Willacy County Navigation District FINANCIAL STATEMENTS May 31, 2024

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Willacy County Navigation District Board Members

BOARD

Mr. Chad Kinney Chairman
Ms. Stacey Reyes Secretary
Mr. Steve Kendrick Member
Mr. Alberto Trevino Member
Mr. Ernesto "Lefty" Cavazos Member

EXECUTIVE DIRECTOR

Mr. Ronald Mills

ATTORNEY

Denton Navarro Rocha Bernal & Zech, P.C.

DISTRICT TAX ASSESSOR-COLLECTOR

Ms. Elizabeth Barnhart County Tax Assessor - Collector

ANNUAL FILING AFFIDAVIT

COUNTY OF <u>WILLACY</u>)	
I,	of the
	rized District Representative)
Willacy County Navigation District hereby swear, or	affirm, that the District above has reviewed and
approved at a meeting of the District's Board of Direct	ors on the its
annual audit report for the fiscal period ended $\underline{\hspace{1.5cm}}$ May	and that copies of the annua
audit report have been filed in the District's office, lo 78580	cated at 400 West Hidalgo, Raymondville, Texas
(Address of the Distri	ct's Office)
on Environmental Quality to satisfy the annual filing re Date:	quirements of Texas Water Code Section 45.154
	By:(Signature of District Representative)
	By:(Signature of District Representative)
	(Signature of District Representative) (Typed Name and Title of District Representative)
Sworn to and subscribed to before me this day of	(Typed Name and Title of District Representative)
	(Typed Name and Title of District Representative)
Sworn to and subscribed to before me this day of	(Typed Name and Title of District Representative)

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Carr, Riggs & Ingram, L.L.C. 402 East Tyler Avenue Harlingen, TX 78550

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Willacy County Navigation District

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Willacy County Navigation District, as of May 31, 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by the Texas Comptroller of Public Accounts, Texas Grant Management Standards, and is also not a required part of the basic financial statements. The 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 supplementary information and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our Auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2025, on our consideration of the Willacy County Navigation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Harlingen, Texas

Carr, Riggs & Chapan, L.L.C.

March 12, 2025

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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, 2024. 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 \$13,648,886 (net position), which is an increase of \$2,258,901 from the prior year balances. The increase in net position was primarily due to the increase in grants received during the year which were used to fund two of the District's construction projects.

The District's General Fund reported a fund balance of \$2,882,905, which decreased as a result of expenditures exceeding revenues by \$796,065. When compared to the budget, actual revenues in the General Fund exceeded appropriated amounts. Revenues increased compared to the prior year primarily because of the new grant for Rider 37. Total actual expenditures were more than total appropriated amounts and increased significantly over prior year. The increase is primarily due to the increased construction activity on the District's various ongoing projects with the most notable increase in the Rider 37 and Rider 38 projects.

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 15) 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, deferred inflows, 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 12 and 14.

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 \$11,389,985 to \$13,648,886. 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 \$3,046,768 at May 31, 2024.

This increase in governmental net position was the result of revenues exceeding expenses by \$2,258,901. The increase in revenues is due to the funding received for the District's grant-funded projects.

Table I Net Position

ivet i ositi	011	
	2024	2023
Current and other assets	\$ 3,521,006	\$ 4,092,457
Non-current assets	18,260,084	15,468,762
Total assets	21,781,090	19,561,219
Current liabilities	481,588	224,689
Total liabilities	481,588	224,689
Deferred inflows of resources - leases	7,650,616	7,946,545
Total deferred inflows of resources	7,650,616	7,946,545
Total liabilities and deferred inflows of resources	8,132,204	8,171,234
Net position:		
Investment in capital assets	10,592,099	7,580,303
Restricted	10,019	9,749
Unrestricted	3,046,768	3,799,933
Total net position	\$ 13,648,886	\$ 11,389,985

Table II Changes in Net Position

Changes in Net Position				
		2024		2023
Income:				
Program Revenues:				
Leases	\$	881,995	\$	1,762,244
Charges for services		52,532		55,461
Total program revenues		934,527		1,817,705
General revenues:				
Ad valorem taxes		678,788		645,140
Penalties and interest		17,406		17,903
Grant revenue		2,377,872		1,097,957
All other		325,670		262,253
Total general revenues		3,399,736		2,023,253
Expenses:				
Operating expenses		2,075,362		2,021,011
Total expenses		2,075,362		2,021,011
Change in net position		2,258,901		1,819,947
Net position, June 1		11,389,985		9,570,038
Net position, May 31	\$	13,648,886	\$	11,389,985
		·		

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budget amendments for the general fund during fiscal year 2024.

For fiscal year 2024, actual ad valorem taxes were \$665,957 as compared to the budget amount of \$690,000. This was due to the District increasing the budget for ad valorem taxes as property values were projected to increase during the year. In addition, interest revenues were budgeted for \$10,000 as compared to the actual amount of \$309,511. This was due to the District not budgeting for the amount of interest revenue being earned on GASB 87 *Leases*, during the current year. Grant revenues were not budgeted for as the District does not budget for grant related revenues.

For fiscal year 2024, actual professional fees and capital expenditures exceeded budgeted amounts by \$3,361,406. This is due to the District not budgeting for dredging expenses and also not anticipating the significant amount of construction activity in the current year. Overall, total actual expenditures were \$5,090,490 as compared to the budget amount of \$1,918,890.

CAPITAL ASSETS

At May 31, 2024, the District had approximately \$10,592,099 invested in capital assets.

Major additions and construction in progress in 2024:

Rider 38 Project	\$765,056
Rider 37 Project	1,681,457
New Subdivision Project	620,307
Bulkhead Project	313,946

More detailed information about the District's capital assets is presented in Note 2 of the footnotes to financial statements.

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 2025 budget. The District continues to actively pursue the sale of leaseholds of New Port Subdivision lots to fund operations.

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.



