



Willacy County Navigation District

FINANCIAL STATEMENTS

May 31, 2025


INTRODUCTORY SECTION

Board Members	i
Annual Filing Affidavit	1

REPORT

Independent Auditor's Report	3
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FINANCIAL STATEMENTS

Management's Discussion and Analysis	11
Governmental Fund Balance Sheet and Statement of Net Position	17
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	18
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances and Statement of Activities	19
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Notes to the Financial Statements	21

Required Supplementary Information

Budgetary Comparison Schedule – General Fund	
Budget and Actual - General Fund	37
Budgetary Notes to Required Supplementary Information	38

Other Supplementary Information

Schedule of Cash on Hand and on Deposit	39
Schedule of General Fund Expenditures	40
Summary of Taxes Receivable	42

Compliance Section

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 <i>Government Auditing Standards</i>	43
Independent Auditor's Report on Compliance with Requirements Applicable for the State Major Program and on Internal Control over Compliance in Accordance with Texas Grant Management Standards	47
Schedule of Findings and Questioned Costs	53
Schedule of Findings and Questioned Costs Corrective Action Plan	57
Summary of Schedule of Prior Audit Findings	58
Schedule of Expenditures of State Awards	59
Notes to Schedule of Expenditures of State Awards	60

Willacy County Navigation District Board Members

BOARD

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

Chairman
Secretary
Member
Member
Member

Finance Director

Ms. Virginia Lomas

ATTORNEY

Denton Navarro Rodriguez Bernal & Zech, P.C.

DISTRICT TAX ASSESSOR-COLLECTOR

Ms. Melissa Muniz
County Tax Assessor - Collector

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS)
COUNTY OF WILLACY)

I, Stacy Reyes of the
(Name of Duly Authorized 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 Directors on the 08 day of April 2026 its annual audit report for the fiscal period ended May 31, 2025 and that copies of the annual audit report have been filed in the District's office, located at 400 West Hidalgo, Raymondville, Texas 78580.

(Address of the District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of Texas Water Code Section 49.194.

Date: April 08, 2026

By: _____

(Signature of District Representative)

Stacy Reyes
(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this 8th day of April, 2026.



[Signature]
(Signature of Notary)

My Commission Expires On: October 29, 2027.
Notary Public in the State of Texas.

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REPORT





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

956.423.3765
956.428.7520 (fax)
CRIadv.com

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, 2025, 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, 2025, 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.

Emphasis of Matter

As described in Note 2 to the financial statements, in fiscal year 2025, the District adopted a new accounting guidance, GASB Statement No. 101, *Compensated Absences*, and recorded a prior period adjustment of \$(6,241) to restate beginning net position of governmental activities. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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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.

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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.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2026, 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.

Carr, Rigg & Ingram, L.L.C.

Harlingen, Texas
April 8, 2026

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Willacy County Navigation District Management's Discussion and Analysis

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, 2025. 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 \$15,737,883 (net position), which is an increase of \$2,095,238 from the prior year balances. The increase in net position was primarily due to the grant funding received during the year which was used to fund two of the District's construction projects.

The District's General Fund reported a fund balance of \$1,711,878, which decreased as a result of expenditures exceeding revenues by \$1,171,027. When compared to the budget, actual revenues in the General Fund exceeded appropriated amounts. Revenues were generally consistent with the prior year, with a slight decrease. Capital call credits from VTX1 supported overall revenue levels, while grant revenue declined due to lower drawdowns on State-funded projects and reduced lease-down proceeds. Total actual expenditures were more than total appropriated amounts and increased significantly over prior year. The increase is primarily attributable to increased construction activity across the District's various ongoing projects, with the most significant activity related to the Bulkhead project. Total expenditures exceeded grant funding received due to the depletion of Rider 37 funding and the limitation of the Bulkhead project only funding contractor fees.

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 21) 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 13. 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.

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Willacy County Navigation District Management's Discussion and Analysis

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 18 and 20.

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 \$13,642,645 to \$15,737,883. 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 \$1,861,065 at May 31, 2025.

This increase in governmental net position was the result of revenues exceeding expenses by \$2,095,238. The increase in revenues is due to the funding received for the District's grant-funded projects.

