

2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



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BROWNSVILLE
• WORLD CLASS •

Brownsville Navigation District
OF CAMERON COUNTY, TEXAS

Comprehensive Annual Financial Report
FOR THE YEAR ENDED DECEMBER 31, 2015

Prepared By:
The Finance and Administration Department
Brownsville Navigation District

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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April 15, 2016

Board of Navigation and Canal Commissioners
Brownsville Navigation District of Cameron County, Texas
1000 Foust Road
Brownsville, Texas

Dear Commissioners:

Presented herewith is the Comprehensive Annual Financial Report (“CAFR”) of the Brownsville Navigation District of Cameron County, Texas (“District”) for the year ended December 31, 2015. The report consists of management’s representation concerning the finances of the District. As a result, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established an internal control framework that is designed both to protect the District’s assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District’s framework of internal control is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

Certain demographic information and miscellaneous statistics included in the CAFR do not come from the accounting records of the District but are presented for the reader’s information.

Introduction

The District was created in 1929 by a special act of the Texas Legislature for the purpose of dredging a channel from Brazos-Santiago Pass to a point five miles from the City of Brownsville, constructing a turning basin and developing and operating a port facility. As created in 1929, the District contains 368 square miles located entirely within and encompassing approximately 41.7% of Cameron County. The District includes the Cities of Brownsville and Los Fresnos and the Townships of Rancho Viejo and Indian Lake.

The District is a political subdivision of the State of Texas, and is an independent governmental entity. A Board of Navigation and Canal Commissioners, which establishes the policies, rules, rates and regulations of the Port of Brownsville and approves all contractual obligations, govern

the activities of the District. The Board consists of five Commissioners elected at large by place for four-year, staggered terms. The Board elects its own Chairman, Vice Chairman and Secretary. The District had 98 employees as of December 31, 2015.

Mission Statement

It is the mission of the Port of Brownsville (Brownsville Navigation District) to be a leader in business development by providing state of the art infrastructure expansion, developing economic opportunities, providing the best transportation facilities possible, and exhibiting high standards of public administration with the ultimate goal being to improve the quality of life and create employment opportunities, gain the public's trust and confidence in order to increase growth development and establish the Port of Brownsville as a world class port.

Location

The District governs the Port of Brownsville, which is located at the southernmost tip of Texas at the westernmost terminus of a seventeen-mile channel that flows into the Gulf of Mexico at the Brazos Santiago Pass. The City of Brownsville is two miles to the southwest and lies adjacent to the Rio Grande River, providing a convenient gateway to Mexico and beyond via four international bridges.

The Entrance Channel is protected by two rock jetties each over 5,000 feet in length and 1,200 feet apart. The 17-mile ship channel has no bridges or other obstructions for the entire length of this virtually straight waterway. Currently the channel has a depth 42 feet to within .85 mile of the Turning Basin, and a depth of 36 feet to and through the Turning Basin. The channel has a controlling (or minimum) width of 250 feet. The Turning Basin has a width of 1,200 feet. The District has completed the study phase in conjunction with the U. S. Corps of Engineers to deepen the channel to a depth of up to 52 feet and is pursuing funding options.

Business of the District

The District owns a diverse group of facilities designed for handling any type of cargo, including general cargo, dry and liquid bulk, and project and heavy-lift cargo. In addition, the District leases land and easements to others, grants easements for pipeline crossings of its property and maintains areas for depositing dredged materials. The District purchases potable water from the Brownsville Public Utilities Board for its own use and for distribution to its lessees and operates three wastewater treatment plants. The District is also the grantee for FTZ No. 62 and has been authorized by TxDOT to issue overweight permits for transit over a corridor from the Port of Brownsville to the international crossing into Mexico.

Vessel Services

The Main Harbor consists of the Turning Basin and Approach, containing over five miles of improved frontage. The Turning Basin is 3,500 feet long and 1,200 feet wide and contains ten General Cargo Docks aggregating 5,200 lineal feet. Five Liquid Cargo Docks, a 400 foot Bulk Cargo Dock serving the Grain Elevator and Limestone Plant, and two 600 by 280 foot deep water General Cargo Docks are located in the Turning Basin which is 7,000 feet long with a 650 foot bank width and a 500 foot controlling bottom width. A 3,000,000 bushel capacity grain elevator with 1 million silo capacity and 2 million grain storage flats; 47 miles of railroad trackage and mechanical freight handling equipment augment the Port of Brownsville's ability to handle a wide variety of cargos.

Fishing Harbor

A complete Fishing Harbor, separate and apart from the main harbor, was completed and placed in service in mid-summer 1953. A second phase was finished in December, 1968. Located four miles east of the main Turning Basin, with a protected entrance to the Ship Channel, this basin measures 2,100 by 1,600 feet overall with two 300 by 1,200 foot peninsulas in the center. The channel connecting with the Ship Channel is 200 feet wide and 600 feet long. Controlling depth in the Fishing Harbor is 14 feet. This basin provides 12,000 lineal feet of dock space for trawlers, tugs and other small craft. In addition, support industries for the Port of Brownsville's oil rig construction facility have located in the Fishing Harbor.

Terminal Operations

All waterfront facilities on the Brownsville Ship Channel, at the Main Harbor and the Fishing Harbor, are owned by the Brownsville Navigation District. Certain small craft facilities are leased to private operators, but all deep-water facilities at the Main Harbor are operated as public facilities. Vessels and agents are assigned berths at the discretion of the District. Vessel loading and discharge is performed by stevedoring contractors. Rail car and truck loading and unloading is customarily performed by stevedoring contractors.

Around-the-clock supervision of vessels and vehicle traffic at the Port of Brownsville is provided by the District. The Harbormaster's Office schedules vessel arrivals and departures, maintains radio contact with the pilot boat of the Brazos-Santiago Pilots' Association and provides up-to-the-minute information on schedules useful to agents, stevedores, tugboats, line-runners and the general public. Vessels can call on Channel 12 or 16 twenty-four hours a day.

All General Cargo Sheds have hose stations and fire extinguishers suitable for the type of cargo normally handled through the particular shed. Fire hydrants are located on wharf aprons and throughout the Port's storage facilities. Water supply is from a 16-inch main connecting with the City of Brownsville Public Utilities Board's distribution system. Storage capacity and pressure equalization are provided by one 500,000 gallon and one 1,000,000 gallon elevated water storage tanks.

The Brownsville Navigation District's Administration Offices are located at the Port of Brownsville. These offices handle inquiries on trade and industrial development, environmental issues, accounting, purchasing, credit, traffic, personnel and engineering.

All docks at the Port of Brownsville are equipped with electricity and fresh water and most docks are also served by rail. Wastewater and ballast facilities are available. All of the facilities are operated for hire on a first-come, first-served basis.

The dry dock *Los Alamos* was signed over to the District by the U. S. Navy. It was re-christened the *Solomon P. Ortiz* and was originally leased to KeppelAMFELS for operation as a dry dock to repair drilling rigs. KeppelAMFELS subsequently exercised their option to purchase the *Solomon P. Ortiz*. The dry dock was placed into service by KeppelAMFELS in May, 1996.

The District owns and controls approximately 40,000 acres of land adjoining the Turning Basin and Ship Channel, and approximately 18,000 acres of this land has been developed with additional land available for development. Developed and undeveloped sites are available for lease for cargo facilities, industrial sites, expansion, relocation, manufacturing, greenfield projects, and more.

In recent years, the Port has seen substantial industrial development including tank farms, heavy and light manufacturing, and steel fabrication. Plant sites of virtually any size, with access to the deep-water harbor, rail connections, paved highways, and utilities may be rented on long-term leases at attractive prices from the District.

The District derives its operating revenues from charges for lease rentals, wharfage, storage, vessel dockage, and the sale of various port services such as utilities.

Foreign Trade Zone

On October 20, 1980, Foreign Trade Zone Board created Foreign Trade Zone ("FTZ") Number 62 with the District as the Grantee and operator. There is a total of 2,300 acres available for FTZ status at the Port of Brownsville, the Brownsville/South Padre Island International Airport, the Harlingen Industrial Park, the Los Indios Industrial Park/FINSA Industrial Park and the NAFTA Industrial Park. The District receives fees from tenants utilizing the District's zone status. There are currently seven Foreign Trade Zone tenants operating within the FTZ with general purpose warehousing and liquid bulk storage available. The U.S. Foreign Trade Zone Board has ranked the Port of Brownsville first in the nation out of 179 active U.S. Foreign Trade Zones for the volume of goods exported during 2012, 2013, and third in 2014. Information for 2015 will be available in September 2016. Additional information regarding cargo traffic and vessel services revenues may be found in the Statistical Section – Tables 6 and 7.

Table 1 – Waterborne Cargo Tonnage for the Port of Brownsville

Calendar Year	Inbound Tonnage	Outbound Tonnage	Total Tonnage	Number of Vessels ⁽¹⁾	Foreign Trade Zone Value(1,000's) ⁽²⁾
1993	1,863,115	385,954	2,249,069	3,325	2,720,000
1994	2,206,041	340,725	2,546,766	2,852	3,182,000
1995	1,088,436	1,090,575	2,179,011	3,140	1,900,000
1996	1,539,939	700,321	2,240,260	3,104	2,300,000
1997	1,958,241	509,831	2,468,072	1,325	2,300,000
1998	3,019,916	226,839	3,246,755	1,298	3,200,000
1999	2,615,330	283,592	2,898,922	1,592	2,300,000
2000	2,957,703	234,372	3,192,075	1,385	808,000
2001	3,588,261	367,565	3,955,826	1,542	387,000
2002	4,101,985	488,285	4,590,270	1,257	966,000
2003	2,999,209	633,568	3,632,777	1,265	243,562
2004	2,843,044	915,679	3,758,723	1,186	528,296
2005	3,587,753	902,622	4,490,375	1,104	1,777,317
2006	4,078,795	682,858	4,761,653	794	2,526,370
2007	3,274,110	1,045,754	4,319,864	1,059	801,257
2008	4,458,308	870,369	5,328,677	1,099	2,833,498
2009	3,098,930	663,079	3,762,009	651	1,181,260
2010	3,718,906	920,506	4,639,412	986	1,168,344
2011	4,178,817	1,221,890	5,400,707	1,237	3,154,609
2012	4,440,890	1,092,380	5,533,270	1,083	3,868,081
2013	3,868,117	1,462,747	5,330,864	1,059	3,221,802
2014	4,865,468	1,378,157	6,243,626	1,059	2,896,317
2015	5,616,936	1,458,518	7,075,454	1,140	3,313,705

Source: Brownsville Navigation District Harbormaster and Foreign Trade Zone No. 62

⁽¹⁾ Includes domestic shrimp boat activity through 1996 only. Domestic shrimp boat activity is no longer recorded.

⁽²⁾ September Fiscal year end

Port of Brownsville Infrastructure

The District owns and operates the following General Cargo and Liquid Cargo Docks.

Dock Number	Type of Cargo/Storage	Vessels Accommodated	Location
Dock No. 1	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 2	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 3	General Cargo/Open Storage	Light Draft Vessels	West Side-Turning Basin
Dock No. 4	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 7	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 8	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 10	General Cargo/Open Storage	Light Draft Vessels	South Side-Turning Basin
Dock No. 11	General Cargo/Open Storage	Light Draft Vessels	South Side-Turning Basin
Dock No. 12	General Cargo/Covered Storage	Light Draft Vessels	South Side-Turning Basin
Dock No. 13	General Cargo/Covered Storage	Light Draft Vessels	South Side-Turning Basin
Dock No. 15	General Cargo/Covered Storage	Deep Draft Vessels	South Side-TB Approach
Dock No. 16	General Cargo/Covered Storage	Deep Draft Vessels	South Side-TB Approach
LCD 1,2&3	Liquid Cargos	Light Draft Vessels	North Side-TB Approach
LCD 5	Liquid Cargos	Deep Draft Vessels	North Side-TB Approach
Bulk Cargo Dock	Elevated Cargos/Bulk Cargos	Light Draft Vessels	South Side-TB Approach
Liquid Cargo Dock	Liquid Cargos	Light Draft Vessels	South Side-TB Approach
Small Craft Pier	Not for Cargo	Small Crafts	West Side-Turning Basin
Small Craft Harbor	Fishing Harbor	Small Crafts	North Side-4 miles East
Open Storage Areas	General Cargo-Off-Dock Storage		Various Locations

Additional information regarding the facilities at the Port of Brownsville may be found in Table 17.

Capital Improvements Program

In an election held on October 19, 1991, voters in the District authorized, by a margin of 90%, commencement of a major capital improvements program. The \$43 million bond election was designed to expand and modernize the Port facilities and increase capabilities by: (1) construction of a Port of Brownsville/Matamoros cargo bridge including access and Port of Entry facilities (\$21 million); (2) widening and deepening the ship channel from 36 to 42 feet (\$17 million); and (3) improvements to Port dock and wharf space (\$5 million). The federal government authorized \$20 million for the U. S. Army Corps of Engineers to spend on the channel deepening project.

In the October 19, 1991 election, District voters approved the following:

Bonds Authorized	Purpose	For	Against	Balance Authorized but Unissued
\$21,000,000	International Bridge Project	2,373	242	\$8,000,000
\$17,000,000	Channel Deepening	2,348	247	-0-
\$5,000,000	Waterfront Improvement	2,346	254	-0-

The Channel Deepening Project was completed, on budget and on time, in April of 1995. The Waterfront Improvement project provided a new, deep-water liquid cargo dock 5, as well as maintenance to other waterfront facilities. The International Bridge Project has received its United States Presidential Permit, and is currently awaiting a similar permit from the Republic of Mexico before construction may begin. However, a Presidential Permit of the Republic of Mexico has not been received and this project is currently dormant.

In 1996, the District issued \$7,250,000 in revenue bonds to finance the construction of a new, deep-water General Cargo Dock, General Cargo Dock No. 15. These funds were combined with a grant from the EDA to construct a \$12,000,000 facility that is one of the premier docks on the Gulf Coast today. The District also completed construction of a 100,000 square foot warehouse, a 60,000 square foot warehouse with overhead cranes on the dock as well as two rail spurs to serve the dock.

In 2000, the District issued \$4,000,000 in tax bonds to reimburse the District for costs incurred in connection with the construction of an international bridge across the Rio Grande River. In 2000, the District also issued \$4,000,000 in revenue bonds to acquire 3,000 acres of land for the expansion of the Port. In 2002, the District issued \$1,790,000 in revenue bonds and \$1,900,000 in revenue bonds subject to alternative minimum tax (AMT) to finance improvements at the Port.

The District continually works to diversify the cargo mix at the Port of Brownsville. Over the last few years the District has added in excess of 15 acres of open cargo storage area to prepare for the increase in cargo volumes. More than five acres of patio storage was added in 2015 with an increasing volume of wind powered component units for the production of electricity spurring much of this new construction. Construction of additional patio storage space is expected to continue in 2016.

Industrial Development

The objective of the Industrial Development Department of the District is to use the District's available land in the best manner possible, to attract industries that create jobs for the area and tonnage for the Port, and to earn enough income to pay interest and principal on regular revenue bonds used to improve all Port facilities. To this end, the District currently has about 13,000 acres under lease or lease option which generated over \$7,500,000 in revenue for fiscal year 2015.

Over the last few years the District has become a major location for companies applying for U.S. Department of Energy Permits to construct Natural Gas Liquefaction Plants. The Port had land lease options for 2,830 acres with five companies pursuing LNG export permits resulting in total land lease option payments of \$1,639,049 for the year ended December 31, 2015.

District-owned land is valued for leasing purposes with the assistance of a Real Estate Advisory Committee. Changes in valuations are done on a port-wide basis and not on an individual lease basis. Lease rental rates for land are set at 10% of the valuation on an annual basis and for District-

owned buildings, the rental rates are set at 15% of the valuation on an annual basis. The current table of land rental rates is as follows:

Land Rental Rates	
Lease Type	Current Rates
TURNING BASIN LEASES	
Waterfront Property	\$5,844 per acre/year
Highway Frontage	\$3,819 per acre/year
Port Entrance Sites	\$3,403 per acre/year
Inside Port/Off Waterfront	\$2,025 per acre/year
Remote Sites	Negotiated Rates
Grazing Leases	\$2.25/acre/year
Tower Sites	\$17,000/site/year
Sign Sites	\$110 - \$200/site/year
Fish Camps	\$500/camp/year
Billboards	Market Rate
FISHING HARBOR LEASES	
Water Front	\$4,494 per acre/year
Off-Water	\$4,156 per acre/year
Fishing Harbor Dock	\$1.25 per linear ft./month
Unimproved Bank Space	\$.75 per front ft. per month

Additional information regarding operating leases may be found in Note 3. F, and information regarding lease rates and lease revenues may be found in the Statistical Section – Tables 8 and 9. Additional information regarding principal leasing customers can be found in the Statistical Section – Table 9.

Lease terms of up to 50 years are permitted for ground lease rentals under Texas law. Lease terms in excess of 50 years are available if advertised for competitive bidding. The District offers several advantages to industries interested in locating in the Brownsville area. Property taxes are charged against improvements on Port property and on the value of the leasehold to the tenant. There are no city property taxes assessed against improvements on District land. All modes of transportation are available to businesses that choose to locate at the Port: water transportation (both deep-sea and through the Intracoastal Waterway System), rail, truck, air and pipeline. The land rental rates are some of the most competitive in the area. Adding these inducements to those already inherent in the Brownsville area (a solid, available labor force, optimal climate, proximity to the Mexican labor force and markets, dependable utilities, and a progressive industrial development commitment by the area’s local governments) makes promoting the Port of Brownsville to prospective tenants a successful endeavor.

Overweight Permit Program

The District has been granted authorization by the Texas Legislature, under the auspices of the Texas Department of Transportation, to operate an Overweight Permit program. This program has been in place since 1998, and provides the users of the Port of Brownsville with the ability to carry

loads that, while they would comply with legal load limitations in Mexico, are in excess of legal load limitations in Texas. The permit fee of \$30 allows the truck to be loaded to a total gross weight of approximately 119,000 pounds and to travel between the Port of Brownsville and the Mexican border crossing along a specified route, the “corridor”. The proceeds of the sale of the permits are remitted to TxDOT and are dedicated to the maintenance of the corridor. Through the end of December, 2015, a total of 563,259 overweight permits have been sold, generating \$14,363,105 in funds for TxDOT. Of the \$30 permit fee, TxDOT receives 85% or \$25.50 with the Port retaining the other \$4.50 for administrative costs.

This program is now being implemented in other locations in Texas.

Cameron County

Cameron County was created in 1848 and it is the southernmost county in Texas. According to the 2010 U. S. Census, the population of the County is 406,220, an increase of 56% over 1990, and an increase of 99% over 1980. The area of the County is approximately 906 square miles, comprising the Brownsville-Harlingen-San Benito Metropolitan Area. The largest city in the County is Brownsville, which serves as the county seat. The economy is based on agricultural production, fishing industries, industrial and manufacturing plants, tourism, health care and educational services. Major agricultural crops include oranges, grapefruit, cotton, grains and sugar cane. Principal manufacturing products include off-shore drilling platforms, and electrical equipment. Tourism attractions include South Padre Island, Laguna-Atascosa Wildlife Refuge, the Confederate Air Force Flying Museum and the Gladys Porter Zoo.

City of Brownsville, Texas

The City of Brownsville is the county seat of Cameron County. It is the southernmost city in Texas and the largest city in the lower Rio Grande Valley. The City is located about 25 miles inland from the Gulf of Mexico on the north bank of the Rio Grande River, directly across from Matamoros, Mexico. The City is joined by four international bridges and serves as a trade center for much of the lower Rio Grande Valley.

From 1980 to 2010, the City of Brownsville doubled in population, from a City of approximately 85,000 to a population of 175,023. The dynamics of this rapid growth has resulted in a very young population compared to the rest of the United States, with approximately one-third of Brownsville’s population in the Kinder to 12th grade age group.

Matamoros, Mexico

Matamoros, Mexico, is located on the south bank of the Rio Grande River, directly across from Brownsville. The two cities are related historically, culturally and economically. Economic cooperation dates back to the American Civil War when the two cities served as an import area for vital Civil War supplies and an export area for the South’s cotton. In 1970, the city had a population of 137,383. By 1990, the city’s population was 303,392, and by 2010, the City’s official population was 489,193. Matamoros has a “shadow” population not included in its census count that is estimated to increase the city’s population to approximately 700,000.

The Mexican In-Bond Industrialization Program offers foreign manufacturers an opportunity to set up foreign-owned Mexican manufacturing companies in order to utilize their more competitive labor rates. The finished goods are required to be exported from Mexico. This, accordingly, has allowed U. S. manufacturers an opportunity to manufacture offshore, but adjacent to their major market of the U. S.

These new industries represent manufacturing of electronics/electrical products, hydrochloric acid, apparel, oil field drill bits, construction and mining equipment, shrimp processing, industrial gloves, shopping bags, fiberglass products, automotive products, plastic injection molded products, appliances, rubber seals, tool and die, plastic covers, stuffed toys and fiberglass tape. Car manufacturing and assembly are becoming a major industry with increased growth expected into the future.

