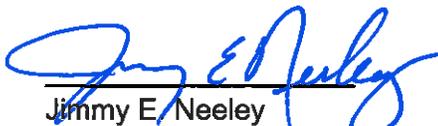
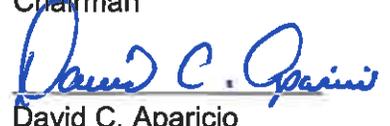
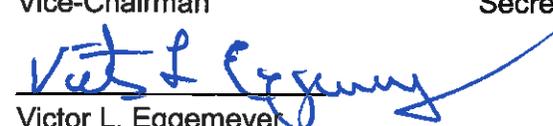


**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 M+O BUDGET**

Total Projected Cash Assets - 1 Jan 2019	\$	16,192,903
Total Revenue	\$	1,004,451
RESTRICTED FUNDS:		
Total M&O Expense	\$	(771,177)
Shortfall for Debt Service		-
Total Capital Improvements	\$	(448,000)
TOTAL RESTRICTED FUNDS		<u>(1,219,177)</u>
Net Revenue after Budgeted Expenditures		<u>(214,726)</u>
Total Projected Cash Assets - 31 December 2019	\$	15,978,177
Total Committed Funds		<u>(11,007,352)</u>
Free Reserves	\$	<u><u>4,970,825</u></u>

APPROVED this 13th day of September, 2018.

 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> Jimmy E. Neeley Chairman	 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> Donny L. Tran Vice-Chairman	 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> Greg T. Seaman Secretary
 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> David C. Aparicio Commissioner	 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> Victor L. Eggemeyer Commissioner	

**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 M+O BUDGET**

REVENUE

Taxes @ Effective M&O Rate (\$0.01105)	\$ 121,101	
Lease & Rental Income	613,936	
Interest Income	221,648	
Other Revenue	<u>47,765</u>	
TOTAL M&O REVENUE		\$ 1,004,451

EXPENDITURES

Personnel Expense	(226,762)	
Operating Expenses	(136,542)	
Property & Equipment Maintenance & Repair	(162,500)	
Professional Fees and Services	(160,373)	
Marketing, Dues, Training & Staff Development	(44,000)	
Promotion & Development	(16,000)	
Contingency	<u>(25,000)</u>	
TOTAL M&O EXPENDITURES		(771,177)
SHORTFALL FOR DEBT SERVICE		-
TOTAL CAPITAL EXPENDITURES		(448,000)
TOTAL EXPENDITURES:		<u>\$ (214,726)</u>
TOTAL CASH FLOW:		<u><u>\$ (214,726)</u></u>

**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 M+O BUDGET**

TAX REVENUE

TAXES

The following summary shows the tax revenue for the MCND #1 over the past two years and the projected total tax revenue for 2019 using the Effective M&O Tax Rate:

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tax Base	\$1,196,509,580	\$1,160,983,870	\$1,095,935,005
Tax Rate - M&O	\$ 0.01014 (Effective M&O)	\$ 0.01046 (Effective M&O)	\$ 0.01105 (Effective M&O)
Tax Rate – I&S	<u>\$ 0.03428</u>	<u>\$ 0.03428</u>	<u>\$ 0.03428</u>
Total Rate	\$ 0.04442 (Effective)	\$ 0.04474 (Effective)	\$ 0.04533 (Adopted)
Tax Revenue – M&O	\$121,326	\$121,439	\$121,101
Tax Revenue – I&S	<u>\$410,163</u>	<u>\$397,985</u>	<u>\$375,687</u>
TOTAL TAX REVENUE	\$531,490	\$519,424	\$496,787