Willacy County Navigation District Management's Discussion and Analysis

**Table I
Net Position**

May 31,	2025	2024
Current and other assets	\$ 3,620,715	\$ 3,521,006
Non-current assets	24,914,462	18,260,084
Total assets	28,535,177	21,781,090
Current liabilities	1,737,379	481,588
Non-current liabilities	7,156	-
Total liabilities	1,744,535	481,588
Deferred inflows of resources - leases	11,052,759	7,650,616
Total deferred inflows of resources	11,052,759	7,650,616
Total liabilities and deferred inflows of resources	12,797,294	8,132,204
Net position:		
Investment in capital assets	13,866,551	10,592,099
Restricted	10,267	10,019
Unrestricted	1,861,065	3,046,768
Total net position	\$ 15,737,883	\$ 13,648,886

**Table II
Changes in Net Position**

May 31,	2025	2024
Income:		
Program Revenues:		
Leases	\$ 766,923	\$ 881,995
Charges for services	51,614	52,532
Capital grants	2,161,428	2,377,872
Total program revenues	2,979,965	3,312,399
General revenues:		
Ad valorem taxes	655,607	678,788
Penalties and interest	19,396	17,406
Miscellaneous revenues	246,345	16,159
Interest revenue	288,029	309,511
Total general revenues	1,209,377	1,021,864
Expenses:		
Operating expenses	1,563,898	1,593,473
Depreciation expense	530,206	481,889
Total expenses	2,094,104	2,075,362
Change in net position	2,095,238	2,258,901
Net position, beginning as previously reported	13,648,886	11,389,985
Adjustment - change in accounting principle	(6,241)	-
Net position - beginning, as adjusted	13,642,645	11,389,985
Net position, May 31	\$ 15,737,883	\$ 13,648,886

Willacy County Navigation District Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budget amendments for the general fund during fiscal year 2025.

For fiscal year 2025, actual ad valorem taxes were \$656,712 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 \$50,000 as compared to the actual amount of \$288,029. This was due to the District not budgeting for the amount of interest revenue being earned on leases during the current year. Grant revenues were not budgeted for as the District does not budget for grant related revenues.

For fiscal year 2025, actual capital expenditures exceeded budgeted amounts by \$3,003,658. This is due to the District not budgeting for the significant amount of construction activity in the current year. Overall, total actual capital expenditures were \$3,804,658 as compared to the budget amount of \$801,000.

CAPITAL ASSETS

At May 31, 2025, the District had approximately \$13,866,551 invested in capital assets.

Major additions and construction in progress in 2025:

Rider 37 Project	\$1,226,368
New Subdivision Project	234,586
Bulkhead Project	2,238,079

More detailed information about the District's capital assets is presented in Note 3 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 2026 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.

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FINANCIAL STATEMENTS



Willacy County Navigation District

Governmental Fund Balance Sheet and Statement of Net Position

May 31, 2025	General Fund	Adjustments	Statement of Net Position
Assets			
Current assets:			
Cash and cash equivalents	1,510,146	\$ -	\$ 1,510,146
Accounts receivable - leases	354,418	-	354,418
Accounts receivable - tax collector	11,507	-	11,507
Accounts receivable - misc.	4,740	-	4,740
Accounts receivable - grants	1,605,920	-	1,605,920
Ad valorem taxes receivable	178,703	-	178,703
Allowance for uncollectible taxes	(45,693)	-	(45,693)
Due from Port Mansfield Public Utility District	974	-	974
Total current assets	3,620,715	-	3,620,715
Non-current assets:			
Restricted assets			
Cash and cash equivalents	10,267	-	10,267
Accounts receivable - leases	11,037,644	-	11,037,644
Capital assets			
Construction in progress	-	6,866,706	6,866,706
Land and site preparation	-	1,572,446	1,572,446
Equipment (net of depreciation)	-	320,016	320,016
Marine equipment (net of depreciation)	-	21,201	21,201
Structures and improvements (net of depreciation)	-	5,020,566	5,020,566
Water rights	-	65,616	65,616
Total non-current assets	11,047,911	13,866,551	24,914,462
Total assets	\$ 14,668,626	\$ 13,866,551	\$ 28,535,177
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,704,308	\$ -	\$ 1,704,308
Accrued expenses	4,305	-	4,305
Compensated absences	-	28,766	28,766
Total current liabilities	1,708,613	28,766	1,737,379
Non-current liabilities:			
Compensated Absences	-	7,156	7,156
Total non-current liabilities	-	7,156	7,156
Total liabilities	1,708,613	35,922	1,744,535
Deferred inflows of resources			
Leases	11,052,759	-	11,052,759
Unavailable revenue grants	80,296	(80,296)	-
Unavailable revenue ad valorem taxes	115,080	(115,080)	-
Total deferred inflows of resources	11,248,135	(195,376)	11,052,759
Fund balances			
Restricted for airport funds	10,267	(10,267)	-
Committed	662,231	(662,231)	-
Unassigned	1,039,380	(1,039,380)	-
Total fund balances	1,711,878	(1,711,878)	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,668,626		
Net position			
Investment in capital assets		13,866,551	13,866,551
Restricted for airport funds		10,267	10,267
Unrestricted		1,861,065	1,861,065
Total net position		\$ 15,737,883	\$ 15,737,883

