MATAGORDA COUNTY
NAVIGATION DISTRICT #1

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2023

KM&L
CERTIFIED PUBLIC ACCOUNTANTS

8 WEST WAY COURT
LAKE JACKSON, TEXAS

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MATAGORDA COUNTY NAVIGATION DISTRICT #1

Annual Financial Report
For the Year Ended December 31, 2023

Table of Contents

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FINANCIAL SECTION

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KM&L
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Matagorda County Navigation District #1
Palacios, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of the Matagorda County Navigation District #1 (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the District, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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, budgetary comparison information, required pension schedules and required OPEB schedules on pages 11 through 15 and 57 through 64 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
May 8, 2024

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As directors of the Matagorda County Navigation District #1 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023. We encourage readers to consider this information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $ 30,619,903 (net position). Of this total amount, $ 19,476,136 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors within the District's fund designation.

- The District's total net position increased by $ 763,568.

- As of the close of the current fiscal year, the District's general fund reported an ending fund balance of $ 19,825,770. The amount of $ 9,244,711 (unassigned fund balance) is available for use within the District's fund designation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide 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.

The s*tatement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. 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.

The s*tatement of activities* presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the 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 the future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District as being principally supported by taxes (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no business-type activities and no component units for which it is financially accountable. The *governmental activities* of the District include navigation and marine facilities, promotion and development and interest and fiscal charges.

The government-wide financial statements can be found on pages 18 through 19 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund, which is the general fund, which is reported as a governmental fund.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, general fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the general fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the general fund balance sheet and the general fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the general fund and governmental activities.

The fund financial statements can be found on pages 22 through 25 of this report.

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 28 through 53 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget and actual schedule for the general fund and the required pension and OPEB schedules. Required supplementary information can be found on pages 57 through 64 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $ 30,619,903 as of December 31, 2023. Net position of the District's governmental activities increased by $ 763,568 from $ 29,856,335 to $ 30,619,903.

The District's Net Position

	2023	2022
Asset:		
Current and other assets	$ 21,346,524	$ 19,963,888
Capital assets (net of accumulated depreciation)	11,064,326	11,624,714
Total assets	32,410,850	31,588,602
Total deferred outflows of resources	101,313	104,812
Liabilities:		
Current and other liabilities	33,803	25,453
Long-term liabilities	237,490	228,262
Total liabilities	271,293	253,715
Total deferred inflows of resources	1,620,967	1,583,364
Net Position:		
Net investment in capital assets	11,064,326	11,624,714
Restricted	79,441	80,427
Unrestricted	19,476,136	18,151,194
Total net position	$ 30,619,903	$ 29,856,335

Governmental activities. Governmental activities increased the District's net position by $ 763,568. Total revenues for governmental activities amounted to $ 2,289,610. The following table provides a summary of the District's operations for the years ended December 31, 2023 and 2022.

Changes in the District's Net Position

	2023	2022
Program Revenues:		
Charges for services	$ 700,517	$ 637,941
Operating grants and contributions	605,558	-
General Revenues:		
Tax revenues	132,094	128,817
Investment loss	788,031	(682,869)
Miscellaneous	63,410	11,772
Total revenues	2,289,610	95,661
Expenses:		
Navigation and marine facilities	1,501,034	1,455,103
Promotion and development	25,008	35,558
Total expenses	1,526,042	1,490,661
Change in net position	763,568	(1,395,000)
Net position - beginning	29,856,335	31,251,335
Net position - ending	$ 30,619,903	$ 29,856,335

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported a fund balance of $ 19,825,770. 46.63% of this total amount constitutes unassigned fund balance and 53.37% of this amount constitutes committed fund balance for designated and contingency items and nonspendable fund balance for prepaid expenditures.

The general fund balance increased by $ 1,310,981 primarily due to the increased investment income and increased intergovernmental revenue from the original expectation.

General Fund Budgetary Highlights

The District did amend the budget in the year ending December 31, 2023. Actual revenues were more than budgeted revenues by $ 1,309,116, due to more than anticipated investment income and intergovernmental revenue. Budgeted expenditures exceeded actual expenditures by $ 2,701,582, primarily due to a reduction of capital outlay and professional fees expected from the budget.

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2023, amounts to $ 11,064,326 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, docks and wharves, infrastructure, equipment and other property.

Capital Assets
Net of Accumulated Depreciation

	2023	2022
Land	$ 1,812,943	$ 1,812,943
Construction in progress	162,556	185,342
Buildings and improvements	1,822,029	1,820,229
Docks and wharves	5,424,865	5,983,184
Infrastructure	1,057,519	988,010
Equipment	15,669	21,512
Other property	768,745	813,494
Total	$ 11,064,326	$ 11,624,714

Additional information on the District's capital assets can be found in Note 5 on page 40.

Debt Administration. At the end of the current year, the District had total long-term debt of $ 237,490. The District's long-term debt included total OPEB liability and compensated absences.

Debt Administration

	2023	2022
Total OPEB liability	$ 230,479	$ 222,652
Compensated absences	7,011	5,610
Total	$ 237,490	$ 228,262

Additional information on the District's debt administration can be found in Note 6 on page 41.

Economic Factors and Next Year's Budgets and Rates

The District's 2024 budget was adopted at $ 4,696,762, an increase of $ 3,442,317 from the 2023 original budget. The tax rate of 0.00935 for each $ 100 was set for 2024 operations.

