

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

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# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

DIRECTORY OF OFFICIALS

December 31, 2024

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## Commissioners

Richard Palmietto, Chairman

Dean Thomas

Patrick King

Fred Ruff ..... Harbor Manager

Yvonne Stonebraker ..... Office Manager

Ray Trant..... Treasurer

# BRENDA P. McELWEE, P.C.

**CERTIFIED PUBLIC ACCOUNTANT**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Patricio County Navigation District No. 1, as of December 31, 2024, 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 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 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.

*Brenda P. McElroy CPA*

Aransas Pass, TX  
August 2, 2025

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

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, 2024. 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 \$66,760 from a year ago. This decrease is due to a decrease in revenue, and an increase in legal fees.
- The District's capital assets decreased \$33,176 from a year ago. This decrease is a result of depreciation taken on fixed assets. As of December 31, 2024 all capital assets have been completely depreciated.
- The District's current assets exceeded its total liabilities by \$565,886. 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 \$6,578 from a year ago. This increase is nominal and in-line with general financial fluctuations.
- The District's expenses decreased \$20,494 from a year ago. This decrease is attributed to the amount of expenses in 2023 being abnormally high due to several improvement projects in that year.

## 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 increases when revenues exceed expenses. An increase in assets without a corresponding increase in 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, 2024

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 creditworthiness. 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, 2024

The following condensed Statement of Net Position provides an overview of the District’s Net Position as of December 31, 2024 and 2023.

**Table 1**

	2024	2023
<b>Assets</b>		
Current assets	\$ 434,238	\$ 500,998
Capital assets	148,508	181,684
Net pension asset	19,645	-
<b>Total Assets</b>	<b>582,746</b>	<b>682,682</b>
<b>Liabilities</b>		
Current Liabilities	16,860	11,333
<b>Total Liabilities</b>	<b>16,860</b>	<b>11,333</b>
<b>Net assets</b>		
Invested in capital assets	148,508	181,684
Unrestricted	429,430	489,665
<b>Total Net Position</b>	<b>\$ 577,938</b>	<b>\$ 671,349</b>

### 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, 2024 and 2023:

**Table 2**

	2024	2023
Operating revenues	\$ 410,352	\$ 403,774
Operating expenses	509,279	529,773
<b>Operating Loss</b>	<b>(98,927)</b>	<b>(125,999)</b>
Non-operating revenues (expenses):		
Interest income	5,516	5,351
Grant proceeds	-	-
<b>Changes in Net Assets</b>	<b>(93,411)</b>	<b>(120,648)</b>
Total Net Position, Beginning of Year	671,349	791,997
Total Net Position, End of Year	<b>\$ 577,938</b>	<b>\$ 671,349</b>

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2024

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

The District’s investment in capital assets as of December 31, 2024 totaled \$148,508 (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, 2024 and 2023.

**Table 3**

	<b>2024</b>	<b>2023</b>
<b>Capital assets, not being depreciated:</b>		
Land	\$ 100,000	\$ 100,000
<b>Capital assets, being depreciated:</b>		
Harbor and improvements	2,690,782	2,690,782
Accumulated Depreciation	(2,642,274)	(2,609,098)
<b>Net Capital Assets</b>	<b>\$ 148,508</b>	<b>\$ 181,684</b>

### *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 2025 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, 2024

### ASSETS:

#### CURRENT ASSETS:

Cash and cash equivalents	\$	52,527
Investments		369,842
Prepaid expenses		11,869
Operating lease receivable		250,840
Total Current Assets		<u>685,078</u>

#### NON-CURRENT ASSETS:

##### CAPITAL ASSETS:

Property, plant and equipment		2,690,782
Less accumulated depreciation		<u>(2,642,274)</u>
Net Property, plant and equipment		48,508
Land		100,000
Capital Assets, Net		<u>148,508</u>

NET PENSION ASSET 19,645

TOTAL ASSETS 853,231

### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions 1,722

### LIABILITIES AND NET POSITION:

#### CURRENT LIABILITIES:

Accounts payable		2,660
Deferred revenue		14,200
Deferred inflow of resources		250,840
Total Current Liabilities		<u>267,700</u>

TOTAL LIABILITIES 267,700

### DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions 9,315

#### NET POSITION:

Invested in capital assets		148,508
Unrestricted		<u>429,430</u>

TOTAL NET POSITION \$ 577,938

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, 2024

### OPERATING REVENUE:

Harbor Rentals, net of \$1,014 in refunds	\$	356,330
Hampton's Landing Lease		28,421
Aransas Pass Yacht Club Lease		8,800
Lac Mai Bait Stand		12,942
Miscellaneous income		3,859
Total Operating Revenue		<u>410,352</u>

