







# ANNUAL COMPREHENSIVE FINANCIAL REPORT

PORT DE BROWNSVILLE the port that works

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020









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

# **Annual Comprehensive Financial Report**

For the Fiscal Year Ended December 31, 2020

Prepared By: The Finance Department Brownsville Navigation District

# **BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS**

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

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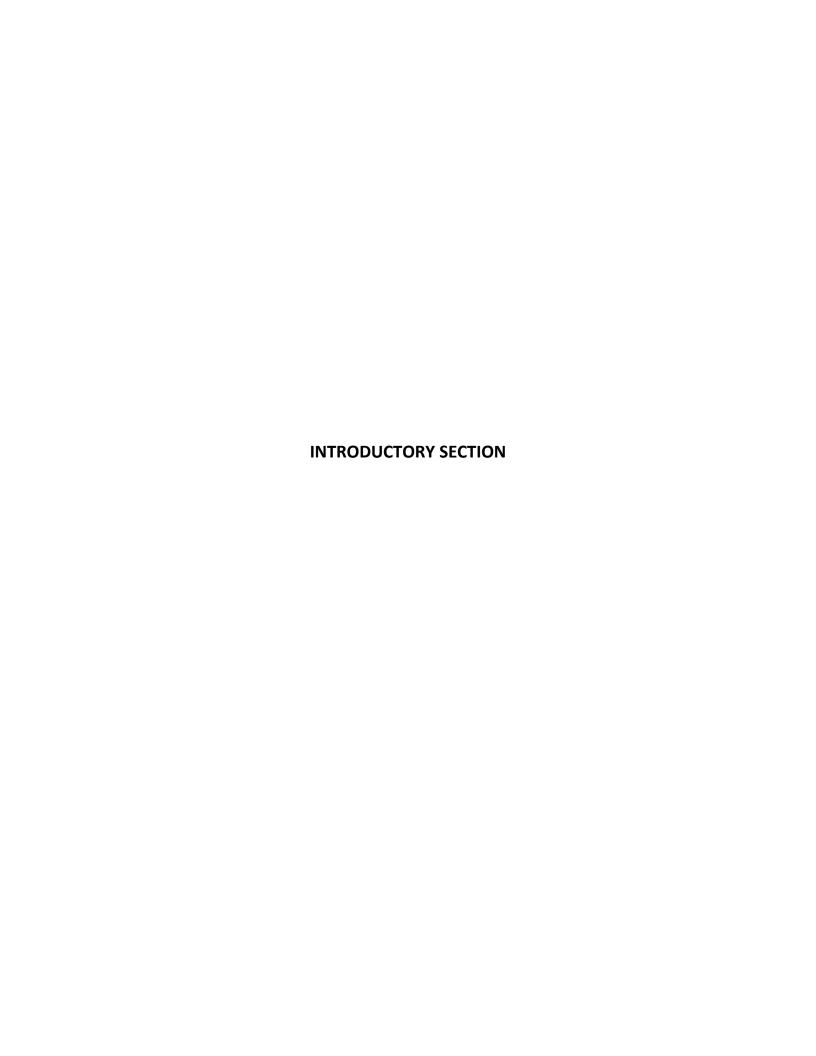
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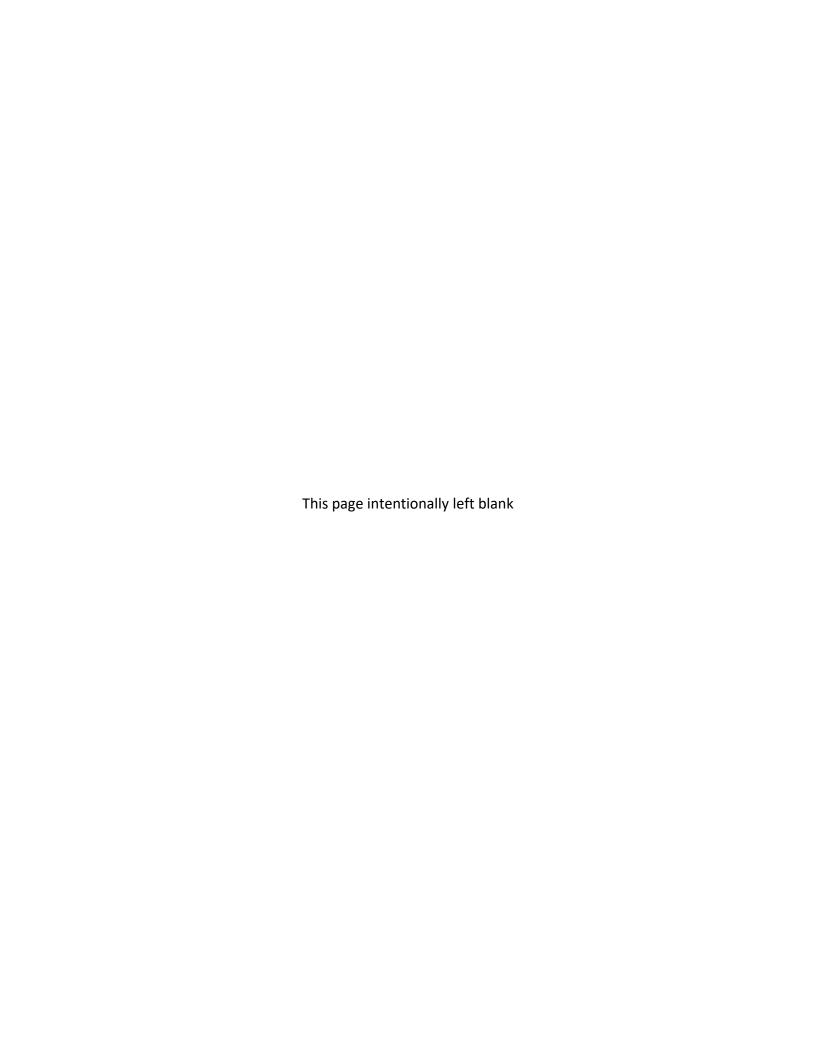
# BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

