

**PORT ISABEL-SAN BENITO
NAVIGATION DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

**PORT ISABEL – SAN BENITO NAVIGATION DISTRICT
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED DECEMBER 31, 2023**

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PORT ISABEL – SAN BENITO NAVIGATION DISTRICT

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF: CAMERON.....

I, VICTOR BARRERA of the Port Isabel – San Benito Navigation District hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Commissioners on the 16 day of July, 2024 its annual audit report for the fiscal period ended December 31, 2023 and that copies of the annual audit report have been filed in the District's office, located at 250 Industrial Drive in Port Isabel, Texas

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 the Texas Water Code Section 49.194.

Date: July 16, 2024 By: Victor Barrera

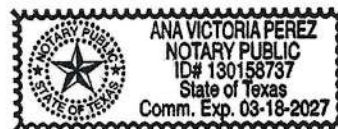
VICTOR BARRERA, Chairman

Sworn to and subscribed to before me this 16 day of July, 2024

[Signature]
(Signature of Notary)

My Commission Expires on: March 18, 2027

Notary Public in the State of Texas.





ROBERTO LOPEZ
CERTIFIED PUBLIC ACCOUNTANT, PC

MEMBER OF TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER OF AMERICAN INSTITUTE OF
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INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Port Isabel-San Benito Navigation District, TX

Opinions

We have audited the accompanying financial statements of Port Isabel-San Benito Navigation District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of Port Isabel-San Benito Navigation District, as of December 31, 2023, and the respective 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 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 Port Isabel-San Benito Navigation 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Port Isabel-San Benito Navigation District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Port Isabel-San Benito Navigation 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 Port Isabel-San Benito 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 budgetary comparison information on pages 5 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Port Isabel-San Benito Navigation District's basic financial statements. The supplementary Information Pages 24 to 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary Information pages 24-30 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance

with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information pages 24-30 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 Texas Water Code Supplementary Information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024, on our consideration of Port Isabel-San Benito 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 Port Isabel-San Benito Navigation 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 Navigation District's internal control over financial reporting and compliance.

Roberto Lopez

Roberto Lopez CPA PC

Harlingen TX
June 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

This discussion and analysis of the Port Isabel – San Benito Navigation District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities at the close of the most recent year by \$13,957,072 (net position). Of this amount, unrestricted net position of \$ 2,535,776 may be used to fund the ongoing Port activities. The service operation expense of \$748,125 represents 295.03% of the unrestricted net position. The District could operate for about 41 months with the current unrestricted net position balance.

Total net position for the District increased by \$1,933,816

The District's current assets increased by \$131,206. Cash and cash equivalents increased by \$154,501. Trade receivables decrease by \$1,217, and prepaid assets decreased by \$22,079.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, consisting of two components:

- Proprietary Fund financial statements
- Notes to the financial statements.

This report also contains other supplemental information in addition to the basic financial statements.

The Proprietary financial statements. *The proprietary financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including infrastructure) as well as all liabilities (including long-term debt).

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The statement of net position includes all the District's assets and liabilities, with the difference between the two reported as total net position:

- Invested in capital assets, net of related debt
- Unrestricted

The statement of net position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net position presents information which shows how the District's net position changed during the year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations during the year and determines net position and whether the District has recovered its costs through other charges.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-21 of this report.

Other Information. The section Supplementary Information (SI) immediately follows the basic financial statements section of this report. In addition to the basic financial statements and accompanying notes, this report presents certain supplementary information concerning the District's general fund budgetary schedule. The section Texas Commission on Environmental Quality Supplementary Information presents supplementary information required by the Texas Commission on Environmental Quality.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Financial Analysis of the District

The following table reflects a summary of Net Position compared to prior year.

Table I NET POSITION DECEMBER 31,		
	2023	2022
Assets:		
Current Assets	\$ 3,040,359	\$ 2,909,154
Capital assets	11,421,294	9,522,873
Total assets	14,461,652	12,432,026
Liabilities:		
Current liabilities	114,048	5,540
Long-term debt outstanding	-	-
Total liabilities	114,048	5,540
Deferred inflow:	-	-
Deferred revenues	390,534	395,657
Net Position:		
Net invested in Capital Assets,	11,421,294	9,522,873
Unrestricted	2,535,776	2,500,383
Total Net Position	\$ 13,957,072	\$ 12,023,256