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

May 1, 2024 Fund diputments Net Position Current sassets: Carb and cash equivalents \$ 2,292,311 \$ 0.0 \$ 2,292,311 Accounts receivable - leases 37,286 \$ 0.280 \$ 0,280 Accounts receivable - leases 4,695 \$ 0.280 \$ 6,280 Accounts receivable - mick 4,695 \$ 0.0 \$ 16,002 Activation of the controlled by the controlled		General			Statement of	
Carsh and cash equivalents	May 31, 2024	Fund	Adjustments	N	et Position	
Accounts receivable - leases 272,283,11 \$. 272,286 272,286 272,286 272,286 272,286 272,286 272,286 272,286 280,280 6,20 6,20 <td< td=""><td>Assets</td><td></td><td></td><td></td><td></td></td<>	Assets					
Accounts receivable - leases 272,286 . 2,820 Accounts receivable - misc 4,695 . 4,820 Accounts receivable - misc 4,695 . 8,16076 Accounts receivable - misc 18,16076 . 816,076 Accounts receivable - grants 18,16076 . 16,0621 Allowance for uncollectible taxes 160,021 . 16,0821 Allowance for uncollectible taxes . . 1,010 . . Due from Port Mussfield Public Utility District . <td>Current assets:</td> <td></td> <td></td> <td></td> <td></td>	Current assets:					
Accounts receivable - tax collector 4,885 4,895 Accounts receivable - grants 816,076 4,895 Ad valorem taxes receivable - grants 816,076 1,000 All owane for nucollectible taxes (16,072) 0.00 Ballowance for nucollectible taxes (12,073) 0.00 Non-current assets 3,521,000 0 3,521,000 Non-current assets 3,521,000 0 7,657,960 Cash and cash equivalents 10,019 0 7,657,960 Cash and cash equivalents 10,019 0 7,657,960 Capital assets 3,625,960 0 7,657,960 Capital assets 3,142,911 3,142,911 3,142,911 Capital assets 3,142,911 3,142,911 3,142,911 Land and site preparation 0 3,200 3,200 Equipment (net of depreciation) 0 4,565,960 6,476,990 Marine equipment (net of depreciation) 0 5,516,650 6,476,990 Structures and improvements (net of depreciation) 0 5,516,650 <	Cash and cash equivalents	\$ 2,292,311	\$ -	\$	2,292,311	
Accounts receivable - misc	Accounts receivable - leases	272,286	-		272,286	
Accounts raceivable 160,671 160,672 160,673 16	Accounts receivable - tax collector	6,280	-		6,280	
Adulorem taxes receivable 16,0,621 0.16,0,621 0.40,075 0	Accounts receivable - misc.	4,695	-		4,695	
Manage for uncollectible taxes 42,078 10,815 10,8	Accounts receivable - grants	816,076	-		816,076	
Due from Port Mansfield Public Utility District	Ad valorem taxes receivable	160,621	-		160,621	
Non-current assets 3,521,006 - 3,521,006 Non-current assets Restricted assets Cash and cash equivalents 10,019 - 10,019 Accounts receivable - leases 7,657,966 - 7,657,966 - 7,657,966 Capital assets C	Allowance for uncollectible taxes	(42,078)	-		(42,078)	
Non-current assets: Restricted assets Cash and cash equivalents 10,019 1,01019 7,657,966 1,01019 7,657,966 1,01019 1	Due from Port Mansfield Public Utility District	10,815	-		10,815	
Restricted assests 10,019 - 10,019 Accounts receivable - leases 7,657,966 - 7,657,966 Accounts receivable - leases 7,657,966 - 3,142,911 3,142,911 Construction in progress - 3,142,911 3,142,911 3,142,911 3,142,911 Land and site preparation - 3,005 32,065 526,656 526,656 1,120,000 3,142,911 <td>Total current assets</td> <td>3,521,006</td> <td>-</td> <td></td> <td>3,521,006</td>	Total current assets	3,521,006	-		3,521,006	
Restricted assests 10,019 - 10,019 Accounts receivable - leases 7,657,966 - 7,657,966 Accounts receivable - leases 7,657,966 - 3,142,911 3,142,911 Construction in progress - 3,142,911 3,142,911 3,142,911 3,142,911 Land and site preparation - 3,005 32,065 526,656 526,656 1,120,000 3,142,911 <td></td> <td></td> <td></td> <td></td> <td></td>						
Cash and cash equivalents 10,019 - 10,019 Accounts receivable - leases 7,657,966 - 7,657,966 Capital assets 3,142,911 3,142,911 2,66,656 256,656 256,656 256,656 256,656 256,656 256,656 256,656 256,656 256,656 256,656 256,656 256,659 240,000 347,916 347,919 347,810 347,810 347,810 347,810 347,810 347,810 347,810 347,810 347,810 347,810 347,810 347,810 347,810 347,810 347,810	Non-current assets:					
Capital assets 7,657,966 - 7,657,966 Capital assets 3,142,911 3,142,911 3,142,911 3,142,911 1,142,915 1,14	Restricted assets					
Capital assets 3,142,911 3,142,911 3,142,911 3,142,911 3,142,911 3,142,911 3,142,916 347,916 320,055 526,656 Equipment (net of depreciation) 3,32,005 32,005 32,005 32,005 5,076,095 6,476,995 6,476,995 6,476,995 6,476,995 6,476,995 6,476,995 6,476,995 6,476,995 6,476,995 1,052,009 18,260,084 7,667,985 10,592,099 18,260,084 7,000 1,000 <td< td=""><td>Cash and cash equivalents</td><td>10,019</td><td>-</td><td></td><td>10,019</td></td<>	Cash and cash equivalents	10,019	-		10,019	
Construction in progress	Accounts receivable - leases	7,657,966	-		7,657,966	
Land and site preparation - 526,656 526,656 620 per	Capital assets					
Equipment (net of depreciation) 347,916 347,916 347,916 347,916 347,916 347,095 54,005 54,005 54,005 54,005 56,016 65,018 65,016 65,018	Construction in progress	-	3,142,911		3,142,911	
Marine equipment (net of depreciation) 3,2005 32,005 32,005 6476,995 6,476,995 6,676,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616,616 6,616 6,616,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 6,616 7,620,000 2,010 2,010 3,616 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76 3,046,76<	Land and site preparation	-	526,656		526,656	
Structures and improvements (net of depreciation) Mader rights 6,476,995 6,476,995 65,616 7 65,60,60 60,70 20,70 </td <td>Equipment (net of depreciation)</td> <td>-</td> <td>347,916</td> <td></td> <td>347,916</td>	Equipment (net of depreciation)	-	347,916		347,916	
Water rights 6 65,616 65,616 Total non-current assets 7,667,985 10,592,099 18,260,084 Total assets \$ 11,188,991 \$ 10,592,099 \$ 21,781,090 Labilities Current liabilities: Accrued expenses \$ 456,537 \$ - \$ 456,537 \$ 456,537 \$ - \$ 456,537 \$ 456,537 \$ - \$ 456,537 \$ - \$ 456,537 \$ - \$ 466,537 \$ 466,537 \$ - \$ 466,537 \$ 461,484 \$ 20,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$ 28,104 \$	Marine equipment (net of depreciation)	-	32,005		32,005	
Total non-current assets 7,667,985 10,592,099 18,260,084 Total assets \$ 11,188,991 \$ 10,592,099 \$ 21,781,090 Liabilities Current liabilities: \$ 456,537 \$ - \$ 456,537 Accounts payable \$ 456,537 \$ - \$ 3,468 Accought spayable \$ 1,479 - 20,104 20,104 Compensated absences - 20,104 20,104 20,104 Compensated absences - 20,104 481,588 20,104 481,588 Total current liabilities 461,484 20,104 481,588 Deferred inflows of resources 7,650,616 - 7,650,616 - 7,650,616 Unavailable revenue grants 77,801 (77,801) - 7,650,616 Unavailable revenue ad valorem taxes 116,185 (116,185) - 7,650,616 Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances 10,019 (10,019) - 7,650,616 Restricted for airport funds 10,019 (10,019) - 7,650,616 Unassigned 2,	Structures and improvements (net of depreciation)	-	6,476,995		6,476,995	
Total assets \$ 11,188,991 \$ 10,592,099 \$ 21,781,090 Liabilities Current liabilities Current liabilities \$ 456,537 \$ - \$ 456,537 Accrued expenses 3,468 - 3,468 Accrued expenses 1,479 - 20,104 20,104 Compensated absences - 20,104 20,104 481,588 Total current liabilities 461,484 20,104 481,588 Total liabilities 7,650,616 - 7,650,616 - 7,650,616 Unavailable revenue grants 17,801 (77,801) - 7,650,616 Unavailable revenue ad valorem taxes 116,185 - 1,650,616 - 7,65	Water rights	-	65,616		65,616	
Liabilities Current liabilities: 456,537 \$ \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 461,888 \$ 461,888 \$ 461,888 \$ 20,104 20,104 20,104 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,688 \$ 2,000 \$ 461,488 20,104 481,588 \$ 461,688 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,0	Total non-current assets	7,667,985	10,592,099		18,260,084	
