

**SAN PATRICIO COUNTY
NAVIGATION DISTRICT NO. 1**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

TABLE OF CONTENTS

	<u>PAGE</u>
Directory of Officials.....	1
Independent Auditor's Report.....	2
Management's Discussion and Analysis	4
FINANCIAL STATEMENTS	
Statement of Net Position	8
Statement of Revenues, Expenses And Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements.....	11
SUPPLEMENTAL INFORMATION	
Schedule of Revenue and Expenses Actual and Budget—GAAP Basis.....	19
Schedules of Maintenance and Operations and General and Administrative Expenses.....	20
Annual Filing Affidavit.....	21

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

DIRECTORY OF OFFICIALS

December 31, 2023

Commissioners

Richard Palmietto, Chairman

Dean Thomas

Patrick King

Fred Ruff Harbor Manager
Yvonne Stonebraker Office Manager
Ray Trant..... Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
San Patricio County Navigation District No. 1

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the San Patricio County Navigation District No. 1, as of and for the year ended December 31, 2023, 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 San Patricio County Navigation District No. 1, as of December 31, 2023 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 San Patricio County Navigation District No. 1, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 opinion. 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 GAAS 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 GAAS and Governmental 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 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.

Report on Other Legal and Regulatory Requirements

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of 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.



August 2, 2024

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

As management of the San Patricio County Navigation District No. 1.(the District), we offer readers as an introduction to the District's financial statements, this narrative overview and analysis of the District's activities and financial performance for the year ended December 31, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the District's financial statements taken as a whole. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The District's current assets decreased \$56,776 from a year ago. This decrease is due to the districts operating expenses increasing disproportionately to operating income.
- The District's capital assets decreased \$64,995 from a year ago. This decrease is a result of depreciation taken on fixed assets.
- The District's current assets exceeded its total liabilities by \$671,349. This district is in excellent financial health, is able to pay all bills when they come due and has liquidity for future capital expenditures. In the event of a natural disaster the district is in a position to continue to operate without interruptions.
- The District's revenues increased \$16,610 from a year ago. This increase is attributed to an increase in occupancy rate from the prior year however the District is still short of full occupancy.
- The District's expenses increased \$69,929 from a year ago. This increase is attributed to historically high inflation in an otherwise stable operating environment, and includes nearly \$40,000 of attorney's fees due to ongoing litigation.

USING THIS ANNUAL REPORT

This District's basic financial statements are comprised of the financial statements and the notes to the financial statements. The basic financial statements can be found on pages 8 through 17 of this report. Since the District is comprised of a single enterprise fund, no fund level financial statements are shown. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements offer short and long-term financial information about its activities.

The Statement of Net Position includes all of the District's assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The assets and liabilities are presented in a format, which distinguishes between current and long-term assets and liabilities. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Net Position increase when revenues exceed expenses. An increase in assets without a corresponding increase to liabilities, results in increased Net Position, which indicates an improved financial position.

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The Statement of Revenues, Expenses, and Changes in Fund Net Position accounts for all of the District's current year's revenues and expenses. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, as well as its profitability, and credit worthiness. All changes in Net Position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. income received but not yet earned.)

The Statement of Cash Flows primary purpose is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information.

FINANCIAL ANALYSIS

The fundamental question that is most asked of business is, as a whole "Are you better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the Net Position of the District and changes in them. You can think of the District's Net Position—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increase or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, global market trends, population growth, regulations and new or changed government legislation.

Statement of Net Position

The Statement of Net Position serves over time as a useful indicator of the District's financial health or position. It distinguishes assets and liabilities as to their expected use for operations, restricted purposes and capital investment.

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The following condensed Statement of Net Position provides an overview of the District's Net Position as of December 31, 2023 and 2022.

Table 1

	2023	2022
Assets		
Current assets	\$ 500,998	\$ 557,774
Capital assets	181,684	246,679
Total Assets	682,682	804,453
Liabilities		
Current Liabilities	11,333	12,456
Total Liabilities	11,333	12,456
Net assets		
Invested in capital assets	181,684	246,679
Unrestricted	489,665	545,318
Total Net Position	\$ 671,349	\$ 791,997

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Change in Net Position serves as a measure to determine how successful the District was during the past year in recovering its costs through its user fees and other charges, as well as to its profitability and credit worthiness. The following Condensed Statements of Revenues, Expenses, and Change in Net Position summarize the operations of the District for the year ended December 31, 2023 and 2022:

Table 2

	2023	2022
Operating revenues	\$ 403,774	\$ 387,164
Operating expenses	529,773	459,844
Operating Loss	(125,999)	(72,680)
Non-operating revenues (expenses):		
Interest income	5,351	3,286
Grant proceeds	-	-
Changes in Net Assets	(120,648)	(69,394)
Total Net Position, Beginning of Year	791,997	861,391
Total Net Position, End of Year	\$ 671,349	\$ 791,997

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of December 31, 2023 totaled \$181,684 (net of accumulated depreciation). This investment in capital assets includes the harbor facilities, machinery and equipment, property and buildings, and furniture and equipment.