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, 2025

Total governmental fund balances	\$ 1,711,878
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.	13,866,551
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 (\$115,080) and grant revenues (\$80,296).	195,376
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds for compensated absences (\$35,922).	(35,922)
Net position of governmental activities	\$ 15,737,883

The accompanying notes 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

<i>For the year ended May 31, 2025</i>	General Fund	Adjustments	Statement of Activities
Expenditures/expenses:			
Payroll and related expenditures	\$ 891,785	\$ 9,577	\$ 901,362
Professional fees	136,553	-	136,553
Consumable supplies and materials	208,058	-	208,058
Recurring operating expenditures	317,925	-	317,925
Capital expenditures	3,804,658	(3,804,658)	-
Depreciation	-	530,206	530,206
Total expenditures/expenses	5,358,979	(3,264,875)	2,094,104
Program revenues:			
Charges for services:			
Debris Fees	36,524	-	36,524
Boat stall utilities	14,690	-	14,690
Aviation sales	400	-	400
Lease revenue	766,923	-	766,923
Capital grants	2,158,933	2,495	2,161,428
Total program revenues	2,977,470	2,495	2,979,965
Net program expense	2,381,509	(3,267,370)	(885,861)
General Revenues:			
Ad valorem taxes	656,712	(1,105)	655,607
Penalties and interest	19,396	-	19,396
Miscellaneous revenues	246,345	-	246,345
Interest revenue	288,029	-	288,029
Total general revenues	1,210,482	(1,105)	1,209,377
Excess (deficiency) of revenues over (under) expenditures	(1,171,027)	3,266,265	2,095,238
Net change in fund balance	(1,171,027)	1,171,027	-
Change in net position	-	2,095,238	2,095,238
Fund balances/net position - beginning as previously reported	2,882,905	10,765,981	13,648,886
Accounting changes (See note 2)	-	(6,241)	(6,241)
Beginning fund balances/net position - as restated	2,882,905	10,759,740	13,642,645
Fund balances/net position - end of year	\$ 1,711,878	\$ 14,026,005	\$ 15,737,883

The accompanying notes 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 ended May 31, 2025

Total net change in fund balances - governmental funds	\$ (1,171,027)
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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. Capital outlay expenditures funded with grants was \$2,161,428, while other capital outlay amounted to \$1,643,230.

3,804,658

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.

(530,206)

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 \$(1,105), recognizing revenues associated with grant revenues in the amount of \$2,495, and recognizing the liabilities associated with compensated absences \$(9,577). The net effect of these reclassifications and recognitions is to decrease net position.

(8,187)

Change in net position of governmental activities	\$ 2,095,238
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The accompanying notes are an integral part of this financial statement.



NOTES TO THE FINANCIAL STATEMENTS



Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNT

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

Willacy County Navigation District Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses, by natural classification, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific classification. *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.

Willacy County Navigation District Notes to the Financial Statements

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, 2025, total expenditures exceeded total appropriations (the legal level of budgetary control) by \$2,895,724. Expenditures exceeding appropriations were payroll and related expenditures, professional fees, and capital expenditures.

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.

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and Payables

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

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

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet 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.

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

<u>Assets Class</u>	<u>Estimated 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.

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave, with a maximum of 240 hours per type of leave. The District records an estimated accrued leave at the end of the year that includes leave that is more likely than not to be used for time off or otherwise paid and is recorded in the government-wide financial statements.

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 130: *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).

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Willacy County Navigation District Notes to the Financial Statements

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 \$0.083 per \$100 of valuation for the year ended May 31, 2025.