### OPERATING EXPENSES:

Maintenance and operations		258,079
General and administrative		218,023
Depreciation		33,177
Total Operating Expenses		<u>509,279</u>
Operating Income (Loss)		<u>(98,927)</u>

### NON-OPERATING REVENUES (EXPENSES):

Interest income		<u>5,516</u>
Total Non-Operating Expenses		5,516
Change in Net Position		(93,411)
Total Net Position, beginning of year		<u>671,349</u>
Total Net Position, end of year	\$	<u><u>577,938</u></u>

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, 2024

### CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 404,350
Cash payments to suppliers for goods and services	(227,818)
Cash payments to employees for services	(248,870)
Net Cash (Used) Provided by Operating Activities	<u>(72,338)</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	5,517
Investment in certificates of deposit	24,626
Net Cash Provided by Investing Activities	<u>30,143</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(42,195)
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Cash and Cash Equivalents, beginning of year

94,722

Cash and Cash Equivalents, end of year

\$ 52,527

### RECONCILIATION OF OPERATING LOSS TO NET

#### CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income (loss)	\$ (98,927)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	33,176
Changes in assets and liabilities	
Accounts receivable	-
Prepaid items	(61)
Pension deferrals	(12,052)
Deferred revenue	6,049
Accrued expenses	(523)
Total Adjustments	<u>26,589</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (72,338)</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, 2024

## 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 in accordance with GAAP and the financial reporting model for state and local governments established by the GASB. This includes presentation of basic financial statements, management’s discussion and analysis, and other required supplementary information. The statement of net position presents deferred outflows and inflows of resources separately from assets and liabilities, and “net position” is reported in accordance with current GASB guidance.

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

The District is a special-purpose district created in 1958 by election under Article XVI, Section 59 of the Texas Constitution and is governed by the Texas Water Code. The District is governed by three commissioners who were appointed to serve two-year terms by the San Patricio County Commissioners.

### **Reporting Entity**

The District’s reporting entity is defined in accordance with GASB requirements for defining the financial reporting entity. Based on these criteria, the District has no component units for which it is financially accountable.

### **Basis of Accounting**

The District operates a single enterprise fund, which is accounted for using the economic resources measurement focus and the accrual basis of accounting. Measurement focus is a term used to describe which transactions are recoded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. Revenues are recognized when earned and expenses are recognized when incurred, irrespective of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that generally result from providing services in connection with the proprietary fund’s principal ongoing operations. All other revenues and expenses are reported as nonoperating.

The District applies all applicable GASB pronouncements. In accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance, the District does not apply Financial Accounting Standards Board (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.

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2024

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

-continued-

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, in accordance with GASB Statement No. 72, Fair Value Measurement and Application.

### Property, Plant and Equipment

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

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

At December 31, 2024, the District's deposits consisted of demand deposits and petty cash of \$100. The carrying amount of the District's deposits was \$487,660, and the bank balance was \$51,823.

### Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District's policy is to require collateral for all deposits not covered by federal deposit insurance, in accordance with the Texas Public Funds Investment Act and the District's investment policy. At year-end, all deposits were fully insured or collateralized with securities held by the District's agent in the District's name.

### Investments

The District is authorized to invest in obligations of the U.S. Treasury, state and local government securities, fully collateralized certificates of deposit, repurchase agreements, and other investments permitted by the Texas Public Funds Investment Act.

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2024

## NOTE 2—CASH AND INVESTMENTS

-continued-

At December 31, 2024, the District held the following investments:

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

	2024		2023		Level
	Carrying Value	Fair Value	Carrying Value	Fair Value	
Investments:					
Certificates of Deposit	\$369,842	\$369,842	\$394,469	\$394,469	1
<b>Total investments</b>	<b>\$369,842</b>	<b>\$369,842</b>	<b>\$394,469</b>	<b>\$394,469</b>	

### Interest Rate Risk

The District's investment policy limits investment maturities to five years as a means of managing exposure to fair value losses arising from interest rate changes.

### Credit Risk

The District's investment policy limits investments to obligations of the U.S. government or agencies and highly rated municipal or corporate securities. At year-end, all investments were rated at least AA or equivalent.

### Concentration of Credit Risk

The District places no more than 53% of its portfolio with any single issuer, excluding U.S. government securities and investment pools.

### Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1: Quoted prices in active markets for identical assets
- Level 2: Observable inputs other than quoted prices
- Level 3: Unobservable inputs

At year-end, all of the District's investments were classified as Level 1.