Liabilities Current liabilities: 456,537 \$ \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 456,537 \$ 461,888 \$ 461,888 \$ 461,888 \$ 20,104 20,104 20,104 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,488 20,104 481,588 \$ 461,688 \$ 2,000 \$ 461,488 20,104 481,588 \$ 461,688 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,000 \$ 2,0						
Current liabilities: Current payable \$ 456,537 \$	Total assets	\$ 11,188,991	\$ 10,592,099	\$	21,781,090	
Current liabilities: Current payable \$ 456,537 \$	Liabilities					
Accounts payable \$ 456,537 \$ - \$ 3,468 Accrued expenses 3,468 - 3,468 Deposits 1,479 - 20,104 Compensated absences - 20,104 20,104 Total current liabilities 461,484 20,104 481,588 Deferred inflows of resources 461,484 20,104 481,588 Unavailable revenue grants 7,650,616 - 7,650,616 Unavailable revenue grants 116,185 (116,185) - Unavailable revenue grants 116,185 (116,185) - Total deferred inflows of resources 184,602 (193,986) 7,650,616 Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances \$ 11,188,991 - Net position \$ 10,019 10,592,099 10,592,099 Investment in capital assets \$ 10,019 10,019 10,019 - Restricted for airp						
Accrued expenses 3,468 - 3,468 Deposits 1,479 - 1,479 Compensated absences - 20,104 20,104 Total current liabilities 461,484 20,104 481,588 Deferred inflows of resources Eases 7,650,616 - 7,650,616 Unavailable revenue grants 77,801 (77,801) - Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances 10,019 (10,019) - Restricted for airport funds 10,019 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances \$ 11,188,991 - Total liabilities, deferred inflows of resources, and fund balances \$ 11,188,991 - Net position 10,019 10,592,099 10,592,099 Investment in capital assets 10,019 10,019 10,019 R		\$ 456.537	\$ -	Ś	456.537	
Deposits Compensated absences 1,479 - 1,479 Compensated absences 20,104 20,104 Total current liabilities 461,484 20,104 481,588 Deferred inflows of resources Leases 7,650,616 - 7,650,616 Unavailable revenue grants 77,801 (77,801 - Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances \$ 11,188,991 - Net position 1 10,592,099 10,592,099 Investment in capital assets 10,019 10,019 10,019 Restricted for airport funds 10,019 10,019 10,019 Unrestricted for airport funds 10,019 10,019 10,019			-	•	•	
Compensated absences - 20,104 20,104 Total current liabilities 461,484 20,104 481,588 Total liabilities 461,484 20,104 481,588 Deferred inflows of resources Leases 7,650,616 - 7,650,616 Unavailable revenue grants 77,801 (77,801) - Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Total deferred inflows of resources 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Total fund beferred inflows of resources, and fund balances \$ 11,188,991 - Net position 10,019 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 10,019 Unrestricted 3,046,768 3,046,768 3,046,	·	·	-			
Total current liabilities 461,484 20,104 481,588 Total liabilities 461,484 20,104 481,588 Deferred inflows of resources 30,000 461,484 20,104 481,588 Deferred inflows of resources 7,650,616 - 7,650,616 - 7,650,616 - 7,650,616 - 7,650,616 - 7,650,616 - - 7,650,616 - - 7,650,616 - - 7,650,616 - - 7,650,616 - - 7,650,616 - - 7,650,616 - - - - 7,650,616 - - 7,650,616 -	•	-	20.104		•	
Total liabilities 461,484 20,104 481,588 Deferred inflows of resources 2 7,650,616 - 7,650,616 Leases 7,801 (77,801) - Unavailable revenue grants 77,801 (77,801) - Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances 10,019 (10,019) - Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 2,222,109 - Total fund balances 2,882,905 (2,882,905) - Total liabilities, deferred inflows of resources, and fund balances \$ 11,188,991 - Net position 10,592,099 10,592,099 10,592,099 10,592,099 10,592,099 10,019 10,019 10,019 10,019 10,019 10,019 10,019 10,019 10,019 10,019 10,019	•	461.484				
Deferred inflows of resources Leases 7,650,616 - 7,650,616 Unavailable revenue grants 77,801 (77,801) - Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Total liabilities, deferred inflows of resources, and fund balances \$ 11,188,991 * Net position Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768		,			,	
Leases 7,650,616 - 7,650,616 Unavailable revenue grants 77,801 (77,801) - Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Net position 10,019 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 10,019 Unrestricted 3,046,768 3,046,768 3,046,768	Total liabilities	461,484	20,104		481,588	
Leases 7,650,616 - 7,650,616 Unavailable revenue grants 77,801 (77,801) - Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Net position 10,019 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 10,019 Unrestricted 3,046,768 3,046,768 3,046,768						
Unavailable revenue grants 77,801 (77,801) - Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Net position Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 10,019 Unrestricted 3,046,768 3,046,768 3,046,768	Deferred inflows of resources					
Unavailable revenue ad valorem taxes 116,185 (116,185) - Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Total fund belances \$ 11,188,991 * Net position Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768	Leases	7,650,616	-		7,650,616	
Total deferred inflows of resources 7,844,602 (193,986) 7,650,616 Fund balances Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Total liabilities, deferred inflows of resources, and fund balances \$ 11,188,991 *** *** Net position Investment in capital assets 10,592,099 10,592,099 10,592,099 10,019 10,	Unavailable revenue grants	77,801	(77,801)		-	
Fund balances Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Net position Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768	Unavailable revenue ad valorem taxes	116,185	(116,185)		-	
Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Net position Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768	Total deferred inflows of resources	7,844,602	(193,986)		7,650,616	
Restricted for airport funds 10,019 (10,019) - Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Net position Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768						
Committed 650,777 (650,777) - Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Net position Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768	Fund balances					
Unassigned 2,222,109 (2,222,109) - Total fund balances 2,882,905 (2,882,905) - Total liabilities, deferred inflows of resources, and fund balances \$ 11,188,991 *** Net position Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 10,019 Unrestricted 3,046,768 3,046,768 3,046,768	Restricted for airport funds	10,019	(10,019)		-	
Total fund balances 2,882,905 (2,882,905) - Total liabilities, deferred inflows of resources, and fund balances \$ 11,188,991 Very solution Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768	Committed	650,777	(650,777)		-	
Net position 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768	Unassigned	2,222,109	(2,222,109)		-	
Net position 10,592,099 10,592,099 Investment in capital assets 10,019 10,019 Restricted for airport funds 10,019 3,046,768 Unrestricted 3,046,768 3,046,768	Total fund balances	2,882,905	(2,882,905)			
Net position 10,592,099 10,592,099 Investment in capital assets 10,019 10,019 Restricted for airport funds 10,019 3,046,768 Unrestricted 3,046,768 3,046,768	Total liabilities, deferred inflows of resources, and fund balances	¢ 11 199 001				
Investment in capital assets 10,592,099 10,592,099 Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768	rotal nationales, deferred filliows of resources, and fund balances	÷ 11,100,991	=			
Restricted for airport funds 10,019 10,019 Unrestricted 3,046,768 3,046,768	Net position					
Unrestricted 3,046,768 3,046,768	Investment in capital assets		10,592,099		10,592,099	
	Restricted for airport funds		10,019		10,019	
Total net position \$ 13,648,886 \$ 13,648,886	Unrestricted		3,046,768		3,046,768	
	Total net position		\$ 13,648,886	\$	13,648,886	