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 Board of Directors, 1602 Main, Palacios, Texas, 77465.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

MATAGORDA COUNTY NAVIGATION DISTRICT #1
Statement of Net Position
December 31, 2023

	Total Governmental Activities
Assets:	
Cash and cash equivalents	$ 3,648,089
Investments	16,266,285
Receivables, Net:	
Taxes	50,947
Lease	1,320,271
Accrued interest	37,012
Prepaid items	4,010
Noncurrent Assets:	
Net pension asset	19,910
Capital Assets:	
Land	1,812,943
Construction in progress	162,556
Building and improvements, net	1,822,029
Docks and wharves, net	5,424,865
Infrastructure, net	1,057,519
Equipment, net	15,669
Other property, net	768,745
Total assets	32,410,850
Deferred Outflows of Resources:	
Deferred outflows of resources	101,313
Total deferred outflows of resources	101,313
Liabilities:	
Accounts payable	7,271
Accrued wages payable	7,978
Customer deposits payable	18,554
Noncurrent Liabilities:	
Due within one year	7,011
Due in more than one year:	
Total OPEB liability	230,479
Total liabilities	271,293
Deferred Inflows Of Resources:	
Deferred inflows of resources	1,620,967
Total deferred inflows of resources	1,620,967
Net Position:	
Net investment in capital assets	11,064,326
Restricted For:	
Pension	79,441
Unrestricted	19,476,136
Total net position	$ 30,619,903

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

MATAGORDA COUNTY NAVIGATION DISTRICT #1
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position Primary Government: Total Governmental Activities
Governmental Activities:				
Navigation and marine facilities	$ 1,501,034	$ 700,517	$ 605,558	$(194,959)
Promotion and development	25,008	-	-	(25,008)
Total governmental activities	$ 1,526,042	$ 700,517	$ 605,558	(219,967)
General Revenues:				
Tax revenue				132,094
Investment income				788,031
Miscellaneous				63,410
Total general revenues				983,535
Change in net position				763,568
Net position - beginning				29,856,335
Net position - ending				$ 30,619,903

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

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FUND FINANCIAL STATEMENTS

MATAGORDA COUNTY NAVIGATION DISTRICT #1
Balance Sheet - General Fund
December 31, 2023

	General Fund
Assets:	
Cash and cash equivalents	$ 3,648,089
Investments	16,266,285
Receivables, net:	
Taxes	50,947
Lease	1,320,271
Accrued interest	37,012
Prepaid items	4,010
Total assets	$ 21,326,614
Liabilities, Deferred Inflows of Resources and Fund Balance:	
Liabilities:	
Accounts payable	$ 7,271
Accrued wages payable	7,978
Customer deposits payable	18,554
Total liabilities	33,803
Deferred Inflows of Resources:	
Deferred inflows of resources	1,467,041
Total deferred inflows of resources	1,467,041
Fund Balance:	
Nonspendable	4,010
Committed	10,577,049
Unassigned	9,244,711
Total fund balance	19,825,770
Total liabilities, deferred inflows of resources and fund balance	$ 21,326,614

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

MATAGORDA COUNTY NAVIGATION DISTRICT #1
Reconciliation of the General Fund Balance Sheet to the Governmental Activities Statement of Net Position
December 31, 2023

Total fund balance - general fund balance sheet	$ 19,825,770
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include $ 27,101,814 in assets less $ 16,037,488 in accumulated depreciation.	11,064,326
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund amounted to $ 8,629.	8,629
Pension deferred outflows and inflows of resources of $ 62,991, less deferred inflows of resources of $ 3,460.	59,531
OPEB deferred outflows and inflows of resources of $ 38,322, less deferred inflows of resources of $ 159,095.	(120,773)
Payables for compensated absences are not reported in the funds.	(7,011)
Payables for total OPEB liability are not reported in the funds.	(230,479)
Net pension asset are not reported in the funds.	19,910
Net position of governmental activities - statement of net position	$ 30,619,903

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

MATAGORDA COUNTY NAVIGATION DISTRICT #1
Statement of Revenues, Expenditures, and Change in Fund Balance - General Fund
Year Ended December 31, 2023

	General Fund
Revenues:	
Taxes	$ 133,211
Intergovernmental	605,558
Rental	700,517
Investment income	788,031
Miscellaneous	63,410
Total revenues	2,290,727
Expenditures:	
Current:	
Navigation and Marine Facilities:	
Personnel	300,675
Operating costs	152,553
Repairs and maintenance	169,787
Professional fees	143,490
Marketing and staff development	29,845
Promotion and development	25,008
Capital outlay	158,388
Total expenditures	979,746
Change in fund balance	1,310,981
Fund balance - beginning	18,514,789
Fund balance - ending	$ 19,825,770

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

MATAGORDA COUNTY NAVIGATION DISTRICT #1
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the General Fund to Governmental Activities Statement of Activities
Year Ended December 31, 2023

Change in fund balance - general fund	$ 1,310,981
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the governmental activities statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The amount by which depreciation expense of $ 718,776 exceeded capital outlay of $ 158,388 in the current period.	(560,388)
Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the fund. Deferred property tax revenues for the general fund decreased by $ 1,117.	(1,117)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount of change in compensated absences	(1,401)
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount of change in the total OPEB liability.	16,479
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount of change in the net pension asset.	(986)
Change in net position of governmental activities	$ 763,568

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Matagorda County Navigation District #1 (the "District") was established and confirmed at an election held within the boundaries on May 11, 1940. The District is directed by a five member Board of Directors who are elected to six year staggered terms. The District is a political subdivision located in Matagorda County operating pursuant to the general laws of the state of Texas, including certain provisions of Chapters 60, 62, and 63 of the Texas Water Code.