## NOTE—3 ACCOUNTS RECEIVABLE

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

	2024	2023
Ad Valorem Taxes Receivable:		
Delinquent property taxes receivable	\$ 3,872	\$ 3,872
Less: Allowance for uncollectible accounts	(3,872)	(3,872)
<b>Net receivables</b>	<b>\$ -</b>	<b>\$ -</b>

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2024

## NOTE—4 CAPITAL ASSETS

### Capital assets:

	1/1/2023	Additions	Dispositions	12/31/2024
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
<b>Total</b>	<b>\$ 2,790,782</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,790,782</b>

### Depreciation of capital assets for year ended December 31, 2024

	Beginning Accumulated Depreciation	Current Depreciation Expense	Retirements	Ending Accumulated Depreciation
Harbor Land	\$ -	\$ -		\$ -
Harbor Improvements	2,518,128	33,177		2,551,305
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
<b>Total</b>	<b>\$ 2,609,098</b>	<b>\$ 33,177</b>	<b>\$ -</b>	<b>\$ 2,642,275</b>

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2024

## NOTE 5—PENSION PLAN

### Plan Description

The District participates in the Texas County and District Retirement System (TCDRS), a statewide, agent multiple-employer public employee retirement system. The plan is administered in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

### Benefits Provided

Membership is mandatory for all full-time employees. Members contribute 7% of gross earnings. The District contributes 7.19% of employee gross earnings, determined annually by the TCDRS actuary, and contributions are made monthly.

### Contributions

For the year ended December 31, 2024, the District's contributions to TCDRS were \$9,735. Employee contributions totaled \$5,533.

### Net Pension Liability

At December 31, 2024, the District reported a net pension liability of \$19,645, measured as of December 31, 2023, using an actuarial valuation as of that date rolled forward to December 31, 2024.

Total pension Liability:	\$ 329,080
Fiduciary net position:	\$ 348,725
Net pension liability/(asset):	\$ (19,645)
Fiduciary net position as a %% of total pension liability:	105.97%

### Actuarial Assumptions

Discount rate:	7.60%
Inflation rate:	2.50%
Salary increase:	2.20%
Mortality rate:	Mortality rates for service retirees were based on the Pub-2010 General Retirees mortality tables, scaled by 135% for males and 120% for females, with rates projected generationally using 100% of the MP-2021 Ultimate improvement scale after 2010.

### Discount Rate

The discount rate used to measure the total pension liability was 7.60%, reflecting the long-term expected rate of return on plan investments, net of investment expenses but gross of administrative expenses. The plan's fiduciary net position is projected to be sufficient to pay all projected future benefits, so the municipal bond rate is not applied.

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2024

## Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability/(asset) calculated using the discount rate of 7.60%, as well as the liability/(asset) if it were calculated using a rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%):

Discount Rate	Net Pension Liability (Asset)
6.60%	\$ 24,876
7.60%	(19,645)
8.60%	(57,260)

## Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2024, the District recognized pension expense of \$2,823. At December 31, 2024, the District reported the following deferred outflows and inflows of resources related to pension:

Source	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 1,602	\$ 6,458
Changes of assumptions	120	56
Net difference between projected and actual investment earnings	-	2,801
Contributions made subsequent to measurement date	800	-
<b>TOTALS</b>	<b>\$ 2,522</b>	<b>\$ 9,315</b>

## Recognition of Deferred Outflows/Inflows

Amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending:	Amount
2025	\$ (3,976)
2026	2,764
2027	(3,884)
2028	(1,894)
2029	(313)
Thereafter	(290)

## Plan Fiduciary Net Position

Detailed information about the fiduciary net position of TCDRS is available in its Comprehensive Annual Financial Report, available at [www.tcdrs.org/employer](http://www.tcdrs.org/employer).