Surplus labor, climate, proximity to the United States and the Port of Brownsville have led to the rapid development of the area. A technological institute to train engineers, plus a medical school and vocational and technological schools in Matamoros, train the labor force for the varying skills required by the newly located companies.

Major Initiatives and Accomplishments

- **Cameron County Regional Mobility Authority Roads Projects** – In 2004, Governor Perry approved Cameron County’s request for the creation of the Cameron County Regional Mobility Authority (CCRMA). The purpose of the CCRMA is to provide Cameron County with an opportunity to accelerate needed transportation projects and have a local entity in place to make decisions on these projects that will be of benefit to its service area. The focus of the CCRMA is to enhance the economic vitality of the lower Rio Grande Valley. The Brownsville Navigation District has worked in cooperation with the CCRMA on a number of projects that enhance the landward access to the Port of Brownsville. The widening of FM 511 between Expressway 77/83 and the Port of Brownsville was completed in early 2010. This was followed by the initiation of two companion projects, the construction of a new truck route, SH 550, to bring truck traffic to the Port of Brownsville, and the construction of a connector road between an existing Port road and the terminus of SH 550. The connector road was completed in 2011, with the completion of the new truck route in 2013. The CCRMA is also in the planning stages for the “East Loop” project which will re-route truck traffic between the Port of Brownsville and the international bridges, away from heavily traffic-congested areas of the City. These projects coordinated with the District’s internal road rehabilitation project, which is now complete, to improve the accessibility to the Port by its trucking industry. The final piece of this transportation system improvement package, that of the direct connection of SH 550 to Expressway 77/83, was let for construction in mid-2012. This is all part of a transportation system that will provide seamless access for truck traffic from northern points, through the Port of Brownsville and on to the international bridge crossings into Mexico.

- Lease Rental Rate Increase** – The Brownsville Navigation District has approximately 5,000 acres available for industrial use. The various sites within the Port are leased to its customers for their commercial use; in the past, land has not been sold by the District for industrial development. In 2007, the District’s Board of Commissioners commissioned a study of the lease rental rates at the Port of Brownsville as a part of its master planning process. These rates had not been adjusted since 1982. As a result of the study, new lease rental rates have been established, and were officially adopted by the Board of Commissioners on December 1, 2010. These rates have already been implemented for new leases, and began to be phased in for existing tenants in July, 2011. The new rates will be fully implemented by 2016. At that point, the lease rental rates at the Port of Brownsville will be subject to an annual adjustment based on the Consumer Price Index. In 2011, the Port approved lease rental increases to be implemented over a five year period. These additional revenues were earmarked for capital improvements. These increases generated additional revenue of \$521,365 in 2015 and a total of \$1,348,916 since implemented in 2011.
- Cargo Revenues** – The District derives approximately 42.4% of its operating revenues from Vessel and Cargo Operations at the Port of Brownsville. For 2015 cargo revenue totaled to \$9,234,414 an increase of \$2,215,830 or 31.6% over 2014 cargo revenues of \$7,018,584. These revenues include charges for vessel fees, cargo wharfage and cargo storage. The District continues to investigate new opportunities to expand its mix of cargo, as well as working with its existing customers to increase their usage of the Port, to increase its vessel and cargo-related revenues. Waterborne cargo totaled 7,154,125 metric tons, an increase of 906,235 metric tons or 14.5% more than 2014 metric tons of 6,247,890.
- TIGER Grant Funding Projects** – As a part of the ARRA economic stimulus, the Federal government has a grant program for transportation projects entitled the Transportation Investment Generating Economic Recovery (TIGER) Grant Program. This grant program was specified for “shovel-ready” projects. The District applied for funding for the construction of a new deep draft cargo dock. The District’s grant application was approved in the amount of \$12,000,000. The Port also sold \$10,000,000 in revenue bonds and used about \$3,682,000 operational funds to construct Cargo Dock 16 and related improvements at an estimated cost of \$25,682,000. Construction began on Cargo Dock 16 in the fall of 2013 was completed in late summer 2015.
- Corps of Engineers Channel Deepening and Widening Feasibility Study** - This is a long term project to investigate the feasibility of deepening and/or widening the Port of Brownsville Ship Channel. The study was completed in 2014 with the District cost share at \$4,200,403 since that start of the project in 2006. Preliminary indications show a positive cost benefit of deepening the channel to 52 feet. A positive economic benefit determination is necessary for eligibility for federal funding. Channel deepening is believed to be critical to the District’s future growth and development. The District is working with the Corps

and multiple private parties to be able to begin the project prior to full Corps funding authorization while still pursuing the Corps financial participation.

- **Purchase of a Terex/Gottwald Mobile Harbor Crane** – In the fall of 2015 the District purchased a second mobile harbor crane at a cost of \$3,179,000. The new crane was placed on new Dock 16 which is contiguous to Dock 15 allowing the crane to be used on both Docks. The new harbor crane also gives the District the flexibility to load or unload ships at both docks or to use both cranes together to load or unload a ship at either dock.
- **Levee Improvements** - Major Levee work was completed in 2015 for Placement Area 2, Placement Area 4 and Placement Area 5A. This levee construction totaled about \$3,600,000 with the bulk of the work being done in 2015. These improvements were needed to allow the Corps of Engineers to do a maintenance dredge project of the channel expected to begin in 2016.
- **Remodeling and Expansion of District Administrative Offices.** The District entered into an architectural contract in 2015 for design specifications for the rehabilitation and expansion of the District's administrative offices. Preliminary plans for the estimated \$5,600,000 rehabilitation and new construction project were near completion by the end of 2015. This project will increase District office space by more than 50% as well as modernizing and bringing existing buildings up to current building codes.
- **Internal Roads Projects.** In 2015 the District began the Internal Roads Project that involves the reconstruction of Mineral Road East, Mineral Road West, Milo Road, Boxcar Road and Calloway Road at an estimated cost of about \$1,500,000. About \$1,000,000 was expended on this project in 2015. In 2015 the District also entered into an Advanced Funding Agreement with TXDOT to reconstruct Old Highway 48 at an estimated cost of \$1,600,000 with TXDOT, in conjunction with the U.S. Department of Transportation, providing about \$900,000 for this project. This work is expected to begin in the first half of 2016 and will result in the rehabilitation or reconstruction of almost all Port roads over the last four years.
- **Foust Entry Canopy Project.** In 2015 the Board of Commissioners approved a \$750,000 Canopy Project that provides a larger covered area with enhanced security, capacity, safety, convenience and appearance at one of the Port's two main gates. This project is expected to be completed in 2016.
- **Homeland Security Enhancements** – Homeland Security has placed a number of requirements for enhanced security in the Port of Brownsville in the past several years. The District has applied for project funding under four grant offerings, receiving awards of a total of \$11,455,389 which require a funding match by the District of \$4,102,859. These projects are complete and are providing security enhancements at the Port of Brownsville. As new grants are announced, the District will continue to apply for the funding provided.

- **New Cargo Storage Areas** - During the years 2007 through 2015, the District invested in upgrading its mobile equipment. This new fleet of equipment has been put to use in increasing the District's capacity by clearing and stabilizing new cargo storage areas. The District has been able to put these new cargo storage areas to use to accommodate shipments of wind tower components and an increase in steel slab shipments through the Port of Brownsville.

Financial Information

The accounting policies of the District and this report conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Government Accounting Standards Board. A summary of significant accounting policies can be found in Note 1 to the financial statements.

The integrity and objectivity of data in these financial statements and supplemental schedules, including estimates and judgments to matters not concluded at year-end, are the responsibility of the District. We direct the reader's attention to the Management's Discussion and Analysis (MD&A) immediately following the Audit Opinion letter which provides an analytical overview of the District's financial activities and serves as an introduction to the basic financial statements.

Independent Audit

The financial statements for the year ended December 31, 2015 listed in the foregoing Table of Contents was audited by independent auditors selected by the Board of Navigation and Canal Commissioners. The audit opinion, rendered by Long Chilton, LLP, is included in the financial section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Certificate of Achievements for Excellence in Financial Reporting to Brownsville Navigation District for its comprehensive annual financial report for the fiscal years ended December 31, 2011, December 31, 2012, December 31, 2013 and December 31, 2014. The December 31, 2011 award was the first time the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated services of the District's accounting staff. We express our appreciation to them, particularly to those who contributed directly to the preparation of this report.

In closing, we would like to thank the members of the Board of Navigation and Canal Commissioners and all the officials of the District for their support in the planning and conducting the financial affairs of the District in a responsible and progressive manner.

Sincerely,



Stephen B. Fitzgibbons
Director of Finance



Eduardo A. Campirano
Port Director and CEO

Brownsville Navigation District of Cameron County, Texas

DIRECTORY OF OFFICIALS

NAVIGATION AND CANAL COMMISSIONERS

Ralph Cowen	Chairman
Carlos R. Masso	Vice Chairman
John Reed	Secretary
Sergio T. Lopez	Asst. Secretary
John Wood	Asst. Secretary

ADMINISTRATION

Eduardo A. Campirano	Port Director and CEO
Donna Eymard	Deputy Port Director
Steve Tyndal	Sr. Director of Marketing & Business Development
Stephen B. Fitzgibbons	Director of Finance
Deborah Lee Duke	Director of Administration
Ariel A. Chavez	Director of Engineering Services
Michael Davis	Harbormaster
Chief Carlos Garcia	Chief of Police
Oscar Garcia	Director of Facilities Maintenance
Patricia Gonzales	Director of Communications
Antonio Rodriguez	Director of Cargo Services
Beatrice Rosenbaum	Director of Industrial Development
Jaime Martinez	Director of Human Resources
Cristina Valdez	Accounts Payable Supervisor
Rosa Maria Hinojosa	Accounts Receivable Supervisor

ADMINISTRATION

Certified Public Accountants	Long Chilton, L. L. P Brownsville, Texas
Legal Counsel	The Rentfro Law Firm Brownsville, Texas
Financial Advisor	Estrada Hinojosa & Company Dallas, Texas
Bond Counsel	Winstead PC San Antonio, Texas



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Brownsville Navigation District
of Cameron County, Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Navigation and Canal Commissioners
Brownsville Navigation District of Cameron County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Brownsville Navigation District of Cameron County, Texas (the "District"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2015, and the respective changes in financial position and cash flows for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2015 the District adopted new accounting guidance, *Government Auditing Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 25 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, schedule of operating expenses, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of operating expenses and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2016, 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 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 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.

A handwritten signature in black ink that reads "Long Chilton LLP". The signature is written in a cursive, flowing style.

LONG CHILTON, LLP
Certified Public Accountants

Brownsville, Texas
April 15, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Brownsville Navigation District of Cameron County, Texas, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements following this section and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

For 2015, the financial position of the District improved significantly. District income for 2015 before depreciation was \$9,749,605 dropping to \$5,767,146 after a depreciation charge of \$3,982,459. Income before depreciation increased \$2,746,373 or 39.2% above 2014 income before depreciation of \$7,003,232. District 2015 operating revenue totaled \$19,719,262, an increase of \$3,182,963, or 19.2% above 2014 operating revenue of \$16,536,299. Operating expenses for 2015 of \$9,969,657 before depreciation increased \$436,590 over 2014 operating expenses before depreciation of \$9,533,067.

District operating revenue is comprised of Vessel Services, Lease Rentals at the Turning Basin and Fishing Harbor, Other Lease Rentals and Other Operating Income. Vessel Services revenues of \$9,234,414 for 2015 increased \$2,215,830 from \$7,018,584 in 2014, an increase of 31.6%. The 1,140 vessels visiting the Port in 2015 was an increase of 81 vessels over the 1,059 vessels that visited the Port in 2014. However, the increase in tonnage and revenue was mainly due to more visits by larger ships in 2015. Tanker visits in 2015 increased from 92 to 118 while ocean going cargo vessel visits increased from 118 to 131.

Lease rentals at the Turning Basin and Fishing Harbor totaled \$7,536,336, an increase of \$1,834,809 or 32.2% over the prior year amount of \$5,701,527. This increase was largely due from additional Liquid Natural Gas related lease options and the fifth year of a five year phased lease rate increase. Other Lease Rentals totaled \$1,425,598, a decrease of \$979,873 from the prior year amount of \$2,405,471, resulting from a one time payment of \$1,191,181 by the BRG in 2014.

Non-operating income for 2015 totaled \$2,787,771, an increase of \$206,510 or 8.0% from 2014 non-operating income of \$2,581,261. This increase resulted mostly from the reduction in bond interest expense. For 2015, the District received \$3,105,043 in property tax of which \$2,521,259 was for general obligation bond debt and \$583,784 was for maintenance and operations. The District also received \$127,430 in penalties and interest for a combined 2015 tax, penalty and interest total of \$3,232,473. For 2014, the District received a total of \$3,223,533 in tax, penalty and interest. For 2015, the District reduced its tax rate from 4.2 cents per \$100 of valuation to a rate of 4.0667 cents per \$100 of valuation, a reduction of 3.2%. The 2015 District tax rate reduction was the District's twenty-second consecutive tax rate reduction.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the following: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

The Statement of Net Position presents information on the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators as to whether the District's financial health is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected leases and earned unused vacation leave).

The Statement of Cash Flows reports how the District's cash and cash equivalents were used in and provided by its operating, non-capital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalent balances as of December 31, 2015. These statements are prepared on a cash basis and only present cash receipts and cash disbursement information. The District uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income.

Notes to the Financial Statements provide an in-depth discussion of many items disclosed in the District's basic financial statements. The financial statement disclosures are an integral part of the financial statements. Such disclosures are essential to a full understanding of the information provided in the basic financial statements. These notes can be found on pages 38-74.

FINANCIAL ANALYSIS

District total assets plus deferred outflows of resources at the close of the fiscal year were \$189,015,716, an increase of \$9,762,477 or 5.4% over prior year total assets plus deferred outflows of resources of \$179,253,239. Total 2015 assets plus deferred outflows of resources of \$189,015,716 exceeded total liabilities plus deferred inflows of resources of \$35,404,516 by \$153,611,201 which was an increase of \$12,266,034 or 8.7% over the 2014 net position of \$141,345,167.

Operating income before depreciation for 2015 was \$9,749,605, an increase of \$2,746,373 or 39.2% over 2014 operating income of \$7,003,232. Operating income for 2015, after depreciation, totaled \$5,767,146, an increase of \$2,368,652 or 69.7% over 2014 operating income of \$3,398,494 after depreciation.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Brownsville Navigation District for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This is the fourth year in a row that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District's financial health is reflected in the current year financial statements. The fiscal year ending December 31, 2015 showed total net position of \$153,611,201, which is summarized as follows:

Condensed Statement of Net Position

	12/31/2015	12/31/2014
Current and Other Assets	\$ 39,373,870	\$ 44,324,012
Capital Assets	148,795,101	134,827,258
Deferred outflows of resources	<u>846,745</u>	<u>101,969</u>
Total Assets and Deferred Outflows of Resources	<u>189,015,716</u>	<u>179,253,239</u>
Long-Term liabilities outstanding	22,472,861	21,562,936
Other liabilities	9,771,609	13,178,521
Deferred inflows of resources	<u>3,160,045</u>	<u>3,166,615</u>
Total Liabilities and Deferred Inflows of Resources	35,404,515	37,908,072
Net Position		
Invested in capital assets, net of related debt	131,432,039	113,617,071
Restricted for:		
Revenue bond debt retirement and contingency	3,333,159	3,362,698
General obligation bond debt service	3,777,243	3,750,580
Unrestricted	<u>15,068,760</u>	<u>20,614,818</u>
Total Net Position	<u>\$ 153,611,201</u>	<u>\$ 141,345,167</u>

Additional information can be found in the Statement of Net Position, pages 32-33.

Changes in net position are summarized as follows:

	<u>Changes in Net Position</u>		
	<u>Fiscal 2015</u>	<u>Fiscal 2014</u>	<u>Change</u>
Operating revenues			
Vessel services	\$ 9,234,414	\$ 7,018,584	\$ 2,215,830
Lease rentals			
Port System	7,536,336	5,701,527	1,834,809
Other lease rentals	1,425,598	2,405,471	(979,873)
Other operating revenue	<u>1,522,914</u>	<u>1,410,717</u>	<u>112,197</u>
Total operating revenues	19,719,262	16,536,299	3,182,963
Operating expenses			
Wages and employee expenses	4,749,151	4,010,589	738,562
Maintenance and operation of facilities	2,106,233	1,824,973	281,260
General and administrative expenses	<u>3,114,273</u>	<u>3,697,505</u>	<u>(583,232)</u>
Total operating expenses	9,969,657	9,533,067	436,590
Income from operations before depreciation	<u>9,749,605</u>	<u>7,003,232</u>	<u>2,746,373</u>
Depreciation and Amortization	<u>3,982,459</u>	<u>3,604,738</u>	<u>377,721</u>
Operating income (loss)	5,767,146	3,398,494	2,368,652
Non-operating income (expense)			
Interest income on investments and direct financing leases - port system	285,865	260,285	25,580
Interest income - other	251	43,916	(43,665)
Tax income - net of bad debt and collection expenses			
General obligation bond debt service	2,521,259	2,503,579	17,680
Maintenance and operations	583,784	581,854	1,930
Penalties and interest	127,430	138,100	(10,670)
Interest expense and other bond issuance costs	(684,604)	(873,275)	188,671
Gain (loss) on disposal of assets	-	(39,944)	39,944
Bond service fees	(5,150)	(4,150)	(1,000)
Other non-operating income (expense)	<u>(41,064)</u>	<u>(29,104)</u>	<u>(11,960)</u>
Total non-operating income (expense)	2,787,771	2,581,261	206,510
Income before capital contributions	8,554,917	5,979,755	2,575,162
Capital contributions	7,120,668	4,905,648	2,215,020
Special item - contribution of net assets	-	9,787,478	(9,787,478)
Special item - franchise revenue	<u>9,342</u>	<u>425,431</u>	<u>(416,089)</u>
	7,130,010	15,118,557	(7,988,547)
Increase (decrease) in net position	15,684,927	21,098,312	(5,413,385)
Net Position - beginning	141,345,167	120,316,533	21,028,634
Prior period adjustment	<u>(3,418,893)</u>	<u>(69,678)</u>	<u>(3,349,215)</u>
Net Position - ending	<u>\$ 153,611,201</u>	<u>\$ 141,345,167</u>	<u>\$ 12,266,034</u>

The District’s net position on December 31, 2015 increased \$12,266,034 over 2014. Of this total, \$8,554,917 is income before capital contribution plus \$7,120,668 as a capital contribution made up of \$679,169 from FEMA reimbursements for Port Security Grants, \$6,432,511 from a U.S. D.O.T. TIGER grant reimbursement for Cargo Dock 16 construction, \$8,988 donation of federal surplus personal property, and a prior year adjustment of \$3,404,079 for the initial required implementation of GASB 68 related to the District’s pension fund. See Note 3. M, page 71.

CAPITAL ASSETS AND DEBT ADMINISTRATION

	<u>Capital Assets</u>	
	<u>12/31/2015</u>	<u>12/31/2014</u>
Inland channel, turning basin, & jetties	\$ 56,317,038	\$ 52,116,635
Land	9,934,753	9,934,753
Easements	20,760	20,760
Docks and appurtenances	71,599,283	45,800,709
Water and sewer systems	10,557,670	10,534,059
Railroads	11,273,945	11,273,945
Land improvements and roads	35,716,659	30,786,480
Administration building	751,355	751,355
Industrial equipment	9,565,809	6,215,879
Furniture and equipment	1,176,696	1,176,696
Intangible Assets	5,895,274	5,895,274
Construction in progress	3,375,330	23,887,078
Total	<u>\$ 216,184,572</u>	<u>\$ 198,393,623</u>

Additional information on the District’s Capital Assets can be found in Note 1. D 6, page 43 and Note 3. D, page 51.

Prior to 2008, the District had not kept up with facility maintenance and equipment replacement. During late 2008 and continuing through fiscal 2015, the District has had an aggressive capital improvement program. For 2015, the District increased its capital improvement efforts. Federal funding is playing a major role in the District’s capital improvement activities as a result of the District aggressively identifying and pursuing federal funding for needed projects. As shown in the Capital Assets chart, major capital asset transactions during the fiscal year ended December 31, 2015 include the following:

- **Tiger Grant Dock 16** - The District’s Phase II application for a TIGER Discretionary Grant to expand inter-port and regional shipping over the U.S. D.O.T designated M10 Marine Highway Corridor was submitted and approved in 2012. The grant provided \$12,000,000 in funding toward a total cost of \$25,682,000 for Cargo Dock 16 that was completed and put into operation in September of 2015. This new dock is 600 feet long and provides the District with increased capacity and flexibility and an opportunity to pursue establishing a container operation. In addition to the \$12,000,000 TIGER grant, other funding come from a \$10,000,000 revenue bond issue and about \$3,682,000 from the District operating funds.