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June 29, 2021

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

# **Dear Commissioners:**

Presented herewith is the Annual Comprehensive Financial Report ("ACFR") of the Brownsville Navigation District of Cameron County, Texas ("District") for the year ended December 31, 2020. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. Management is responsible to ensure that the District has internal controls in place that provide a reasonable but not absolute assurance that assets are safeguarded, transactions are authorized and properly recorded and that material errors are either prevented or would be detected in a timely manner. The District is continually seeking to improve the effectiveness of its systems of internal financial controls. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. 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 ACFR 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 Cameron County, Texas. The District includes portions of the City of Brownsville, all of the City of Los Fresnos and the City 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 employed 109 operations and administrative staff as of December 31, 2020.

### **Mission Statement**

The Port of Brownsville will be a leader in developing economic opportunities, improving the quality of life, creating the best transportation facilities possible, and exhibiting high standards of public administration — all with the goal of making the Brownsville area a great place to live and do business.

### Location

The Port of Brownsville is the only deep-water seaport directly on the U.S.-Mexico border, and the largest land-owning public port authority in the nation with 40,000 acres of land. It is located at the southernmost tip of Texas at the westernmost terminus of a 17-mile channel from the Gulf of Mexico at the Brazos Santiago Pass. The City of Brownsville is adjacent to the Rio Grande River, providing a convenient gateway to Mexico and beyond via three international bridges.

The Entrance Channel is protected by two rock jetties, each over 4,000 feet in length and 1,200 feet apart and has no bridges or other obstructions for the entire length of the waterway. Currently, the Channel has a depth of 42 feet to within .85 miles of the Turning Basin, and a depth of 36.5 feet to and through the Turning Basin. The Channel has a controlling (or minimum) width of 250 feet with 1,200 feet at the Turning Basin. Plans to deepen the ship channel to 52 feet began in 2007. In 2014, the District completed its project feasibility study and received the U. S. Corps of Engineers' Chief's Report to deepen the Channel to 52 feet. The District's Brazos Island Harbor (BIH) Channel Deepening Project was included in the Water Resources Development Act of 2016 passed by the United States Congress and on June 2019 received the USACE's permit to advance on its construction phase. The District is continuing to seek funding, including public/private partnerships and federal funds, to help defray the estimated project cost of \$306,000,000. The project is expected to commence by 2022, with completion in 2025.