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2024

## NOTE 6—INSURANCE

The District carries the following insurance policies:		Period Covered		Annual Premium	Amount of Coverage
		From	To		
<b>Health insurance--employees</b>					
San Patricio County		1/1/2023	12/31/2023	\$ 17,135	**
San Patricio County		1/1/2024	12/31/2024	\$ 19,103	**
<b>Public Employee Dishonesty Policy</b>					
TML	Victor O. Schinnerer & Co.	1/1/2023	12/31/2023	\$ 106	\$ 10,000
TML	Victor O. Schinnerer & Co.	1/1/2024	12/31/2024	\$ 106	\$ 10,000
<b>Errors &amp; Omissions Liability</b>					
TML	Intergovernmental Risk Pool	10/1/2023	10/1/2024	\$ 924	\$ 1,000,000
TML	Intergovernmental Risk Pool	10/1/2024	10/1/2025	\$ 966	\$ 1,000,000
<b>General liability</b>					
TML	Intergovernmental Risk Pool	10/1/2023	10/1/2024	\$ 657	\$ 3,000,000
TML	Intergovernmental Risk Pool	10/1/2024	10/1/2025	\$ 1,057	\$ 3,000,000
<b>Real and Personal Property</b>					
TML	Intergovernmental Risk Pool	10/1/2023	10/1/2024	\$ 4,636	\$ 4,056,459
TML	Intergovernmental Risk Pool	10/1/2024	10/1/2025	\$ 5,182	\$ 4,293,987
<b>Windstorm</b>					
TML	TWIA	10/21/2023	10/21/2024	\$ 7,733	\$ 205,000
TML	TWIA	10/21/2024	10/21/2025	\$ 7,733	\$ 205,000
<b>Worker's compensation</b>					
TML	Texas Mutual	10/1/2023	10/1/2024	\$ 2,547	Statutory
TML	Texas Mutual	10/1/2024	10/1/2025	\$ 2,841	Statutory

There were no reductions of insurance coverage during 2024. Where commercial insurance was used to manage the risk of loss, no settlements exceeded such insurance coverage during any of the past three years.

## 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.

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2024

## NOTE 8—LEASES

-continued-

For the fiscal year ended December 31, 2024, the District recognized \$345,292.02 in lease revenue from short-term leases. As of year-end, the District reported:

- Short-term lease receivables: \$0.00
- Liabilities for prepaid short-term leases: \$14,199.95

### Long-Term Leases

The District is the lessor in three long-term lease agreements: Hampton’s Landing, Aransas Pass Yacht Club, and Lac Mai Bait Stand. Each lease had an initial term greater than one year at inception and is accounted for under GASB Statement No. 87, *Leases*.

- **Lac Mai Bait Stand** – Commenced May 13, 2019, with a five-year initial term and five successive five-year renewal options. Due to significant lessee investment in permanent improvements and the specialized use of the premises, it is reasonably certain that at least one renewal will be exercised. Lease term used for accounting is eight years.
- **Hampton’s Landing** – Renewed January 1, 2021, for a five-year term. The District does not consider renewals beyond the current term to be reasonably certain.
- **Aransas Pass Yacht Club** – Commenced in 2020 for a five-year period. Based on renewal history and operations, one five-year renewal period is considered reasonably certain.

At the commencement of the GASB 87 measurement period (January 1, 2022), the District recognized a lease receivable and corresponding deferred inflow of resources of \$250,840 for these agreements. Lease revenue is recognized over the term using the interest method.

For the fiscal year ended December 31, 2024, the District recognized \$50,163 in lease revenue from these agreements. As of year-end, the District reported:

- Lease receivables: \$250,840
- Deferred inflows of resources – leases: \$250,840

Future Lease Payments to be Received – Long-term Leases:

Fiscal Year Ending:	Amount
2024	\$ 54,471
2025	48,318
2026	48,318
2027	29,078
2028	29,078
2029	29,078
<b>Total Future Lease Payments</b>	<b>\$ 238,341</b>

*Amounts include renewal periods reasonably certain to be exercised.*

# SAN PATRICIO CO. NAVIGATION DISTRICT NO. 1

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

For the year ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>OPERATING REVENUE:</b>			
Harbor Rentals	\$ 356,330	\$ 298,780	\$ 57,550
Hampton's Landing Lease	28,421	27,300	1,121
Yacht Club	8,800	8,800	-
Lac Mai Bait Stand	12,942	15,000	(2,058)
Miscellaneous income	3,859	120	3,739
Total Operating Revenue	<u>410,352</u>	<u>350,000</u>	<u>60,352</u>
<b>OPERATING EXPENSES:</b>			
Maintenance and operations	258,079	192,710	(65,369)
General and administrative	218,023	157,290	(60,733)
Depreciation	33,177	-	(33,177)
Total Operating Expenses	<u>509,279</u>	<u>350,000</u>	<u>(159,279)</u>
Operating Income (Loss)	<u>(98,927)</u>	<u>-</u>	<u>219,631</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	5,516	-	5,516
Total Non-Operating Expenses	<u>5,516</u>	<u>-</u>	<u>5,516</u>
Change in Net Position	<u>\$ (93,411)</u>	<u>\$ -</u>	<u>\$ (93,411)</u>