The accounting and reporting policies of the District relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

Reporting Entity

The Board of the District is elected by the public; has the authority to make decisions, appoint administrators and managers; significantly influence operations; and has the primary accountability for fiscal matters. Therefore, the District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 61, *"The Financial Reporting Entity."* There are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenue. The District has no *business-type activities* that rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program. The District had program revenues related to charges for services and operating grants and contributions during the year ended December 31, 2023. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. The District does not have any fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenue from investments is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase.

The District reports the following major governmental fund:

> The G*eneral Fund* accounts for all financial resources of the District. The major revenue source includes local property taxes, lease income and investment earnings. Expenditures include all costs associated with the daily operations of the District.

Budgetary data

The original annual appropriated budget is adopted by the Board of Directors in September of the preceding year. Expenses are budgeted substantially on the modified accrual basis of accounting. Tax collections are budgeted based upon 100% of the tax levied in October of the year preceding the budget year (i.e. 2023 budgeted tax revenue is based upon the October, 2022 tax levy). Accordingly, there is no material difference between the financial reporting and budget basis of accounting.

Once the budget is adopted, expenditures may not legally exceed total appropriations at the fund level without approval of a majority of the Board. Line items may exceed appropriated amounts at the discretion of management as long as total expenditures for the fund do not exceed appropriated amounts. Appropriations not exercised in the current year lapse at the end of the year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrance Accounting

The District does not employ a complete purchase order system for all expenditures and therefore does not utilize encumbrance accounting. Appropriations generally lapse at the end of the year.

Cash and Investments

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the District is the responsibility of the Matagorda County Appraisal District (MCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. MCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the MCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on October 1, 2023, upon which the levy for the 2024 year was based, was $ 1,520,320,078. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs

The tax rates assessed for the year ended December 31, 2023, to finance general fund operations was $ 0.00935 per $ 100 valuation.

As of December 31, 2023, the District had collected $ 99,857 of the 2023 levy (levied October 1, 2023), which is deferred and set aside for 2024 operations. Additionally, property taxes receivable of $ 42,318 and $ 10,752 from the 2023 levy and prior year levies, respectively, are recorded as deferred inflows of resources, net of allowance for uncollectible taxes of $ 2,123. Allowances for uncollectible taxes are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories and Prepaid Items

The District utilizes the consumption method to account for inventory. Under this method, inventory is considered an expenditure when used rather than when purchased. Significant inventories are reported on the balance sheet at cost, using the first-in, first-out method, with an offsetting reservation of fund balance in the governmental fund financial statements since they do not constitute "available spendable resources" even though they are a component of current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements and prepaid expenditures in the fund financial statements.

Leases

Lessor

The District is a lessor for a noncancellable lease of various types of property. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

The District will not recognize a lease receivable and a deferred inflow of resources for leases with a non-cancellable term of less than 12 months, and income is recognized as earned.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, docks and wharves, infrastructure, equipment and other property, are reported in the governmental activities columns in the government-wide financial statement. The District started capitalizing expenditures beginning during the year ended December 31, 2004. Capital assets acquired prior to January 1, 2004 have not been reported. The District chose not to capitalize any assets before that time period. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are being depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives
Buildings and improvements	25-40
Docks and wharves	25
Infrastructure	50
Equipment	15-20
Other property	20-40

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation, sick pay and compensated time benefits. There is no liability for accumulated sign leave since the District does not have a policy to pay these amounts when employees separate from service. All vacation and compensated time off pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of an employee resignation or retirement.

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pension Plans

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

The fiduciary net position of the Matagorda County Navigation District #1 Plan (the "Plan") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the Plan's total OPEB liability. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets as this is a pay-as-you-go plan.

Fund Balance

The Board of Directors meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The District's Unassigned General Fund Balance is maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the Board. Fund Balance of the District may be committed for a specific source by formal action of the Board of Directors. Amendments or modifications of the committed fund balance must also be approved by formal action by the Board. When it is appropriate for fund balance to be assigned, the Board has delegated authority to the Directors. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal resolution by the government's highest level of decision-making authority.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by the Port Director if authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all government funds with positive balances.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As of December 31, 2023, nonspendable fund balance related to prepaid items includes $ 4,010 in the general fund and unassigned fund balance includes $ 9,244,711 in the general fund.

During the year ended December 31, 2023, the Board of Directors committed funds for the following purposes:

Emergency Contingency Fund - District policy provides that 10% of the replacement cost of property is set aside in a contingency fund to handle the cleanup and repair from a major storm or other natural disaster.	$ 1,535,375
Insurance Gap Contingency Fund - the District policy provides that 1% of the property value not covered by outside insurance, be set aside to assure reasonable repair funds for insurance gap.	286,998
Property Replacement Contingency Fund - The District policy provides that 1% of the replacement value of all property be set aside to replace property when it reaches the end of its useful life.	1,207,053
Emergency Dredging Contingency Fund - The critical nature of keeping our channel open to maritime commerce and boat traffic make it necessary to include an emergency contingency fund for dredging of the channel and, possibly, sections of the harbor.	2,000,000
Development of Commercial Center - The District has committed amounts for commercial center infrastructure for future development.	1,500,000
Development Incentive Fund - With future development and construction locating in our County and region, the District has committed amounts for incentive funds.	2,000,000
Development of Additional Recreational Dock & Amenities - The District has committed amounts for development of marine-related industry, business or amenities on District property.	2,000,000
Promotion and Development of others interest	47,623
	$ 10,577,049

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consist of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Restricted net position, as presented in the government-wide statement of net position, is reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation. The District had restricted net position for the pension plan for the year ended December 31, 2023 in the amount of $ 79,441.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2. NEW PRONOUNCEMENTS