The following table provides a summary of the District's investment in capital assets as of December 31, 2023 and 2022.

Table 3

	2023	2022
Capital assets, not being depreciated:		
Land	\$ 100,000	\$ 100,000
Capital assets, being depreciated:		
Harbor and improvements	2,690,782	2,690,782
Accumulated Depreciation	(2,609,098)	(2,544,103)
Net Capital Assets	\$ 181,684	\$ 246,679

Long-term Debt

The San Patricio Navigation District has no outstanding long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The basic financial statement emphasizes the District's intent to recover the costs of its activities through its user fees and other charges. During the budget process for fiscal year 2024 the appointed officials considered many factors including the forces driving the economy in their budget decisions, including population growth and increased residential and commercial development along with long-term infrastructure needs.

CONTACTING THE NAVIGATION DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. If you have any questions about the report or need additional financial information, contact the Office Manager at the San Patricio Navigation District, 426 E Ransom Road, Aransas Pass, Texas 78336.

SAN PATRICIO CO. NAVIGATION DISTRICT NO. 1

STATEMENT OF NET POSITION

December 31, 2023

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$	268,318
Investments		220,872
Prepaid expenses		11,808
Operating lease receivable		51,774
Total Current Assets		<u>552,772</u>

NON-CURRENT ASSETS:

CAPITAL ASSETS:

Property, plant and equipment		2,690,782
Less accumulated depreciation		<u>(2,609,098)</u>
Net Property, plant and equipment		81,684
Land		<u>100,000</u>
Capital Assets, Net		181,684

TOTAL ASSETS 734,456

LIABILITIES AND NET POSITION:

CURRENT LIABILITIES:

Accounts payable		3,182
Deferred revenue		8,151
Deferred inflow of resources		51,774
Total Current Liabilities		<u>63,107</u>

TOTAL LIABILITIES 63,107

NET POSITION:

Invested in capital assets		181,684
Unrestricted		<u>489,665</u>

TOTAL NET POSITION \$ 671,349

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

SAN PATRICIO CO. NAVIGATION DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2023

OPERATING REVENUE:

Harbor Rentals, net of \$1,957 in refunds	\$	350,189
Hampton's Landing Lease		27,593
Aransas Pass Yacht Club Lease		8,000
Lac Mai Bait Stand		15,000
Miscellaneous income		2,992
Total Operating Revenue		<u>403,774</u>

OPERATING EXPENSES:

Maintenance and operations		287,982
General and administrative		176,796
Depreciation		64,995
Total Operating Expenses		<u>529,773</u>
Operating Income (Loss)		<u>(125,999)</u>

NON-OPERATING REVENUES (EXPENSES):

Interest income		<u>5,351</u>
Total Non-Operating Expenses		5,351

Change in Net Position (120,648)

Total Net Position, beginning of year 791,997

Total Net Position, end of year \$ 671,349

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

SAN PATRICIO CO. NAVIGATION DISTRICT NO. 1

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 402,679
Cash payments to suppliers for goods and services	(266,140)
Cash payments to employees for services	(195,584)
Net Cash (Used) Provided by Operating Activities	<u>(59,045)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Net Cash Used for Capital and Related Financing Activities	<u>-</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and dividend income	5,351
Investment in certificates of deposit	(5,176)
Net Cash Provided by Investing Activities	<u>175</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(58,870)
------------------------------------------------------	----------

Cash and Cash Equivalents, beginning of year	153,592
Cash and Cash Equivalents, end of year	<u>\$ 94,722</u>

RECONCILIATION OF OPERATING LOSS TO NET

CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income (loss)	<u>\$ (125,999)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	64,995
Changes in assets and liabilities	
Accounts receivable	272
Prepaid items	2,810
Deferred revenue	(1,367)
Accrued expenses	244
Total Adjustments	<u>66,954</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (59,045)</u>

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

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Patricio County District No. 1 (the District) conform to generally accepted accounting principles (GAAP) applicable to governmental enterprise units. The following summary of the more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

The financial statements are prepared on the basis of Governmental Accounting Standards Board (GASB), Statement Number 34, Basic Financial Statements, Management Discussion and Analysis for State and Local Governments and related standards. This new statement provides for significant changes in terminology and includes recognition of capital grants in the Statement of Revenues, Expenses and Changes in Net Assets; a presentation of net assets; as well as an inclusion of a management discussion and analysis; supplementary information; and other changes.