The accompanying notes are an integral part of this financial statement.

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

May 31, 2024	May	31,	20	124
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Total governmental fund balances	\$ 2,882,905
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.	10,592,099
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 (\$116,185) and grant revenues (\$77,801).	193,986
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds for	
compensated absences (\$20,104).	(20,104)
Net position of governmental activities	\$ 13,648,886

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

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, 2024	Fund	Adjustments	Activities
Expenditures/expenses:			
Payroll and related expenditures	\$ 805,398	\$ (3,332)	\$ 802,066
Professional fees	243,959	24,762	268,721
Consumable supplies and materials	180,771	-	180,771
Recurring operating expenditures	341,915	-	341,915
Capital expenditures	3,518,447	(3,518,447)	-
Depreciation	-	481,889	481,889
Total expenditures/expenses	5,090,490	(3,015,128)	2,075,362
Program revenues:			
Charges for services:			
Debris Fees	35,975	-	35,975
Boat stall utilities	15,357	-	15,357
Aviation sales	1,200	-	1,200
Lease revenue	881,995	-	881,995
Total program revenues	934,527	-	934,527
Net program expense	4,155,963	(3,015,128)	1,140,835
General Revenues:			
Ad valorem taxes	665,957	12,831	678,788
Penalties and interest	17,406	-	17,406
Grant revenue	2,350,865	27,007	2,377,872
Miscellaneous revenues	16,159	-	16,159
Interest revenue	309,511	-	309,511
Total general revenues	3,359,898	39,838	3,399,736
Excess (deficiency) of revenues over (under) expenditures	(796,065)	3,054,966	2,258,901
Net change in fund balance	(796,065)	796,065	-
Change in net position	-	2,258,901	2,258,901
Fund balances/net position - beginning of year	3,678,970	7,711,015	11,389,985
Fund balances/net position - end of year	\$ 2,882,905	\$ 10,765,981	\$ 13,648,886

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

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 end	'ed May	[,] 31,	2024
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Total net change in fund balances - governmental funds	\$ (796,065)
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 2024 capital outlays is to increase net position. Capital outlay expenditures funded with grants was \$1,615,634, disposals of (\$24,762), while other capital outlay amounted to \$1,902,813.	3,493,685
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 current year's depreciation is to decrease net position.	(481,889)
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 \$12,831, recognizing revenues associated with grant revenues in the amount of \$27,007, and recognizing the liabilities associated with compensated absences \$3,332. The net effect of these reclassifications and recognitions is to increase net position.	43,170
The net effect of these reclassifications and recognitions is to increase net position.	43,170
Change in net position of governmental activities	\$ 2,258,901

The accompanying notes are an integral part of this financial statement.