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” was issued in March 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96 “Subscription-Based Information Technology Arrangements” was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 99 “Omnibus 2022” was issued in April 2022. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 100 “Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62” was issued in June 2022. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 101 “Compensated Absences” was issued in June 2022. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

NOTE 3. DEPOSITS AND INVESTMENTS

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of one year or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

Cash and cash equivalents, current investments, and non-current investments as reported on the statement of net position at December 31, 2023 are as follows:

	Total
Cash and Cash Equivalents:	
Financial Institution Deposits:	
Demand deposits	$ 3,648,089
Total cash and cash equivalents	3,648,089
Investments:	
Certificates of deposit	3,572,094
Agency securities	12,694,191
Total investments	16,266,285
Total cash and cash equivalents and investments	$ 19,914,374

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District’s deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the District’s depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At December 31, 2023, the carrying amount of the District's cash, savings, and time deposits was $ 7,220,183. The financial institutions balances were $ 7,129,912 at December 31, 2023. Bank balances of $ 4,435,000 were covered by federal depository insurance, $ 2,694,912 were covered by securities pledges in the District’s name.

NOTE 3. DEPOSITS AND INVESTMENTS - Continued

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds in areas that primarily emphasizes the safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. The District's investment compliance requirements and types of investments are governed by the Public Funds Investment Act (PFIA) and the Texas Commission on Environmental Quality (TCEQ). The District believes it has complied with the requirements of the PFIA and the TCEQ.

Weighted Average - As of December 31, 2023, the District held certificates of deposit and agency securities totaling $ 16,266,285 with a weighted average maturity of 554 days.

Credit Risk - As of December 31, 2023, the agency securities (which represent 78.04% of the investment portfolio) are rated Aaa, are fully insured, registered, or the District's agent holds securities in the District's name; therefore, the District is not exposed to credit risk. The certificates of deposit (which represent 21.96% of the investment portfolio) are fully covered by the FDIC.

Interest Rate Risk - The District limits its exposure to interest rate risk by diversifying its investments by security type and institution. District policy will be that the maximum allowable stated maturity of an individual investment for operating funds shall not exceed five years, unless a temporary extension of maturities is approved by the Board of Directors.

Fair Value Measures

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Application*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 3. DEPOSITS AND INVESTMENTS - Continued

Fair Value Measures - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Agency securities	$ 12,694,191	$ -	$ -	$ 12,694,191
Total assets at fair value	$ 12,694,191	$ -	$ -	$ 12,694,191

NOTE 4. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND UNEARNED REVENUES

Receivables and Allowances

Receivables as of December 31, 2023, for the District's general fund, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund
Receivables:	
Taxes	$ 53,070
Lease	1,320,271
Accrued interest	37,012
Gross receivables	1,410,353
Less: Allowance for uncollectible	2,123
Net total receivables	$ 1,408,230

Deferred Inflows of Resources and Unearned Revenues

Governmental funds defer the recognition of revenue in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

NOTE 4. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND UNEARNED REVENUES - Continued

Deferred Inflows of Resources and Unearned Revenues - Continued

As of December 31, 2023, the deferred inflows of resources reported in the governmental funds were as follows:

	General Fund
Current property taxes collected (October 1, 2023 Levy)	$ 99,857
Current property taxes receivable (October 1, 2023 Levy)	42,318
Delinquent property taxes receivable (October 1, 2022 and prior)	8,629
Leases	1,316,237
Total deferred inflows of resources	$ 1,467,041

Governmental activities defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Governmental activities defer the recognition of certain expenses and report these amounts as a deferred outflow of resources. As of December 31, 2023, deferred outflows and inflows of resources reported on the governmental activities were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Current property taxes collected (October 1, 2023 Levy)	$ -	$ 99,857
Current property taxes receivable (October 1, 2023 Levy)	-	42,318
Leases	-	1,316,237
Pension:		
Differences between expected and actual experience	6,963	-
Changes in assumptions	11,984	3,460
Net difference between projected and actual earnings	20,692	-
Contributions made subsequent to measurement date	23,352	-
OPEB:		
Differences between expected and actual experience	-	85,222
Changes in assumptions	38,322	73,873
Total deferred outflows/inflows of resources from governmental activities	$ 101,313	$ 1,620,967

As of December 31, 2023, there was no unearned revenues reported.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Additions	Retirements/ Transfers	Balance December 31, 2023
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 1,812,943	$ -	$ -	$ 1,812,943
Construction in progress	185,342	54,256	(77,042)	162,556
Total capital assets not being depreciated	1,998,285	54,256	(77,042)	1,975,499
Capital Assets Being Depreciated:				
Buildings and improvements	2,465,128	72,947	(6,130)	2,531,945
Docks and wharves	19,433,547	5,933	-	19,439,480
Infrastructure	1,143,495	25,252	77,042	1,245,789
Equipment	70,994	-	-	70,994
Other property	1,838,107	-	-	1,838,107
Total capital assets being depreciated	24,951,271	104,132	70,912	25,126,315
Accumulated Depreciation:				
Buildings and improvements	644,899	71,147	(6,130)	709,916
Docks and wharves	13,450,363	564,252	-	14,014,615
Infrastructure	155,485	32,785	-	188,270
Equipment	49,482	5,843	-	55,325
Other property	1,024,613	44,749	-	1,069,362
Total accumulated depreciation	15,324,842	718,776	(6,130)	16,037,488
Total capital assets being depreciated, net	9,626,429	(614,644)	77,042	9,088,827
Governmental activities capital assets, net	$ 11,624,714	$(560,388)	$ -	$ 11,064,326

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Navigation and marine facilities	$ 718,776
Total depreciation expense-governmental activities	$ 718,776

See Note 1 for additional information regarding capital assets.