- **Construction of a New Liquid Cargo Dock and Reconstruction of Liquid Cargo Dock 3.**
 In 2015, the District entered into engineering agreements for plans and specifications for the construction of a new liquid cargo dock at an estimated cost of \$28,000,000 and the reconstruction of Liquid Cargo Dock 3 at an estimated cost of \$2,500,000. In 2015, the Board of Commissioners authorized the sale of \$27,580,000 in Revenue Bonds scheduled for a February of 2016 sale to finance the bulk of these projects with District operating funds providing additional needed funds. New Liquid Cargo Dock 6 and the reconstruction of existing Liquid Cargo Dock 3 will provide the District with the capacity to handle more vessels and larger vessels. The Port's ability to handle larger vessels is critical as the use of larger vessels for liquid cargo is increasing and this trend is expected to continue.
- **Corps of Engineers Channel Deepening and Widening Feasibility Study** - This is a long term project to investigate the feasibility of deepening and/or widening the Port of Brownsville Ship Channel. The study was completed in 2014 with the District cost share at \$4,200,403 since that start of the project in 2006. Preliminary indications show a positive cost benefit of deepening the channel to 52 feet. A positive economic benefit determination is necessary for eligibility for federal funding. Channel deepening is believed to be critical to the District's future growth and development. The District is working with the Corps and multiple private parties to be able to begin the project prior to full Corps funding authorization while still perserving the Corps financial participation.
- **Purchase of a Terex/Gottwald Mobile Harbor Crane** – In the fall of 2015, the District purchased a second mobile harbor crane at a cost of about \$3,175,000. The new crane was placed on new Dock 16 which is contiguous to Dock 15 allowing the crane to be used on both docks. The new harbor crane also gives the District the flexibility to load or unload ships at both docks or to use both cranes to load or unload a ship at either dock.
- **Levee Improvements** - Major Levee work was completed in 2015 for Placement Area 2, Placement Area 4 and Placement Area 5A. These levee construction improvements totalled about \$3,700,000 with the bulk of the work being done in 2015. These improvements were needed to allow the Corps of Engineers to do a maintenance dredge project of the channel expected to begin in 2016.
- **Enhanced Security Projects** – Enhanced security projects for 2015 included continuing efforts to put in place security fencing and security lighting throughout the Port. For 2015, more than \$1,000,000 was expended or encumbered for security fencing, security lighting and security equipment with approximately 75% of these funds provided by grants from the United States Department of Homeland Security.
- **Remodelling and Expansion of District Administrative Offices.** The District entered into an archicteral contract in 2015 for design specifications for the rehabilitation and expansion of the District's administrative offices. Preliminary plans for the estimated \$5,600,000 rehabilitation and new construction project were near completion by the end of 2015. This

project will increase District office space by more than 33% as well as modernizing and bringing existing buildings up to current building codes.

- **Internal Roads Projects.** In 2015 the District began the Internal Roads Project that involves the reconstruction of Mineral Road East, Mineral Road West, Milo Road, Boxcar Road and Calloway Road at an estimated cost of about \$1,500,000. About \$1,000,000 was expended on this project in 2015. In 2015 the District also entered into an Advanced Funding Agreement with TXDOT to reconstruct Old Highway 48 at an estimated cost of \$1,600,000 with TXDOT, in conjunction with the U.S. Department of Transportation, providing about \$900,000 for this project. This work is expected to begin in the first half of 2016 and will result in the rehabilitation or reconstruction of almost all Port roads over the last four years.
- **Patio Storage Expansion.** In 2015 the District added about 6 acres of storage patio at a cost of about \$100,000 per acre with more patio expansion planned for 2016. The major impetus for this substantial pation expanded is to accommodate a number of wind component projects for the production of electricity that used the Port in 2015 and will continue to use the Port in 2016. The expanded patio areas will also be used to store steel slabs, steel coils and other products.
- **Foust Entry Canopy Project.** In 2015 the Board of Commissioners approved a \$750,000 Canopy Project that provides a larger covered area with enhanced security, capacity, safety, convenience and appearance at one of the Port’s two main gates. This project is expected to be completed in 2016.

The District’s outstanding debt is summarized as follows:

	<u>Outstanding Debt</u>	
	<u>12/31/2015</u>	<u>12/31/2014</u>
Revenue bonds, net	\$ 13,270,000	\$ 14,669,045
General obligation bonds, net	8,287,480	10,583,891
Total	<u>\$ 21,557,480</u>	<u>\$ 25,252,936</u>

The decrease in outstanding debt is due to payments on existing bonds without the issuance of a new bonds, as well as the payoff of \$1,630,000 on BRG bonds as part of a 2014 franchise agreement with OmniTRAX.

Additional information on the District’s long-term debt can be found in Note 3. E. on pages 52-54 of this report.

REQUEST FOR INFORMATION

This financial report is designed to provide the reader with 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 Director of Finance, 1000 Foust Road, Brownsville, Texas 78521.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF NET POSITION

December 31, 2015

ASSETS

Current Assets - Unrestricted:

Cash and cash equivalents	\$ 26,565,968
Accounts receivable, net of allowance	1,550,616
Note and capital lease receivable, current	411,708
Taxes receivable, net of estimated uncollectible taxes	214,904
Other receivables and accrued interest	377,090
Inventories	2,500
Prepaid expenses	423,564
Total Current Assets - Unrestricted	<u>29,546,350</u>

Current Assets - Restricted:

Cash - revenue bond fund	3,333,159
Cash - general obligation bond fund	2,685,268
Cash - overweight permits	3,783
Taxes Receivable - G.O., net	1,091,975
Total Current Assets - Restricted	<u>7,114,185</u>

Total Current Assets 36,660,535

Capital Assets:

Property, plant, and equipment	216,184,572
Less: accumulated depreciation and amortization	<u>(67,389,471)</u>
	<u>148,795,101</u>

Other Noncurrent Assets:

Note receivable, non-current	1,783,099
Capital lease receivable, non-current	555,724
Other assets	374,512
Total Other Noncurrent Assets	<u>2,713,335</u>

Total Noncurrent Assets 151,508,436

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	779,104
Deferred charges on refunding	67,641
Total Deferred Outflows of Resources	<u>846,745</u>

Total Assets and Deferred Outflows of Resources \$ 189,015,716

(continued)

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF NET POSITION - CONTINUED

December 31, 2015

LIABILITIES

Current Liabilities - Unrestricted:

Accounts payable	\$ 1,762,891
Accrued liabilities	581,032
Unearned lease rentals	<u>4,262,686</u>

Total Current Liabilities - Unrestricted 6,606,609

Current Liabilities - Restricted:

Current maturities of long-term debt - bonds	<u>3,165,000</u>
--	------------------

Total Current Liabilities 9,771,609

Noncurrent Liabilities:

Revenue bonds	12,465,000
General obligation bonds	5,927,480
Net pension liability	<u>4,080,381</u>
Total Noncurrent Liabilities	<u>22,472,861</u>

Total Noncurrent Liabilities 22,472,861

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	51,264
Deferred property tax revenue	<u>3,108,781</u>

Total Deferred Inflows of Resources 3,160,045

Total Liabilities and Deferred Inflows of Resources

35,404,515

NET POSITION

Net investment in capital assets 131,432,039

Restricted for:

Revenue bond debt retirement and contingency	3,333,159
General obligation bond debt service	3,777,243

Unrestricted 15,068,760

Total Net Position 153,611,201

**Total Liabilities, Deferred Inflows of Resources,
and Net Position**

\$ 189,015,716

See accompanying notes to financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

For the Year Ended December 31, 2015

OPERATING REVENUES	
Vessel services	\$ 9,234,414
Lease rentals	
Port system	7,536,336
Other lease rentals	1,425,598
Other operating revenue	<u>1,522,914</u>
Total Operating Revenues	<u>19,719,262</u>
 OPERATING EXPENSES, OTHER THAN DEPRECIATION	
Wages and employee expenses	4,749,151
Maintenance and operation of facilities	2,106,233
General and administrative expenses	<u>3,114,273</u>
Total Operating Expenses	<u>9,969,657</u>
 Income from operations before depreciation	 <u>9,749,605</u>
 Depreciation	 <u>3,982,459</u>
 OPERATING INCOME	 5,767,146
 NON-OPERATING INCOME (EXPENSE)	
Interest income on investments and direct financing leases - port system	285,865
Interest income - other	251
Taxes - net of bad debt and collection expenses	
Penalties and interest	127,430
Maintenance and operations	583,784
General obligation bond debt service	2,521,259
Interest expense	(684,604)
Bond service fees	(5,150)
Other non-operating income (expense)	<u>(41,064)</u>
Total Non-Operating Income (Expense)	<u>2,787,771</u>

(continued)

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - CONTINUED**

For the Year Ended December 31, 2015

Income Before Contributions and Special Items	8,554,917
Capital contributions	7,120,668
Special item - franchise revenue	9,342
	<u>7,130,010</u>
Increase (decrease) in net position	15,684,927
Net position at beginning of year	141,345,167
Prior period adjustments	(3,418,893)
Net position at beginning of year - as restated	<u>137,926,274</u>
Net position at end of year	<u><u>\$ 153,611,201</u></u>

See accompanying notes to financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 19,853,576
Payment to suppliers	(7,253,771)
Payment to employees	(4,357,740)
Net cash provided by operating activities	<u>8,242,065</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Collections of M&O taxes and interest, net of discounts and collection expense	<u>645,964</u>
Net cash provided by noncapital financing activities	<u>645,964</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Collections of G.O. taxes and interest, net of discounts and collection expense	2,551,557
Capital contributions	7,120,668
Purchase and construction of capital assets	(19,118,549)
Principal paid on capital debt	(3,695,456)
Interest paid on capital debt	(649,970)
Net cash provided in capital and related financing activities	<u>(13,791,750)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	279,454
Principal received on notes and capital leases receivable	<u>383,529</u>
Net cash provided in investing activities	<u>662,983</u>

Net increase (decrease) in cash and cash equivalents (4,240,738)

Cash and cash equivalents at beginning of year 36,828,916

Cash and cash equivalents at end of year \$ 32,588,178

Cash and cash equivalents - unrestricted \$ 26,565,968

Cash - revenue bond fund - restricted 3,333,159

Cash - general obligation bond fund - restricted 2,685,268

Cash - overweight permits - restricted 3,783

Total cash and cash equivalents - restricted and unrestricted \$ 32,588,178

(Continued)

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF CASH FLOWS - CONTINUED

For the Year Ended December 31, 2015

	Primary Government
	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 5,767,146
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	3,982,459
Allowance for doubtful accounts	255,908
Net pension expense	391,411
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	242,178
(Increase) decrease in taxes receivable	44,574
(Increase) decrease in inventories	3,611
(Increase) decrease in prepaid expenses	(50,907)
(Increase) decrease in other assets	44,648
Increase (decrease) in accounts payable	(2,794,078)
Increase (decrease) in accrued liabilities	41,324
Increase (decrease) in deferred lease rentals and other credits	(129,158)
Deferred outflows - contributions after the measurement date	442,949
Net cash provided by operating activities	<u>\$ 8,242,065</u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Brownsville Navigation District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. THE REPORTING ENTITY

The Brownsville Navigation District of Cameron County, Texas (the "District") is an independent public body created under the statutes of the State of Texas for the purpose of developing and operating a deepwater seaport for the Brownsville, Texas area. A seventeen mile deepwater channel connects the port with the Gulf of Mexico. The channel and port facilities, comprised of approximately 40,000 acres of land, docks, warehouses, utility systems and cargo handling equipment, have been financed by contributions from the federal government, sales of general obligation bonds, sales of special revenue bonds collateralized by revenues derived from leasing the improvements and facilities constructed with the proceeds of the bonds, and unrestricted revenues in excess of operating expenses. The District derives its operating revenues from charges for lease rentals, wharfage, storage, vessel dockage, and the sale of various port services such as utilities and security.

The locally-elected Board of Navigation and Canal Commissioners is exclusively responsible for all public decisions and accountable for the decisions it makes. The Board of Navigation and Canal Commissioners appoints the Director/General Manager of the District. The activities under the purview of the Director are within the scope of the reporting entity and the management is accountable to the Board of Navigation and Canal Commissioners for the activities being managed. The Board of Navigation and Canal Commissioners has the statutory authority to significantly influence operations. This authority includes but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, and signing contracts. The responsibility and accountability over all funds is vested to the Board of Navigation and Canal Commissioners.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The District is reported as a special-purpose government engaged in business-type activities. The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units in conjunction with the "Water District's Financial Management Guide" published by the Texas Commission on Environmental Quality. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions of events for recognition in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. BUDGETARY POLICY

The District's budget is prepared on the accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. An annual operating and capital improvement budget are adopted prior to the beginning of each year. Budget control is maintained at the departmental level. Actions which change the annual budget must be authorized by the Board of Navigation and Canal Commissioners.

D. ASSETS, LIABILITIES, AND NET POSITION

1. Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date of three months or less of the date acquired by the District. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less, when purchased, to be cash equivalents.

The District invests funds in accordance with its policy, bond indentures, and the Texas Public Funds Investment Act. The District's investment policy authorizes the District to invest in obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies; other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; and certificates of deposit issued by state and national banks domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor.

2. Investments

The District adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in the fair value of investments be recognized as investment revenue. The Statement further provides that the District has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in this regard.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, AND NET POSITION – CONTINUED

2. Investments – Continued

In accordance with GASB Statement No. 31, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure unless the fair value of those contracts has been significantly impaired. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts. Fair value determinations of all securities are made on a monthly basis.

3. Allowance for Uncollectible Accounts

The determination of the balance in the allowance for doubtful accounts consists of the combination of (a) an amount which in management's judgment, is adequate to provide for potential losses from the trade accounts receivable, and (b) an amount recorded as reserve for lease rental receivables which, in management's judgment, represents the total amount of charges which are doubtful of collection. The amount of the reserve for lease rentals represents lease charges which are not recognized as revenue until collected from the lessee. The balance in the allowance for doubtful accounts is \$144,279 as of December 31, 2015. The balance in the reserve for lease rentals is \$8,220 as of December 31, 2015.

The determination of the balance in the estimated uncollectible taxes receivable is based on an analysis of the taxes receivable and reflects an amount which, in management's judgment, represents those taxes doubtful of collection. The allowance for doubtful taxes receivable balance as of December 31, 2015, is \$8,954 and \$45,500 for maintenance and operations and debt service respectively, for a total of \$54,454.

4. Inventories

Inventories of materials and supplies are stated at cost utilizing the FIFO (first-in, first-out) valuation costing method.

5. Restricted Assets

Certain proceeds of revenue and general obligation bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet, since their use is limited by applicable bond covenants. Proceeds from the issuance of overweight permits are also classified as restricted assets on the balance sheet, since their use is limited by contract with the State of Texas.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, AND NET POSITION – CONTINUED

6. Capital Assets

Capital assets, which include property, plant, and equipment, are stated at cost. They are defined as assets with an initial, individual cost of more than \$5,000, or the project was a betterment, or the project creates a new asset.

Depreciation of plant and facilities is computed using the straight-line method over the useful lives of the assets. Land, channel, turning basin, and jetties are not depreciated since they are considered to have an indefinite useful life. The following estimated useful lives are used for depreciation purposes:

<u>Classification</u>	<u>Life</u>
Docks and appurtenances	40 years
Water and sewer systems	10 – 30 years
Railroads	40 years
Land improvements and roads	10 years
Administration building	40 years
Industrial equipment	5 – 10 years
Furniture and equipment	5 years

Expenses for maintenance and repairs are charged to operations as incurred. Expenses for replacement and betterments are capitalized. Costs of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts, and the resulting gains or losses on disposal of the assets are recognized in current operations.

The District's policy is to capitalize interest costs related to construction projects in accordance with the requirements of GASB No. 62. Interest expense and interest income generated from borrowings used for construction projects in progress are capitalized through the date the project is substantially complete and ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, AND NET POSITION – CONTINUED

7. Compensated Absences

Compensated absences, which include unpaid accrued vacation and sick leave, are accumulated during employment and are accrued when incurred. Employees can earn vacation at rates of 12 to 18 days per year depending on the length of employment, and may accumulate no more than 30 days at year end. Upon termination or retirement, employees are paid for any unused accumulated vacation days at their current rate of pay up to the 30 day maximum. Unused sick leave at termination or retirement is not paid to the employee.

8. Deferred Compensation Plan

The District offers a separate deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, available to all District employees permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Amendments to the laws governing Section 457(b) deferred compensation plans substantially became effective January 1, 1997. The District approved plan amendments such that plan assets are held in trust, with Nationwide Services Corp. and Valic as trustees, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

The District does not have legal access to the resources of the deferred compensation plan, as such, the plan is not reported in the District's financial statements.

9. Net Position Flow Assumption

Net position represent the residual interest in the District's assets after liabilities are deducted and consist of three sections: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is reported net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when constraints are imposed by third parties. The remaining net position that does not meet the definition of net investment in capital assets or restricted are classified as unrestricted.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources, as they are needed.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, AND NET POSITION – CONTINUED

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan for Employees of Brownsville Navigation District and additions to/deductions from the Retirement Plan for Employees of Brownsville Navigation District's fiduciary net position have been determined on the same basis as they are reported by the Retirement Plan for Employees of Brownsville Navigation District. For this purpose, 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.

11. Deferred Outflows of Resources

GASB Concept Statement No. 4, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements*, provided definitions for elements in the financial statements.

Deferred outflows of resources are the consumption of net assets applicable to a future reporting period, as defined in GASB Concept Statement No. 4. GASB Statement No. 63 establishes guidance for reporting this element on the statement of net position and GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources, certain items that were previously reported as assets.

For current and advance refunding of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as unamortized reacquisition costs and reported as deferred outflows of resources. These amounts are amortized as components of interest expense over the shorter of the remaining life of the refunding or the refunded debt. At December 31, 2015, reacquisition costs totaled \$67,641. Pursuant to GASB Statement No. 68 accounting methodologies adopted beginning in fiscal year 2015, recognition of deferred outflows of resources related to pension amounted to \$779,104.

12. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets applicable to a future reporting period. GASB Statement No. 63 establishes guidance for reporting this element on the statement of net position, and GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred inflows of resources, certain items that were previously reported as liabilities. Pursuant to GASB Statement No. 68 accounting methodologies adopted beginning in fiscal year 2015, recognition of deferred inflows of resources related to pensions amounted to \$51,264 as of December 31, 2015.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

E. REVENUES AND EXPENSES

1. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the entity's ongoing operations. The District's operating revenues for vessel and cargo services are collected from charges assessed pursuant to its tariffs. These revenues are recognized and accrued during the period earned. Revenues from rental of equipment and facilities are derived from leases of land, a use agreement with respect to railroad rights-of-way, and pipeline licenses. These revenues are recognized during the period earned by accrual or prepayment amortization, as appropriate pursuant to lease agreement terms. Operating expenses include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Property Taxes

Property taxes are levied in October in conformity with Subtitle E, Texas Property Tax Code for the year in which assessed. Property is appraised, and a lien on such property becomes enforceable, as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Property taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. Cameron County bills and collects property taxes of the District for a fee and remits collections to the District. Property tax revenues are considered available when they become due or past due and receivable within the current period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. REVENUES AND EXPENSES – CONTINUED

3. Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense at December 31, 2015 was \$55,673.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District is not legally required to adopt a budget; therefore, comparative statements of budgeted to actual expenses are not included within the financial statements.

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES

A. DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

The District cash and cash equivalents of \$32,588,178 are maintained in demand accounts. The amount on deposit in demand accounts is fully covered by the federal deposit insurance through the FDIC or collateralized by a FHLB Letter of Credit.

Investments

On December 2, 2015, the District's Commissioners approved a revised Policy and Investment Strategies statement. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the District and conforming to all applicable statutes, bond ordinance requirements, GASB standards, and state statutes. The primary objectives of the District's investment policy are the security of principal, liquidity, diversification and yield. Permissible instruments include obligations of the United States or agencies and instrumentalities; fully insured or collateralized certificates of deposit from a bank doing business in Texas; no-load, SEC-registered, money market funds; Texas local Government Investment Pools. The District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, and the Investment Policy has been revised to fully reflect all requirements in GASB Statement No. 40. The language requirements for this statement are fully formalized in writing.

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

Investments – Continued

All deposits with financial institutions are carried at cost. At December 31, 2015, the District had the following investments:

Unrestricted Cash:	
Checking	\$ 23,821,258
Savings	<u>2,744,710</u>
Total Unrestricted Cash	<u>\$ 26,565,968</u>
Restricted Cash:	
Revenue Bonds	\$ 3,333,159
GO Bonds	2,685,268
Overweight Permits	<u>3,783</u>
Total Restricted Cash	<u>\$ 6,022,210</u>

Interest Rate Risk - In accordance with the District’s Investment Policy the weighted average to maturity limits the maximum allowable maturity to two years by not exceeding the anticipated cash flow requirements.

Custodial Credit Risk – Deposits – In accordance with the District’s Investment Policy, the financial institution must collateralize all funds with a minimum of 102% of the market value of the principal portion. The District seeks to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Investment Policy.

The District signed an agreement with its financial institution pledging funds to 102% minimum of the market value of the principal and accrued interest. At December 31, 2015, all deposits are entirely insured or collateralized by a FHLB Letter of Credit.