NOTES TO 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.

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. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among *program revenues* are reported instead as general 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2024, total expenditures exceeded total appropriations (the legal level of budgetary control) by \$3,171,600.

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, such as certificates of deposit with a maturity of 90 days or less from the date of acquisition.

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 and statement of net position represents amounts received for lease payments before invoices are billed.

Leases

The District is a lessor for noncancellable leases of District property. The District recognizes a lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. Under the lease agreements, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The District uses the stated rate in the lease or its estimated incremental borrowing rate as the discount rate for the leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. As the District operates as a landlord port, a significant portion of operating income is derived from the District's leases; therefore, the Port recognizes lease interest income as operating income.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Assets (Continued)

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.

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

F-43.--4---1

	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 three items that qualify for reporting as deferred inflows of resources – property taxes, leases, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Fund Equity (Continued)

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).

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 .085100 per \$100 of valuation for the year ended May 31, 2024.

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, March 12, 2025 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years.

GASB Statement No. 101, Compensated Absences, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, Accounting Changes and Error Corrections, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

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 statutes at May 31, 2024. At year-end, the respective bank balance totaled \$2,302,027. 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 \$2,052,027. 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 I50: 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.

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, 2024, bank certificates of deposits represent 100% of the portfolio.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

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.

Statutes 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 Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Willacy County Navigation District believes it is in substantial compliance with the requirements of the Act.

The following table sets forth the District's cash balances as of May 31, 2024:

Cash	
Unrestricted	
Petty cash	\$ 480
Cash in demand deposit at First Community Bank	2,104,791
Cash equivalents	187,040
Restricted	
Cash in demand deposit at First Community Bank	10,019
<u>Total cash</u>	\$2,302,330
Restricted Cash in demand deposit at First Community Bank	10,019

At May 31, 2024, Willacy County Navigation District had two certificates totaling \$187,040 with an original maturity of less than 90 days from year end; therefore, these certificates are reported in cash and cash equivalents.

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

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, 2024, is accrued at year end. The District deems all amounts collectible, 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.

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, 2024 were as follows:

		Ad Valorem			Other			
	Leases		Taxes	g	overnments	Μ	iscellaneous	Total
Receivable	\$ 7,930,252	\$	160,621	\$	833,171	\$	4,695	\$ 8,928,739
Less: allowance for uncollectibles	-		(42,078)		-		-	(42,078)
Total receivables	\$ 7,930,252	\$	118,543	\$	833,171	\$	4,695	\$ 8,886,661

There are no other reserves for receivables recorded by the District as of May 31, 2024.

Capital Assets

The following is a summary of changes in capital assets during the year ended May 31, 2024:

	Beginning				Ending	g
	Balance	Increase	Decrease	Transfers	Balanc	:e
Governmental activities						
Capital assets, not being depreciated						
Land and site preparation	\$ 526,656	\$ -	\$ - :	\$ -	\$ 526,	,656
Construction in progress	3,014,180	3,380,784	(24,762)	(3,227,291)	3,142,	,911
Capital assets, not being depreciated	3,540,836	3,380,784	(24,762)	(3,227,291)	3,669,	,567
Capital assets, being depreciated						
Structures and improvements	11,481,561	103,042	-	3,227,291	14,811,	,894
Equipment	1,457,519	34,621	-	-	1,492,	,140
Marine equipment	112,127	-	-	-	112,	,127
Water rights	65,616	-	-	-	65,	,616
Capital assets, being depreciated	13,116,823	137,663	-	3,227,291	16,481,	,777
Less accumulated depreciation for:						
Structures and improvements	(7,948,948)	(385,951)	-	-	(8,334,	,899)
Equipment	(1,059,090)	(85,134)	-	-	(1,144,	,224)
Marine equipment	(69,318)	(10,804)	-	-	(80,	,122)
Total accumulated depreciation	(9,077,356)	(481,889)	-	-	(9,559,	,245)
Total capital asssets being depreciated, net	\$ 7,580,303	\$ 3,036,558	\$ (24,762)	\$ -	\$ 10,592,	,099

NOTE 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

Changes in compensated absences for the period ending May 31, 2024 are as follows:

	Beginning							Ending			
	Balance						Balance Due Wi				
	6/1/2023		Additions		Retirements			5/31/2024		One Year	
Governmental activities:											
Compensated absences	\$	23,436	\$	3,641	\$	(6,973)	\$	20,104	\$	-	
Total compensated absences	\$	23,436	\$	3,641	\$	(6,973)	\$	20,104	\$	=	

Compensated absences for the year ended May 31, 2024 amount to \$20,104 which will be liquidated in future periods primarily by the General Fund for governmental activities.

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, 2024 were \$21,027.

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 7.

NOTE 5: RISK MANAGEMENT (Continued)

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: LEASES

The Willacy County Navigation District has a total of 177 commercial leases and 554 residential leases. The agreements range from 2 years to 51 years. The interest rates are set at 3.0%. The Willacy County Navigation District recognized \$504,922 in total payments received in fiscal year 2024.

The District leases to others substantially all of its land under various lease agreements. The District recognized \$881,995 in total lease revenue, of which \$335,340 was recorded in accordance with GASB 87, *Leases*. The District also recognized \$251,238 in interest revenue during the year ended May 31, 2024, related to these leases. As of May 31, 2024, the District's receivable for lease payments was \$7,930,252. Also, the District has a deferred inflow of resource associated with these leases that will be recognized as revenue over the lease terms. As of May 31, 2024, the balance of the deferred inflow of resources was \$7,650,616.