NOTE 6. LONG-TERM LIABILITIES

Long-term liabilities from which general funds will be used to liquidate include compensated absences and post-employment health insurance benefits as follows:

	Balance 01-01-23	Increases	Decreases	Balance 12-31-23	Amounts Due Within One Year
Governmental Activities:					
Total OPEB liability	$ 222,652	$ 17,427	$ 9,600	$ 230,479	$ -
Compensated absences	5,610	10,194	8,793	7,011	7,011
Total governmental activities	$ 228,262	$ 27,621	$ 18,393	$ 237,490	$ 7,011

NOTE 7. LEASES

The District owns various types of property that are held for lease. There are three types of leases: ground leases, dock leases and wharfage leases. The terms of the leases expire in various years through 2033.

As of December 31, 2023, the District's receivable for lease payments was $ 1,320,271 and the balance of the deferred inflow of resources associated with these leases was $ 1,316,237. The deferred inflow of resources associated with these leases will be recognized as revenue over the lease term. The District recognized $ 587,149 in lease revenue and $ 11,849 in interest revenue during the year ended December 31, 2023 related to these leases.

Minimum future rentals to be received on noncancelable leases as of December 31, 2023 are as follows:

December 31	Principal	Interest	Total
2024	$ 623,392	$ 7,350	$ 630,742
2025	311,903	2,673	314,576
2026	123,242	1,216	124,458
2027	102,865	651	103,516
2028	41,803	324	42,127
2029-2033	113,160	705	113,865
2034-2038	3,906	14	3,920
Total	$ 1,320,271	$ 12,933	$ 1,333,204

NOTE 8. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN

Plan Description - The District provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 850 non-traditional defined benefit plans. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 79768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

All eligible employees of the District are required to participate in TCDRS.

The plan provisions are adopted by the Board of Directors of the District, within the options available in the state statutes governing TCDRS. Plan provisions for the District were as follows:

	Plan Year 2023	Plan Year 2022
Employee deposit rate	7.00%	7.00%
Employer deposit rate	11.95%	12.21%
Matching ratio (District to employee)	2 to 1	2 to 1
Years required for vesting	8	8
Service retirement eligibility (expressed as age/years of service)	60/8, 0/30	60/8, 0/30

Employees Covered by Benefit Terms:

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	5
Active employees	3
	11

NOTE 8. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Contributions - The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee compensation, and the employer matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the employer. Under the state laws governing TCDRS, the contribution rate for each employer is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. Participating employers are required to contribute at the actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

Employees of the District were required to contribute 7.00% of their annual compensation during the fiscal year. The District's required contribution rates of 11.95% and 12.21% in calendar years 2023 and 2022, respectively. The District's contributions to TCDRS for the year ended December 31, 2023 were $ 23,352.

Net Pension Asset - The District's Net Pension Asset was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	0.00% per year
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

Except where indicated in the section of this GASB 68 report entitled "Actuarial Methods and Assumptions Used for GASB Calculations", the assumptions used in this analysis for the December 31, 2022 financial reporting metrics are the same as those used in the December 31, 2022 actuarial valuation analysis for the District.

NOTE 8. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Following is a description of the assumptions used in the December 31, 2022 actuarial valuation analysis for the District. This information may also be found in the Matagorda County Navigation District #1 December 31, 2022 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions

Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.50% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.50% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.50% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.70% per year for a career employee.

Employer Specific Economic Assumptions

Growth in membership	0.00%
Payroll growth	0.00%

The payroll growth assumption is for the aggregate covered payroll of an employer.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers are based on January 2023 information for a 10-year time horizon.

The valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE 8. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Asset Class	Benchmark	Target Allocation[1]	Geometric Real Rate of Return (Expected minus Inflation)[2]
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index[3]	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[4]	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[5]	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) *Target asset allocation adopted at the March 2023 TCDRS Board meeting.*
(2) *Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.30%, per Cliffwater's 2023 capital market assumptions*
(3) *Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.*
(4) *Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.*
(5) *Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.*

Discount Rate - The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.

2. The actuarial present value of projected benefit payments not include in (1), calculated using the municipal bond rate.

NOTE 8. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future value, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

NOTE 8. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance as of December 31, 2021	$ 1,017,318	$ 1,186,926	$(169,608)
Changes for the Year:			
Service cost	30,697	-	30,697
Interest on total pension liability [(1)]	78,117	-	78,117
Effect of plan changes [(2)]	-	-	-
Effect of economic/demographic gains or losses	3,750	-	3,750
Effect of assumptions changes or inputs	-	-	-
Refunds of contributions	-	-	-
Employer contributions	-	20,705	(20,705)
Member contributions	-	11,870	(11,870)
Net investment income	-	(68,855)	68,855
Benefit payment,	(41,068)	(41,068)	-
Administrative expense	-	(650)	650
Other changes [(3)]	-	(204)	204
Balance as of December 31, 2022	$ 1,088,814	$ 1,108,724	$(19,910)

(1) *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
(2) *No plan changes valued.*
(3) *Relates to allocation of system-wide items.*

Sensitivity Analysis - The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate of 1 percentage-point lower (6.60%) or 1 percentage-point higher (8.60%) than the current rate:

	1% Decrease In Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase In Discount Rate (8.60%)
Total pension liability	$ 1,220,552	$ 1,088,814	$ 976,495
Fiduciary net position	1,108,724	1,108,724	1,108,724
Net pension liability / (asset)	$ 111,828	$(19,910)	$(132,229)