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

B. RECEIVABLES

Trade and Lease Rentals Receivable

Receivables of the District as of year-end including the applicable allowances for uncollectible accounts are as follows:

Accounts receivable – trade	\$ 1,658,550
Less: allowance for uncollectible accounts	(144,279)
Accounts receivable – lease rentals	44,565
Less: reserve for lease rentals	<u>(8,220)</u>
	<u>\$ 1,550,616</u>
 Accounts receivable – other	 <u>\$ 377,090</u>

Taxes Receivable

The determination of the balance in the estimated uncollectible taxes receivable is based on an analysis of the taxes receivable and reflects an amount which, in management's judgment, represents those taxes doubtful of collection.

	<u>Maintenance & Operation (M&O)</u>	<u>Debt Service</u>
Taxes receivable, gross	\$ 223,858	\$ 1,137,475
Allowance for uncollectible taxes	<u>(8,954)</u>	<u>(45,500)</u>
Taxes receivable, net	<u>\$ 214,904</u>	<u>\$ 1,091,975</u>

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

B. RECEIVABLES – CONTINUED

Notes Receivable

Notes receivable as of December 31, 2015 consist of the following:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Issue Matures</u>	<u>Original Issue</u>	<u>Unpaid Principal</u>
Note receivable, City of Brownsville, collateralized by Deed of Trust on 279.84 acre tract of land	5.50%	10/10/2001	2021	\$4,990,000	\$ 2,085,933
Less: Current Maturities					<u>(302,834)</u>
Long-term Notes Receivable					<u>\$ 1,783,099</u>

Approximate maturities of notes receivable subsequent to December 31, 2015 are as follows:

<u>Year</u>	<u>City of Brownsville</u>
2016	302,834
2017	319,489
2018	337,061
2019	355,600
2020	375,158
2021	<u>395,791</u>
	<u>\$ 2,085,933</u>

C. RESTRICTED ASSETS

Bond Restrictions

The revenue bond and general obligation bond resolutions require that during the period in which the bonds are outstanding the District must create and maintain certain accounts or "funds" to receive the proceeds from the sale of the bonds and the net revenues, as defined, from the operations of the port. These assets can then be used for any legal purpose and also, in accordance with the terms of the bond resolutions, to pay the costs of enlarging, extending, or improving the District and to pay debt service costs of the related bonds.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

C. RESTRICTED ASSETS – CONTINUED

Contract Restrictions

On February 25, 1998 the District entered into an agreement with the State of Texas for authority to issue permits for the movement of overweight or oversize vehicles on State Highway 48/State Highway 4 between the Gateway International Bridge and the entrance to the Port and on State Highway 48/State Highway 4 between the Veterans International Bridge at Los Tomates and the entrance to the Port of Brownsville. The agreement authorizes the District to collect a permit fee in an amount not to exceed \$80 for each permit issued and allows the District to retain a percentage of such permit fee for administrative costs and the balance shall be used to make payments to the State for expenses incurred to maintain and repair State Highway 48 and State Highway 4.

At December 31, 2015, the following assets are restricted assets:

Revenue Bond Funds (all cash accounts)

Debt reserve fund	\$ 1,644,335
Contingencies fund	289,896
Construction fund	321,865
Interest and redemption fund	<u>1,077,063</u>
 Total Revenue Bond Fund Assets	 <u>\$ 3,333,159</u>

General Obligation Bond Fund

Debt service fund	
Cash	\$ 2,685,268
Taxes receivable, less estimated uncollectible taxes of \$(53,422)	 <u>1,091,975</u>
 Total General Obligation Bond Fund Assets	 <u>\$ 3,777,243</u>
Overweight Permit Assets	
Cash	<u>\$ 3,783</u>
 Total Restricted Assets - District Obligations	 <u>\$ 7,114,185</u>

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

D. CAPITAL ASSETS

Capital asset activity for the District for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions	Reclas- sifications	Balance December 31, 2015
Capital assets, not being depreciated:					
Inland channel and turning basin	\$ 15,324,008	\$ -	\$ -	\$ -	\$ 15,324,008
Jetties and jetty channel	35,836,003	-	-	4,200,402	40,036,405
Land	9,934,753	-	-	-	9,934,753
Construction in progress	23,887,080	17,960,033	(3,247)	(38,468,534)	3,375,332
Easements	20,760	-	-	-	20,760
Total capital assets, not being depreciated	85,002,604	17,960,033	(3,247)	(34,268,132)	68,691,258
Capital assets, being depreciated:					
Docks and appurtenances	46,757,332	-	-	25,798,573	72,555,905
Water and sewer systems	10,534,060	-	-	23,612	10,557,672
Railroads	7,542,279	-	-	-	7,542,279
Railway from component unit	3,731,666	-	-	-	3,731,666
Land improvements and roads	30,786,479	-	-	4,930,180	35,716,659
Administration building	751,354	-	-	-	751,354
Industrial equipment	6,215,879	-	(159,352)	3,509,282	9,565,809
Furniture and equipment	1,176,696	-	-	-	1,176,696
Intangible assets	5,895,274	-	-	-	5,895,274
Total capital assets, being depreciated	113,391,019	-	(159,352)	34,261,647	147,493,314
Less accumulated depreciation for:					
Docks and appurtenances	(29,251,880)	(859,912)	-	-	(30,111,792)
Water and sewer systems	(7,393,119)	(276,512)	-	-	(7,669,631)
Railroads	(3,828,022)	(183,038)	-	-	(4,011,060)
Railway from component unit	(49,824)	(119,572)	-	-	(169,396)
Land improvements and roads	(13,125,479)	(1,935,963)	-	420	(15,061,022)
Administration building	(636,987)	(18,784)	-	-	(655,771)
Industrial equipment	(4,318,762)	(403,866)	159,352	-	(4,563,276)
Furniture and equipment	(522,293)	(185,230)	-	-	(707,523)
Intangible assets	(4,440,000)	-	-	-	(4,440,000)
Total accumulated depreciation	(63,566,365)	(3,982,877)	159,352	420	(67,389,471)
Total capital assets, being depreciated, net	49,824,654	(3,982,877)	-	34,262,067	80,103,843
Total capital assets, net	\$ 134,827,258	\$ 13,968,168	\$ (3,247)	\$ (6,481)	\$ 148,795,101

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

E. LONG-TERM DEBT

Changes in long-term obligations for the year ended December 31, 2015 are as follows:

	Balance Outstanding January 1, 2015	Additions	Deletions	Balance Outstanding December 31, 2015	Due Within One Year
Bonds Payable:					
Revenue Bonds - First Lien	\$ 14,670,000	\$ -	\$ (1,400,000)	\$ 13,270,000	\$ 805,000
Less: Unamortized discounts	(955)	-	955	-	-
General Obligation Bonds	10,570,000	-	(2,290,000)	8,280,000	2,360,000
Plus: Premium on capital appreciation bonds	-	-	(6,411)	-	-
	13,891	-	(6,411)	7,480	-
Total bonds payable	<u>25,252,936</u>	<u>-</u>	<u>(3,695,456)</u>	<u>21,557,480</u>	<u>3,165,000</u>
Compensated Absences	226,176	7,975	-	234,151	234,151 ⁽¹⁾
Total long-term debt	<u>\$ 25,479,112</u>	<u>\$ 7,975</u>	<u>\$ (3,695,456)</u>	<u>\$ 21,791,631</u>	<u>\$ 3,399,151</u>

⁽¹⁾ included in accrued liabilities of \$581,032

Revenue Bonds

	Interest Rates	Issue Date	Issue Matures	Original Issue	Unpaid Principal
Series 2002A	3.38% - 4.80%	07-10-02	2022	\$ 1,790,000	\$ 840,000
Series 2002B	3.38% - 4.80%	07-10-02	2022	1,900,000	875,000
Series 2011	3.01%	10-24-11	2021	2,390,000	1,655,000
Series 2012	3.19%	12-27-12	2038	10,000,000	<u>9,900,000</u>
					\$13,270,000
Less: Current maturities					<u>(805,000)</u>
					<u>\$12,465,000</u>

The series 2002A, 2002B, 2011, and 2012 are parity issues of first lien revenue bonds. All of the net revenues of the District (defined as gross revenues from operations of the District facilities, excluding any rentals--except for ground rentals--from net rent leases which are pledged under other debt instruments, and funds derived from taxes levied to pay debt service on general obligation bonds of the District, less expenses incurred in the operation and maintenance of the port facilities) are pledged for the payment of the bond principal and interest of these revenue bonds.

If certain conditions are met, additional bonds may be issued. One of these conditions is that average annual net revenues for the preceding two fiscal years, or for the twenty-four month period ending not more than sixty days prior to the adopting of the resolution authorizing the issuance of the additional bonds, were at least one and one-half times the average annual principal and interest requirements of all revenue bonds then outstanding and of the bonds then proposed to be issued.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

E. LONG-TERM DEBT – CONTINUED

General Obligation Bonds

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Issue Matures</u>	<u>Original Issue</u>	<u>Unpaid Principal</u>
Series 2007A	3.91% - 4.32%	09-04-07	2017	\$ 2,750,000	\$ 715,000
Series 2008A	3.42%	05-01-08	2018	5,145,000	1,895,000
Series 2011	3.40%	12-02-11	2020	4,805,000	2,555,000
Series 2013	1.89%	03-11-13	2023	3,830,000	<u>3,115,000</u>
					\$ 8,280,000
Plus: Premium on Capital Appreciation Bonds					<u>7,480</u>
					8,287,480
Less: Current maturities					<u>(2,360,000)</u>
					<u>\$ 5,927,480</u>

The District was authorized by its voters in an election held in October 1991 to issue general obligation bonds, in three or more series or issues, in the aggregate principal amount of \$43,000,000. The proceeds of the bonds are to be used as follows:

“... the issuance of \$21,000,000 for the construction of an international bridge, \$17,000,000 for the deepening of the ship channel, and \$5,000,000 for wharf and dock improvements.”

Authorized and unissued general obligation bonds at December 31, 2015 are as follows:

<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued To-Date</u>	<u>Unissued</u>
Bridge construction	\$21,000,000	\$13,000,000	\$8,000,000

The bonds are to be collateralized by ad valorem taxes levied by the District, which are irrevocably pledged without limit as to rate or amount, and these taxes are to be used for no other purpose than to pay the principal and interest of the bonds as they mature. In addition, any net revenues which are actually deposited in the debt service fund become pledged for payment of bond principal and interest.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

E. LONG-TERM DEBT – CONTINUED

General Obligation Bonds – Continued

Annual maturities of debt subsequent to December 31, 2015, are as follows:

Year Ending December 31,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 805,000	\$ 376,981	\$ 2,360,000	\$ 202,263
2017	830,000	355,574	2,180,000	127,303
2018	860,000	333,494	780,000	80,804
2019	900,000	310,511	855,000	58,736
2020	925,000	286,701	880,000	35,130
2021-2025	2,925,000	1,143,374	1,225,000	35,012
2026-2030	2,010,000	798,776	-	-
2031-2035	2,350,000	459,360	-	-
2036-2040	1,665,000	81,265	-	-
Total	<u>\$ 13,270,000</u>	<u>\$ 4,146,036</u>	<u>\$ 8,280,000</u>	<u>\$ 539,248</u>

All bonds may be redeemed prior to their maturities in accordance with provisions of the various bond resolutions. The redemption prices for some of the bonds include premiums ranging downward from 4%.

Interest Expense

Port system interest expense is as follows:

Revenue bonds	\$ 396,750
General obligation bonds	<u>287,854</u>
	<u>\$ 684,604</u>

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

F. OPERATING LEASES

The District leases certain assets to others. These leases pertain to land, buildings, and improvements and rail spurs. Cost of the assets under lease totaled \$4,895,010, consisting of \$823,054 in buildings and improvements, \$307,196 in rail spurs, and \$3,764,760 of land with a net book value of \$4,647,417. Current year depreciation on these assets was \$52,050. As of December 31, 2015, future minimum rentals anticipated to be received by the District under the operating leases with initial or remaining non-cancellable lease terms in excess of one year are as follows:

<u>Year Ending</u>	<u>Future Minimum Lease Rentals</u>
2016	\$ 6,032,742
2017	\$ 6,122,076
2018	\$ 6,212,749
2019	\$ 6,304,783
2020	\$ 6,304,783

The District’s Leasing Policies provide for annual increases in lease rental rates that correspond to the annual Consumer Price Index (CPI).

G. PENSION PLAN

Plan Description

Brownsville Navigation District sponsors a public single employer defined benefit pension plan for eligible employees. Brownsville Navigation District serves as plan administrator. The plan’s assets are invested in a trust fund overseen by named individual co-trustees with Morgan Stanley serving as trust custodian and investment advisor. Amendments to the plan are made only with the authority of the Board of Commissioners. The plan does not issue a stand-alone financial report. However, an annual actuarial valuation report is available from Brownsville Navigation District. That report may be obtained by writing Brownsville Navigation District at 1000 Faust Road, Brownsville, Texas 78521.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

Plan Description – Continued

The Board of Commissioners of Brownsville Navigation District has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer.

Benefits Provided

The Retirement Plan for Employees of Brownsville Navigation District provides retirement, disability, and death benefits. Amended pre-2010 retirement benefit provisions for grandfathered employees provide retirement benefits which are calculated as 1.05% of the employee’s 5-year average compensation as of December 31, 2009 times the employee’s years of service as of December 31, 2009. Post-2009 cash balance plan provisions for non-grandfathered participants provide retirement benefits which are calculated as the sum of the employee’s Beginning Balance Subaccount, Employee Contribution Subaccount, Employer Matching Subaccount, and Cash Balance Conversion Retirement Supplement Account. Grandfathered employees are those who were not an employee after 2009. Participants with 10 years of service are eligible to retire at age 55. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. Death benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. An employee who leaves the employer’s service may withdraw his or her contributions, plus an accumulated interest.

Employees Covered by Benefit Terms

As of January 1, 2015, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	41
Active employees	<u>93</u>
	157

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

Contributions

The Board of Commissioners has the sole authority to establish and amend the contribution requirements of the active employees. The required employer contributions are based on an actuarially-determined rate recommended by an independent actuary. The actuarially-determined employer contribution rate is the established amount necessary to finance the costs of employer provided benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the actuarially-determined employer contribution rate apart from the contribution rate of employees. For the employer fiscal year ended December 31, 2015, the average active employee contribution rate (for the period between the two most recent measurement dates) was 4.00% of annual pay, and the employer's actuarially-determined contribution rate was 10.25 of annual payroll.

The employer contribution is presently 10.25% of annual participant payroll and will remain at that level as long as the amount is sufficient to pay the Employer Normal Cost and amortize the Unfunded Actuarial Liability (Net Pension Liability) over a period of not more than 25 years. The contribution policy for the plan is as follows:

The plan will experience economic and demographic gains and losses over time that may affect the employer contribution rate. In addition, the employer contribution rate may be affected by material changes made to plan provisions or valuation assumptions from time to time. To help mitigate the frequency at which a change in the employer contribution rate would be required due to gains and losses or changes in valuation assumptions, based on the methodology first adopted by the District beginning with the 2003 plan year for determining recommended plan funding requirements, the plan's actuary will not recommend that the District change the scheduled employer contribution rate for the plan until: (i) there is a change in the actuarial liability cost method, (ii) the plan's trust does not have sufficient assets to pay the plan's normal cost plus expected benefit payments for the year, (iii) the plan is amended, or (iv) the scheduled employer contribution rate is no longer sufficient to both fund the plan's normal cost and amortize the plan's unfunded actuarial liability over a period between 10 years and 25 years. If one of these events occur, the adopted methodology would require the employer contribution rate to be "reset" so that the unfunded actuarial liability is amortized over a period of 15 years beginning in that valuation year. The prevailing employer contribution rate is applied to Total District Payroll for the year (as estimated by the District) to determine the total employer contribution for the year.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

Pension Plan Investments

Investment policy decisions are established and maintained by Brownsville Navigation District in consultation with the plan’s investment advisors.

The annual money weighted rate of return on pension plan investments, net of expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was 2.8% for the 12 months ended December 31, 2014.

The returns, computed as above, for the preceeding 10 years*, is shown in the table below:

<u>12 Months Ended</u>	<u>Annual Money Weighted Net Rate of Return</u>
12/31/13	17.1%
12/31/12	9.9%

* 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.

Net Pension Liability

The Employer’s net pension liability reported for the fiscal year ending December 31, 2015 was measured as of January 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that same date.

1. Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	4.5%, including inflation
Investment rate of return	Net of pension plan investment expenses, including inflation
	- Pre-decrement 7.50%
	- Post-decrement 6.00%

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

1. Actuarial Assumptions – Continued

Mortality rates were based on the Society of Actuaries RP-2014 Blue Collar Mortality Table with Projection Scale MP-2014.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period 2006-2014.

The Statement of Investment Policy for the pension plan trust creates two subaccounts in the Cash Balance Investments Subaccount and the Annuity Financing Investment Subaccount. Each subaccount has its own goals, investment guidelines and asset allocation guidelines.

For each investment subaccount, the long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.00%). In addition, the final assumption reflects a reduction of 1.00% for investment expenses. For each investment subaccount, the target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following tables:

Cash Balance Investment Subaccount		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	70%	6.50%
Fixed income	20%	4.15%
Cash	10%	1.25%
Total Weighted Average	100%	5.51%

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

1. Actuarial Assumptions – Continued

Annuity Financing Investment Subaccount		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	0%	6.50%
Fixed income	95%	4.15%
Cash	5%	1.25%
Total Weighted Average	100%	4.01%

2. Discount Rate

The discount rate used to measure the total pension liability was 7.50% pre-decrement and 6.00% post-decrement, resulting in an effective discount rate of 6.52% based on the January 1, 2015 plan census and actuarial assumptions. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014 ¹	\$ 7,294,304	\$ 3,481,994	\$ 3,812,310
Changes for the year:			
Service cost	\$ 205,531		\$ 205,531
Interest	495,981		495,981
Differences between expected and actual experience	(67,963)		(67,963)
Contributions - employer		408,231	(408,231)
Contributions - employee		148,154	(148,154)
Net investment income		102,087	(102,087)
Benefit payments, including refunds of employee contributions	(375,101)	(375,101)	-
Assumption changes	292,994	-	292,994
Net changes	\$ 551,442	\$ 283,371	\$ 268,071
Balances at December 31, 2015 ²	<u>\$ 7,845,746</u>	<u>\$ 3,765,365</u>	<u>\$ 4,080,381</u>

¹ Information for the fiscal year ended December 31, 2014 was taken as of the measurement date of January 1, 2014 as permitted by Paragraph No. 20 of GASB No. 68.

² Information for the fiscal year ended December 31, 2015 was taken as of the measurement date of January 1, 2015 as permitted by Paragraph No. 20 of GASB No. 68.

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

Changes in the Net Pension Liability

1. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Employer, calculated using an effective discount rate of 6.52% (based on pre-decrement and post-decrement assumptions of 7.50%/6.00% and the January 1, 2015 plan census and actuarial assumptions), as well as what the Employer's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.52%) or 1-percentage-point higher (7.52%) than the current rate:

	1% Decrease (5.52%)	Current Effective Discount Rate (6.52%)	1% Increase (7.52%)
Employer's Net Pension Liability	\$ 4,855,786	\$ 4,080,381	\$ 3,226,877

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Employer recognized pension expense of \$391,411.

1. Components of Pension Expense for the Fiscal Year Ended December 31, 2015

Service cost	\$ 205,531
Interest on the total pension liability	495,981
Amortization of differences between expected and actual experience ¹	(16,699)
Amortization of changes of assumptions ¹	71,989
Employee contributions	(148,154)
Projected earnings on pension plan investments	(246,025)
Amortization of differences between projected and actual earnings on plan investments ²	28,788
Total pension expense	<u>\$ 391,411</u>

At December 31, 2015³, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources listed on the next page.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

1. Components of Pension Expense for the Fiscal Year Ended December 31, 2015 – Continued

- ¹ Per Paragraph No 33.a. of GASB No. 68, amortized over a straight-line closed period equal to the average remaining service period for all employees (active and inactive who are provided with benefits through the pension plan. (4.07 years as of January 1, 2015.)
- ² Per Paragraph No. 33.b. of GASB No. 68, amortized over a straight-line closed 5-year period.
- ³ Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

2. Changes in Deferred Outflows of Resources and Deferred Inflows of Resources

	Change in Deferred Outflows of Resources	Change in Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 51,264
Changes of assumptions	221,005	-
Net difference between projected and actual earnings on pension plan investments	115,150	-
Contributions subsequent to the measurement date	442,949	
Total	<u>\$ 779,104</u>	<u>\$ 51,264</u>

The amount reported as deferred outflows of resources, \$442,949, related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

2. Changes in Deferred Outflows of Resources and Deferred Inflows of Resources – Continued

Year Ended December 31	Amount
2016	\$ 84,078
2017	84,078
2018	84,078
2019	32,657
2020	-
Thereafter	-

Actuarial Methods

1. Actuarial Funding Method

The Entry Age Normal actuarial funding method is used in determining the contribution requirements for the plan. The actuarial funding method is the procedure by which the actuary annually identifies a series of annual contributions which, along with current assets and future investment earnings, will fund the expected plan benefits. The Entry Age Normal funding method compares the excess of the present value of expected future plan benefits over the current value of plan assets. This difference represents the expected present value of current and future contributions that will be paid into the plan. The contributions are divided into two components: an annual normal cost (or current cost) and an amortization charge for the unfunded accrued liability.