The current assets as of December 31, 2023 consist primarily of cash and cash equivalents \$3,003,705, trade receivables of \$110, prepaid expenses \$36,544. Current liabilities of \$114,048 are reflected on the financial statements for the year ended December 31, 2023. Deferred revenues of \$390,534 also reflected at year-end.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Table II CHANGES IN NET POSITION DECEMBER 31,		
	2023	2022
Revenues:		
Port Fees	\$ 29,217	\$ 19,497
Rental and storage fees	1,224,372	1,098,001
Other revenues	1,566	10,785
Total Revenues	\$ 1,255,156	\$ 1,128,283
Operating Expenses:		
Service Operations	748,125	517,875
Depreciation	338,283	336,967
Total Expenses	\$ 1,086,408	\$ 854,842
Increase in Net Position:	168,748	273,441
Special and Extraordinary Items	1,765,068	(22,805)
Change in Net Position	1,933,816	250,636
Beginning Net position	12,023,256	11,772,620
Ending Net Position	\$ 13,957,072	\$ 12,023,256

Total net position of the District increased by \$1,933,816 in the current year.

Revenues by Source

Storage fees are the major support of District activities. Port fees increase from \$19,497 to \$29,217. Storage fees increased from \$1,098,001 to \$1,224,372. Other revenues decrease from \$10,785 to \$1,566. Reported as special and ordinary items of revenues and expenses are Intergovernmental receipts which increased by \$1,750,601 the discounted interest decreased from \$32,045 to \$31,637.

Expenses by Source

Expenses such as Payroll and payroll related expenses decreased by \$8,090. Plant maintenance increase by \$100,847. Election expense increased by \$84,486. Equipment maintenance increased by \$4,828. Auto expense increased by \$62. Depreciation increased by \$1,316. Utilities decreased by \$7,013. Insurance expense increased by \$30,354. Office expenses increased by \$1,060. Legal and professional fees increase by \$18,745. Audit fee increased by \$100. Trash removal increased by \$5,571. Travel expense decreased by \$235. Due and subscriptions decreased by \$4,690. Telephone expense increased by \$1,879, and miscellaneous expenses increased by \$2,346 Total expenses increase from \$854,842, to \$1,086,408 or \$231,566 increase.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023

Enterprise Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor. During the year, revenues had a positive variance of \$229,918 and expenditures were over the budgetary estimates by \$317,874. The actual financial amounts were reflecting an unfavorable budget variance of \$87,956.

Analysis of Changes in Capital Assets and Long-Term Debt

Capital assets such as docks, roads and equipment are funded through operations and existing fund balance. The District did not incur any long term debt during the 2023 year. As of December 31, 2023 the District had no long term debt on the books.

Capital Assets at Year-end
(Net of Depreciation)

	Enterprise Fund
Vehicles	25,377
Infrastructure	616,590
Other Capital Assets	<u>10,779,327</u>
	\$11,421,294

This year's financial statements reflected \$2,236,704 in capital asset additions (improvements to the roads, docks and improvement to the District buildings).

The Budget and Economic Environment

The shrimping business now represents a small amount of the District's rental income. The District is poised to take advantage of servicing the oil drilling industry as newly discovered oil deposits in the Gulf of Mexico. The oil drilling industry and all its supporting businesses could make a big impact in the District's revenues should it all materialize.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Port Director, Port Isabel – San Benito Navigation District, 250 Industrial Drive, Port Isabel, Texas 78578.

FINANCIAL STATEMENTS

PORT ISABEL - SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023

ASSETS	2023
Current Assets	
Cash and Cash Equivalents (Note C)	\$ 3,003,705
Accounts Receivable:	
Trade Receivables	110
Other Receivable	-
Prepaid Assets	36,544
Total Current Assets	<u>\$ 3,040,359</u>
Noncurrent Assets	
Fixed Assets - (Note D)	<u>11,421,294</u>
Total Assets	<u>\$ 14,461,652</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	114,048
Total Current Liabilities	<u>\$ 114,048</u>
Total Liabilities	\$ 114,048
Deferred Inflows of Resources	
Deferred Revenue - Sale of Lease	390,534
Net Position	
Net Investment in Capital Assets	11,421,294
Unrestricted	2,535,776
Total Net Position	<u><u>\$ 13,957,072</u></u>

The accompanying notes are an integral part of these financial statements.