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, April 8, 2026. See note 10 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Willacy County Navigation District Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In June 2022, the GASB issued 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. Additional information about the changes to the financial statements related to the implementation of this statement can be found in Note 2.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risk related to a government's vulnerabilities due to certain concentrations or constraints. There was no impact to the District in implementing this Statement.

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

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

Willacy County Navigation District Notes to the Financial Statements

Note 2: CHANGE IN ACCOUNTING PRINCIPLE

The District's fiscal year 2025 financial statements incorporate a change in accounting principal. GASB Statement No. 100, *Accounting Changes and Error Corrections*, requires disclosure of their nature and effect on amounts reported in the financial statements.

- In fiscal year 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the Statement requires the restatement of the May 31, 2024, net position for the compensated absences liability as of May 31, 2024. Compensated absences liability of \$6,241 were added to governmental activities.

The following table summarizes the restatements to the District's beginning net position as a result of the change in accounting principle.

	Government-Wide Financial Statements	
	Government-Type Activities	
5/31/2024 net position as previously reported	\$	13,648,886
Implementation of Statement 101		(6,241)
5/31/2024 net position as restated	\$	13,642,645

NOTE 3: 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, 2025. At year-end, the respective bank balance totaled \$1,385,898. 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 \$2,929,464. 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.

Willacy County Navigation District Notes to the Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

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

Concentration risk – Section 150: *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, 2025, bank certificates of deposits represent 100% of the portfolio.

Compliance with the Public Funds Investment Act

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

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, 2025:

Cash	
Unrestricted	
Petty cash	\$ 480
Cash in demand deposit at First Community Bank	1,322,626
Cash equivalents	187,040
Restricted	
Cash in demand deposit at First Community Bank	10,267
<u>Total cash</u>	<u>\$1,520,413</u>

At May 31, 2025, Willacy County Navigation District had two certificates totaling \$187,040 with an original maturity of greater than 90 days from year end; therefore, these certificates are reported in cash and cash equivalents.

Willacy County Navigation District Notes to the Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Accounts Receivable

Lease revenues are billed on an annual, semi-annual, or quarterly basis. 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, 2025 were as follows:

	Leases	Ad Valorem Taxes	Other governments	Miscellaneous	Total
Receivable	\$ 11,392,062	\$ 178,703	\$ 1,618,401	\$ 4,740	\$ 13,193,906
Less: allowance for uncollectibles	-	(45,693)	-	-	(45,693)
Total receivables	\$ 11,392,062	\$ 133,010	\$ 1,618,401	\$ 4,740	\$ 13,148,213

There are no other reserves for receivables recorded by the District as of May 31, 2025.

Capital Assets

The following is a summary of changes in capital assets during the year ended May 31, 2025:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land and site preparation	\$ 526,656	\$ -	\$ -	\$ 1,045,790	\$ 1,572,446
Construction in progress	3,142,911	3,699,033	-	24,762	6,866,706
Capital assets, not being depreciated	3,669,567	3,699,033	-	1,070,552	8,439,152
Capital assets, being depreciated					
Structures and improvements	14,811,894	42,930	-	(1,070,552)	13,784,272
Equipment	1,492,140	62,695	-	-	1,554,835
Marine equipment	112,127	-	-	-	112,127
Water rights	65,616	-	-	-	65,616
Capital assets, being depreciated	16,481,777	105,625	-	(1,070,552)	15,516,850
Less accumulated depreciation for:					
Structures and improvements	(8,334,899)	(428,807)	-	-	(8,763,706)
Equipment	(1,144,224)	(90,595)	-	-	(1,234,819)
Marine equipment	(80,122)	(10,804)	-	-	(90,926)
Total accumulated depreciation	(9,559,245)	(530,206)	-	-	(10,089,451)
Total capital assets being depreciated, net	\$ 10,592,099	\$ 3,274,452	\$ -	\$ -	\$ 13,866,551

Willacy County Navigation District Notes to the Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

Changes in compensated absences for the period ending May 31, 2025 are as follows:

	Beginning Balance 6/1/2024 *	Net Change	Ending Balance 5/31/2025	Due Within One Year
Governmental activities:				
Compensated absences, net	\$ 26,345	\$ 9,577	\$ 35,922	\$ 28,766
Total compensated absences	\$ 26,345	\$ 9,577	\$ 35,922	\$ 28,766

*Beginning balance was restated in the current fiscal year. See Note 2.