The normal cost for the plan is the sum of individually determined normal costs for each active participant. Each active participant's normal cost is the current annual contribution in a series of annual contributions which, if made throughout the participant's total period of employment, would fund his expected benefits from the plan. Each participant's normal cost is calculated to be an annual constant percentage of his expected compensation in each year of employment.

The plan's current accrued liability is the excess of the present value of expected future benefits over the present value of all future remaining normal cost contributions of active participants. The unfunded accrued liability is the amount by which the accrued liability exceeds the current plan assets. The unfunded accrued liability is recalculated each time a valuation is performed.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

2. Actuarial Value of Assets

Market Value of Assets as of the valuation date equals Fair Value plus any receivable contributions made or to be made for a prior plan year. Actuarial Value of Assets equals Market Value less deferred net asset gains plus deferred net asset losses. Market Value gains or losses are recognized over a 5-year period at a rate of 20% per year. Actuarial Value of Assets shall be adjusted as to not be in excess of 130% of Market Value nor to be less than 70% of Market Value.

Market Value of Assets as of the valuation date equals Fair Value plus any receivable contributions made or to be made for a prior plan year. Actuarial Value of Assets equals Market Value less deferred net asset gains plus deferred net asset losses. Market Value gains or losses are recognized over a 5-year period at a rate of 20% per year. Actuarial Value of Assets shall be adjusted as to not be in excess of 130% of Market Value nor to be less than 70% of Market Value.

Actuarial Assumptions

1. Mortality: The active and retired participants of the plan are expected to exhibit mortality in accordance with the following published mortality tables:
 - a. Pre-retirement Mortality: RP-2014 Blue Collar Table projected using the Scale MP-2014 mortality improvement rates
 - b. Post-retirement Mortality: RP-2014 Blue Collar Table projected using the Scale MP-2014 mortality improvement rates
 - c. Post-disability Mortality: RP-2014 Disability Retiree Table projected using Scale MP-2014 mortality improvement rates
2. Withdrawal: The active participants are assumed to terminate their employment for causes other than death, disability or retirement in accordance with annual rates as illustrated below.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

Actuarial Methods – Continued

<u>Attained Age</u>	<u>Terminations per 1,000 Participants</u>
25	172
30	158
35	137
40	113
45	84
50	51

3. Investment Return: Current and future plan assets in the Trust’s Investment Subaccounts are assumed to reflect an investment return net of expenses as follows:

- a. Cash Balance Investment Subaccount: 7.50%
- b. Annuity Financing Investment Subaccount: 6.00%

4. Assumed Cash Balance Interest Crediting Rate: The annual rate of gross investment return for the Trust’s Cash Balance Investment Subaccount reduced for expected plan-related expenses

5. Earnings Progression: The increase in the levels of participant compensation is assumed to occur in accordance with normal rates as illustrated below:

<u>Attained Age</u>	<u>Rate of Increase</u>
20	6.00%
25	6.00%
30	5.50%
35	5.00%
40	4.50%
45	4.00%
50	3.50%
55	3.25%
60+	3.00%

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

G. PENSION PLAN – CONTINUED

Actuarial Methods – Continued

6. Retirement Age: A participant is assumed to retire at the attainment of his normal retirement age. Any participant who has attained his expected retirement age and is still working is assumed to retire immediately.
7. Disability: Active participants are expected to become disabled as defined under the plan in accordance with annual rates as illustrated below:

Attained Age	Disabilities per 1,000 Participants
20	1.3
25	1.6
30	2.2
40	4.3
50	11.8
60	26.8

8. Recognition of IRC Section 415 Limitations: The limitations under IRC Section 401(a)(17) and 415(b) have been reflected in the determination of plan costs.
9. Growth in Aggregate Participant Payroll: 4.50% per year.
10. Assumed Form of Payment:

Decrement	Cash Balance Subaccount			
	Beginning Balance	Employee Contribution	Employer Match	Retirement Supplement
Retirement	50% Immediate Annuity/50% Lump Sum	50% Immediate Annuity/50% Lump Sum	Immediate Annuity	
Disability	Lump Sum			
Preretirement Death	Lump Sum			
Vested Termination	40% Deferred Annuity/60% Lump Sum	40% Deferred Annuity/60% Lump Sum	Deferred Annuity	N/A
Non-Vested Termination	N/A	Lump Sum	N/A	

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

H. CAPITAL LEASES

The District entered into a capital lease agreement in 2014 as lessor for financing certain real estate assets previously owned by their dissolved component unit (BRG) that was sold to a privately owned company. The lease agreement qualified as a capital lease for accounting purposes and, therefore, had been recorded at the net present value of future minimum lease payments receivable at the inception of the lease.

The net present value of these minimum lease payments as of December 31, 2015, were as follows:

<u>Year</u>		
2016	\$	128,751
2017		128,751
2018		128,751
2019		128,751
2020		128,751
2021		<u>85,714</u>
Total minimum lease payments receivable		729,469
Less: interest amount		<u>(64,871)</u>
Present value of lease payments receivable	\$	<u>664,598</u>

I. RELATED PARTY TRANSACTIONS

The District is a member of the Southmost Regional Water Authority (“Authority”). The Authority is a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution and the Act of June 12, 1981, 67th Leg., Ch. 511, 1981 Tex. Gen. Laws 2196.

The Authority was established to investigate the feasibility of developing a source of water from brackish groundwater. The District is under contractual obligation with the Authority to receive 2.1% of the monthly treated potable water production. On October 15, 2003, the District’s Board approved a Memorandum of Understanding with the Authority whereas the District’s percentage participation was set at 2.1%. Billings from the Authority in the amounts of \$48,777 for expenses for fiscal year ending September 20, 2015 were paid by the District. These amounts were used by the Authority to cover its debt service and maintenance and operating expenses and as such were expensed by the District in the current year.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

I. RELATED PARTY TRANSACTIONS – CONTINUED

Operations and maintenance costs of the Authority are funded through guaranteed water supply contracts with the participating entities. The Authority's acquisition and construction of capital assets was funded through the sale of bonds with the entities guaranteeing the debt service payments, notes, and obligations issued under indenture. The Authority's debt obligations outstanding for the fiscal year ended September 30, 2015, were \$31,520,000.

J. RISK MANAGEMENT

The District is exposed to risk of financial loss from fire, windstorm, explosion and other perils that could damage or destroy assets and properties and cause loss of income should assets and properties be shut down for an extended period of time. The District is also exposed to third-party bodily injury and property damage claims arising from the operation and ownership of its properties. The District is a member of the Texas Municipal League Risk Pool to protect itself from these types of losses and carries windstorm coverage through the Texas windstorm Insurance Association of the State of Texas. Exposure risks also include risk of losses resulting from on-the-job injuries sustained by employees; the District carries coverage for these losses through the Texas Municipal League Risk Pool.

1. Workers' Compensation Program

The District has a workers' compensation plan through its participation in the Texas Municipal League Risk Pool. This plan provides medical and indemnity payments as required by law for on-the-job injuries. The District pays an annual premium which is based on estimated payrolls and is subject to an audit and adjustment at the end of each year. There is no liability for workers' compensation claims outside of the payment of the premium for the coverage.

2. Health Insurance Program

The District provides a group health insurance plan through a commercial insurance company for all its full-time employees. Coverage under the plan for employees' dependents is available, but is not provided by the District. There is no liability for health claims outside of the payment of the premium for coverage. Amounts of settlements did not exceed insurance coverage in each of the past three years.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

K. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

The District has active construction projects and commitments as of December 31, 2015. These projects commitments include the following:

Construction Commitments:

<u>Projects</u>	<u>Spent to Date</u>	<u>Commitment Remaining</u>
Port Entrance Canopy/ Foust Road	\$ -	\$ 749,600
Oil Dock #3 Facility Enhancement	96,156	215,444
Roads Rehab Project	1,005,973	522,577

L. CONTINGENCIES

The District participates in various federal grant programs which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the District anticipates such amounts, if any will be immaterial.

The District is currently involved in various claims and litigation. It is the opinion of management and counsel that potential claims against the District not covered by insurance resulting from litigation would not materially affect the financial position or operations of the District.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

M. PRIOR PERIOD ADJUSTMENTS

The District recorded the following prior period adjustments:

Expenses relating to the previous fiscal year were reclassified decreasing net position by \$14,814.

In fiscal year 2015, the District adopted and implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, and recorded a prior period adjustment to reflect the effects of the guidance. The net effect of the prior period adjustment decreased net position by \$3,404,079 in the current year. Amounts related to prior years were not readily determinable. Therefore, prior years are not restated.

N. PENDING GASB'S

As of December 31, 2015, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the District. The statements which might impact the entities are as follows:

GASB Statement No. 72, *Fair Value Measurement and Application*, becomes effective for the District beginning with their fiscal year ending December 31, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-back security.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

N. PENDING GASB’S – CONTINUED

This Statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position. The District are currently evaluating the impact that the adoption of this statement will have on their financial statements.

GASB Statement No. 73, Accounting and Financial for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, becomes effective for the District beginning with its fiscal year ending December 31, 2016. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The District are currently evaluating the impact that the adoption of this statement will have on their financial statement.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, becomes effective for the District beginning with its fiscal year ending December 31, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

NOTE 3. DETAILED NOTES ON ALL ACTIVITIES – CONTINUED

N. PENDING GASB'S – CONTINUED

The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature.

O. SUBSEQUENT EVENTS

On February 9, 2016, the Brownsville Navigation District issued \$27,580,000 in Senior Lien Revenue Bonds, Series 2016. Proceeds from the sale of the Bonds will be used to (i) provide funds for acquiring, constructing, enlarging, extending, repairing, maintaining, operating, or developing of District Facilities, (ii) make a deposit to a bond reserve fund, and (iii) pay costs related to the issuance of the Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS^{1,2}
(Dollar amounts in thousands)
BROWNSVILLE NAVIGATION DISTRICT**

	2015
1 Total Pension Liability	
a. Service cost	\$ 205
b. Interest	496
c. Changes in benefit terms	-
d. Differences between expected and actual experience	(68)
e. Changes of assumptions	293
f. Benefit payments, including refunds of employee contributions	(375)
g. Net Change in total Pension Liability	\$ 551
h. Total Pension Liability - Beginning	7,294
i. Total Pension Liability - Ending	\$ 7,845
2 Plan Fiduciary Net Position	
a. Contributions - employer	\$ 408
b. Contributions - employee	148
c. Net investment income	102
d. Benefit payments, including refunds of employee contributions	(375)
e. Administrative expense	-
f. Other	-
g. Net Change in Plan Fiduciary Net Position	\$ 283
h. Plan Fiduciary Net Position - Beginning	3,482
i. Plan Fiduciary Net Position - Ending	\$ 3,765
3 Employer's Net Pension Liability - Ending [Item 1(i) - 2(i)]	\$ 4,080
4 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.99%
5 Covered-Employee Payroll³	\$ 3,789
6 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	107.68%

Notes to Schedule:

Changes of assumptions: Mortality updated to new table published by Society of Actuaries (November 2014), and the Investment return for the Cash Balance Subaccount decreased from 8.0% to 7.5%.

¹ 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.

² Information is presented using a January 1, 2015 measurement date as permitted under Paragraph No. 20 of GASB No. 68.

³ Total compensation (not just pensionable compensation, if different).

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Fiscal Years¹

(Dollar amounts in thousands)

1 Actuarially determined contribution	\$ 388
2 Contributions in Relation to the Actuarially Contribution	<u>443</u> ²
3 Contribution Deficiency/(Excess)	\$ (55)
4 Covered-Employee ³	\$ 3,789
5 Contributions as a Percentage of Covered-Employee Payroll	11.67%

Notes to Schedule:

Valuation Date: January 1, 2015

Actuarially determined contributions rates are calculated as of January 1, 2015, which is the most recent valuation date 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
Amortization method	Level percentage of payroll, open
Remaining amortization peirod	17.2 years
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	4.5%, average, including inflation
Investment rate of return	Net of pension plan investment expenses, including inflation
	- pre-decrement 7.50%
	- post-decrement 6.00%
Retirement age	65
Mortality	RP-2014 Blue Collar Total Employee Mortality Table, Projected with Scale MP-2014 mortality improvement scale

¹ 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.

² Contributions are assumed to be made prior to January 1, 2016

³ Estimated payroll provided by Brownsville Navigation District as of the beginning of the fiscal year.

OTHER SUPPLEMENTAL INFORMATION

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SCHEDULE OF OPERATING EXPENSES

(Depreciation expense omitted)

For the Year Ended December 31, 2015

Wages	\$	3,970,273
Payroll taxes		299,604
Net pension expense		391,411
Services		443,671
Materials		892,166
Utility		770,396
Insurance		1,243,392
Dues		62,863
Legal and auditing		311,246
Consulting fees		678,710
Supplies		102,299
Computer expense		206,827
Employee expense		87,863
Other expense		99,275
Contract rental and repairs		21,660
Travel		158,886
Advertising		55,673
Safety		20,992
Shop cost of sales		60,028
Land lease and rental rebate		17,820
Promotional expenses		74,602
	\$	<u>9,969,657</u>

STATISTICAL INFORMATION
(Unaudited)

Statistical Section

This part of the Brownsville Navigation District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the District's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well being has changed over a period of time.	85 – 86
Revenue Capacity These schedules contain information to help the reader assess the District's local revenue source.	89 – 96
Debt Capacity These schedules present information to help the reader assess the District's debt burden and its ability to issue additional debt in the future.	99 – 102
Demographic and Economic Information This schedule offers demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place.	105 – 107
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	110 – 114

Source: Unless otherwise noted, the information in these schedules was obtained from the basic financial statements for the relevant years.

This is the fourth year the Brownsville Navigation District prepared a Comprehensive Annual Financial Report that includes statistical information. The District has reported ten years of information whenever the data was readily available.

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Financial Trends

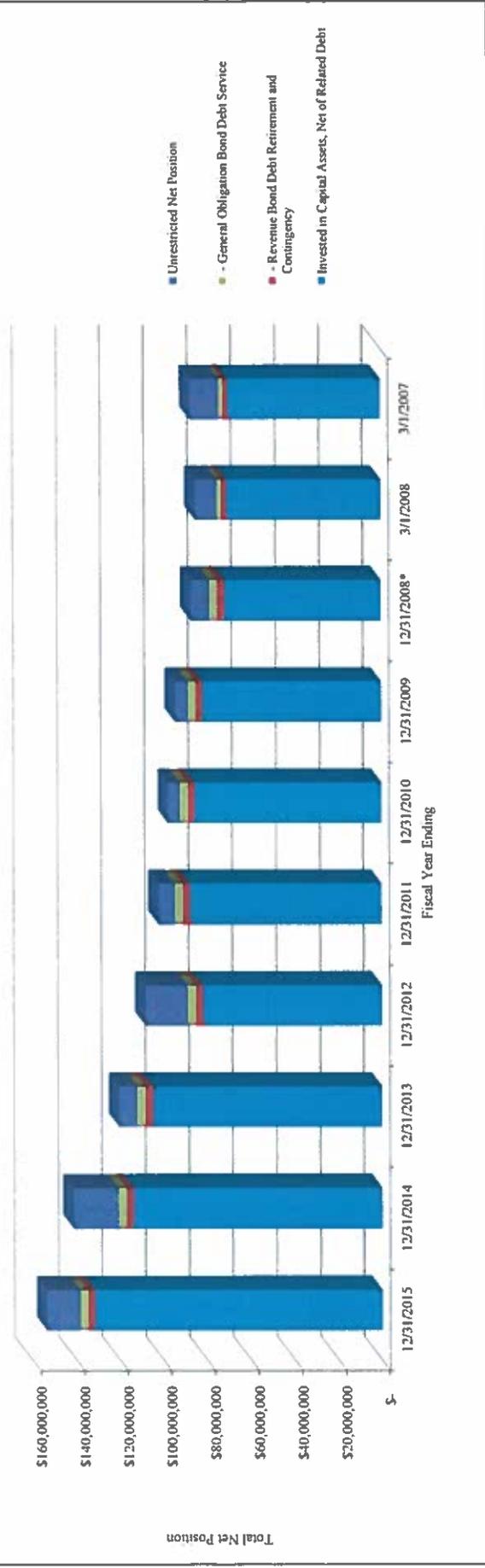
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Brownsville Navigation District of Cameron County, Texas Net Position by Component

Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year Ending									
	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008*	3/1/2008	3/1/2007
Enterprise Fund										
Invested in Capital Assets, Net of Related Debt	\$ 131,432,039	\$ 113,617,071	\$ 104,822,625	\$ 81,820,846	\$ 87,750,239	\$ 85,432,090	\$ 81,853,912	\$ 71,486,406	\$ 70,503,901	\$ 69,907,583
Restricted Net Position for:										
- Revenue Bond Debt Retirement and Contingency	3,333,159	3,362,698	3,477,755	3,295,001	3,187,128	3,143,836	3,071,700	3,391,345	2,294,246	2,201,867
- General Obligation Bond Debt Service	3,777,243	3,750,580	3,755,986	3,818,754	3,700,291	3,722,999	3,665,627	3,612,104	1,996,856	1,874,004
Unrestricted Net Position	15,068,760	20,614,818	8,260,167	19,177,471	7,394,664	5,406,303	5,583,275	8,524,353	10,155,915	13,276,721
Total Enterprise Fund Net Position	\$ 153,611,201	\$ 141,345,167	\$ 120,316,533	\$ 108,112,072	\$ 102,032,322	\$ 97,705,228	\$ 94,174,514	\$ 87,014,208	\$ 84,950,918	\$ 87,260,175

Net Position by Component



*Fiscal year changed from a March 1 year-ending to a December 31 year-ending in 2008. Fiscal year-ending 12/31/2008 was for 10 months only.

Brownsville Navigation District of Cameron County, Texas
Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending									
	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008*	3/1/2008	3/1/2007
Operating Revenues										
Vessel services	\$ 9,234,414	\$ 7,018,584	\$ 6,082,195	\$ 7,400,081	\$ 6,071,290	\$ 4,598,037	\$ 5,510,892	\$ 5,600,029	\$ 6,148,619	\$ 5,352,218
Lease rentals	7,536,336	5,701,527	5,412,480	4,836,398	4,213,406	4,103,159	3,766,022	3,331,357	3,563,295	3,361,075
Port system	1,435,598	2,405,471	1,029,854	1,352,983	939,247	907,461	883,031	980,953	1,396,395	1,163,637
Other lease rentals	1,522,914	1,410,718	1,429,862	1,664,116	1,747,094	1,422,137	1,619,902	1,153,747	1,509,749	1,161,896
Other operating revenue	19,719,262	16,536,299	13,954,391	15,253,578	12,971,037	11,030,814	11,779,847	11,066,086	12,617,958	11,038,826
Total Operating Revenues	9,969,657	9,533,067	8,462,386	8,634,582	8,435,659	8,455,421	8,030,279	7,206,580	8,369,931	7,786,597
Operating Expenses, Other Than Depreciation & Amortization										
Income from Operations Before Depreciation & Amortization	9,749,605	7,003,232	5,492,005	6,618,996	4,535,378	2,575,393	3,749,568	3,459,506	4,248,027	3,252,229
Amortization	3,982,459	3,604,738	2,650,096	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	2,118,256
Depreciation	5,767,146	3,398,494	2,841,969	3,118,676	2,483,457	2,281,499	2,135,614	1,761,528	2,085,111	1,133,973
Operating Income (Loss)	285,865	260,285	282,271	261,865	351,411	411,473	577,825	705,344	788,460	675,579
Non-Operating Income (Expense)										
Interest income on investments and direct financing leases - port system	251	43,916	76,745	81,941	86,833	91,518	98,341	94,581	131,310	148,410
Interest income - other	127,430	138,101	129,320	132,695	125,130	129,549	130,902	113,986	153,506	158,359
Tax income - net of bad debt and collection expenses	583,784	581,854	562,939	559,115	571,669	612,400	602,150	436,847	550,779	516,662
Penalties and interest	2,521,259	2,503,579	2,582,176	2,561,060	2,597,205	2,543,903	2,276,470	2,276,470	2,787,618	2,890,311
Maintenance and Operations	(684,604)	(873,275)	(1,081,611)	(932,669)	(1,248,819)	(1,430,407)	(1,602,304)	(1,452,131)	(2,070,626)	(2,186,526)
General Obligation Debt Service	(5,150)	(4,150)	(5,900)	(5,000)	(7,300)	(7,000)	(6,500)	(5,265)	(78,266)	(74,375)
Bond issuance costs	(41,064)	(29,104)	(35,724)	(31,264)	(76,710)	(250,624)	78,203	(37,795)	(13,500)	(14,000)
Bond service fees	2,787,771	2,621,205	2,373,080	2,568,798	2,329,667	2,512,308	2,368,131	2,074,355	(41,975)	63,645
Impairment loss on Bridge Project	8,554,917	6,019,699	5,214,989	5,687,474	3,271,588	1,696,202	2,872,085	-1,172,333	(4,731,214)	2,178,065
Other non-operating income (expense)	7,120,668	4,905,648	7,157,780	417,180	102,465	1,834,512	2,623,213	360,394	(2,568,298)	3,312,038
Total Other Income (Expense)	15,684,927	21,138,257	12,372,769	6,104,654	3,374,053	3,530,714	5,495,298	4,532,727	(2,309,257)	3,340,207
Income (Loss) Before Contributions and Extraordinary Items	8,554,917	6,019,699	5,214,989	5,687,474	3,271,588	1,696,202	2,872,085	-1,172,333	(2,568,298)	3,312,038
Capital contributions	7,120,668	4,905,648	7,157,780	417,180	102,465	1,834,512	2,623,213	360,394	259,041	28,169
Special Item - contribution of net assets	9,342	9,787,478	-	-	-	-	-	-	-	-
Special Item - franchise revenue	9,342	425,431	-	-	-	-	-	-	-	-
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net position	15,684,927	21,138,257	12,372,769	6,104,654	3,374,053	3,530,714	5,495,298	4,532,727	(2,309,257)	3,340,207
Net position at beginning of year	141,345,167	120,316,533	108,112,072	102,033,322	97,705,228	94,174,514	87,014,208	84,950,918	87,260,175	83,946,465
Prior period adjustments	(3,418,893)	(69,678)	(168,308)	(118,210)	953,041	-	1,665,008	(2,469,436)	-	(26,497)
Net position at beginning of year - as restated	137,926,274	120,246,855	107,943,764	101,915,112	98,658,269	94,174,514	88,679,216	82,481,482	87,260,175	83,919,968
Net position at end of year	\$ 153,611,201	\$ 141,385,112	\$ 120,316,533	\$ 108,018,766	\$ 102,033,322	\$ 97,705,228	\$ 94,174,514	\$ 87,014,209	\$ 84,950,918	\$ 87,260,175