PORT ISABEL - SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

Operating Revenues:

Port Fees	\$ 29,217
Rentals and storage	1,224,372
Other	1,566
Total Operating Revenues	<u>\$ 1,255,156</u>

Operating Expenses:

Payroll and related expenses	267,851
Plant maintenance	180,060
Election expense	84,486
Equipment maintenance	9,475
Auto and gas	8,700
Depreciation	338,283
Utilities	21,437
Insurance	48,823
Office expenses	11,369
Professional fees	72,785
Auditing	11,750
Trash removal	7,697
Travel and entertainment	2,161
Dues and subscription	6,532
Telephone	11,635
Miscellaneous	3,364
Total Operating Expenses	<u>\$ 1,086,408</u>
Operating Income (Loss)	<u>\$ 168,748</u>

Non-operating Revenue (Expenses):

Investment income	64,075
Sale of assets	-
Discounted interest	(31,637)
Total Non-Operating Revenue (Expenses)	<u>\$ 32,437</u>

Special items Revenues (Expenses)

Intergovernmental receipts	1,750,601
Intergovernmental expenditures	(17,970)
Total special items Revenue (Expenses)	<u>\$ 1,732,631</u>

Change in net position	1,933,816
Net position, beginning of year	12,023,256
Net position, end of year	<u><u>\$ 13,957,072</u></u>

The accompanying notes are an integral part of these financial statements.

PORT ISABEL - SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,251,249
Cash received from state/federal agency	1,732,631
Cash paid to supplier's for goods and services	(357,261)
Cash payments to employees	(267,851)
Net cash provided by Operating activities	<u>\$ 2,358,768</u>
Cash flows from Capital and related financing activities:	
Acquisition of capital assets	(2,353,270)
Amortization of deferred income	(31,637)
Net cash provided by capital and related financing activities	<u>(2,384,907)</u>
Cash flows from investing activities:	
Investment income	64,075
Net cash provided by investing activities	<u>64,075</u>
Net increase (decrease) in cash	154,501
Cash and cash equivalents beginning of year	2,849,204
Cash and cash equivalents end of year	<u>3,003,705</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	1,901,379
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	338,283
Cash proceeds for sale of asset	-
Discounted interest on prepaid rents	(31,637)
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	27,731
Decrease (increase) in other receivable	-
Decrease (increase) in prepaid assets	22,079
Increase (decrease) in accounts payable	100,935
Increase (decrease) in accrued expenses	-
Total adjustments	<u>\$ 150,745</u>
Net cash provided by operating activities	<u><u>\$ 2,358,769</u></u>

The accompanying notes are an integral part of these financial statements.

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**PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Port Isabel - San Benito Navigation District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following represents the significant accounting policies and practices used by the District.

1. The Reporting Entity

The District was created in 1929 under Section 59 of Article 16 of the Texas Constitution. The Board of Directors held its first meeting on May 02, 1929, and its first bonds were dated May 01, 1929. The Board, a three-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to the Port Isabel-San Benito Navigation District. 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 and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District is under the authority of the Texas Commission on Environmental Quality and is operated under and governed by Chapter 63 of the Texas Water Code. The District's principal function is to provide oversight of the coastal navigable waters at the Port Isabel turning basin and surrounding waters in Cameron County, Texas.

As required by accounting principles generally accepted in the United States of America, these financial statements present the District, entity for which the District is considered to be financially accountable. The discussion of component units below summarizes the relevant guidelines considered by the District in determining the nature of their operational or financial relationships. There are no component units included.

2. Measurement Focus, Basis of Accounting and Basis of Presentation

The District operates as an enterprise fund to report on its financial position and the results of its operations. Enterprise funds are used to account for operations that (a) 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 public on a continuing basis be financed or recovered primarily through user charges; 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.

**PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 statement of net position. Proprietary fund equity is classified as net position. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for the use of facilities and services provided. Operating expenses for enterprise funds 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 non-operating revenues and expenses. An annual budget for the District is adopted on a basis consistent with generally accepted accounting principles for proprietary funds, as a prudent management tool. Monthly budget reports are prepared for management to maintain proper budgetary control, and are reviewed by the Port Commission on a monthly basis.

3. Budgetary Policy

The District's budget is generated using the accrual basis of accounting.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

5. Cash Equivalents

The District defines cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and other highly liquid interest-bearing deposit accounts with maturities of three months or less.

**PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

6. Investments

The District is authorized to invest in 1) U.S. Treasury obligations and government agency securities of the United States of America, its agencies and instrumentalities, provided the payment of the principle and interest are fully guaranteed by the insured, 2) certificates of deposit and other evidence of deposits from credit unions, banks, savings banks, trust companies or savings and loan associations that are fully guaranteed; 3) direct obligations of the State of Texas; 4) local government investment pools of potential subdivisions in the State of Texas which invest in instruments and follow practices allowed by the Public Funds Investment Act, and 5) obligations of states, agencies, counties, cities, and other potential subdivisions of any state rated not less than A or its equivalent in investment quality. The investments are carried at fair value. Short-term investments are reported at cost including accrued interest, which approximates fair value. The District is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy, that policy must address the following areas: (1) safety of principle 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. Receivables

Trade receivables represent amounts due from regular customers for rental of District properties. At December 31, 2023 one customer had a credit invoice and the total amount of Accounts receivable at year-end was \$110.

8. Capital Assets

All purchased capital assets are valued at cost. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30 years
Improvements	40 years
Machinery and equipment	7-15 years
Vehicles	5 years
Furniture and fixture	5-10 years

PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

9. Prepaid Expenses

Prepaid asset are assets that arises on a balance sheet as a result of the District making payments for goods and services to be received in the near future. While prepaid expenses are initially recorded as assets, their value is expensed over time as the benefit is received onto the income statement, because unlike conventional expenses, the District will receive something of value in the near future.

10. Leases

The District has adopted FASB ASC 842, Leases, with a date of initial application of January 1, 2022. For leases with a lease term greater than one year, the District recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The District determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets, current portion operating lease liabilities, and operating lease liabilities, net of current portion, the District's Statement of Net Position at December 31, 2023. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the District uses a risk free rate of a period comparable with that of the lease term. The District considers the lease term to be noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the District is reasonably certain not to exercise the option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The operating lease right-of-use assets also include any lease payments and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

11. Compensated Absences

Vested or accumulated sick leave is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards Board No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive vacation pay benefits. These financial statements reflect no accrual of compensated absences as the amount is immaterial.

12. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element,

**PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government doesn't have any item that qualifies for reporting in this category.

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 and so will not be recognized as an inflow of resources (revenue) until that time.

13. Subsequent Events

Management has evaluated subsequent events through June 19, 2024, which is the date of the financial statements. The District had finished the construction of Port Road prior to the issuance of the report. All related construction expenses were paid off.

NOTE B – FASB ASC 606 NEW ACCOUNTING GUIDANCE

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and required the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for good or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 640-40 as the "new guidance." No retrospective transition was necessary from the adoption of the new guidance.

NOTE C – DEPOSITS, SECURITIES, AND INVESTMENTS

Investment Accounting Policy

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas:

- a. safety of principal and liquidity,
- b. portfolio diversification
- c. allowable investments,
- d. acceptable risk levels,
- e. expected rates of return,

**PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE C – DEPOSITS, SECURITIES, AND INVESTMENTS – (Continued)

- f. maximum allowable stated maturity of portfolio investments,
- g. maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio,
- h. investment staff quality and capabilities, and
- i. bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies. The Act determines the types of investments, which are allowable for the District. These include, with certain restrictions,

- a. obligations of the U.S. Treasury, certain U.S. agencies, the state of Texas,
- b. certificate of deposit,
- c. certain municipal securities, money market savings accounts,
- d. repurchase agreements,
- e. bankers' acceptances,
- f. mutual funds,
- g. investment pools

The District's policy authorizes all the State allowable investments.

The District's management believes that it has complied in all material respects with the requirements of the Act and the District's investment policies.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of the depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterpart (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE C – DEPOSITS, SECURITIES, AND INVESTMENTS – (Continued)

Cash Deposits

At December 31, 2023, the carrying amount of the District's deposits (cash and interest-bearing savings accounts) was \$1,025,559 on deposits at International Bank of Commerce. The District also had \$1,989,146 deposited with Tex-Pool, a Public Funds Investment Pool. The Pool was rated AAAM by S&P.

In accordance with Texas Law, the District's cash deposits were properly secured at all times by FDIC insurance or by pledged collateral in the District's name by the bank other than the pledging bank.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District had no investments as of December 31, 2023.

Concentration of Credit Risk

The Investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Investment Act.