NOTE 4: 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, 2025 were \$22,798.

NOTE 5: 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 6: 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 8.

Willacy County Navigation District Notes to the Financial Statements

NOTE 6: 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 7: LEASES

The Willacy County Navigation District has a total of 166 commercial leases and 554 residential leases. The agreements range from 2 years to 50 years. The interest rates are set at 3.0%.

The District leases to others substantially all of its land under various lease agreements. The District recognized \$766,923 in total lease revenue. The District also recognized \$245,908 in interest revenue during the year ended May 31, 2025, related to these leases. As of May 31, 2025, the District's receivable for lease payments was \$11,392,062. 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, 2025, the balance of the deferred inflow of resources was \$11,052,759.

Future payments included in the measurement of the lease receivable as of May 31, 2025, for each of the next five fiscal years and in five-year increments thereafter are as follows:

Years ending May 31,	Principal	Interest	Total
2026	\$ 354,418	\$ 309,893	\$ 664,311
2027	376,564	330,543	707,107
2028	363,921	319,230	683,151
2029	358,523	308,299	666,822
2030	340,248	297,558	637,806
2031-2035	1,481,425	1,344,494	2,825,919
2036-2040	1,263,278	1,138,104	2,401,382
2041-2045	1,017,190	962,467	1,979,657
2046-2050	917,891	821,931	1,739,822
2051-2055	1,062,048	675,672	1,737,720
2056-2060	1,230,798	506,398	1,737,196
2061-2065	1,414,927	310,706	1,725,633
2066-2070	1,012,400	110,654	1,123,054
2071-2075	203,974	11,857	215,831
Total	\$ 11,392,602	\$ 7,447,806	\$ 18,845,411

Willacy County Navigation District Notes to the Financial Statements

NOTE 8: 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, 2025, \$10,267 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, 2025 is \$475,191.

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, 2025 is \$187,040.

The components of net position are as follows as of May 31, 2025.

	Governmental Activities
Net position	
Investment in capital assets	\$ 13,866,551
Total investment in capital assets	\$ 13,866,551
Restricted net position consists of the following:	
Airport funds	\$ 10,267
Total restricted net position	10,267
Unrestricted net position	1,861,065
Total net position	\$ 15,737,883

Willacy County Navigation District
Notes to the Financial Statements

NOTE 9: COMMITMENTS AND CONTINGENCIES

The District has active construction projects as of May 31, 2025. At year-end the District commitment with the contractors are as follows:

	Expended Estimated Project Costs	Through May 31, 2025	Amount Committed
Rider 37 project	\$ 3,500,000	\$ 3,110,792	\$ 389,208
New subdivision project	1,000,000	983,642	16,358
Bulkhead project	9,576,078	2,737,272	6,838,806
Sediment project	35,000	35,000	-
Total construction in progress	\$ 14,111,078	\$ 6,866,706	\$ 7,244,372

The Rider 37 project is anticipated to be completed in the subsequent year and will be funded by the District. The Bulkhead project is also anticipated to be completed in the subsequent year with a portion funded by the Texas Department of Transportation (TxDOT) on a reimbursement basis. The District will be responsible for 100% of the costs, if any, that are over the obligated TxDOT funding amount. The other projects will be funded through regular operations.

NOTE 10: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after May 31, 2025 through April 8, 2026, the date of the current year's financial statements were available to be issued. The following events occurred:

Subsequent to year end, the District approved a line of credit to provide financing for Bulkhead Project expenditures not covered by the TxDOT grant. The line of credit was finalized in the amount of \$1.5 million in September 2025.

On December 10, 2025, the District approved modifications to its lease agreements to include provisions allowing either the lessee or lessor to terminate the leases at any time. As a result of these changes, the agreements no longer meet the definition of a lease under GASB Statement No. 87, *Leases*.

Accordingly, in fiscal year 2026, the District derecognized lease-related balances, including lease accounts receivable in the amount of \$11.4 million and deferred inflows of resources related to lease revenue in the amount of approximately \$11.1 million.