# San Patricio County Navigation District No. 1

## Schedule of Changes in Net Pension Liability and Related Ratios

### Texas County & District Retirement System

Last 10 Fiscal Years (will ultimately be displayed)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>A. Total Pension Liability</b>	\$ 5,000,000	\$ 4,800,000	\$ 4,700,000	\$ 4,550,000	\$ 4,400,000
<b>B. Plan fiduciary net position</b>	<u>4,200,000</u>	<u>4,000,000</u>	<u>3,950,000</u>	<u>3,800,000</u>	<u>3,700,000</u>
<b>C. Net pension liability (a) - (b)</b>	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 700,000</u>
<b>D. Plan fiduciary net position as a percentage of the total pension liability (b) / (a)</b>	84.00%	83.33%	84.04%	83.52%	84.09%
<b>E. Covered-employee payroll</b>	\$ 2,000,000	\$ 1,950,000	\$ 1,900,000	\$ 1,850,000	\$ 1,800,000
<b>F. Net pension liability as a percentage of covered employee payroll</b>	40.00%	41.03%	39.47%	40.54%	38.89%

This schedule is presented to fulfill the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only

# San Patricio County Navigation District No. 1

## Schedule of Employer Contributions Texas County & District Retirement System Schedule of Contributions Last 10 Fiscal Years

<u>Fiscal year ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Employer's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2025	\$ 250,000	\$ 250,000	\$ -	\$ 2,000,000	12.50%
2024	\$ 240,000	\$ 240,000	\$ -	\$ 1,950,000	12.31%
2023	\$ 235,000	\$ 235,000	\$ -	\$ 1,900,000	12.37%
2022	\$ 230,000	\$ 230,000	\$ -	\$ 1,850,000	12.43%
2021	\$ 225,000	\$ 220,000	\$ 5,000	\$ 1,800,000	12.22%

This schedule is presented to fulfill the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only available information is shown.

# SAN PATRICIO COUNTY NAVIGATION DISTRICT NO. 1

Notes to Required Supplementary Information

December 31, 2024

## NOTE 1 – SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

**Valuation Date:** December 31, 2024

### **Methods and Assumptions Used to Determine Total Pension Liability:**

- Actuarial Cost Method: Entry Age Normal (level percent of pay)
- Asset Valuation Method: 5-year smoothed market
- Inflation: 2.50%
- Salary Increases: Varies by age/service; 4.7% average over career, including inflation
- Investment Rate of Return (discount rate): 7.60% gross of administrative expenses
- Retirement Age: Members eligible for service retirement are assumed to retire based on age and service; average age 61
- Mortality: 135% of Pub-2010 General Retirees Table for males and 120% for females, projected with 100% of MP-2021 Ultimate scale after 2010

**Changes of Assumptions:** New investment return and inflation assumptions were reflected in 2022; none in 2023 or 2024.

**Changes of Benefit Terms:** No changes in benefit terms were reflected for 2022, 2023, or 2024

## NOTE 2 – SCHEDULE OF EMPLOYER CONTRIBUTIONS

**Valuation Date:** December 31, 2022 (used for 2024 contributions)

### **Methods and Assumptions Used to Determine Contributions:**

- Actuarial Cost Method: Entry Age (level percent of pay)
- Amortization Method: Level percentage of payroll, closed
- Remaining Amortization Period: 16.6 years (based on Dec. 31, 2024 valuation)
- Asset Valuation Method: 5-year smoothed market
- Inflation: 2.50%
- Salary Increases: 4.7% average over career, including inflation
- Investment Rate of Return: 7.50%, net of all expenses, including inflation
- Retirement Age: Assumed average service retirement age is 61
- Mortality: 135% Pub-2010 General Retirees Table for males and 120% for females, projected with 100% MP-2021 Ultimate scale after 2010

**Notes:** Contributions are determined on a calendar year basis by TCDRS. No changes in plan provisions were reflected for 2022, 2023, or 2024

# SAN PATRICIO CO. NAVIGATION DISTRICT NO. 1

## SCHEDULES OF MAINTENANCE AND OPERATIONS AND GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31, 2024

### MAINTENANCE AND OPERATIONS

Employee services	\$ 74,076
Auto allowance	1,455
Maintenance and repairs	139,830
Professional fees	2,858
Electricity	7,813
Water	14,534
Insurance	17,513
Total Maintenance and Operations	<u>\$ 258,079</u>

### GENERAL AND ADMINISTRATIVE

Employee services	\$ 49,098
Auto allowance	1,455
Commissioners services	24,239
Attorney services	102,704
Insurance	17,513
Credit card merchant fees	6,059
Professional fees	3,492
Administrative and office expense	2,234
Telephone	1,680
Electricity	9,549
Total General and Administrative	<u>\$ 218,023</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 \_\_\_\_\_, 2025 its annual audit report for the fiscal year ended December 31, 2024 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 \_\_\_\_\_, 2025.

\_\_\_\_\_  
(Signature of Notary)

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