NOTE 8. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM PENSION PLAN - Continued

Pension Expense:	Year Ended 12-31-22
Service cost	$ 30,697
Interest on total pension liability [1]	78,117
Administrative expenses	650
Member contributions	(11,870)
Expected investment return net of investment expenses	(89,858)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	3,809
Recognition of assumption changes or inputs	10,254
Recognition of investment gains or losses	2,335
Other [2]	204
Pension expense	$ 24,338

[1] *Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.*
[2] *Related to allocation of system-wide items.*

Deferred Inflows and Outflows - At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 6,963	$ -
Net difference between projected and actual investment earnings	20,692	-
Changes in assumptions	11,984	3,460
Contributions subsequent to the measurement date [3]	23,352	-
Totals	$ 62,991	$ 3,460

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expenses as follows:

Year Ended December 31,	
2024	$ (233)
2025	126
2026	4,545
2027	31,741
2028	-
Thereafter [4]	-

[3] *Any eligible employer contributions were made subsequent to the measurement date through the employer's fiscal year end, the employer should reflect these contributions, adjusted as outlined in GASB No. 71.*
[4] *Total remaining balance to be recognized in future years, if any. Note that additional deferred inflows and outflows of resources may impact these numbers.*

NOTE 9. HEALTH CARE COVERAGE

The District's employees were covered by a health insurance plan by joining together with Matagorda County in their self-insurance pool under an interlocal agreement. The pool is treated as an internal service fund of Matagorda County and is administered by Texas Association of Health Employee Benefits, a third party administrator acting on behalf of the self-funded pool. The plan is authorized by Chapter 172 of the Local Government Code and is documented by contractual agreement between Matagorda County and TAX HEBP. The District contributed $ 21,780 for active employees and $ 9,600 for retirees to Matagorda County for the year ended December 31, 2023.

The agreement between the County and HEBP renews automatically annually for an additional one-year term without the necessity of any action by the parties other than payment of the appropriate premium or contribution. Either party may elect not to renew the agreement by giving written notice at least thirty days prior to the end of the original term or any renewal term. HEBP purchased specific stop-loss coverage of $ 100,000, with an aggregate attachment factor based on the number of employees, from Texas Association of Counties, Health and Benefit Pool/Blue Cross Blue Shield of Texas. The contract is renewable October 1, 2023, and terms of coverage and contribution costs are included in the contractual provisions. Each member, to the extent its benefit plan is self-insured, remains responsible for the payment of benefits under the benefit plan in the event HEBP fails to make such payments. The pool has claims that are probable but not reasonably estimable for the District individually, therefore, no liability has been accrued.

Further information on estimated liabilities for unpaid claims can be obtained by contacting Matagorda County at 1700 Seventh Street, Room 326, Bay City, TX 77414 or calling 979-244-7611.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description - The District's defined benefit OPEB plan provides medical and prescription drug benefits to plan members of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to the Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided - The plan provides medical and prescription drug benefits for retirees. Benefits are provided by a self-insured plan through the Texas Association of Counties Health and Employee Benefits Pool for the medical plan under age 65. The Medicare Supplement is underwritten by Hartford Life & Accident Insurance Company. A Medicare supplement is available for Medicare eligible retirees with the District. The retiree is responsible for paying any additional costs for dependent coverage elected.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

The following table provides a summary of the number of participants in the plan as of December 31, 2023:

Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	2
	3

Contributions - Local Government Code Section 157.102 assigns to the Board of Directors the authority to establish and amend contribution requirements of the plan members. The District may contribute all, part of, or none of the premium payment. The District's contribution, if any, will be determined annually by the Board of Directors during the District budget process and will be effective on a fiscal year basis. The District does not contribute toward the cost of coverage for retirees who do not meet the eligibility requirements. The District pays no more for retiree healthcare than the premium it pays for active employees.

The plan is funded on a pay-as-you-go basis. For the year ended December 31, 2023, the total benefit payments made to the plan was $ 9,600. The total benefit payments made include explicit benefit payments made by the District of $ 9,600.

Total OPEB Liability - The District's total OPEB liability of $ 230,479 was measured as of December 31, 2023, and was determined by an actuarial valuation as of December 31, 2022.

Actuarial assumptions and other inputs - The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Individual Entry-Age
Discount rate	4.31%
Inflation	2.50%
Salary increases	3.50%
Health care trend rates	Level 4.50%

Mortality rates were based on the RPH-2014 Total Table with projection MP-2021.

The actuarial assumption used on December 31, 2023 report was rolled forward from December 31, 2022 valuation.

The actuarial assumptions used in the December 31, 2022 valuation were based on the experience study covering the four-year period ending December 31, 2017, as conducted for the Texas County and District Retirement System.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Discount Rate - For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of a 20-year general obligation bond with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 4.31% (based on the daily rate closest to but not later than the measurement date of the "SRP Municipal Bond 20 Year High Grade Rate Index").