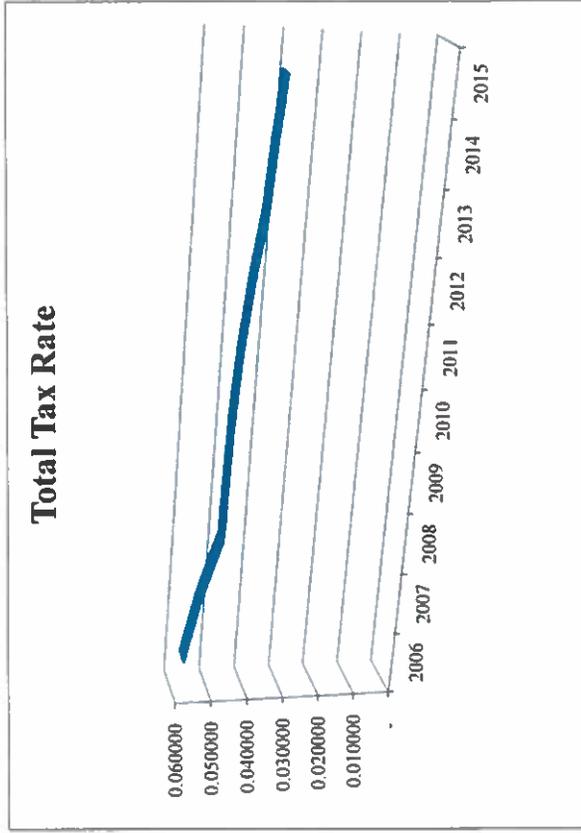
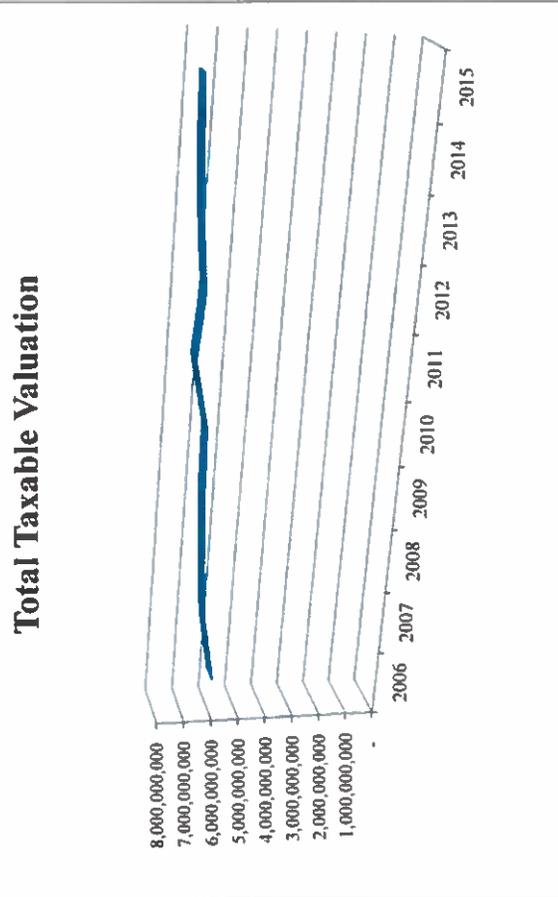
Revenue Capacity

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**Brownsville Navigation District of Cameron County, Texas
Ad Valorem Property Taxes**

Last Ten Tax Years
(Accrual Basis of Accounting)
(Unaudited)

Tax Year	Assessed Valuation		Adopted Tax Rates			Assessed Levy		Collected in the First Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
	Assessed Value	Taxable Value	M&O Rate	G.O. Rate	Total Rate	M&O Levy	G.O. Levy	Total Levy	Amount		Percentage of Levy	Amount
2015	8,642,364,710	7,644,482,406	0.006256	0.034411	0.040667	478,239	2,630,342	3,108,781	2,254,659	72.53%	2,254,659	96.53%
2014	8,533,232,826	7,539,555,606	0.007900	0.034100	0.042000	595,625	2,570,990	3,166,615	2,293,099	72.41%	3,056,635	98.06%
2013	8,314,802,420	7,368,557,604	0.008100	0.034900	0.043000	576,855	2,571,636	3,148,492	2,251,662	71.52%	3,087,385	98.63%
2012	8,020,807,724	7,119,854,819	0.008100	0.037100	0.045200	576,697	2,641,479	3,218,177	2,299,853	71.46%	3,174,079	98.95%
2011	7,819,215,942	7,283,310,136	0.008430	0.038400	0.046830	580,593	2,644,694	3,225,287	3,035,813	94.13%	3,191,351	99.08%
2010	7,645,015,630	6,755,307,381	0.008628	0.039200	0.047828	583,941	2,653,047	3,236,988	3,030,740	93.63%	3,207,283	99.21%
2009	7,632,032,815	6,676,131,020	0.009353	0.038900	0.048253	628,527	2,614,109	3,242,636	3,034,357	93.58%	3,216,875	99.30%
2008	7,546,736,522	6,543,368,909	0.009353	0.039144	0.048497	622,869	2,606,820	3,229,689	3,027,704	93.75%	3,206,952	99.36%
2007	7,243,157,088	6,351,998,091	0.008843	0.044766	0.053609	561,579	2,841,930	3,403,509	3,182,035	93.49%	3,381,666	99.39%
2006	6,399,437,985	5,908,277,454	0.008470	0.048770	0.057240	506,529	2,870,329	3,376,858	3,143,974	93.10%	3,356,404	



**Brownsville Navigation District of Cameron County, Texas
Ten Principal Taxpayers in Cameron County**

Current Year and Nine Years Ago
(Unaudited)

No.	Taxpayer	Type of Activity	Fiscal Year		Percentage		Fiscal Year		Percentage
			2015 Assessed	Value	of Assessed	Valuation	2006 Assessed	Value	
1	AEP Texas Central Co.	Electrical Utility	\$ 165,044,763		1.03%		\$ 104,875,630		1.08%
2	Panasonic Automotive Electronics	Manufacturing	111,476,103		0.70%		36,105,821		0.37%
3	VHS Harlingen Hospital Company	Health Care	75,020,092		0.47%		35,014,370		0.36%
4	Los Vientos Windpower, LLC	Electrical Utility	52,818,190		0.33%		-		0.00%
5	Union Pacific Rail Road	Rail Road	47,157,724		0.29%		-		0.00%
6	Wal-Mart Stores, Inc.	Retail	43,155,871		0.27%		34,532,873		0.36%
7	CBL/Sunrise Commons, L.P.	Retail Mall	41,325,020		0.26%		38,706,222		0.40%
8	GLH LP		42,509,215		0.27%		-		0.00%
9	Trico Products Corporation	Manufacturing	34,638,772		0.22%		-		0.00%
10	Stripes, LLC	Retail	33,274,431		0.21%		-		0.00%
Total Assessed Valuation			\$ 646,420,181		4.05%		\$ 249,234,916		2.57%

*Due to mergers, closing of plants and diversification of companies, the current top ten taxpayers were not always listed in the top ten and therefore the data was not available in prior years.

Source - Cameron County, Texas CAFR

Brownsville Navigation District of Cameron County, Texas
Operating Revenue and Expenses by Type
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending									
	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008*	3/1/2008	3/1/2007
Operating Revenues										
Yeast Services	\$ 9,234,414	\$ 7,018,584	\$ 6,082,195	\$ 7,400,081	\$ 6,071,290	\$ 4,508,057	\$ 5,510,892	\$ 5,600,029	\$ 6,148,619	\$ 5,352,218
Lease Rentals - Pont System	7,556,336	5,701,527	5,412,480	4,836,398	4,213,406	4,103,159	3,766,022	3,331,357	3,563,295	3,361,075
Other Lease Rentals	1,425,598	2,405,471	1,059,854	1,352,983	939,247	907,461	883,031	980,953	1,396,295	1,163,657
Other Operating Revenue	1,522,914	1,410,718	1,429,862	1,664,116	1,747,094	1,322,337	1,619,902	1,153,747	1,509,749	1,161,896
Total Operating Revenue	19,719,262	16,536,399	13,954,391	15,253,578	12,971,037	11,050,814	11,779,847	11,066,085	12,617,958	11,038,826
Operating Expenses										
Wages	3,970,272	3,653,667	3,383,096	3,414,677	3,462,861	3,300,810	3,315,291	2,523,191	2,722,408	2,721,681
Payroll Taxes	299,604	294,504	260,275	281,092	276,655	250,004	228,782	179,876	193,171	216,226
Net Pension Expense	391,411	-	-	-	-	-	-	-	-	-
Services	443,671	301,181	340,792	293,763	322,115	250,076	263,071	218,866	411,941	443,672
Materials	892,166	678,128	689,755	820,675	581,740	666,179	596,943	539,951	650,732	761,927
Utilities	770,396	845,664	813,577	750,961	751,295	673,562	647,933	601,574	756,520	623,232
Insurance	1,243,392	1,132,852	995,831	1,062,878	1,092,838	1,108,981	1,068,276	905,616	1,099,060	1,054,238
Dues & Subscription	62,863	106,926	119,047	83,525	88,278	87,663	78,281	30,016	45,392	47,000
Legal & Auditing	311,246	307,378	212,009	145,854	205,955	149,751	165,656	160,159	507,009	263,121
Consultant Fees	678,711	762,120	646,883	553,655	530,469	564,257	856,225	600,201	838,489	400,928
Office Supplies	102,299	71,486	85,482	70,462	69,946	63,848	85,719	73,759	77,447	74,921
Computer Expense	206,827	174,345	99,618	129,528	105,473	88,588	55,548	40,634	40,132	57,992
Employee Expenses	87,863	62,416	63,235	74,202	66,660	57,902	82,436	53,869	59,301	73,066
Other Expense	99,275	197,773	86,455	109,161	97,345	181,960	40,809	148,107	112,036	76,078
Contracts Rental & Repairs	21,600	6,394	27,289	36,996	33,742	21,961	29,690	19,300	31,158	103,443
Travel	158,886	148,343	146,002	128,731	145,674	149,128	119,789	124,533	113,086	144,934
Advertising	55,673	24,764	28,851	39,073	44,009	34,159	67,263	145,180	99,123	112,394
Safety	20,992	9,198	15,602	12,512	10,455	9,796	7,623	2,643	695	3,740
Doubtful Accounts	-	171,417	-	-	-	208,794	(153,429)	114,165	125,443	222,276
Shop cost of Sales	60,028	61,940	-	-	-	-	-	-	-	-
Land Lease and Rental Rebate	17,820	17,415	17,010	163,348	42,963	137,347	159,513	466,933	248,330	81,688
Retirement	-	445,506	351,109	380,174	383,919	402,551	273,856	175,000	211,443	246,281
Promotional	74,602	59,447	80,468	83,314	133,767	46,105	40,906	82,808	25,906	57,659
Total Operating Expenses	9,969,657	9,533,067	8,462,386	8,634,582	8,435,659	8,455,421	8,030,280	7,206,579	8,369,931	7,786,597
Net Operating Income before Depreciation and Amortization	9,749,605	7,003,332	5,492,005	6,618,996	4,535,378	2,575,393	3,749,568	3,859,506	4,248,027	3,252,229
Non-Operating Income (Expense)										
Interest Inc. on investments and direct leases	285,865	260,285	282,271	343,807	438,244	502,991	676,166	705,344	788,460	675,579
Interest Income other	251	43,916	76,745	-	-	-	-	-	-	-
Tax income - net of bad debt and collection exp. Penalty and interest	127,430	138,101	129,320	132,695	125,130	129,549	130,902	113,986	153,506	158,359
Maintenance and operations	583,784	581,854	562,939	559,115	571,669	612,400	602,150	436,847	550,779	516,662
General Obligation Bond Debt Service	2,521,259	2,503,579	2,582,176	2,561,060	2,597,205	2,543,903	2,555,778	2,276,470	2,782,618	2,890,311
Interest Expense and Bond Costs	(684,604)	(873,275)	(1,224,647)	(998,615)	(1,325,871)	(1,527,159)	(1,675,068)	(1,515,078)	(2,162,392)	(2,274,901)
Capital contributions	7,120,668	4,905,648	7,157,780	417,180	102,465	1,061,585	1,869,900	-	-	-
Special Item - contribution on net assets	-	9,787,378	-	-	-	-	-	-	-	-
Special Item - franchise revenue	9,342	425,431	-	-	-	-	-	-	-	-
Impairment Loss on Bridge Project	-	-	-	-	-	-	-	-	-	-
Bond service fees	(5,150)	(4,150)	-	-	(76,710)	250,621	78,203	56,766	89,335	212,055
Other Non-Operating Income (Expense)	(41,065)	(29,104)	(35,724)	(31,264)	(76,710)	250,621	78,203	56,766	89,335	212,055
Net Non-Operating Income (Expense)	9,917,782	17,739,764	9,530,860	2,985,978	2,432,132	3,573,893	4,238,031	2,074,355	(4,731,214)	2,178,065
Net Income before Depreciation and Amortization	19,667,386	24,742,096	15,022,866	9,604,974	6,967,510	6,149,286	7,987,599	5,933,861	(483,187)	5,430,294

*Fiscal year change from a March 1 year ending to a December 31 year ending in 2008. Fiscal year ending 12/31/2008 was for 10 months only.

**Brownsville Navigation District of Cameron County, Texas
Vessel Services Revenues at the Port of Brownsville**

Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

Summary information on vessel and cargo traffic is presented in these tables, complete information on vessel and cargo traffic may be found in the Cargo Statistics that are published by the Port of Brownsville.

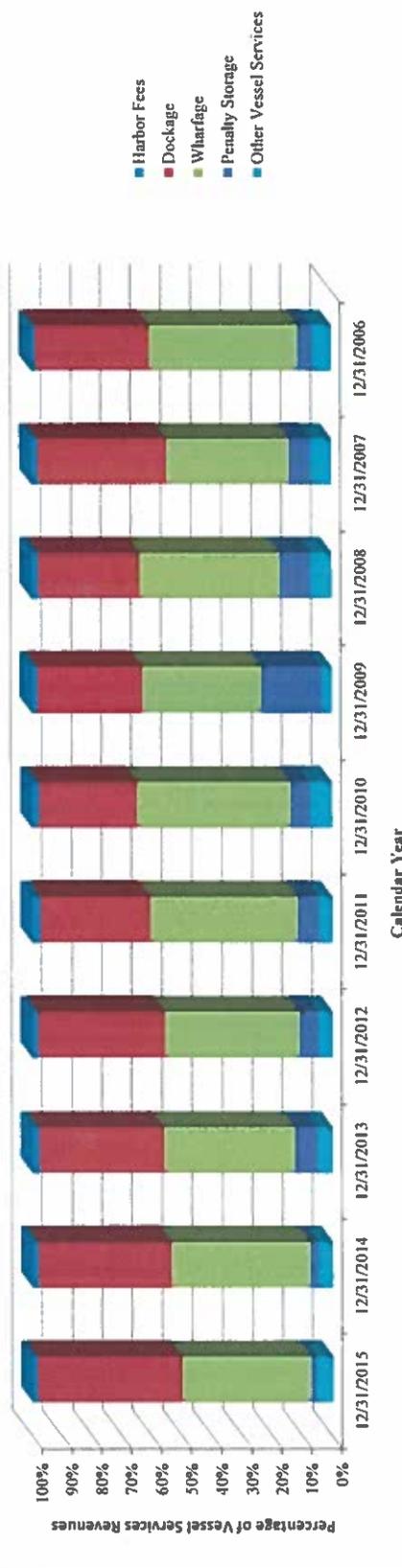
Port Calls by Vessel Type	Calendar Year									
	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Deep Sea Vessels	508	426	431	376	379	329	277	348	275	309
River Barges	632	633	628	707	859	657	506	733	760	463
Mexican Fishing Vessels	-	-	-	-	-	-	-	18	24	22
Total	1,140	1,059	1,059	1,083	1,238	986	783	1,099	1,059	794
Waterborne Cargo Traffic (metric tons)										
Petroleum and Coal Products	3,847,525	3,250,587	3,165,361	2,870,526	2,863,803	2,732,112	2,455,046	2,204,631	1,803,935	1,397,195
Primary Metal Products	2,277,559	2,400,368	1,631,151	2,053,063	1,636,080	1,354,076	1,212,640	2,036,858	1,914,316	2,608,864
Non-Metallic Minerals	933,470	457,538	332,346	364,257	493,777	267,319	552,215	822,158	266,114	411,309
Waste and Scrap Materials	48,221	115,192	188,633	229,612	274,774	131,334	115,707	120,676	109,330	35,254
Other Cargos	47,350	24,204	17,376	19,232	103,217	125,259	71,149	121,988	188,314	306,603
Total Cargo Traffic	7,154,125	6,247,890	5,334,868	5,536,689	5,371,651	4,610,100	4,406,757	5,306,311	4,282,009	4,759,225

Charges for vessel services are specified in the current edition of the Tariff. Rates, Rules and Regulations governing the Brownsville Ship Channel and the Public Wharves, Piers, Docks and Equipment. Selected information regarding rates for vessel services are presented here, complete information is contained in the Tariff, which is published by the Port of Brownsville.

