses		8,832		9,833	
Maintenance and operation supplies		55,897		53,347	
Vehicle and equipment repairs		20,489		19,675	
Vehicle fuel		21,619		20,380	
Maintenance and operation supplies-					
small craft basin		13,611		12,840	
Airport maintenance		1,106		781	
Aviation fuel		5,018		6,273	
IT maintenance		5,163		4,982	
Port maintenance		4,266		10,694	
Total		137,741		141,359	

Willacy County Navigation District Schedule of General Fund Expenditures – Continued

For the Year Ended May 31,	2020	2019
Recurring operating supplies		
Postage	\$ 1,643	\$ 2,651
Telephone	11,554	11,204
Utilities	70,453	79,586
Insurance	15,725	16,290
Miscellaneous	10,256	14,976
Publicity and promotions	39,965	69,542
Dues and subscriptions	3,869	4,203
Office rent	37,298	42,360
Appraisal district	19,900	16,869
Tax collector fees	14,966	15,439
Election cost	10,000	15,691
Law enforcement expense	42,984	48,096
Total	278,613	336,907
Debt service:		
Principal	7,622	9,441
Interest	2,045	226
Total	9,667	 9,667
Capital expenditures		
Vehicle	17,043	42,843
Other equipment	5,238	28,477
Harbor Office	684,040	-
Road improvements	-	433,632
Total	 706,321	 504,952
Total expenditures	\$ 1,928,462	\$ 1,732,826

Willacy County Navigation District Summary of Taxes Receivable

May 31, 2020	
Beginning balance, June 01, 2019	\$ 145,053
Coursellations and adjustments	(592)
Cancellations and adjustments	(332)
Assessments for current year	701,932
Total taxes to be accounted for	\$ 846,393
Collections for the year ended May 31, 2020	
Current year's taxes	\$ 648,916
Delinquent taxes	45,915
	694,831
T	151,562
Taxes receivable at May 31, 2020	 131,302
Total taxes accounted for	\$ 846,393
Receivable by funds	
General fund	\$ 151,562
Taxes receivable at May 31, 2020	\$ 151,562