NOTE D – Changes in Capital Assets

Enterprise Fund fixed assets are capitalized in the fund accounts because the fixed assets are used in the production of the goods or services that the District provides. Depreciation of these fixed assets is recorded using the straight-line method over the expected life expectancy of the asset to determine total expenses, net income, and changes in fund equity. Below are the major categories of fixed assets in the proprietary fund:

PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE D – Changes in Capital Assets – (Continued)

	Beginning Balance Jan 01, 2023	Additions	Deletions	Ending Balance Dec 31, 2023
Infrastructure	\$ 616,590	\$ -	\$ -	\$ 616,590
Docks and Improvements	11,341,886	2,226,454	-	13,568,340
Buildings	1,780,124	10,250	-	1,790,374
Improvements	954,585	-	-	954,585
Machinery & Equipment	188,355	-	-	188,355
Furniture & Fixture	52,430	-	-	52,430
Auto & Truck	79,726	-	-	79,726
	\$ 15,013,695	\$ 2,236,704	\$ -	\$ 17,250,401
Accumulated depreciation	(5,490,822)	(338,283)	-	(5,829,105)
Totals	\$ 9,522,873	\$ 1,898,421	\$ -	\$ 11,421,294

NOTE E – Leases

The District has leased two (2) tracts of land to Texas Pack, Inc. under long term Lease Agreements. The first is a 7.247 acre tract with a fifty (50) year Lease Agreement divided into two (2) twenty-five (25) year periods, which is in the second twenty-five (25) year period at a rate of \$500 per year per acre. The second is in the final option period ending July 2024 and is a 5 acre tract at a rate of \$189.21 per acre per month.

The District has also leased 9.859 acres to Sea Ranch II at South Point Marina under a long term Lease Agreement which is in the second of six (6) five (5) year renewal periods. The current rate is \$497 per acre per month. South Point Marina also has a sub-tenant the U.S. Customs and Border Patrol Air and Marine Division Headquarters.

The District's largest Tenant is Port Isabel Logistical Offshore Terminal (PILOT). PILOT has several Lease Agreements with the District as follows; The Master Lease Agreement (MLA) has several of these tracts set as Exhibits to the MLA, Exhibit A is 26.036 acres at a current rate of \$800 per acre per month, Exhibit B is 26.983 acres at \$500 per acre per month, Exhibit C is an Option Agreement on 14.028 acres at \$833.30 per month and Exhibit D is a 6 acre tract at \$1,500 per acre per month. PILOT also has a separate Lease Agreement on 2000 Port Road property a 4 acre tract with docks, office space and warehouse \$11,000 per month. The District has additional smaller tenants at varying acreage and rates. PILOT leases short and long term space on land and dock usage to primarily offshore oil and gas industry companies.

PORT ISABEL-SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE F – Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year ended December 31 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE G – Long-Term Debt

As of December 31, 2023 the District had no outstanding long-term debt.

NOTE H - Retirement Plan

The District provides 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, plus investments earnings. The District's contribution for each employee are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation. The District contributed \$9,056 into the plan during the year.

NOTE I - Sale of Lease Easement

The District has a long term lease agreement with two tenants. Verizon and Crown Castle each leased a parcel of land to construct a communication tower. The agreements has renewal options for up to 50 years. Landmark Dividend made an offer to purchase the lease easement and assign the lease payments to Landmark Dividend for a payment upfront in the amount of \$418,600. The Board accepted the offer and the District received the amount of \$418,600. The amount was recorded as Deferred Charges – Assignment of Leases. The District will amortize the deferred charges as follows each year.

	<u>Verizon Lease</u>	<u>Crown Castle Lease</u>	<u>Discount</u>	<u>Amortization</u>	<u>Unamortized Amount</u>
12/31/2024	13,728	23,012	(31,207)	5,533	385,001
12/31/2025	13,728	23,012	(30,765)	5,975	379,026
12/31/2026	13,728	23,012	(30,287)	6,452	372,574
12/31/2027	13,728	23,012	(29,772)	6,968	365,606
12/31/2028	13,728	23,012	(29,215)	7,525	358,082
All other years	494,208	828,414	(481,299)	358,082	
	<u>604,032</u>	<u>1,012,508</u>	<u>(729,557)</u>	<u>403,739</u>	

NOTE J - Related Party

Port Commissioner, Robert Ostos, owns a minority interest in a major land lease, Port Isabel Logistical Offshore Terminal (Pilot).