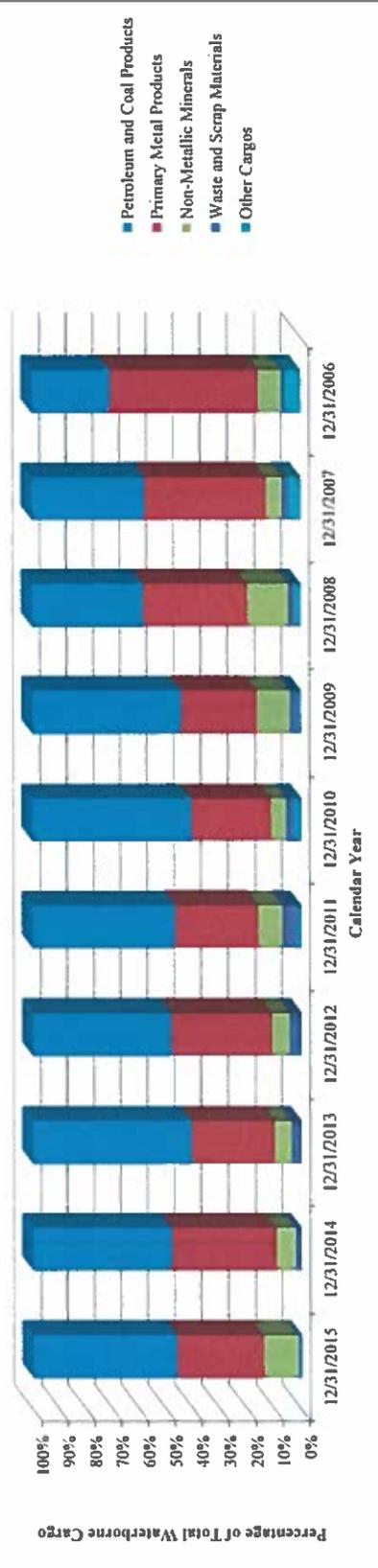
Harbor Fees (per Port Call)	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Deep Sea Vessels	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Deep Sea Vessels at the Bulk Cargo Dock	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	65.00
River Barges	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00
Mexican Fishing Vessels	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Dockage (rate for Gross Registered Ton/day)	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Dockage - General Cargo Docks	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.25
Dockage - Bulk Cargo Dock	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.09
Dockage - Oil Docks/Liquid Cargo Docks/Express Dock	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.03
Dockage - Fitting for grain	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Dockage - Layberth	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	N/A
Dockage - Scrap vessels and Drilling Rigs	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Dockage - River Barges (per day)	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	50.00
Wharfage - Major Commodities											
Petroleum and Coal Products (per barrel)	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Primary Metal Products (per metric ton)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Primary Metal Products - Volume Incentive (per metric ton)	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Non-Metallic Minerals - Aggregates (per metric ton)	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Non-Metallic Minerals - Covered Storage (per metric ton)	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Non-Metallic Minerals - Open Storage (per metric ton)	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
Waste and Scrap Materials (per metric ton)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Miscellaneous Cargos - Not Otherwise Specified	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Free Time and Penalty Storage (per metric ton/day)											
Covered Storage - General Cargo Sheds	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1000
Open Docks and Piers	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0200

Vessel Revenue by Major Component	Calendar Year										
	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006	
Harbor Fees	\$ 133,300	\$ 125,750	\$ 125,213	\$ 130,725	\$ 160,166	\$ 104,525	\$ 95,423	\$ 136,782	\$ 123,916	\$ 64,438	
Dockage	4,439,440	3,105,870	2,528,683	3,125,720	2,227,647	1,507,551	1,936,903	2,126,184	2,636,962	2,120,730	
Wharfage	3,999,989	3,259,144	2,662,134	3,338,674	2,982,673	2,351,775	2,175,995	2,934,204	2,513,859	2,759,732	
Penalty Storage	141,345	179,013	449,104	454,799	429,412	284,822	1,113,225	641,365	444,220	258,489	
Other Vessel Services	520,340	348,807	317,061	350,163	271,393	349,384	189,346	456,020	425,329	360,581	
Total Vessel Services	\$ 9,234,414	\$ 7,018,584	\$ 6,082,195	\$ 7,400,081	\$ 6,071,292	\$ 4,598,057	\$ 5,510,897	\$ 6,294,555	\$ 6,144,286	\$ 5,563,970	

Vessel Revenue by Major Component



Major Waterborne Cargoes



Brownsville Navigation District of Cameron County, Texas Principal Customers for Vessel Services at the Port of Brownsville

Current Year and Nine Years Ago
(Unaudited)

Customer	Fiscal Year Ending					
	2015		2006			
	2015 Revenues	Rank	Percentage	2006 Revenues	Rank	Percentage
Dix Agency Brownsville	\$ 2,787,791	1	30%	\$ 1,618,567	1	30%
Gulf Stream Marine	1,618,097	2	18%	1,174,350	2	22%
Frontera Brownsville LLC	1,097,515	3	12%			
Keppel Amfels, Inc.	629,107	4	7%			
Gulf Harbor Shipping LLC	398,741	5	4%	81,167	10	1%
Moran Shipping Agcy of TX, Inc.	382,769	6	4%			
Schaefer Steveforing	340,206	7	4%	596,281	3	11%
T. Parker Host Gulf, Inc.	313,166	8	3%			
Vulcan Construction Materials	263,183	9	3%	80,851	11	1%
ISS Marine Services, Inc.	262,909	10	3%			
Transmontaigne Operating Co. LP	258,536	11	3%	488,276	4	9%
Admiral Steamship Agency	166,157	12	2%	331,926	6	6%
International Shipbreaking LTD	78,708	13	1%			
One Cypress Terminals, LLC	74,272	14	1%			
American Commercial Barge	59,300	15	1%			
Bichl & Company, Inc.				35,287	15	1%
Esco Marine, Inc.				341,264	5	6%
NSA Agencies, Inc.				166,716	7	3%
Bedoli Group, Inc.				139,024	8	3%
Inchcape Shipping Services				88,254	9	2%
Transforma Marine Corp.				45,319	12	1%
905 Logistics, LLC				36,540	13	1%
				34,948	14	1%
Total Vessel Revenues	\$ 9,234,414		95%	\$ 5,441,043		97%

Brownsville Navigation District of Cameron County, Texas
Lease Rental Revenues
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

Summary information on lease rental rates is presented in these tables, complete information on lease rental rates at the Port of Brownsville may be found in the Leasing Policies that are published by the Port of Brownsville.

Selected rates from the TABLE OF LEASE RENTAL RATES

	Fiscal Year									
	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	*12/31/2008	3/1/2008	3/1/2007
Turning Basin Leases (per acre/year)										
Waterfront	\$ 5,844	\$ 5,844	\$ 5,844	\$ 5,844	\$ 5,844	\$ 5,844	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Highway Frontage	3,819	3,819	3,819	3,819	3,819	3,819	2,400	2,400	2,400	2,400
Port Entrance Sites	3,403	3,403	3,403	3,403	3,403	3,403	-	-	-	-
Commercial Property	-	-	-	-	-	-	2,000	2,000	2,000	2,000
Inside Port/OT Waterfront	2,025	2,025	2,025	2,025	2,025	2,025	1,800	1,800	1,800	1,800
Fishing Harbor Leases										
<i>Rate is calculated per linear foot of street frontage month until 2010, when the rate was changed to a per acre year basis.)</i>										
Waterfront	4,494	4,494	4,494	4,494	4,494	4,494	1	1	1	1
Off-Water	4,156	4,156	4,156	4,156	4,156	4,156	1	1	1	1

An increase to the Table of Lease Rental Rates was adopted by the Board in December, 2010. New leases had been negotiated at the 2010 lease rates beginning in 2008 and the new lease rates began to be implemented for current leases at December 1, 2010 on July 1, 2011, with a 5-year phase-in.

	20	20	20	20	20	20	20	20	15	15
Railroad Track Rental (per car)	\$ 8,961,934	\$ 8,106,998	\$ 6,442,334	\$ 6,189,381	\$ 5,152,653	\$ 5,010,620	\$ 4,649,053	\$ 4,312,310	\$ 4,959,590	\$ 4,524,712
Lease Rental Revenues										

*Fiscal year change from a March 1 year ending to a December 31 year ending in 2008. Fiscal year ending 12/31/2008 was for 10 months only.

Brownsville Navigation District of Cameron County, Texas Principal Customers for Lease Rentals

Current Year and Nine Years Ago
(Unaudited)

Customer	Fiscal Year Ending					
	2015			2006		
	2015 Revenues	Rank	Total Percentage 2015	2006 Revenues	Rank	Total Percentage 2006
Transmontaigne Operating Co LP	\$ 958,011	1	11%	\$ 378,404	2	9%
Next Decade, LLC	876,600	2	10%			
Texas LNG, LLC	584,767	3	7%			
Esco Marine, Inc.	567,182	4	6%	166,956	5	4%
Bedoli Group, Inc.	509,270	5	6%			
Annova LNG LLC	416,619	6	5%			
International Shipbreaking LTD	362,724	7	4%	178,111	4	4%
Brownsville Rio Grande International Railway	356,218	8	4%	549,880	1	13%
Gulf Coast LNG Exports, LLC	292,200	9	3%			
Bay Bridge Texas, LLC	249,117	10	3%			
Citgo Petroleum Corporation	235,098	11	3%			
Keppel Amfels, Inc.	213,824	12	2%	369,392	3	9%
Brownsville Public Utility Board	155,162	13	2%			
Deep Southtex Terminal LP	153,739	14	2%			
Gulf Stream Marine, Inc.	146,622	15	2%	53,855	13	1%
Cielo Land & Cattle LP				123,460	6	3%
Valero Logistics Operations LP				100,000	7	2%
Transforma Marine Corporation				93,642	8	2%
Brownsville Gulfside Warehouse				85,772	9	2%
RTW Properties, LP				59,266	10	1%
Gulf Facilities, Inc.				56,880	11	1%
Rio Vista Operating				56,528	12	1%
Gulmar, Inc.				51,089	14	1%
New Process Steel, LP				49,156	15	1%
Total Lease Rental Revenues	\$ 8,961,934		68%	\$ 4,339,365		55%

Debt Capacity

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Brownsville Navigation District of Cameron County, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Loans</u>	<u>Capital Leases</u>	<u>Total Debt Outstanding</u>	<u>Assets Restricted for Debt Service</u>	<u>Total Net Outstanding Debt</u>
2006	25,476,164	16,743,487	-	1,947,428	44,167,079	8,033,786	36,133,293
2007	23,791,278	15,509,210	-	1,687,770	40,988,258	7,781,421	33,206,837
2008	22,126,006	14,209,934	-	1,416,065	37,752,005	7,639,453	30,112,552
2008a **	22,108,332	14,214,703	-	1,180,040	37,503,075	10,123,183	27,379,892
2009	20,447,614	12,850,428	-	884,780	34,182,822	9,400,848	24,781,974
2010	18,696,847	11,686,151	-	575,822	30,958,820	9,412,853	21,545,967
2011	16,783,171	10,456,874	-	252,530	27,492,575	9,452,674	18,039,901
2012	14,771,088	19,157,598	-	-	33,928,686	19,257,202	14,671,484
2013	12,674,005	17,783,322	-	-	30,457,327	17,052,000	13,405,326
2014	10,583,891	14,669,045	-	-	25,252,936	12,842,436	12,410,500
2015	8,287,480	13,270,000	-	-	21,557,480	7,110,402	14,447,078

<u>Fiscal Year</u>	<u>Taxable Property Valuation</u>	<u>Outstanding Debt as a Percentage of Taxable Property Value</u>	<u>Cameron County Population</u>	<u>Per Capita Debt</u>	<u>Per Capita Income</u>	<u>Outstanding Debt as a Percentage of Per Capita Income</u>
2006	5,908,277,454	0.61%	385,618	199	17,374	1.15%
2007	6,351,998,091	0.52%	387,717	182	13,293	1.37%
2008	6,543,368,909	0.46%	387,717	165	12,511	1.32%
2008a **	6,543,368,909	0.42%	387,717	150	12,511	1.20%
2009	6,676,131,020	0.37%	387,717	136	13,377	1.02%
2010	6,755,307,381	0.32%	406,220	113	13,474	0.84%
2011	7,283,310,136	0.25%	406,220	94	13,474	0.70%
2012	7,119,854,819	0.21%	406,220	77	14,183	0.54%
2013	7,368,557,604	0.18%	415,557	68	14,405	0.47%
2014	7,539,555,606	0.16%	417,296 ***	63	14,405 ***	0.44%
2015	7,644,482,406	0.19%	420,392 ****	73	14,898 ****	0.49%

* Prior to Fiscal Year 2008a, the District's fiscal year coincided with the debt service payments, resulting in a minimal balance in the debt service accounts at the end of the fiscal year. The change from a March 1st fiscal year-end to a December 31st fiscal year-end has resulted in the bulk of the debt service remaining in the debt service accounts at the end of the fiscal year, with the principal payments and six month's of interest payments to be made in the second month of the following fiscal year.

** Fiscal year 2008a was a transitional fiscal year between a March 1st year-end and a December 31st year end. This fiscal year was 10-months in length, and subsequently, there was only one debt service payment date in Fiscal 2008a, on September 1, 2008, for interest-only

*** Data from the Cameron County 2014 CAFR

**** Data from the Cameron County 2015 CAFR

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

See Table 3 for property value data

Population data can be found in Table 15

Brownsville Navigation District of Cameron County, Texas
Revenue Bond Debt Service Requirements
Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending									
	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008*	3/1/2008	3/1/2007
First Lien Revenue Bond - Series 1993										
Principal Maturity	-	-	-	-	-	-	-	-	190,000	145,000
Interest Payments	-	-	-	-	-	-	-	-	10,640	18,615
Total Bond Requirement	-	-	-	-	-	-	-	-	200,640	163,615
First Lien Revenue Bond - Series 1996										
Principal Maturity	-	-	-	-	-	680,000	640,000	-	410,000	420,000
Interest Payments	-	-	-	-	-	19,380	178,965	159,585	342,130	367,750
Total Bond Requirement	-	-	-	-	-	699,380	818,965	159,585	752,130	787,750
First Lien Revenue Bond - Series 2000										
Principal Maturity	-	-	-	200,000	190,000	185,000	175,000	-	165,000	155,000
Interest Payments	-	-	-	5,100	142,183	151,465	162,123	84,124	180,623	192,248
Total Bond Requirement	-	-	-	205,100	332,183	336,465	337,123	84,124	345,623	347,248
First Lien Revenue Bond - Series 2002A										
Principal Maturity	100,000	95,000	90,000	85,000	85,000	80,000	75,000	-	75,000	70,000
Interest Payments	11,374	12,620	13,800	34,186	56,000	59,858	64,334	33,479	69,333	69,050
Total Bond Requirement	111,374	107,620	103,800	119,186	141,000	139,858	139,334	33,479	144,333	139,050
First Lien Revenue Bond - Series 2002B										
Principal Maturity	105,000	105,000	100,000	95,000	90,000	85,000	80,000	-	80,000	75,000
Interest Payments	11,853	13,195	14,503	36,140	59,260	63,352	68,107	35,447	74,406	73,194
Total Bond Requirement	116,853	118,195	114,503	131,140	149,260	148,352	148,107	35,447	154,406	148,194
First Lien Revenue Bond - Series 2009										
Principal Maturity	900,000	855,000	815,000	775,000	740,000	10,000	-	-	-	-
Interest Payments	21,825	64,384	104,881	143,439	180,179	198,367	83,304	-	-	-
Total Bond Requirement	921,825	919,384	919,881	918,439	920,179	208,367	83,304	-	-	-
First Lien Revenue Bond - Series 2011										
Principal Maturity	245,000	240,000	235,000	15,000	-	-	-	-	-	-
Interest Payments	53,503	60,802	67,951	61,122	-	-	-	-	-	-
Total Bond Requirement	298,503	300,802	302,951	76,122	-	-	-	-	-	-
First Lien Revenue Bond - Series 2012										
Principal Maturity	50,000	50,000	-	-	-	-	-	-	-	-
Interest Payments	316,608	318,203	216,211	-	-	-	-	-	-	-
Total Bond Requirement	366,608	368,203	216,211	-	-	-	-	-	-	-
Junior Lien Revenue Bond - Series 2002										
Principal Maturity	-	-	-	-	-	-	275,000	-	265,000	260,000
Interest Payments	-	-	-	-	-	-	7,219	7,219	28,350	42,000
Total Bond Requirement	-	-	-	-	-	-	282,219	7,219	293,350	302,000
Junior Lien Revenue Bond - Series 2003										
Principal Maturity	-	-	140,000	135,000	130,000	130,000	125,000	-	120,000	115,000
Interest Payments	-	-	78,495	83,584	88,404	93,035	97,185	49,530	102,960	106,410
Total Bond Requirement	-	-	218,495	218,584	218,404	223,035	222,185	49,530	222,960	221,410
Total Revenue Bonds										
Principal Maturity	1,400,000	1,345,000	1,380,000	1,305,000	1,235,000	1,170,000	1,370,000	-	1,305,000	1,240,000
Interest Payments	415,163	469,204	495,840	363,571	526,026	585,457	661,237	369,384	808,442	869,267
Annual Revenue Bond Debt Service	\$ 1,815,163	\$ 1,814,204	\$ 1,875,840	\$ 1,668,571	\$ 1,761,026	\$ 1,755,457	\$ 2,031,237	\$ 369,384	\$ 2,113,442	\$ 2,109,267
Net Revenues Available for Debt Service on Revenue Bonds (See Table 12)	\$ 17,781,029	\$ 22,505,299	\$ 12,894,088	\$ 7,683,277	\$ 5,107,834	\$ 5,182,971	\$ 7,069,737	\$ 4,398,776	\$ (1,929,929)	\$ 3,710,373
Coverage Ratio (Net Revenues Available for Debt Service/Annual Debt Service)	24.50	28.09	12.76	7.88	3.02	2.12	2.69	2.46	(0.95)	1.82

All of the net revenues of the District are pledged for the payment of the bond principal and interest of the First Lien Revenue Bonds - See Note 9

*Fiscal year change from a March 1 year ending to a December 31 year ending in 2008. Fiscal year ending 12/31/2008 was for 10 months only.

Brownsville Navigation District of Cameron County, Texas
Net Revenues Available for Debt Service on Revenue Bonds
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ending									
	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008*	3/1/2008	3/1/2007
Gross Revenues										
Operating Revenues										
Wharf Operations	\$ 8,839,423	\$ 6,734,176	\$ 5,785,934	\$ 7,183,128	\$ 5,824,799	\$ 4,286,523	\$ 5,353,121	\$ 5,229,445	\$ 5,721,209	\$ 4,956,768
Industrial Development	8,702,288	7,969,720	6,403,675	6,031,971	5,101,059	4,973,262	4,613,875	4,269,036	4,918,890	4,415,401
Foreign Trade Zone	412,423	411,863	402,739	451,418	431,554	410,851	379,367	302,347	446,652	202,066
Facilities Maintenance	121,647	70,178	34,800	(6,968)	289,228	261,382	194,017	310,499	288,249	291,837
Harbor Mobile Crane	433,065	263,173	202,306	285,306	-	-	-	-	-	-
Security	559,112	439,378	412,988	468,276	411,157	342,220	360,054	328,985	352,062	294,579
Environmental Services	-	-	-	-	-	-	-	95,740	181,072	190,313
Engineering & Utilities	544,724	571,709	625,974	754,329	831,452	668,698	589,249	530,033	685,363	687,862
Water Plant & Distribution System	106,580	76,101	87,176	86,117	81,789	87,878	290,165	-	-	-
Total	19,719,262	16,536,299	13,955,592	15,253,578	12,971,038	11,030,814	11,779,847	11,066,085	12,593,497	11,038,826
Non-Operating Revenues										
Interest on Investments	279,454	296,834	352,605	337,396	454,763	526,175	595,089	810,406	791,686	835,330
Other	7,789,952	15,782,778	7,796,071	1,150,884	782,889	2,761,105	3,549,185	480,950	981,228	663,737
Total	8,069,407	16,079,612	8,148,676	1,488,279	1,237,652	3,287,280	4,144,274	1,291,356	1,772,914	1,499,066
Total Gross Revenues	27,788,668	32,615,911	22,104,268	16,741,857	14,208,690	14,318,094	15,924,122	12,357,441	14,366,411	12,537,892
Operating Expenses										
Maintenance and Operation of Facilities										
Wharf Operations	649,775	646,906	566,147	578,499	592,424	485,461	428,895	392,403	190,589	202,430
Industrial Development	190,057	223,301	253,317	369,220	248,855	321,895	340,451	614,445	454,389	242,215
Foreign Trade Zone	112,953	113,774	112,322	131,757	121,390	114,655	108,078	102,969	149,212	78,833
Facilities Maintenance	2,098,057	1,940,721	1,776,528	1,787,394	1,984,724	2,007,620	1,980,035	1,533,101	1,913,880	2,092,226
Harbor Mobile Crane	320,189	290,959	299,191	356,054	-	-	-	-	-	-
Security	1,069,513	1,118,256	1,037,642	1,032,737	972,004	1,010,961	966,646	760,921	1,038,367	993,080
Environmental Services	-	-	-	-	1,716	1,990	23,609	37,433	53,472	69,432
Engineering & Utilities	1,346,258	1,348,238	1,213,823	1,262,570	1,330,182	1,231,092	1,175,697	943,752	1,050,321	1,208,745
Water Plant & Distribution System	48,777	132,644	139,016	132,952	109,930	108,745	105,752	98,381	188,568	-
Total	5,835,580	5,814,800	5,397,987	5,651,184	5,361,225	5,282,420	5,129,163	4,483,406	5,038,798	4,886,962
General and Administrative Expenses	4,134,077	3,718,267	3,064,398	2,983,398	3,080,737	3,149,308	2,896,954	2,723,173	3,313,422	2,899,804
Total Operating Expenses	9,969,657	9,533,067	8,462,386	8,634,582	8,441,962	8,431,727	8,026,117	7,206,580	8,352,221	7,786,765
Non-Operating Expenses										
Interest Expense	396,750	503,519	580,539	333,915	526,309	599,496	662,889	663,770	877,406	954,244
Other Expense	32,644	74,026	167,256	90,083	132,585	103,900	165,378	88,314	7,066,714	86,511
Total Non-Operating Expense	429,394	577,546	747,794	423,998	658,895	703,395	828,267	752,085	7,944,120	1,040,754
Total Expenses	10,399,051	10,110,613	9,210,180	9,058,580	9,100,856	9,135,123	8,854,385	7,958,664	16,296,340	8,827,520
Net Revenues Available For Debt Service on Revenue Bonds	\$ 17,389,618	\$ 22,505,299	\$ 12,894,088	\$ 7,683,277	\$ 5,107,834	\$ 5,182,971	\$ 7,069,737	\$ 4,398,776	\$ (1,929,929)	\$ 3,710,373
Average Annual Debt Service on Revenue Bonds	\$ 725,668	\$ 801,300	\$ 1,010,611	\$ 974,741	\$ 1,691,389	\$ 2,441,384	\$ 2,630,077	\$ 1,788,097	\$ 2,030,301	\$ 2,037,242
Coverage by Net Revenues	23.96	28.09	12.76	7.88	3.02	2.12	2.69	2.46	(0.95)	1.82

*Fiscal year change from a March 1 year ending to a December 31 year ending in 2008. Fiscal year ending 12/31/2008 was for 10 months only.