Changes in Total OPEB Liability - The changes in the total OPEB liability as of December 31, 2023 are as follows:

	Total OPEB Liability
Service cost	$ 7,705
Interest cost	9,722
Benefit payments	(9,600)
Net change in total OPEB liability	7,827
Total OPEB liability, December 31, 2022	222,652
Total OPEB liability, December 31, 2023	$ 230,479

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the District, calculated using the discount rate of 4.31%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate of 1 percentage-point lower (3.31%) or 1 percentage-point higher (5.31%) than the current rate:

	1% Decrease In Discount Rate (3.31%)	Discount Rate (4.31%)	1% Increase In Discount Rate (5.31%)
Total OPEB liability	$ 274,724	$ 230,479	$ 195,809

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the District, calculated using the healthcare cost trend rate of 4.50%, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate of 1 percentage-point lower (3.50%) or 1 percentage-point higher (5.50%) than the current rate:

	1% Decrease In Healthcare Cost Trend Rate (3.50%)	Healthcare Cost Trend Rate (4.50%)	1% Increase In Healthcare Cost Trend Rate (5.50%)
Total OPEB liability	$ 190,251	$ 230,479	$ 284,232

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Total OPEB Expense:	Year Ended 12-31-23
Service cost	$ 7,705
Interest cost	9,722
Difference between expected and actual experience	(21,799)
Change in assumptions or other inputs	(2,507)
Total OPEB expense	$(6,879)

Deferred Inflows and Outflows - At December 31, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

Schedule of Deferred Outflows/(Inflows)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 85,222
Changes of assumption/inputs	38,322	73,873
Total	$ 38,322	$ 159,095

Year Ended December 31,	Net Outflows/ (Inflows)
2024	$(24,306)
2025	(24,306)
2026	(28,450)
2027	(34,423)
2028	(9,288)

NOTE 11. RISK MANAGEMENT

The District is exposed to all the normally expected risks of a public entity of its size and nature. Management is unaware of any unusual or unexpected types of risk. There has been no significant reduction in bond coverage during the year ended December 31, 2023. As of December 31, 2023 management is unaware of any material liability for unpaid claims or unasserted claims.

NOTE 12. REVENUE BONDS ISSUED ON BEHALF OF OTHERS

Pollution Control Revenue Bonds: In 1973, the Texas legislature enacted the Clean Air Financing Act, and among other provisions, the legislature authorized certain governmental entities, including districts organized under Article 16, Section 59 of the Constitution, to issue on behalf of users, negotiable bonds to pay cost related to the acquisition, construction, or improvement of air control facilities, such bonds to be retired by revenues received by the issuer from the user. Further, in 1977, the Texas Legislature enacted the Regional Waste Disposal Act, setting forth the authority and procedures for certain governmental entities, including districts created under Article 16, Section 59, of the Constitution, to issue revenue bonds to pay the costs to acquire, construct, improve, enlarge, extend, operate and maintain disposal systems and such bonds to be secured by pledge of revenue derived from any contract between issuer and user, entered into under the provisions of the Act for financing such costs.

In accordance with the above authorization, the District has and continues to act as issuer for and on behalf of local industrial users of pollution control revenue bonds to finance the construction of air pollution control facilities, water quality facilities and solid waste disposal facilities. These bonds do not constitute indebtedness of the Port and are not reported in the Port's financial statements. These bonds are secured solely by the revenues of the commercial enterprise on whose behalf they are issued.

Pollution Control Revenue Bond series issued by the District on behalf of others with principal still outstanding at December 31, 2023 are as follows:

Name of Receiving Entity	Issue Date	Original Issue	Balance Outstanding 12-31-23
Houston Industries, Inc.	1998	$ 104,685,000	$ 104,685,000
Houston Industries, Inc.	1997	68,000,000	68,000,000
Centerpoint Energy	1999	100,000,000	100,000,000
Centerpoint Energy	1999	70,315,000	70,315,000
Centerpoint Energy	1999	75,000,000	75,000,000
Centerpoint Energy	2004	56,095,000	56,095,000
Total		$ 474,095,000	$ 474,095,000

NOTE 13. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through May 8, 2024, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTAL INFORMATION

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MATAGORDA COUNTY NAVIGATION DISTRICT #1

Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual - General Fund

For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 131,412	$ 131,412	$ 133,211	$ 1,799
Intergovernmental	-	-	605,558	605,558
Rental	625,184	625,184	700,517	75,333
Investment income	191,500	191,500	788,031	596,531
Miscellaneous	33,515	33,515	63,410	29,895
Total revenues	981,611	981,611	2,290,727	1,309,116
Expenditures:				
Current:				
Navigation and Marine Facilities:				
Personnel	279,738	306,621	300,675	5,946
Operating costs	177,646	177,646	152,553	25,093
Repairs and maintenance	192,580	192,580	169,787	22,793
Professional fees	275,181	275,181	143,490	131,691
Marketing and staff development	36,200	36,200	29,845	6,355
Promotion and development	18,100	18,100	25,008	(6,908)
Capital outlay	275,000	2,675,000	158,388	2,516,612
Total expenditures	1,254,445	3,681,328	979,746	2,701,582
Change in fund balance	(272,834)	(2,699,717)	1,310,981	4,010,698
Fund balance - beginning	18,514,789	18,514,789	18,514,789	-
Fund balance - ending	$ 18,241,955	$ 15,815,072	$ 19,825,770	$ 4,010,698

MATAGORDA COUNTY NAVIGATION DISTRICT #1
Texas County and District Retirement System
Schedule of Changes in Net Pension Asset and Related Ratios
With a Measurement Date of December 31,