# **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 derived from the ship channel. 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 Foreign Trade Zone No. 62 and has been authorized by the Texas Department of Transportation (TxDOT) to issue overweight permits for transit over a road corridor from the Port of Brownsville to the international crossing into Mexico.

The Brownsville Navigation District's Administration Offices are located at the entrance of the Port of Brownsville. These offices handle inquiries on trade and industrial development, environmental issues, accounting, purchasing, traffic, personnel and engineering. In August 2018, the District's administration complex was remolded and expanded for a total cost of \$8 million with office space nearly 26,500 square feet.

The District derives its operating revenues from charges for vessel services, wharfage, dockage and security surcharge fees, lease rentals, easements, storage, crane services, permits and other port services such as utilities.

# **Vessel Services**

The Main Harbor consists of the Turning Basin Approach, containing about 4-1/2 miles of improved water frontage. The Turning Basin is 3,500 feet long and 1,200 feet wide and contains ten General Cargo Docks aggregating 3,600 lineal feet. Four Oil Docks and one additional Oil Dock under construction, a 400-foot Bulk Cargo Dock serving the Grain Elevator and Limestone terminal, a Liquid Cargo Dock, and two 600 by 280-foot deep-water General Cargo Docks are located in the Turning Basin Approach which is 7,000 feet long with a 650 foot bank width and a 400 foot controlling bottom width. Additionally, more than 45 miles of railroad trackage and 3 Gottwald Mobile Harbor Cranes 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. All docks were completely rebuilt in a project that was completed in 1993. Located five 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 and other small craft. In addition, support industries for the Port of Brownsville's oil drilling platform construction facility are located in the Fishing Harbor.

# **Terminal Operations**

All waterfront facilities on the 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 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 District's Harbormaster Department 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 derived from a 16-inch main connecting with the Brownsville Public Utilities Board's potable water distribution system. The District owns and operates one 500,000 gallon and one 1,000,000 gallon elevated water storage tanks. The District also provides wastewater collection and treatment services within the District's boundaries.

All docks at the Port of Brownsville are equipped with electricity and fresh water and most docks are also served by rail. Wastewater facilities are available. All public docks and mobile harbor cranes are operated on a firstcome, first-served basis.

# Real Estate

The District owns and controls approximately 40,000 acres of land adjoining the Turning Basin and Ship Channel. 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 liquid terminals and steel fabrication. Land 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.

# Foreign Trade Zone

In 2020, the Port's Foreign Trade Zone ("FTZ") No. 62 celebrated its 40<sup>th</sup> anniversary and marked the eight year in a row it ranked among the top-three nationwide for the value of exported commodities. There are 14 tenants operating within the FTZ No. 62 in general purpose warehousing and liquid bulk storage, and a total of 2,300 acres are 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.

Additional information regarding cargo traffic and vessel service revenues may be found in the Statistical Section – Tables 6 and 7.

Table 1 – Waterborne Cargo Tonnage for The Port of Brownsville

Fiscal Year <sup>(2)</sup>	Inbound Tonnage (Metric Tons)	Outbound Tonnage (Metric Tons)	Total Tonnage (Metric Tons)	Number of Vessels <sup>(1)</sup>	Foreign Trade Zone Value(1,000's) <sup>(2)</sup>
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	3,219,785
2016	5,719,732	1,235,014	6,954,746	1,091	2,796,318
2017	6,194,867	1,137,640	7,332,507	1,317	3,693,770
2018	7,204,403	1,068,820	8,273,223	1,306	3,863,908
2019	5,620,456	958,943	6,579,399	1,566	4,385,555
2020	5,736,934	1,415,384	7,152,318	1,671	3,576,401

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

# Brownsville and Rio Grande International Railway Franchise Agreement

The District has a Franchise Agreement with Brownsville and Rio Grande International Railway, LLC ("BRGIR"), an affiliate of the OmniTRAX/BROE Group, to operate the Port's BRG International Railroad.