Brownsville Navigation District of Cameron County, Texas
Revenue Bond Debt Service Requirements
(Unaudited)

This table sets forth the annual debt service requirements on the District's Revenue Bonds as of December 31, 2015, excluding bonds that have been refunded and defeased.

<u>Fiscal Year Ending December 31</u>	<u>Outstanding Debt Service Requirements</u>
2016	1,181,981
2017	1,185,574
2018	1,193,493
2019	1,210,511
2020	1,211,701
2021	1,212,294
2022	921,724
2023	646,809
2024	643,252
2025	644,295
2026	644,861
2027	536,702
2028	534,899
2029	542,617
2030	549,698
2031	551,220
2032	557,184
2033	562,510
2034	567,198
2035	571,248
2036	574,660
2037	582,354
2038	<u>589,251</u>
Total	\$ <u>17,416,035</u>

Demographic and Economic Information

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Brownsville Navigation District of Cameron County, Texas
Miscellaneous Statistical Data

Last Ten Years
(Unaudited)

Brownsville Navigation District Facts:

Date of Incorporation: 1936
Form of Government: A political subdivision of the State of Texas
Area: 40,000 acres
Altitude: 8 feet to 15 feet above mean sea level

Year	GDP (a)	National		Total U.S. Exports (c)	Total U.S. Imports (c)	U.S. Rig Count (d)	Oil Price \$/Bbl (e)	PMI (f)
		Unemployment (b)						
2015	3.4%	5.3%				\$ 714	\$ 37.19	50.9
2014	3.9%	6.2%	\$ 1,623.4	\$ 2,314.0	1,882	1,882	59.29	52.3
2013	4.1%	7.4%	1,578.8	2,239.8	1,771	1,771	97.63	54.0
2012	3.1%	8.1%	1,546.5	2,251.0	1,784	1,784	111.67	50.2
2011	3.0%	8.9%	1,480.5	2,186.9	1,875	1,875	111.26	53.4
2010	2.8%	9.6%	1,277.5	1,912.1	1,546	1,546	79.48	57.3
2009	-1.6%	9.3%	1,056.0	1,559.6	1,089	1,089	61.95	46.2
2008	0.0%	5.8%	1,287.4	2,103.6	1,879	1,879	99.67	45.5
2007	1.9%	4.6%	1,148.2	1,957.0	1,768	1,768	72.34	51.1
2006	2.7%	4.6%	1,026.0	1,853.9	1,649	1,649	66.05	53.1

(a) Gross Domestic Product percent changed based on 2009 dollars. Source: Bureau of Economic Analysis

(b) Annual average unemployment rate per year. Source: Bureau of Labor Statistics

(c) Billions of dollars. Figures for 2015 are not available at the time of the printing of this report. Source: Customs data from Department of Commerce, U.S. Census Bureau

(d) Annual average total U.S. rig count. Source: Baker Hughes rig count data

(e) Cushing, OK WTI spot price. Source: Energy Information Administration (EIA)

(f) Purchasing Managers Index value above 50 means growth. Source: Institute for Supply Management

**Brownsville Navigation District of Cameron County, Texas
Demographic and Economic Statistics for Cameron County**

Last Ten Calendar Years
(Unaudited)

Fiscal Year	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate	Personal Income
2015	420,392	14,898	31.0	103,585	6.9%	25,211
2014	417,296	14,405	30.6	103,585	8.5%	24,802
2013	415,557	14,405	30.6	103,585	10.5%	23,236
2012	406,220	14,183	30.6	101,477	10.2%	23,236
2011	406,220	13,474	29.1	101,832	11.9%	18,550
2010	406,220	13,474	29.1	101,832	11.1%	18,550
2009	387,717	13,377	29.0	100,165	9.9%	18,275
2008	387,717	12,511	28.8	99,713	7.5%	18,200
2007	387,717	13,293	29.6	93,180	5.8%	18,250
2006	385,618	17,374	29.6	92,485	6.2%	18,313

Source: Cameron County, Texas CAFR

**Brownsville Navigation District of Cameron County, Texas
Ten Principal Employers**
(Unaudited)

Port of Brownsville Employers

No.	Employer	Type of Activity	2015 Estimated No. of Employees	% of Total Port of Brownsville Employment	2006 Estimated No. of Employees
1	Keppel/AMFELS	Manufacturer	1,000	29.65%	2,200
2	International Shipbreaking Limited	Ship Breaking/Scrap	239	7.09%	247
3	Bedoli Group, Inc.	Scrap Recycling	143	4.24%	87
4	Cumberworth Investments, Inc.	Trucking	130	3.85%	83
5	Gulf Stream Marine Inc.	Stevedoring	130	3.85%	-
6	Duro Standard Products Co. L.L.C.	Paper Products	110	3.26%	149
7	Port Warehouse Properties, LP	Warehousing	93	2.76%	-
8	Transmontaigne Product Services, Inc.	Bulk Liquid Storage	87	2.58%	-
9	Seahorse Transportation, Inc.	Transportation Yard	66	1.96%	-
10	Marine Railway, Inc.	Shrimp boat/repairs	58	1.72%	-

Source: Brownsville Navigation District Industrial Development Department

Cameron County, Texas Employers

No.	Employer	Type of Activity	2015 Estimated No. of Employees	% of Total Cameron County Employment	2006* Estimated No. of Employees
1	Brownsville ISD	Education	7,670	30.47%	8,125
2	Harlingen CISD	Education	3,321	13.19%	2,500
3	Valley Baptist Medical Center	Health Care	3,234	12.85%	3,000
4	Cameron County	Government	1,950	7.75%	1,608
5	UTRGV	Education	1,734	6.89%	2,077
6	San Benito ISD	Education	1,675	6.65%	1,638
7	Keppel/AMFELS	Manufacturer	1,650	6.55%	2,278
8	Wal-Mart	Retail	1,413	5.61%	1,735
9	Abundant Life Home Health	Medical/Health Care	1,300	5.16%	-
10	City of Brownsville	Government	1,227	4.87%	2,104

*2006 is the first year data was collected

Source: Cameron County, Texas CAFR

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Operating Information

Brownsville Navigation District of Cameron County, Texas
Table of Physical Characteristics of the Port Facilities of the Port of Brownsville
(Unaudited)

		Berth Length (Feet)	Berth Width (feet)	Height (feet)	Depth Alongside (feet)	Available Rail
General Cargo Docks						
Dock No. 1	General Cargo	420	165	14.8	32	Double depressed track
Dock No. 2	General Cargo	420	165	14.8	32	Double depressed track
Dock No. 3	General Cargo	440	165	14.8	32	Double depressed track
Dock No. 4	General Cargo	470	165	14.8	32	Double depressed track
Dock No. 7	General Cargo	500	140	12.8	27	Double depressed track
Dock No. 8	General Cargo	500	140	12.8	26	Double depressed track
Dock No. 10	Light Draft Vessels	650	280	12	16	(1) Apron Track (2) Double depressed track
Dock No. 11	Deep sea-Open Dock	626	280	12	32	Apron Track
Dock No. 12	General Cargo	550	280	12	32	Double depressed track
Dock No. 13	General Cargo	550	280	12	32	Double depressed track
Dock No. 15	Heavy Duty/Multi purpose open dock	600	145	12	42	
Dock No. 16	Heavy Duty/Multi purpose open dock	600	145	12	42	
Liquid Cargo Docks						
Liquid Cargo Dock		30	60			
Oil Dock No. 1		420	120	14.8	33	
Oil Dock No. 2		420	120	14.8	31	
Oil Dock No. 3		420	120	14.8	30	
Oil Dock No. 5		1100	220	16.6	42	
Bulk Cargo (Grain Elevator) Dock		400	43	12	36	
Cargo Storage Facilities						
Covered Storage Areas		571,065 square feet				
Open Storage Areas		2,850,000 square feet				
Tank Storage (private terminals)		3,400,0000 barrels				
Cargo Handling Equipment						
(2) Mobile Harbor Cranes		Gottwald 100-ton mobile harbor cranes located on Docks 15 & 16				

Mobile cranes and additional cargo-handling equipment are owned by the licensed stevedores and freight handlers operating at the Port of Brownsville.

Brownsville Navigation District of Cameron County, Texas
Cargo Statistics for the Port of Brownsville
 Reported in Metric Tons
 Last Ten Years
 (Unaudited)

Breakdown of Waterborne Cargo by Product Classification

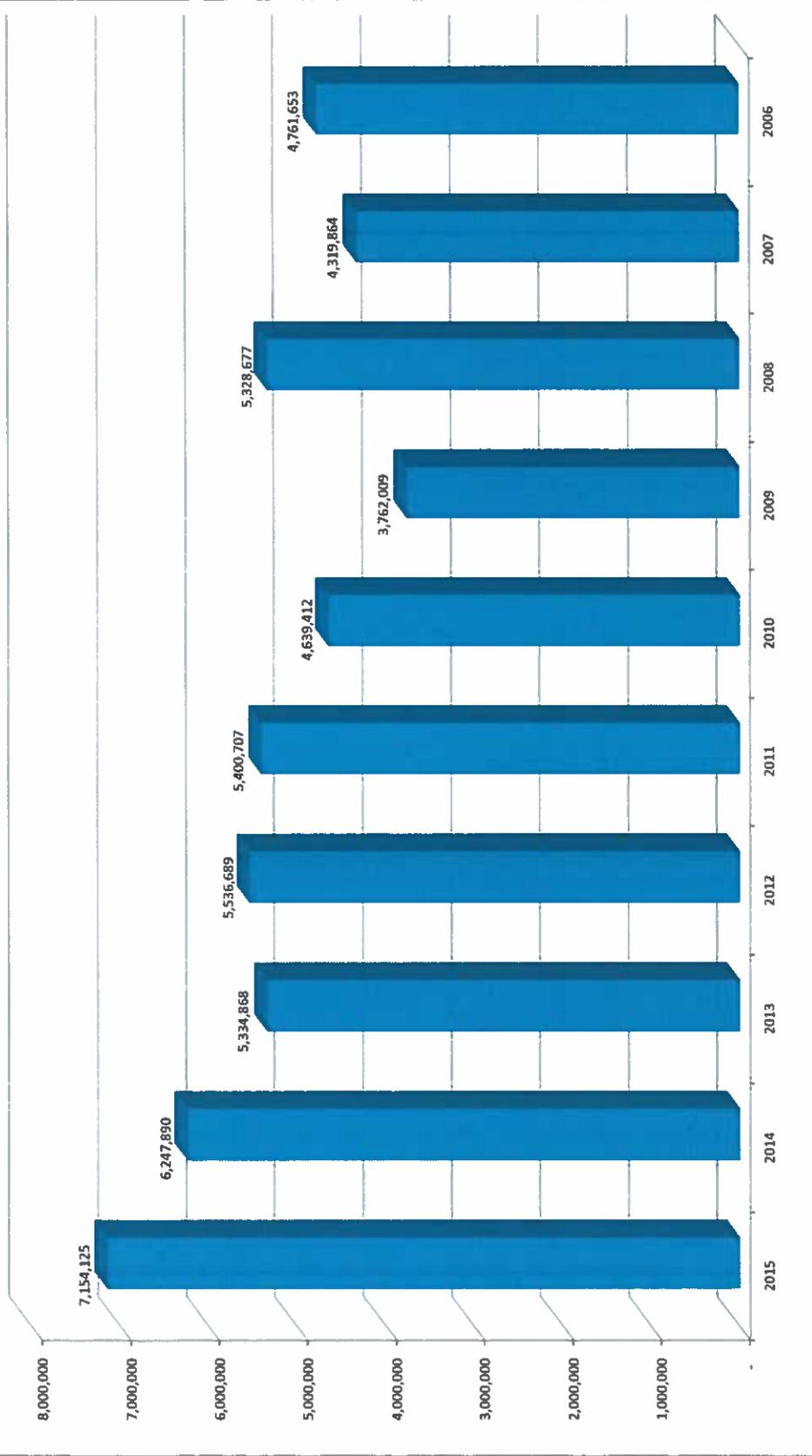
	Calendar Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Farm Products	-	-	-	-	-	11,709	-	-	45,839	-
Forest Products	20	-	-	-	-	49,786	12,081	36,179	43,863	52,193
Metallic Ores	20,754	66,876	54,608	35,061	11,911	13,603	-	1,345	-	33,373
Coal	-	-	-	-	-	267,319	550,864	822,158	266,114	411,309
Nonmetallic Minerals, Except Fuels	933,470	457,538	332,346	364,257	493,777	2,414	3,118	1,967	12,679	-
Food and Kindred Products	-	-	10,493	-	5,110	9,996	-	8,467	55,377	55,861
Chemicals and Allied Products	23,679	29,705	49,366	45,240	28,311	2,784,654	2,084,578	2,268,068	1,849,832	1,521,479
Petroleum and Coal Products	3,823,846	3,220,882	3,115,995	2,825,286	2,932,034	-	19	-	-	-
Rubber and Miscellaneous Plastic Products	-	-	-	-	-	-	-	-	-	-
Stone, Clay and Concrete Products	-	-	-	-	-	-	-	2,914	-	-
Primary Metal Products	2,256,784	2,333,491	1,576,543	2,018,001	1,648,311	1,358,982	999,004	2,036,628	1,914,316	2,608,864
Fabricated Metal Products	37,545	11,977	-	8,220	-	1,347	-	724	2,004	514
Machinery	1,004	4,472	-	-	309	158	124	776	3,627	3,006
Special Items	3,127	3,270	2,878	7,592	1,954	1,677	12,581	5,350	4,060	-
Transportation Equipment	586	222	-	-	-	384	223	379	-	-
Miscellaneous Products of Manufacturing	-	-	-	-	-	-	254	-	-	22,306
Waste and Scrap Materials	48,221	115,192	188,633	229,612	273,209	131,334	94,092	120,676	109,330	35,254
Water	5,089	4,264	4,004	3,420	5,781	6,049	5,072	23,045	12,823	17,495
Total	7,154,125	6,247,890	5,334,868	5,536,689	5,400,707	4,639,412	3,762,009	5,328,677	4,319,864	4,761,653

Summary of Waterborne Cargo by Movement Type

	Calendar Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Foreign	3,651,992	2,912,016	1,995,829	2,805,683	2,800,164	2,400,429	2,541,299	3,295,768	2,364,431	3,390,762
Imports	687,250	247,007	271,498	125,565	456,067	345,284	167,746	289,582	433,616	268,242
Exports	4,339,242	3,159,023	2,267,327	2,931,248	3,256,231	2,745,713	2,709,044	3,585,350	2,798,047	3,659,005
Coastwise	1,238,634	1,237,280	1,333,951	918,999	614,069	645,230	164,403	318,599	1,672	17,550
Receipts	426,847	622,411	646,736	406,378	88,237	15,560	11,711	58,684	39,646	-
Shipments	1,665,481	1,859,691	1,980,687	1,325,377	702,306	660,799	176,114	377,283	41,318	17,550
Intercoastal	761,379	716,173	538,336	716,208	764,584	673,247	393,227	843,941	908,007	670,483
Receipts	388,024	513,004	548,518	563,857	677,586	559,652	483,624	522,103	572,492	414,616
Shipments	1,149,402	1,229,176	1,086,854	1,280,064	1,442,170	1,232,899	876,851	1,366,044	1,480,499	1,085,099
Total Intercoastal	3,651,992	2,912,016	1,995,829	2,805,683	2,800,164	2,400,429	2,541,299	3,295,768	2,364,431	3,390,762
Total Imports	687,250	247,007	271,498	125,565	456,067	345,284	167,746	289,582	433,616	268,242
Total Exports	2,000,012	1,953,453	1,872,288	1,635,207	1,378,653	1,318,477	557,631	1,162,540	909,679	688,033
Total Receipts	814,871	1,135,415	1,195,253	970,234	765,823	575,221	495,334	580,787	612,138	414,616
Total Shipments	7,154,125	6,247,890	5,334,868	5,536,689	5,400,707	4,639,412	3,762,009	5,328,677	4,319,864	4,761,653

Source - Cargo Statistics Report published by the Port of Brownsville

Total Waterborne Cargo at the Port of Brownsville by Year



Source - Cargo Statistics Report published by the Port of Brownsville

**Brownsville Navigation District of Cameron County, Texas
Vessel Calls by Type of Vessel at the Port of Brownsville**

Last Ten Years
(Unaudited)

	Calendar Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Barges	632	653	618	707	858	657	419	733	760	463
Cargo Vessels	131	118	102	124	110	77	80	158	140	180
Deck Barges	3	-	8	5	-	1	1	1	-	-
Drilling Rig	19	3	4	3	10	4	2	5	11	6
Fishing Vessels	-	-	-	-	-	-	-	18	24	22
Miscellaneous	177	127	91	62	84	77	12	39	35	11
Ocean Barges	51	51	111	78	46	55	42	23	12	-
Scrap Vessels / Barges	9	15	27	32	37	36	20	29	11	13
Tankers	118	92	69	72	92	79	75	93	66	99
Total	1,140	1,059	1,030	1,083	1,237	986	651	1,099	1,059	794

Brownsville Navigation District of Cameron County, Texas
Annual Employment
 Last Ten Calendar Years
 (Unaudited)

	Calendar Year Ending									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Hourly/Salaried Employees										
Hourly Employees (Non-Exempt)	74	75	73	74	73	73	71	67	54	56
Salaried Employees (Exempt)	24	21	19	19	16	19	18	18	19	19
	98	96	92	93	89	92	89	85	73	75
Operations Employees										
Hourly Employees (Non-Exempt)	56	58	57	58	58	60	59	56	44	45
Salaried Employees (Exempt)	9	10	6	5	3	6	6	6	7	7
	65	68	63	63	61	66	65	62	51	52
Administrative Employees										
Hourly Employees (Non-Exempt)	18	17	16	16	15	13	12	11	10	11
Salaried Employees (Exempt)	15	11	13	14	13	13	12	12	12	12
	33	28	29	30	28	26	24	23	22	23

Single Audit

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Navigation and Canal Commissioners
Brownsville Navigation District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Brownsville Navigation District, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Brownsville Navigation District's basic financial statements and have issued our report thereon dated April 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Brownsville Navigation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Brownsville Navigation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Brownsville Navigation District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Brownsville Navigation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Long Chilton LLP". The signature is written in a cursive, flowing style.

LONG CHILTON, LLP
Certified Public Accountants

Brownsville, Texas
April 15, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Navigation and Canal Commissioners
Brownsville Navigation District

Report on Compliance for Each Major Federal Program

We have audited the Brownsville Navigation District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Brownsville Navigation District's major federal programs for the year ended December 31, 2015. Brownsville Navigation District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Brownsville Navigation District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Brownsville Navigation District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Brownsville Navigation District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Brownsville Navigation District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the Brownsville Navigation District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Brownsville Navigation District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Brownsville Navigation District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



LONG CHILTON, LLP
Certified Public Accountants

Brownsville, Texas
April 15, 2016

Brownsville Navigation District
 Schedule of Expenditures of Federal Awards By Grant
 For the Year Ended December 31, 2015

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA #</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures(\$)</i>	
<i>Other Programs</i>				
Department of Homeland Security Direct Programs				
Port Security Grant Program	97.056			
FY2013 Port Security Grant Program -			\$ 645,799	
FY2014 Port Security Grant Program -			\$ 33,370	\$ 679,169
<i>Total Department of Homeland Security</i>			<u> </u>	<u>\$ 679,169</u>
Department of Transportation Direct Programs				
TIGER Discretionary Grant	20.933			
<i>Total Department of Transportation</i>			<u>\$ 6,432,511</u>	<u>\$ 6,432,511</u>
<i>Total Expenditures of Federal Awards</i>				<u><u>\$ 7,111,680</u></u>

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2015

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal expenditures of programs of the Brownsville Navigation District of Cameron County, Texas (the "District"). The District's reporting entity is defined in Note 1(A) to the basic financial statements.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting for federal awards reflected in the District's business-type activities.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal award expenditures as reported in the accompanying schedule of expenditures of federal awards are reflected in the District's financial statements as expenses or capital asset additions with respect to business-type activities.

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of the effect of accruals made in the schedule.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2015

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal/State Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Auditee qualified as low-risk auditee? X Yes _____ No

	Type A Program		Type B Program	
	Federal	State	Federal	State
Dollar threshold used to distinguish between Type A and Type B programs	\$ 500,000	\$ 500,000	\$ 100,000	\$ 100,000

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS- CONTINUED

Year Ended December 31, 2015

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS - CONTINUED

Identification of major programs:

<u>CFDA #:</u>	<u>Grant #:</u>	<u>State Grant:</u>	<u>Name of Program or Cluster:</u>
20.933	DTMA-91-G-2013-0003	Federal	TIGER Discretionary Grant

II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS

None.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

CORRECTIVE ACTION PLAN

Year Ended December 31, 2015

II. FINANCIAL STATEMENT FINDINGS

Not applicable.

III. FEDERAL AWARD FINDINGS

Not applicable.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended December 31, 2015

II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS

None.

PORT OF
BROWNSVILLE
• WORLD CLASS •



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