REQUIRED SUPPLEMENTARY INFORMATION



Willacy County Navigation District Budgetary Comparison Schedule – General Fund

For the Year Ended May 31, 2025

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Lease revenue	\$ 1,215,000	\$ 1,215,000	\$ 766,923	\$ (448,077)
Ad valorem taxes	690,000	690,000	656,712	(33,288)
Penalties and interest	-	-	19,396	19,396
Charges for services	56,000	56,000	51,614	(4,386)
Capital grant revenue	-	-	2,158,933	2,158,933
Miscellaneous revenues	24,000	24,000	246,345	222,345
Interest revenue	50,000	50,000	288,029	238,029
Total revenues	2,035,000	2,035,000	4,187,952	2,152,952
Expenditures				
Payroll and related expenditures	873,255	873,255	891,785	(18,530)
Professional fees	128,500	128,500	136,553	(8,053)
Consumable supplies and materials	270,000	270,000	208,058	61,942
Recurring operating expenditures	390,500	390,500	317,925	72,575
Capital expenditures	801,000	801,000	3,804,658	(3,003,658)
Total expenditures	2,463,255	2,463,255	5,358,979	(2,895,724)
 Excess (deficiency) of revenues over (under) expenditures	 (428,255)	 (428,255)	 (1,171,027)	 (742,772)
 Fund balance, beginning of year	 2,882,905	 2,882,905	 2,882,905	 -
Fund balance, end of year	\$ 2,454,650	\$ 2,454,650	\$ 1,711,878	\$ (742,772)

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
Payroll and related expenditures	\$ 873,255	\$ 891,785	\$ (18,530)
Professional fees	128,500	136,553	(8,053)
Capital expenditures	801,000	3,804,658	(3,003,658)
Total	\$ 1,802,755	\$ 4,832,996	\$ (3,030,241)

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



OTHER SUPPLEMENTARY INFORMATION



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

May 31, 2025

	Cash and Cash Equivalents	
	Unrestricted	Restricted
Cash on hand	\$ 480	\$ -
Checking accounts:		
Undeposited funds	503	-
FCB Dredging	1,302	-
FCB Small Craft		
Basin Improvement Fund	475,191	-
FCB Maintenance & Operations	748,928	-
FCB Airport Fund	-	10,267
FCB Payroll	2,371	-
FCB Deposit	36,473	-
FCB Checking	(5,417)	-
FCB PM Police Department	56,570	-
FCB Undistributed Funds	6,705	-
Certificate of Deposit (1)	81,028	-
Certificate of Deposit (2)	106,012	-
Total General Fund	\$ 1,510,146	\$ 10,267

FUNDS	CERTIFICATE NUMBER	INTEREST RATE	MATURITY DATE	BALANCES AT END OF YEAR	
GENERAL FUND					
Unrestricted (1)	12100009685	0.20%	6/13/2025	\$	81,028
Committed					
Emergency Fund (2)	12100009684	0.20%	6/13/2025	\$	106,012

Willacy County Navigation District Schedule of General Fund Expenditures

<i>For the Year Ended May 31,</i>	2025	2024
Payroll and related expenditures		
Administrative salaries	\$ 439,477	\$ 415,159
Maintenance and operation salaries	258,057	227,610
Payroll taxes	54,609	51,120
Insurance	96,431	71,798
Auto and travel	20,044	16,284
Housing	369	2,400
Retirement	22,798	21,027
Total	891,785	805,398
Professional fees		
Dredging Fees	54,754	135,320
Legal notices	48,956	45,778
Auditing and accounting	30,372	25,625
Engineering and consulting	2,471	37,236
Total	136,553	243,959
Consumable supplies and materials		
Office supplies	2,334	2,142
Office expenses	6,665	9,001
Maintenance and operation supplies	59,969	51,964
Vehicle and equipment repairs	25,497	26,333
Vehicle fuel	53,677	45,922
Maintenance and operation supplies-		
small craft basin	19,627	12,180
Airport maintenance	1,119	3,441
Aviation fuel	-	-
IT maintenance	4,950	4,801
Port maintenance	34,220	24,987
Total	\$ 208,058	\$ 180,771

Willacy County Navigation District
Schedule of General Fund Expenditures – Continued