**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 M+O BUDGET**

INCOME

TAX INCOME		<u>SUBTOTAL</u>	<u>TOTAL</u>
Tax Levy Income (Effective Rate @ \$0.01105)			121,101
LEASE & RENTAL INCOME			
Dock -			
TB#4 Bulkhead Dock - <u>2,708lf</u> @ \$4.00	129,984		
Bulkhead Dock - <u>7,769.2lf</u> @ \$3.00	283,291		
Wood Pier Dock - <u>753lf</u> @ \$2.85	25,753		
New TB#1 Bulkhead - <u>309lf</u> @ \$3.25	<u>12,051</u>	451,079	
Property -			
Commercial Land Rent	67,209		
Jensen Property - Pasture Lease	15,897		
Hay Leases (2)	750		
Turning Basin #4 Land	-		
Port Commercial Center	-		
Brooking Property	<u>-</u>	83,857	
Commercial Buildings -			
Gar Shrimp - Former Maint Bldg.	18,000		
Palacios Shipyard Inc Port Buildings (2)	6,437		
Marine Education Center			
Wakefield Office Lease - Classroom Bldg	1,080		
Anchor Seafood #101 - Shop Bldg	3,576		
TX Parks & Wildlife #102 - Shop Bldg	6,000		
Seawall Commission Office Lease	<u>3,000</u>	38,093	
Recreational Slips -			
TB#3 Dock (B through G) @ 100% Occupancy		<u>40,908</u>	
TOTAL LEASE & RENTAL INCOME			613,936
INTEREST & INVESTMENT INCOME			
C2 Portfolio	188,940		
CD Interest	20,708		
Cash Accounts	<u>12,000</u>		
TOTAL INTEREST & INVESTMENT INCOME			221,648
OTHER INCOME			
Palacios Shipyard Note Receivable	35,915		
TGLO Contract Payment - Bilge Pump out Service	11,750		
Other Misc. Revenue	<u>100</u>		
TOTAL OTHER INCOME			<u>47,765</u>
GRAND TOTAL OF M&O INCOME FOR 2019			\$ 1,004,451

MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 M+O BUDGET
EXPENSES

	<u>SUBTOTAL</u>	<u>TOTAL</u>
PERSONNEL EXPENSE		
Salaries - Admin	(149,332)	
Salaries - Commissioners	(30,000)	
Employer Health Insurance Expense	(21,876)	
Payroll Taxes & Other Employee Benefits	(23,973)	
Payroll Taxes & AUL Expense - Commissioners	(1,581)	
TOTAL PERSONNEL EXPENSE	(226,762)	
OPERATING EXPENSE		
Operating Supplies	(15,000)	
Trip, Travel and Meals	(20,000)	
Utility Services & Communication	(40,000)	
Trash Collection	(2,300)	
Port Security	(600)	
Legal Notices & Operational Advertisement	(1,000)	
Insurance (Property & Surety Bonds)	(56,562)	
Storage Rental	(1,080)	
TOTAL OPERATING EXPENSE	(136,542)	
MAINTENANCE AND REPAIR		
Maintenance Contract (Equipment Rental)	(70,000)	
Mowing Contract	(50,000)	
General Maintenance & Repair	(10,000)	
Clean Harbor Expense	(1,600)	
Dock Maintenance & Repair	(10,000)	
Road and Access Maintenance	(5,000)	
MEC Classroom & Diesel Shop Bldg Maintenance	(3,400)	
Admin. Building Maintenance	(10,000)	
Bilge Water Reclamation Equipment & Facility	(2,500)	
TOTAL MAINTENANCE AND REPAIR EXPENSE	(162,500)	
FEES AND SERVICES		
Emergency & In-kind Medical Services	(5,000)	
Fire Protection	(5,500)	
Engineering Expense	(10,000)	
Accounting, Consulting & Other Prof Services	(73,000)	
Legal Services	(30,000)	
Audit Fees	(10,050)	
County Treasurer Admin. Fees	(72)	
County Appraisal District Fees	(8,765)	
County Tax Collection Fees	(2,486)	
Election Expense	-	
Investment Expense	(15,500)	
TOTAL PROFESSIONAL FEES AND SERVICES	(160,373)	
MARKETING, DUES, TRAINING & STAFF DEVELOPMENT		
Advertising	(1,000)	
Matagorda County Economic Dev Corp	(30,000)	
Seminars, Dues, Training, & Staff Development	(13,000)	
TOTAL MARKETING, DUES, TRAINING & STAFF DEVELOPMENT	(44,000)	