Future payments included in the measurement of the lease receivable as of May 31, 2024 for each of the next five fiscal years and in five-year increments thereafter are as follows:

Years ending							
May 31,	Principal	Interest	st Total				
2025	\$ 272,286	\$ 282,261	\$	554,547			
2026	257,504	229,088		486,592			
2027	251,368	221,341		472,709			
2028	251,125	213,778		464,903			
2029	249,398	206,227		455,625			
2030-2034	1,125,022	921,832		2,046,854			
2035-2039	876,701	771,322		1,648,023			
2040-2044	739,356	647,978		1,387,334			
2045-2049	568,259	552,023		1,120,282			
2050-2054	649,256	462,388		1,111,644			
2055-2059	752,263	358,856		1,111,119			
2060-2064	868,269	238,891		1,107,160			
2065-2069	807,619	105,791		913,410			
2070-2074	261,826	14,541		276,367			
Total	\$ 7,930,252	\$ 5,226,317	\$	13,156,569			

NOTE 7: RESTRICTED FUND BALANCES AND NET POSITION

Restricted – Airport account – The component of fund balance that is restricted with constraints placed on their use by the Department of Transportation. As of May 31, 2024, \$10,019 was restricted for the Airport.

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, 2024 is \$463,737.

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, 2024 is \$187,040.

The components of net position are as follows as of May 31, 2024.

	Governmental			
	Activities			
Net position				
Investment in capital assets	\$	10,592,099		
Total investment in capital assets	\$	10,592,099		
Restricted net position consists of the following:				
Airport funds	\$	10,019		
Total restricted net position		10,019		
Unrestricted net position		3,046,768		
Total net position	\$	13,648,886		

NOTE 8: COMMITMENTS AND CONTINGENCIES

The District has active construction projects as of May 31, 2024. At year-end the District commitment with the contractors are as follows:

	Е	Expended					
	Е	stimated Through			Amount		
	Pro	oject Costs	M	ay 31, 2024	Committed		
Rider 37 project	\$	2,590,429	\$	1,884,424	\$	706,005	
New subdivision project		1,000,000		747,056		252,944	
Bulkhead project		1,000,000		501,193		498,807	
Sediment project		35,000		35,000		-	
Total construction in progress	\$	4,625,429	\$	3,167,673	\$	1,457,756	

The Rider 38 project is anticipated to be completed in the subsequent year and will be funded by the Texas Department of Transportation on a reimbursement basis. The other projects will be funded through regular operations. Rider 37 is not expected to exceed the budgeted TxDOT funding amount share of \$2,590,429. The District will be responsible for 100% of the costs, if any, that are over the obligated TxDOT funding amount.

REQUIRED **SUPPLEMENTARY INFORMATION**

Willacy County Navigation District Budgetary Comparison Schedule – General Fund

For the Year Ended May 31, 2024

·								Variance
_	Budget			_			Favorable	
	Original Final			Actual		(Unfavorable)		
Revenues								
Lease revenue	\$	857,000	\$	857,000	\$	881,995	\$	24,995
Ad valorem taxes		690,000		690,000		665,957		(24,043)
Penalties and interest		-		-		17,406		17,406
Charges for services		53,200		53,200		52,532		(668)
Grant revenue		-		-		2,350,865		2,350,865
Miscellaneous revenues		24,000		24,000		16,159		(7,841)
Interest revenue		10,000		10,000		309,511		299,511
Total revenues		1,634,200		1,634,200		4,294,425		2,660,225
Expenditures								
Payroll and related expenditures		869,490		869,490		805,398		64,092
Professional fees		91,000		91,000		243,959		(152,959)
Consumable supplies and materials		227,000		227,000		180,771		46,229
Recurring operating expenditures		421,400		421,400		341,915		79,485
Capital expenditures		310,000		310,000		3,518,447		(3,208,447)
Total expenditures		1,918,890		1,918,890		5,090,490		(3,171,600)
Excess (deficiency) of revenues over (under expenditures	r)	(284,690)		(284,690)		(796,065)		(511,375)
,		,,		(- ,-20)		(,,		ζ- , /
Fund balance, beginning of year		3,678,970		3,678,970		3,678,970		-
Fund balance, end of year	\$	3,394,280	\$	3,394,280	\$	2,882,905	\$	(511,375)

Willacy County Navigation District Budgetary 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 fund. 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.

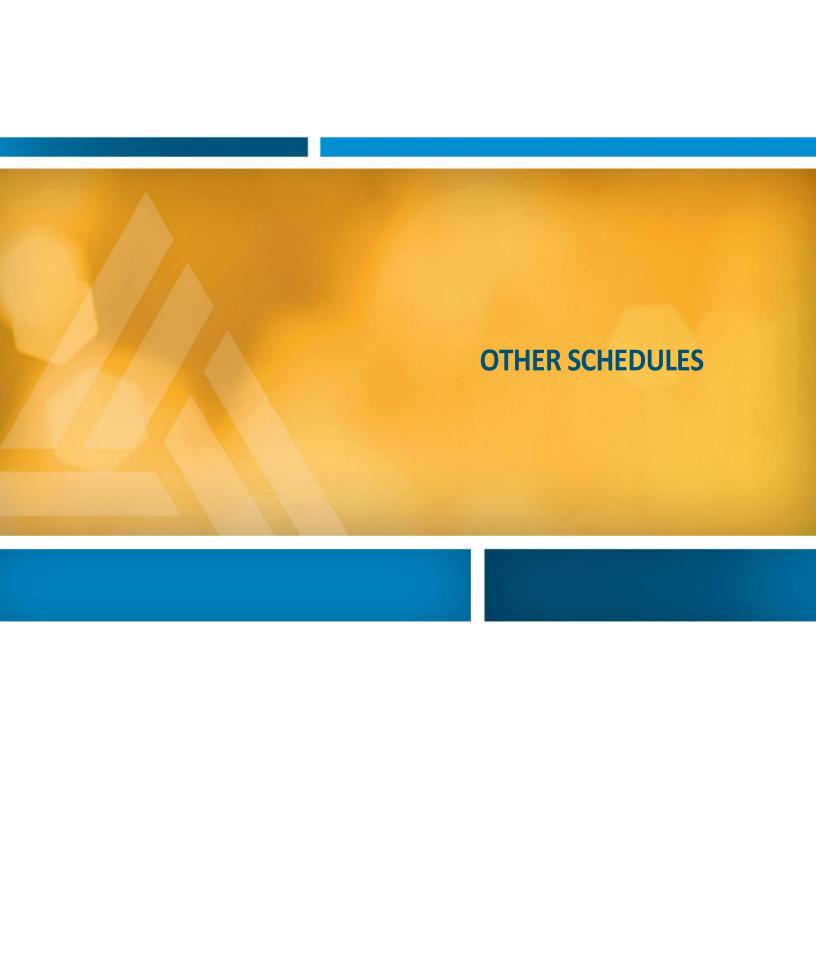
Before May 31, the proposed budget is presented to the Board for review. During the Board meeting the Board may add to, subtract from or change appropriations.