General History of the San Patricio County. Navigation District No. 1

The District is a special-purpose district created by a petition filed with San Patricio County Commissioners whereby an election was held to establish the district in 1958. Three commissioners were appointed to serve two-year terms by the San Patricio County Commissioners. The first meeting was held April 24, 1958. The first bonds were sold on July 15, 1958. San Patricio County Navigation District No. 1 was created under Article XVI, section 59 of the Texas Constitution. It is now governed by the Texas Water Code.

Reporting Entity

In evaluating how to define the entity for financial reporting purposes, management considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. GASB Statement No. 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based on the application of the criteria, management has determined the District should not be considered a part of any unit of local government for reporting purposes nor are there any entities or funds for which the District has reporting responsibilities.

Basis of Accounting

The District operates a single enterprise proprietary fund and uses the accrual basis of accounting to report on its financial position and the results of its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2023

public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Under this method, revenues are recorded when earned, and expenses are recognized as soon as they result in liabilities for the benefits provided.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. All enterprise funds are accounted for on a flow of economic resources measurement focus, whereby all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity is classified as net assets. Enterprise fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the District are charges to customers for the use of facilities. Operating expenses include the cost of providing the facilities, administrative expenses and depreciation on capital assets.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the District applies all Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The District has elected not to follow FASB pronouncements issued after November 30, 1989.

Cash and Investments

The District's cash and cash equivalents consist of cash-on-hand, cash held on deposit with financial institutions in demand deposit accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the District to invest in obligations of the United States Treasury, certificates of deposits, repurchase agreements, savings accounts, other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds, and public funds investment pools. Investments for the District are reported at fair value.

Property, Plant and Equipment

Capital assets, which include property, facilities and equipment are capitalized at total acquisition cost, provided such cost exceed \$10,000 and the expected useful life of the

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2023

asset is more than two years. Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following useful lives:

<u>Asset</u>	<u>Years</u>
Equipment	5-20
Buildings	10-40
Land improvements	5-40

Compensated Absences

There is no accumulation of compensated absences according to the District's policy.

Deferred Income

Revenue received for fees collected in advance is deferred and is shown as a liability in the accompanying balance sheet.

Concentration of Revenues

The District's operating revenues are subject to risk, because of their concentration in the tourism industry.

NOTE 2—CASH AND INVESTMENTS

All investments made and held by the District were in compliance with the District's investment policy.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Any portion of a deposit not covered by FDIC insurance is exposed to custodial credit risk in any of the following ways:

1. Deposits are not collateralized
2. Collateral for deposits is held by the pledging financial institution and/or
3. Collateral for deposits is held by the pledging institution's trust department or agent, but not in the name of the District

At December 31, 2023, the District's deposits held at financial institutions of \$489,190, were entirely covered by FDIC insurance or were secured by collateral held by the District's agent in the District's name. In addition to deposits with financial institutions, the District maintains \$100 in petty cash.

Investments held by the District at December 31, 2023 are categorized to indicate the risk assumed at year-end.

Similar to cash deposits, investments held at financial institutions are categorized according to three levels of risk.

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2023

Category 1—includes investments that are either insured, registered, or held by the District or its agent in the District's name.

Category 2—includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the District's name.

Category 3—includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name.

Pooled investments are not categorized because they are not evidenced by certificates that exist in physical or book form.

The District's investments at year-end are as follows:

	2023		2022		Category
	Carrying Value	Fair Value	Carrying Value	Fair Value	
Investments:					
Certificates of Deposit	\$394,468	\$394,468	\$389,292	\$389,292	1
Total investments	\$394,468	\$394,468	\$389,292	\$389,292	

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report non-participating interest-earning investment contracts using a cost-based measure. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "non-participating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of non-participating interest-earning investment contracts.