**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 M+O BUDGET**

	<u>SUBTOTAL</u>	<u>TOTAL</u>
PROMOTION AND DEVELOPMENT- RESTRICTED		
Promotion and Development	(16,000)	
CONTINGENCY		
Contingency Expense	<u>(25,000)</u>	
GRAND TOTAL FOR M&O EXPENSE		\$ (771,177)
NET PROPOSED CASH FLOW FROM M&O		233,274
SHORTFALL FOR DEBT SERVICE		-
CAPITAL IMPROVEMENTS AND EQUIPMENT		
Replacement of TSMEC well house	(10,000)	
Demolition and replacement of Port buildings	(175,000)	
TSMEC Improvements	(200,000)	
Port Road and Drainage Improvement Project FY19	(63,000)	
TOTAL CAPITAL IMPROVEMENTS AND EQUIPMENT		<u>(448,000)</u>
GRAND TOTAL M&O AND CAPITAL EXPENDITURES FOR 2019		\$ <u>(214,726)</u>

Respectfully submitted,



 Victor Martinez Jr.
 Port Director

**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 INTEREST+SINKING FUND BUDGET**

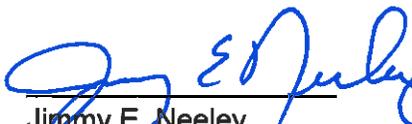
I. Revenue

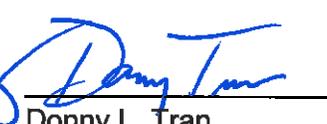
A. 2018 Adjusted Tax Base (\$1,095,935,005) @ Debt Service Rate of \$0.03428 per \$100 valuation)	\$ 375,687	
B. Interest Income on Checking Account FY2019	<u>1,000</u>	
Total Revenue:		\$ 376,687

II. Expenses

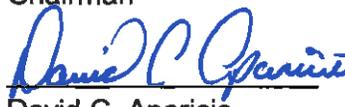
Principal & Interest on Bond Debt	(420,463)	
Bond Management Fee	<u>(450)</u>	
Total Expenses:		<u>(420,913)</u>
Net Revenue after Budgeted Expenses:		\$ (44,226)
Projected balance I&S Checking Account 12/31/18		<u>15,200</u>
Ending Balance:		-\$29,026

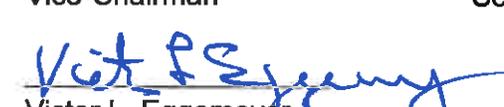
APPROVED this 13th day of September, 2018.


Jimmy E. Neeley
Chairman


Donny L. Tran
Vice-Chairman


Greg T. Seaman
Secretary


David C. Aparicio
Commissioner


Victor L. Eggemeyer
Commissioner

**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 COMMITTED FUNDS**

CONTINGENCY FUNDS

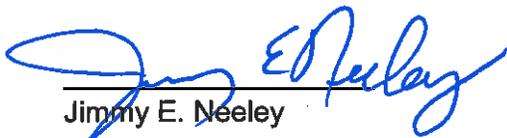
A. Emergency Contingency Fund	(1,747,182)	
B. Insurance Gap Contingency Fund	(390,578)	
C. Property Replacement Contingency Fund	(1,145,160)	
D. Emergency Dredging Contingency Fund	<u>(2,000,000)</u>	
TOTAL CONTINGENCY FUNDS:		(5,282,920)

DESIGNATED FUNDS

A. Bond Debt Fund	(50,000)	
B. Fund for Purchase of Property for Future Dev.	(2,000,000)	
C. Fund for Dev. of Infrastructure for Undev. Prop.	(1,500,000)	
D. Development Incentive Fund	(2,000,000)	
E. Promotion & Development - Restricted	<u>(174,432)</u>	
TOTAL DESIGNATED FUNDS:		<u>(5,724,432)</u>

TOTAL COMMITTED FUNDS: (11,007,352)

APPROVED this 13th day of September, 2018.