GOVERNMENT AUDIT SECTION



ROBERTO LOPEZ
CERTIFIED PUBLIC ACCOUNTANT, PC

MEMBER OF TEXAS SOCIETY OF
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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**

Board of Commissioners
Port Isabel – San Benito
Navigation District
Port Isabel, Texas

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 business-type activities of the Port Isabel-San Benito Navigation District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port Isabel-San Benito Navigation District's basic financial statements, and have issued our report thereon dated June 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port Isabel-San Benito 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 the Port Isabel-San Benito Navigation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port Isabel-San Benito 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port Isabel-San Benito 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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Roberto Lopez

Roberto Lopez
Certified Public Accountant, PC

Harlingen, TX
June 19, 2024

SUPPLEMENTARY INFORMATION

PORT ISABEL - SAN BENITO NAVIGATION DISTRICT
PORT ISABEL, TEXAS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION-ACTUAL VS BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Actual</u>	<u>Orginal Budget</u>	<u>Final Budget</u>	<u>Acutal-Final Variance</u>
Operating Revenues:				
Port Fees	\$ 29,217	\$ 25,000	\$ -	\$ 29,217
Rental and Storage	1,224,372	1,019,324	1,015,578	208,794
Investment income	64,075	15,000	37,734	26,341
Other revenues	1,566	25,000	36,000	(34,434)
Total Revenues	<u>\$ 1,319,230</u>	<u>\$ 1,084,324</u>	<u>\$ 1,089,312</u>	<u>\$ 229,918</u>
Operating Expenses:				
Payroll and related expenses	\$ 267,851	\$ 233,498	\$ 204,251	\$ (63,600)
Commissions' Fee	-	1,800	1,800	1,800
Plant maintenance	180,060	40,000	42,000	(138,060)
Election expense	84,486	60,000	-	(84,486)
Equipment maintenance	9,475	8,000	3,000	(6,475)
Auto and gas	8,700	20,000	12,000	3,300
Depreciation	338,283	285,160	285,160	(53,123)
Utilities	21,437	34,900	28,500	7,063
Insurance	48,823	60,000	41,000	(7,823)
Interest	31,637	-	-	(31,637)
Office expenses	11,369	20,400	7,300	(4,069)
Legal and other fees	72,785	172,400	145,400	72,615
Auditing	11,750	7,000	11,500	(250)
Port development	-	5,000	-	0
Trash removal	7,697	2,500	3,000	(4,697)
Travel and entertainment	2,161	3,000	-	(2,161)
Dues and subscription	6,532	5,500	5,500	(1,032)
Telephone	11,635	-	9,760	(1,875)
Miscellaneous	3,364	500	-	(3,364)
Total Operating Expenses	<u>\$ 1,118,045</u>	<u>\$ 959,658</u>	<u>\$ 800,171</u>	<u>(317,874)</u>
Operatin Income (deficit)	201,185	124,666	289,141	(87,956)
Non-Operating Revenue (Expense), net	-	-	-	-
Changes in net position	\$ 201,185	\$ 124,666	\$ 289,141	\$ (87,956)
Net position beginning of year	\$ 12,023,256	\$ 12,023,256	\$ 12,023,256	
Net position end of year	<u>\$ 12,224,441</u>	<u>\$ 12,147,922</u>	<u>\$ 12,312,397</u>	

**TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY SUPPLEMENTARY INFORMATION**

**PORT ISABEL – SAN BENITO NAVIGATION DISTRICT
CHECKLIST FOR SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

Notes required by the Water District Accounting Manual

1. Services and Rates (Not Required)
2. Proprietary Fund Expenses
3. Temporary Investments
4. Taxes Levied and Receivable (Not Required)
5. Long-Term Debt (Not Required)
6. Changes in Long-Term Bonded Debt (Not Required)
7. Comparative Schedule of Revenues and Expenses – Proprietary Fund – Five Years
8. Board Members, Key Personnel, and Consultants

**PORT ISABEL – SAN BENITO NAVIGATION DISTRICT
NOTES REQUIRED BY THE WATER DISTRICT ACCOUNTING MANUAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

Port Isabel – San Benito Navigation District was created in 1929 under Section 59 of Article 16 of the Texas Constitution. The Board of Directors held its first meeting on May 02, 1929, and its first bonds were dated May 01, 1929. The Board, a three-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to the Port Isabel-San Benito Navigation District. 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 and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District is under the authority of the Texas Commission on Environmental Quality and is operated under and governed by Chapter 63 of the Texas Water Code. The District's principal function is to provide oversight of the coastal navigable waters at the Port Isabel turning basin and surrounding waters in Cameron County, Texas.