	2022	2021	2020	2019
Total Pension Liability				
Service cost	$ 30,697	$ 30,666	$ 26,219	$ 24,191
Interest on total pension liability	78,117	73,396	69,220	65,059
Effect of plan changes	-	-	-	-
Effect of assumption changes or inputs	-	(6,920)	47,936	-
Effect of economic/demographic (gains) or losses	3,750	6,020	4,564	897
Benefit payments/refunds of contributions	(41,068)	(41,068)	(41,333)	(40,273)
Net change in total pension liability	71,496	62,094	106,606	49,874
Total pension liability - beginning	1,017,318	955,224	848,618	798,744
Total pension liability - ending (a)	$ 1,088,814	$ 1,017,318	$ 955,224	$ 848,618
Fiduciary Net Position				
Employer contributions	$ 20,705	$ 14,565	$ 13,285	$ 9,467
Member contributions	11,870	12,314	11,467	11,289
Investment Income net of investment expenses	(68,855)	215,115	94,022	131,369
Benefit payments/refunds of contributions	(41,068)	(41,068)	(41,333)	(40,273)
Administrative expenses	(650)	(642)	(722)	(694)
Other	(204)	(131)	(400)	(541)
Net Change in fiduciary net position	(78,202)	200,153	76,319	110,617
Fiduciary net position - beginning	1,186,926	986,773	910,454	799,837
Fiduciary net position - ending (b)	$ 1,108,724	$ 1,186,926	$ 986,773	$ 910,454
Net pension asset, ending = (a)-(b)	$(19,910)	$(169,608)	$(31,549)	$(61,836)
Fiduciary net position as a percentage of total pension liability	101.83%	116.67%	103.30%	107.29%
Pensionable covered payroll	$ 169,572	$ 175,907	$ 161,275	$ 161,275
Net pension asset as a percentage of covered payroll	(11.74%)	(96.42%)	(19.56%)	(38.34%)

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for ten years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 68, they should not be shown. Therefore, we have shown only years for which the new GASB statements have been implemented.

	2018	2017	2016	2015	2014
	$ 18,850	$ 27,604	$ 27,902	$ 50,747	$ 49,900
	60,396	55,293	48,853	46,060	39,866
	-	-	-	(1,737)	-
	-	7,549	-	8,886	-
	9,642	3,667	914	(43,482)	(5,359)
	(33,190)	(11,943)	(12,230)	(10,387)	(13,264)
	55,698	82,170	65,439	50,087	71,143
	743,046	660,876	595,437	545,350	474,207
	$ 798,744	$ 743,046	$ 660,876	$ 595,437	$ 545,350
	$ 11,534	$ 9,780	$ 12,520	$ 15,756	$ 21,672
	11,151	11,487	10,780	13,083	19,754
	(15,519)	104,302	48,475	(18,638)	38,399
	(33,190)	(11,943)	(12,230)	(10,387)	(13,264)
	(642)	(550)	(526)	(471)	(479)
	(230)	120	2,340	1,272	(2,859)
	(26,896)	113,196	61,359	615	63,223
	826,733	713,537	652,178	651,563	588,340
	$ 799,837	$ 826,733	$ 713,537	$ 652,178	$ 651,563
	$(1,093)	$(83,687)	$(52,661)	$(56,741)	$(106,213)
	100.14%	111.26%	107.97%	109.53%	119.48%
	$ 159,305	$ 164,097	$ 153,994	$ 186,901	$ 282,195
	(0.69%)	(51.00%)	(34.20%)	(30.36%)	(37.64%)

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MATAGORDA COUNTY NAVIGATION DISTRICT #1
Texas County and District Retirement System
Schedule of Employer Contributions
For the Ten Years Ended December 31,

	Actuarially Determined Contribution[1]	Actual Employer Contribution[1]	Contribution Deficiency (Excess)	Pensionable Covered Payroll[2]	Actual Contribution as a % of Covered Payroll
2014	$ 21,672	$ 21,672	$ -	$ 282,195	7.7%
2015	15,756	15,756	-	186,901	8.4%
2016	12,520	12,520	-	153,994	8.1%
2017	9,780	9,780	-	164,097	6.0%
2018	11,534	11,534	-	159,305	7.2%
2019	9,467	9,467	-	161,275	5.9%
2020	13,285	13,285	-	163,814	8.1%
2021	14,043	14,043	-	169,605	8.3%
2022	20,705	20,705	-	169,572	12.2%
2023	23,352	23,352	-	195,415	11.9%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.
(2) Payroll is calculated based on contributions as reported to TCDRS.

MATAGORDA COUNTY NAVIGATION DISTRICT #1

Schedule of Changes in Total OPEB Liability and Related Ratios

For the Ten Years Ended December 31,

	2023	2022	2021	2020
Total OPEB Liability				
Service cost	$ 7,705	$ 17,662	$ 17,662	$ 11,382
Interest	9,722	9,202	8,844	13,487
Experience (gain)/loss	-	(107,349)	-	(30,827)
Assumption changes	-	(108,477)	-	97,502
Benefit payments	(9,600)	(9,600)	(9,600)	(9,600)
Change in total OPEB liability	7,827	(198,562)	16,906	81,944
Total OPEB liability - beginning	222,652	421,214	404,308	322,364
Total OPEB liability - ending	$ 230,479	$ 222,652	$ 421,214	$ 404,308
Covered payroll	$ 87,667	$ 87,667	$ 85,110	$ 85,110
Total OPEB liability as a percentage of covered payroll	262.90%	253.97%	494.91%	475.04%

There are no assets accumulated in a trust that meets the criteria of GASB to pay benefits for the OPEB plan.

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

2019	2018
$ 11,382	$ 10,934
12,437	12,325
-	-
-	-
(9,600)	(9,600)
14,219	13,659
308,145	294,486
$ 322,364	$ 308,145
$ 73,203	$ 73,203
440.37%	420.95%

NOTE 1 - SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS

Valuation Date	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.8 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the schedule. 2016: No changes in plan provisions were reflected in the schedule. 2017: New Annuity purchase rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the schedule. 2019: No changes in plan provisions were reflected in the schedule. 2020: No changes in plan provisions were reflected in the schedule. 2021: No changes in plan provisions were reflected in the schedule. 2022: No changes in plan provisions were reflected in the schedule.

* Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to the Schedule.