Jimmy E. Neeley
Chairman



Donny L. Tran
Vice-Chairman



Greg T. Seaman
Secretary



David C. Aparicio
Commissioner



Victor L. Eggemeyer
Commissioner

**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 COMMITTED FUND DESCRIPTIONS**

I. CONTINGENCY FUNDS - Percentages shown are contingent upon the Unrestricted Fund Balance being more than \$5,000,000.

A. Emergency Contingency Fund – The MCND#1 FY2017 Financial Audit shows capital assets of land, infrastructure, buildings, harbors, docks, facilities and equipment valued at \$12,942,087, net of accumulated depreciation, at the end of FY2017. The replacement cost of these properties, based on current costs, is estimated at 135% of net value, or \$17,471,817. District policy provides that a minimum of 10% of the replacement cost of MCND#1 property is set aside in a contingency fund to handle the clean up and repair from a major storm or other emergency. The 2019 Emergency Contingency Fund is \$1,747,182, based on the most current audited property inventory. \$ (1,747,182)

B. Insurance Gap Contingency Fund – MCND#1 buildings are insured under Matagorda County's Self-Insurance Pool. Due to the non-renewal of the lease from Palacios ISD the Marine Education Center's Hulen House, Marine Lab and Aquaculture Lab buildings was added to the Insurance coverage June 2018. MCND#1 coverage includes the Marine Education Center Classroom Building. The District's self-insured property is limited to land, docks and wharves. The FY2017 Financial Audit shows the District's self-insured land, docks and wharves to be valued at \$7,811,559. (390,578)
The District policy provides that a minimum of 1% of the property value not covered by outside insurance, be set aside to assure reasonable repair funds for insurance gap. The Board recommends 5% be set aside. At 5% of \$7,811,559, the Insurance Gap Contingency Fund for 2019 would contain the amount of \$390,578.

C. Property Replacement Contingency Fund - The District policy provides that a minimum of 1% of the replacement value of all property be set aside to replace worn out property when it reaches the end of its useful life. At the current property replacement cost, estimated at \$22,903,208, a 5% Contingency Fund for 2019 would be \$1,145,160. (1,145,160)

D. Emergency Dredging Contingency Fund – The Corps of Engineers is responsible for maintenance dredging of the Federally-authorized sections of the Palacios Channel on a 3-year cycle. The critical nature of keeping our Channel open to maritime commerce and boat traffic make it necessary to include \$2,000,000 in a emergency contingency fund for dredging of the Channel and harbor. (2,000,000)

TOTAL CONTINGENCY FUNDS: \$ (5,282,920)

II. DESIGNATED FUNDS

A. Bond Debt Fund - MCND #1 refinanced its General Obligation Bonds in August 2011. The debt service is payable over 10 years and the effective interest rate is **3.268%**. Although the intent of the refinance was to produce a level savings where annual debt service would equal revenue derived from the District's I&S, a reduction in the District's Appraisal Tax Roll could result in a subsidy of the debt service from year to year, therefore a nominal amount of \$50,000 is included to cover potential I&S account shortfalls during the rest of the bond term (2021). \$ (50,000)

B. Fund for Purchase of Property for Future Development - Should an opportunity arise for MCND#1 to purchase property that would contribute to the development of marine-related industry, business or amenities, a fund in the amount of \$2,000,000 is available to draw from for purchase of property and related expenses. (2,000,000)

C. Fund for Development of Infrastructure for Undeveloped Properties – MCND #1 has approximately 725 acres of shoreline and inland property available for development. The Navigation District may elect to build infrastructure for development, including roads, utilities and lighting. A designated fund balance of \$1,500,000 is set aside for infrastructure for future development. (1,500,000)

**MATAGORDA COUNTY NAVIGATION DISTRICT NO. ONE
APPROVED FY2019 COMMITTED FUND DESCRIPTIONS**

D. Development & Incentive Fund – In order to further induce a prospective tenant to locate in the Port or Commercial Center, a fund is set aside for incentive and/or development that would encourage investment in Navigation District properties. For future development and construction that may enhance or diversify District revenue, the amount of \$2,000,000 should be set aside.

(2,000,000)

E. Promotion & Development Fund – Under the Texas Water Code, MCND#1 is authorized to designate up to 5% of annual revenue (less tax revenue) to be used for promotion and development (P&D) of the Navigation District. MCND#1 will not designate funds from the annual revenue in FY19. The budgeted funds are required to be kept in a separate bank account and restricted to P&D use only. Unused funds may remain in the account. MCND#1 will use the P&D bank account for P&D purposes in FY19 as approved by the Board of Commissioners within the FY19 Budget. Projected restricted balance at the end of 2018 is \$174,432

(174,432)

TOTAL DESIGNATED FUNDS: \$ (5,724,432)