PORT ISABEL - SAN BENITO NAVIGATION DISTRICT
(2) PROPRIETARY FUND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

Personal Expenses (including benefits)	\$ 267,851
Professional fees:	
Auditing	11,750
Legal	68,445
Accounting	3,350
Engineering	990
Contracted Services	
Election Expenses	84,486
Utilities	21,437
Repairs and Maintenance	189,535
Administrative Expenses:	
Insurance	48,823
Office Expenses	11,369
Port Development	-
Telephone	11,635
Trash removal	7,697
Other administrative Expenses	20,757
Depreciation Expenses	<u>338,283</u>
Total Expenses	\$ 1,086,408

Number of persons employed by the District : 4 full-time

**PORT ISABEL - SAN BENITO NAVIGATION DISTRICT
(3) TEMPORARY INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Enterprise Fund</u>	<u>Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at end of Year</u>
N/A					

PORT ISABEL - SAN BENITO NAVIGATION DISTRICT
(7) COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
PROPRIETARY FUND - FIVE YEARS ENDED
DECEMBER 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues:					
Intergovernmental Receipts	\$ -	\$ -	\$ -	\$ -	\$ -
Port Fees	29,217	19,497	68,293	38,460	-
Rentals and Storage	1,224,372	1,098,001	1,083,728	1,058,967	1,064,975
Investment Income	64,075	8,241	64	6,012	35,999
Other Revenues	2,566	11,785	3,097	1,813	36,259
Total Revenues	<u>\$ 1,320,230</u>	<u>\$ 1,137,524</u>	<u>\$ 1,155,182</u>	<u>\$1,105,251</u>	<u>\$1,137,233</u>
Operating Expense:					
Payroll and related expenses	\$ 267,851	\$ 275,941	\$ 262,436	\$ 257,481	\$ 231,102
Commissioners' fees	-	-	-	-	-
Plant maintenance	180,060	79,213	52,028	57,170	49,470
Election expense	84,486	-	71,878	-	-
Equipment maintenance	9,475	4,647	9,881	5,114	1,519
Auto and gas	8,700	8,638	12,196	15,701	12,951
Depreciation	338,283	336,967	333,690	332,460	297,989
Utilities	21,437	28,450	23,340	21,301	27,559
Insurance	48,823	18,469	24,398	30,164	23,232
Interest	31,637	32,045	32,548	-	-
Office expenses	11,369	10,309	17,687	11,343	8,618
Legal and other fees	72,785	54,040	55,393	57,858	152,462
Auditing	11,750	11,650	10,200	11,350	11,350
Port development	-	-	-	-	-
Trash removal	7,697	2,127	6,250	2,066	3,187
Travel and entertainment	2,161	2,396	1,381	-	-
Dues and subscription	6,532	11,222	5,415	3,822	5,152
Telephone	11,635	9,755	9,591	9,958	10,847
Bad debts	-	-	-	-	-
Miscellaneous	3,364	1,018	792	371	762
Total Operating Expenses	<u>1,118,045</u>	<u>886,887</u>	<u>\$ 929,104</u>	<u>\$ 816,158</u>	<u>\$ 836,200</u>
Operating Income (deficit)	\$ 202,184	\$ 250,636	\$ 226,078	\$ 289,093	\$ 301,033

PORT ISABEL - SAN BENITO NAVIGATION DISTRICT
(8) BOARD MEMBERS AND KEY ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 2023

	<u>Terms of Office</u>	<u>Annual Fees</u>	<u>Title</u>	<u>Resident of District</u>
Victor Barrera	May '21 May '25	\$ 50	Chairman	Yes
Joe Martinez	May '21 May '25	\$ 50	Secretary	Yes
Jose Morales	May '23 May '27	\$ 50	Member	Yes

Legal Counsel:

Colvin, Chaney, Saenz & Rodriguez, LLP
Norton Colvin
1201 E Van Buren
PO Box 2155
Brownsville, TX 78522

2015	N/A	Attorney	No
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District Engineer:

Ferris, Flinn & Medina, LLC
1405 N Stuart Place Road
Harlingen, TX 78552

N/A	Engineer	No
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Key Administrative Personnel:

	<u>Date Hired</u>	<u>Salary</u>	<u>Title</u>
Steve Bearden	Jan 2011	\$ 128,157	General Manager

Robert Ostos owns a minority interest in Port Isabel Logistical Offshore Terminal, a major lease.