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
Professional fees	\$	91,000	\$ 243,959	\$ (152,959)
Capital expenditures		310,000	3,518,447	(3,208,447)
Total	\$	401,000	\$ 3,762,406	\$ (3,361,406)

Expenditures exceeded appropriations for capital expenditures due to the District not budgeting for grant related capital expenditures.



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

May 31, 2024

	Cash and Cas	h Equivalents
	Unrestricted	Restricted
Cash on hand	\$ 480	\$ -
Checking accounts:		
Undeposited funds	325	-
FCB Dredging	1,271	-
FCB Small Craft		
Basin Improvement Fund	463,737	-
FCB Maintenance & Operations	1,141,385	-
FCB Airport Fund	-	10,019
FCB Payroll	2,792	-
FCB Deposit	78,477	-
FCB Checking	39,217	-
FCB PM Police Department	33,925	-
FCB Undistributed Funds	343,662	-
Certificate of Deposit (1)	81,028	-
Certificate of Deposit (2)	106,012	-
Total General Fund	\$ 2,292,311	\$ 10,019

FUNDS	CERTIFICATE NUMBER	INTEREST RATE	MATURITY DATE	BALANCES AT END OF YEAR
GENERAL FUND				
Unrestricted (1) Committed	12100009685	0.20%	6/13/2024	\$ 81,028
Emergency Fund (2)	12100009684	0.20%	6/13/2024	\$ 106,012

Willacy County Navigation District Schedule of General Fund Expenditures

r the Year Ended May 31,		2024		2023
Payroll and related expenditures				
Administrative salaries	\$	415,159	\$	380,509
Maintenance and operation salaries	•	227,610	,	207,834
Payroll taxes		51,120		44,011
Insurance		71,798		80,287
Auto and travel		16,284		23,513
Housing		2,400		2,400
Retirement		21,027		19,817
Total		805,398		758,371
		· · · · · · · · · · · · · · · · · · ·		·
Professional fees				
Dredging Fees		135,320		191,681
Legal notices		45,778		36,572
Auditing and accounting		25,625		31,655
Engineering and consulting		37,236		154,202
Total		243,959		414,110
Consumable supplies and materials				
Office supplies		2,142		1,431
Office expenses		9,001		14,984
Maintenance and operation supplies		51,964		46,110
Vehicle and equipment repairs		26,333		14,193
Vehicle fuel		45,922		46,702
Maintenance and operation supplies-				
small craft basin		12,180		9,733
Airport maintenance		3,441		2,285
Aviation fuel		-		8,818
IT maintenance		4,801		4,795
Port maintenance		24,987		14,681
Total	\$	180,771	\$	163,732

Willacy County Navigation District Schedule of General Fund Expenditures – Continued

For the Year Ended May 31,	2024		2023	
Recurring operating supplies				
Postage	\$	3,012	\$	2,707
Telephone		7,844		11,553
Utilities		64,886		103,750
Insurance		22,673		19,914
Miscellaneous		4,167		32,577
Marketing		24,192		-
Publicity and promotions		43,591		41,680
Dues and subscriptions		17,301		11,039
Rental services		10,296		7,971
Appraisal district		11,306		17,253
Tax collector fees		10,092		18,053
Election cost		-		13,181
Law enforcement expense		122,555		60,367
Total		341,915		340,045
Capital expenditures				
Grant related		2,304,967		1,062,739
Other equipment		34,621		150,320
Harbor Office		1,178,859		563,942
Total		3,518,447		1,777,001
Total expenditures	\$	5,090,490	\$	3,453,259

Willacy County Navigation District Summary of Taxes Receivable

May 31, 2024	
Beginning balance, June 01, 2023	\$ 145,549
Cancellations and adjustments	10,177
Assessments for current year	671,521
Total taxes to be accounted for	\$ 827,247
Collections for the year ended May 31, 2024	
Current year's taxes	\$ 626,357
Delinquent taxes	40,269
	666,626
Taxes receivable at May 31, 2024	160,621
Total taxes accounted for	\$ 827,247
Receivable by funds	
General fund	\$ 160,621
Taxes receivable at May 31, 2024	\$ 160,621



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

To the Board of Directors
Willacy County Navigation District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Willacy County Navigation District, as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise Willacy County Navigation District's basic financial statements, and have issued our report thereon dated March 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Willacy County Navigation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Willacy County Navigation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Willacy County Navigation District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Willacy County Navigation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Willacy County Navigation District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Willacy County Navigation District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Willacy County Navigation District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Harlingen, Texas March 12, 2025

Carr, Riggs & Ungram, L.L.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH STATE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH TEXAS GRANT MANAGEMENT STANDARDS

To the Board of Directors
Willacy County Navigation District

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Willacy County Navigation District's compliance with the types of compliance requirements described in the State Comptroller's Office, Texas Grant Management Standards that could have a direct and material effect on each of the Willacy County Navigation District's major state programs for the year ended May 31, 2024. The Willacy County Navigation District's major state programs are identified in the summary of Auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Willacy County Navigation District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended May 31, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Texas Grant Management Standards. Our responsibilities under those standard and Texas Grant Management Standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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Report of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Texas Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and
 design and perform audit procedures responsive to those risks. Such procedures include
 examining, on a test basis, evidence regarding the District's compliance with the compliance
 requirements referred to above and performing such other procedures as we considered
 necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit
 in order to design audit procedures that are appropriate in the circumstances and to test and
 report on internal control over compliance in accordance with Texas Grant Management
 Standards, but not for the purpose of expressing an opinion on the effectiveness of the
 District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Texas Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Harlingen, Texas March 12, 2025

Carr, Riggs & Ungram, L.L.C.