NOTE—3 ACCOUNTS RECEIVABLE

Ad valorem taxes receivable at year-end consisted of the following:

	2023	2022
Ad Valorem Taxes Receivable:		
Delinquent property taxes receivable	\$ 3,872	\$ 3,872
Less: Allowance for uncollectible accounts	(3,872)	(3,600)
Net receivables	\$ -	\$ 272

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2023

NOTE—4 CAPITAL ASSETS

Capital assets:

	1/1/2022	Additions	Dispositions	12/31/2023
Harbor Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Harbor Improvements	2,599,813	-	-	2,599,813
Storage Building	1,447	-	-	1,447
Clifford Dog	1,188	-	-	1,188
TroyBilt Mow er	2,729	-	-	2,729
A/C Units	6,541	-	-	6,541
Electric Meters	6,643	-	-	6,643
Pier Improvements	6,100	-	-	6,100
Fence	28,142	-	-	28,142
Zero Turn Mow er	5,000	-	-	5,000
Kaw asaki Mule	7,995	-	-	7,995
Security System	25,184	-	-	25,184
Total	\$ 2,790,782	\$ -	\$ -	\$ 2,790,782

Depreciation of capital assets for year ended December 31, 2023

	Beginning Accumulated Depreciation	Current Depreciation Expense	Retirements	Ending Accumulated Depreciation
Harbor Land	\$ -	\$ -		\$ -
Harbor Improvements	2,453,133	64,995		2,518,128
Storage Building	1,447	-		1,447
Clifford Dog	1,188	-		1,188
TroyBilt Mow er	2,729	-		2,729
A/C Units	6,541	-		6,541
Electric Meters	6,643	-		6,643
Pier Improvements	6,100	-		6,100
Fence	28,141	-		28,141
Zero Turn Mow er	4,999	-		4,999
Kaw asaki Mule	9,594	-		9,594
Security System	23,587	-		23,587
Total	\$ 2,544,103	\$ 64,995	\$ -	\$ 2,609,098

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2023

NOTE 5—PENSION PLAN

The District participates in a pension plan for its full-time employees through Texas County and District Retirement System (TCDRS). The District's employees are included in the district and county-wide membership of San Patricio County. TCDRS is a multiple-employer public employee retirement system consisting of 574 participating subdivisions. Members can retire at age 60 and above with 10 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 80 or more. Additional information regarding the plan, as well as the comprehensive annual financial report (CAFR) can be found at www.TCDRS.org.

In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the pension plan has the following provisions. The plan is a variable rate, calendar year plan. Employees contribute 7% of their annual salary, while the employer contributes 7.19%. Contributions to the plan are made monthly. The District's contribution to TCDRS for the year ending December 31, 2023 was \$9,735.

NOTE 6—INSURANCE

The District carries the following insurance policies:		Period Covered		Annual Premium	Amount of Coverage
		From	To		
Health insurance--employees					
	San Patricio County	1/1/2022	12/31/2022	\$ 17,304	**
	San Patricio County	1/1/2023	12/31/2023	\$ 17,135	**
Public Employee Dishonesty Policy					
	TML Victor O. Schinnerer & Co.	1/1/2022	12/31/2022	\$ 130	\$ 10,000
	TML Victor O. Schinnerer & Co.	1/1/2023	12/31/2023	\$ 106	\$ 10,000
Errors & Omissions Liability					
	TML Intergovernmental Risk Pool	10/1/2022	10/1/2023	\$ 815	\$ 1,000,000
	TML Intergovernmental Risk Pool	10/1/2023	10/1/2024	\$ 924	\$ 1,000,000
General liability					
	TML Intergovernmental Risk Pool	10/1/2022	10/1/2023	\$ 619	\$ 3,000,000
	TML Intergovernmental Risk Pool	10/1/2023	10/1/2024	\$ 657	\$ 3,000,000
Real and Personal Property					
	TML Intergovernmental Risk Pool	10/1/2022	10/1/2023	\$ 4,106	\$ 4,056,459
	TML Intergovernmental Risk Pool	10/1/2023	10/1/2024	\$ 4,636	\$ 4,293,987
Windstorm					
	TML Weston Insurance	10/21/2022	10/21/2023	\$ 10,433	\$ 205,000
	TML TWA	10/21/2023	10/21/2024	\$ 7,733	\$ 205,000
Worker's compensation					
	TML Texas Mutual	10/1/2022	10/1/2023	\$ 3,411	Statutory
	TML Texas Mutual	10/1/2023	10/1/2024	\$ 2,547	Statutory

There were no reductions of insurance coverage during 2023. Where commercial insurance was used to manage the risk of loss, no settlements exceeded such insurance coverage during any of the past three years.