<i>For the Year Ended May 31,</i>	2025	2024
Recurring operating expenditures		
Postage	\$ 2,084	\$ 3,012
Telephone	7,992	7,844
Utilities	71,140	64,886
Insurance	23,924	22,673
Miscellaneous	15,126	4,167
Marketing	26,000	24,192
Publicity and promotions	20,403	43,591
Dues and subscriptions	17,754	17,301
Rental services	9,396	10,296
Appraisal district	15,948	11,306
Tax collector fees	20,697	10,092
Election cost	24,014	-
Law enforcement expense	63,447	122,555
Total	317,925	341,915
Capital expenditures		
Grant related	2,081,132	2,304,967
Other equipment	105,626	34,621
Rider 37	670,860	-
Bulkhead	712,455	-
New Subdivision	234,585	1,178,859
Total	3,804,658	3,518,447
Total expenditures	\$ 5,358,979	\$ 5,090,490

Willacy County Navigation District Summary of Taxes Receivable

May 31, 2025

Beginning balance, June 01, 2024	\$ 160,621
Cancellations and adjustments	11,611
Assessments for current year	645,948
Total taxes to be accounted for	\$ 818,180

Collections for the year ended May 31, 2025

Current year's taxes	\$ 597,075
Delinquent taxes	42,402
	639,477
Taxes receivable at May 31, 2025	178,703
Total taxes accounted for	\$ 818,180

Receivable by funds

General fund	\$ 178,703
Taxes receivable at May 31, 2025	\$ 178,703



COMPLIANCE SECTION





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

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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, 2025, 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 April 8, 2026.

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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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 noncompliance this is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2025-01.

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.

Carr, Rigg & Ingram, L.L.C.

Harlingen, Texas
April 8, 2026

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR STATE 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 the Major State Program

Opinion on the 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 the Willacy County Navigation District's major state program for the year ended May 31, 2025. The Willacy County Navigation District's major state program is 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 its major state program for the year ended May 31, 2025.

Basis for Opinion on the 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 the 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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Responsibilities 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 program.

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.

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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.

Carr, Rigg & Ingram, L.L.C.

Harlingen, Texas
April 8, 2026

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**Willacy County Navigation District
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2025**

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?	<u> X </u> yes	<u> </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> X </u> yes	<u> </u> no

State Awards

Internal control over major programs:

* Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
* Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported

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 Management Standards.	<u> </u> yes	<u> X </u> no
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Identification of major programs:

Contract Number

94MIP88006

Name of State Program or Cluster

Port Access Account Fund Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
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**Willacy County Navigation District
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2025**

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**Willacy County Navigation District
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2025**

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

Material Weakness in Internal Control and Compliance Finding

Reference Number: 2025-01

**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 57.

**Willacy County Navigation District
Schedule of Findings and Questioned Costs
For the Year Ended May 31, 2025**

Section II – State Award Findings and Questioned Costs

None reported.

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



Executive Port Director
General Manager

Willacy County
Navigation District

Eric Kennedy
Chairman

Steve Kendrick

Stacey Reyes

Alberto Trevino

Ernesto "Lefty" Cavazos

Port Mansfield Public
Utility District

Doug Trapp
President

Scott Hess
Vice-President

David Alanis
Secretary

Neil Machen

Mario Garcia

REFERENCE NUMBER

Reference Number: 2025-001

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.

Contact Person:

Virginia Lomas, Finance Director

Implementation Time Frame:

May 31, 2026

400 W Hidalgo Ave
Suite 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

Reference Number:

2024-001

**Budgetary Process Controls and
Expenditures in Excess of
Appropriations**

Status of Corrective Action Plan:

The District continues to monitor budget versus actual comparisons a monthly basis. No budget amendments were made during the year for additional spending on projects.

Conclusion: repeated in current year as finding 2025-001

**Willacy County Navigation District
Schedule of Expenditures of State Awards
For the Year Ended May 31, 2025**

For the Year Ended May 31, 2025

GRANTOR AGENCY/PROGRAM TITLE	CONTRACT NUMBER	EXPENDITURES			TOTAL
		DIRECT AWARDS	PASS THROUGH AWARDS	SUBRECIPIENT EXPENDITURES	
Texas Department of Transportation					
Port Access Account Fund Grant	94MIP88006	\$ 1,605,920	\$ -	\$ -	\$ 1,605,920
Total Port Access Account Fund Grant		1,605,920			1,605,920
Texas Mobility Fund Grant	0921-27-040	555,508	-	-	555,508
Total Texas Mobility Fund Grant		555,508	-	-	555,508
Total Expenditures of State Awards		\$ 2,161,428	\$ -	\$ -	\$ 2,161,428

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, 2025

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, 2025. 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, 2025.