Section I - Summary of Auditor's Results

Financial Statements Type of Auditor's report issued: Unmodified Internal control over financial reporting: * Material weakness(es) identified? _____ yes __X__ no * Significant deficiencies identified that are not considered to be material weakness(es)? ___X__ yes ____ none reported Noncompliance material to financial statements noted? X no ____ yes State Awards Internal control over major programs: * Material weakness(es) identified? ___ yes __X__ no * Significant deficiencies identified that are not considered to be material weakness(es)? X none reported ____yes Type of Auditor's report issued on compliance for major programs: Unmodified Any audit findings disclosed that are required to be reported in accordance with Texas Grant X no Management Standards. yes Identification of major programs: Contract Number Name of State Program or Cluster 0921-27-039 **Texas Mobility Fund Grant** 0921-27-040 Texas Mobility Fund Grant Dollar threshold used to distinguish between \$750,000 Type A and Type B programs:

X yes

Auditee qualified as low-risk auditee?

Section II – Findings Relating to the Financial Statement Audit as Required to Be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

Reference Number: 2024-001	Budgetary Process Controls and Expenditures in Excess of Appropriations
Criteria:	Internal controls should be designed to effectively monitor the budget and ensure the legal level of budgetary control is followed and any necessary amendments are processed timely and sufficiently. The adopted budget provides the authority to expend funds for the purposes indicated and in accordance with State law. Budget amendments should be made prior to exceeding appropriations in the individual categories, which is the legal level of budgetary control.
Condition Found:	As indicated in the notes to the District's financial statements, there were several instances noted in which the District's budget had exceeded overall actual expenditures amounts in the General Fund. Budget amendments were not made to cover these additional expenditures.
Cause:	The District incurred additional expenditures that were authorized by appropriate personnel but did not proceed to amend the budget to reflect the authorization of additional expenditures. In addition, certain expenditures were not anticipated in the original budget.
Effect:	The District exceeded overall authorized budget for various categories which ultimately resulted in decreases to available resources.
Recommendation:	Monitoring of the budget versus actual comparison should continue to be made on a monthly basis, and control over expenditures should include a review of available budget amounts prior to approval of purchases for the expenditure of funds. Budget amendments should be made as needed and discussed with appropriate officials to adequately plan for financial changes and operations of the District.
Views of Responsible Officials:	Management agrees with the findings. See corrective action

plan beginning on page 52.

Section II – Findings Relating to the Financial Statement Audit as Required to Be Reported in Accordance with Generally Accepted Government Auditing Standards - Continued

A. Significant Deficiencies in Internal Control

Reference Number: 2024-002	Procurement
Criteria:	The District's procurement policy requires management to obtain informal written quotations from at least three vendors for purchases between \$3,000 and \$49,999.
Condition Found:	During our review of significant purchases, it was noted that the District did not obtain written quotes for an expenditure that fell within the \$3,000 - \$49,999 threshold, from at least three vendors.
Cause:	The District incurred expenditures that were authorized by appropriate personnel but did not proceed to obtain written quotations from at least three different vendors in accordance with the District's procurement policy.
Effect:	The District failed to comply with the requirements set forth in the District's procurement policy.
Recommendation:	Management should maintain appropriate documentation to adequately support each expenditure based on the amount of the purchase in accordance with the District's procurement policy.
Views of Responsible Officials:	Management agrees with the findings. See corrective action plan beginning on page 52.

Section II – Findings Relating to the Financial Statement Audit as Required to Be Reported in Accordance with Generally Accepted Government Auditing Standards - Continued

B. Compliance Findings

None reported.

Section II – State Award Findings and Questioned Costs

None reported.

Willacy County Navigation District Schedule of Findings and Responses Corrective Action Plan

Ronald D. Mills
Executive Port Director
General Manager

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Willacy County Navigation District

Chad Kinney Chairman

Steve Kendrick

Stacey Reyes Alberto Trevino

Ernesto "Lefty" Cavacos

Port Mansfield Public Utility District

John Avara President

Eric Kennedy

Doug Trapp

JS "Bubba" Garst

Michael Bourne

REFERNCE NUMBER

Reference Number: 2024-001

Corrective Action Plan:

Reference Number: 2024-002

Corrective Action Plan:

CORRECTIVE ACTION PLAN

Budgetary Process Controls and Expenditures in Excess of Appropriations

The District will revisit its policies for monitoring the budget compliance procedures. All activity will be monitored throughout the year and any budget amendments necessary will be presented to the Board for approval as the need arises.

Procurement

The District will review the current policies and procedures of internal controls over procurement and implement controls that will adequately monitor the procurement of purchases.

Contact Person:

Implementation Time Frame:

Ron Mills, Executive Port Director May 31, 2025

400 W Hidalgo; Ste 200 Raymondville; TX 78580

Office: 956 689-3332 Fax: 956 689-6165 Website: portofportmansfield.com

Willacy County Navigation District Summary Schedule of Prior Audit Findings

DESCRIPTION

STATUS OF PRIOR YEAR'S FINDINGS

Not applicable

There were no findings reported in the prior year

Willacy County Navigation District Schedule of Expenditures of State Awards For the Year Ended May 31, 2024

For the Year Ended May 31, 2024

	EXPENDITURES					
			PASS			
	CONTRACT	DIRECT	THROUGH	SUBRECIPIENT		
GRANTOR AGENCY/PROGRAM TITLE	NUMBER	AWARDS	AWARDS	EXPENDITURES	TOTAL	
Texas Department of Transportation						
Texas Mobility Fund Grant	0921-27-039	\$ 762,686	\$ -	\$ -	\$ 762,686	
Texas Mobility Fund Grant	0921-27-040	1,615,634	-	-	1,615,634	
Total Texas Mobility Fund Grant		2,378,320	-	-	2,378,320	
Total Expenditures of State Awards		\$ 2,378,320	\$ -	\$ -	\$ 2,378,320	

See accompanying notes to Schedule of Expenditures of State Awards

Willacy County Navigation District Notes to Schedule of Expenditures of State Awards For the Year Ended May 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying Schedule of Expenditures of State Awards presents the activity of all state award programs of Willacy County Navigation District, for the year ended May 31, 2024. The expenditures reported above represent funds that have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. The Port has followed all applicable guidelines issued by various entities in the preparation of the schedule.

NOTE 2 – NON-CASH AWARDS

The Willacy County Navigation District did not expend any state awards related to non-cash awards during the year ended May 31, 2024.