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2023

NOTE 7—COMMITMENTS AND CONTINGENCIES

The District is exposed to various risks of loss related to torts; theft or, damage to and destruction of assets; errors and omission; and natural disasters for which the District carries commercial insurance. During the year the District did not incur any losses which were not covered by insurance.

NOTE 8—LEASES

Short-Term Leases

In accordance with GASB Statement No. 87, *Leases*, the District holds leases with individual boat slip tenants which fall under the determination of short-term leases. Short-term lease payments are recognized as inflows of resources based on the payment provision of the lease contract. A liability is recognized if payments are received in advance and an asset is recognized for rent due if payments are to be received subsequent to the reporting period.

Long-Term Leases

As defined by GASB Statement No. 87, the District holds long-term leases with three separate lessees; Hampton's Landing, Aransas Pass Yacht Club, and the Lac Mai Bait Stand. Each of the aforementioned leases had terms of greater than one year at inception and have since expired. The leases operate on an annual calendar year renewal basis, as the likeliness of these leases renewing at the end of the term is high, they are therefore treated as long-term leases for purposes of financial reporting.

Present value of operating lease receivables:

	2023
Operating lease receivables	
Hampton's Landing	\$ 27,003
Aransas Pass Yacht Club	8,381
Lac Mai Bait Stand	16,390
Total operating lease receivables	\$ 51,774

SUPPLEMENTAL INFORMATION

SAN PATRICIO CO. NAVIGATION DISTRICT NO. 1

SCHEDULE OF REVENUES AND EXPENSES ACTUAL AND BUDGET--GAAP BASIS

For the year ended December 31, 2023

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
OPERATING REVENUE:			
Harbor Rentals	\$ 350,189	\$ 300,780	\$ 49,409
Hampton's Landing Lease	27,593	27,300	293
Yacht Club	8,000	6,800	1,200
Lac Mai Bait Stand	15,000	15,000	-
Miscellaneous income	2,992	120	2,872
Total Operating Revenue	<u>403,774</u>	<u>350,000</u>	<u>53,774</u>
OPERATING EXPENSES:			
Maintenance and operations	287,982	192,710	(95,272)
General and administrative	176,796	157,290	(19,506)
Depreciation	64,995	-	(64,995)
Total Operating Expenses	<u>529,773</u>	<u>350,000</u>	<u>(179,773)</u>
Operating Income (Loss)	<u>(125,999)</u>	<u>-</u>	<u>233,547</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	5,351	16	5,335
Total Non-Operating Expenses	<u>5,351</u>	<u>16</u>	<u>5,335</u>
 Change in Net Position	 <u>\$ (120,648)</u>	 <u>\$ -</u>	 <u>\$ (120,648)</u>

SAN PATRICIO CO. NAVIGATION DISTRICT NO. 1

SCHEDULES OF MAINTENANCE AND OPERATIONS AND GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31, 2023

MAINTENANCE AND OPERATIONS

Employee services	\$ 70,043
Auto allowance	1,438
Maintenance and repairs	169,232
Professional fees	2,634
Electricity	11,842
Water	14,954
Insurance	17,839
Total Maintenance and Operations	<u>\$ 287,982</u>

GENERAL AND ADMINISTRATIVE

Employee services	\$ 47,598
Auto allowance	1,438
Commissioners services	25,147
Attorney services	53,689
Advertising	337
Insurance	17,839
Credit card merchant fees	14,453
Professional fees	3,220
Administrative and office expense	3,100
Telephone	3,314
Electricity	6,661
Total General and Administrative	<u>\$ 176,796</u>

SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1
7525000
ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS
COUNTY OF SAN PATRICIO

I, Richard Palmietto, Chairman of the San Patricio Co. Navigation District No. 1 hereby swear or affirm that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the _____ day of _____, 2024 its annual audit report for the fiscal year ended December 31, 2023 and that copies of the annual audit report have been filed in the district office, located at:

426 E Ransom Road
Aransas Pass, TX 78336

This annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Natural Resource Conservation Commission in satisfaction of all annual filing requirements of the Texas Water Code Section 49.194.

Date: _____

By: _____
Richard Palmietto, Chairman

Sworn to and subscribed before me this ____ day of _____, 2024.

(Signature of Notary)

My Commission Expires On: _____
Notary Public in the State of Texas.