<sup>(1)</sup> Includes domestic shrimp boat activity

<sup>(2)</sup> Fiscal year changed from a March 1 to December 31 year ending in 2008. Fiscal year ended December 31, 2008 was for 10 months only

# Port of Brownsville Infrastructure

The District owns and operates the following General Cargo and Liquid Cargo docks:

	Type of Cargo/Storage	Vessels	Location
Dock Number		Accommodated	
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
Oil Docks 1,2&3	Liquid Cargos	Mixed Draft Vessels	North Side-TB Approach
Oil Dock 5	Liquid Cargos	Deep Draft Vessels	North Side-TB Approach
Oil Dock 6	Liquid Cargos	Deep Draft Vessels	North Side-TB Approach
Bulk Cargo Dock	Elevated Cargos/Bulk Cargos	Mixed Draft Vessels	South Side-TB Approach
Liquid Cargo Dock	Liquid Cargos	Mixed 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 in the statistical section.

# **Industrial Development**

The objective of the Real Estate Services Department is to utilize the District's available land in the best manner possible, to attract industries that create jobs for the area and cargo for the Port, and to earn income to pay interest and principal on regular revenue bonds used to improve all Port facilities. The District had approximately 14,000 acres under lease or lease options that generated \$14,960,712 in rent revenue for fiscal year 2020.

The District has become a major location for companies applying for U.S. Department of Energy Permits to construct Natural Gas Liquefaction Plants. For fiscal year 2020, the Port had ground lease agreements for about 2,340 acres with three LNG export terminal projects: Texas LNG Brownsville LLC, Annova LNG Common Infrastructure LLC, and Rio Grande LNG LLC. On March 23, 2021, Annova LNG announced that it will not proceed with its plans to develop an LNG facility at the Port of Brownsville, the other two proposed LNG projects remain active.

District-owned land is valued for leasing purposes. Changes in valuations are done on a port-wide basis and not on an individual lease basis. Sales-type leases transfer ownership of District-owned buildings to lessees after five annual payments of 20% of the appraised value.

The current table of land rental rates is as follows:

# **Lease Rental Rates**

Site Description	7/1/2020 Rates
TURNING BASIN LEASES	
Waterfront Property Highway Frontage Port Entrance Sites Street Frontage Remote Sites Grazing Leases Tower Sites Sign Sites Fish Camps Billboards	\$6,352 per acre/year \$4,153 per acre/year \$3,700 per acre/year \$2,203 per acre/year Negotiated Rates \$2.46/acre/year \$18,476/site/year \$111 - \$219/site/year \$545/camp/year Market Rate
FISHING HARBOR LEASES  Water Front Off-Water Fishing Harbor Dock Unimproved Bank Space	\$4,887 per acre/year \$4,518 per acre/year \$1.37 per linear ft./month \$.83per front ft./month

Additional information regarding operating leases may be found in Note 2, and information regarding lease rates, lease revenues and principal leasing customers may be found in the Statistical Section – Tables 8 and 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 and pipeline. 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 ("TxDOT"), 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." A percentage of the sale of overweight permits are remitted to TxDOT and are dedicated to the maintenance of the corridor. For the fiscal year 2020, of the \$30 permit fee, TxDOT receives 85% or \$25.50, a total of \$1,023,519 from the 40,138

permits sold, with the Port retaining the other \$4.50 for administrative costs, a total of \$180,621. This program is now being implemented in other locations in Texas.

### **Economic Conditions and Outlook**

# Cameron County, Texas

Cameron County was created in 1848 and it is the southernmost county in Texas. The 2010 U.S. Census reported the population of the County at 406,220, an increase of 56% over 1990. The County for its September 30, 2020, Annual Comprehensive Financial Report reported a population of 423,163 in its Demographic Statistics. The area of the County is approximately 906 square miles of land and 371 square miles of rivers, estuaries, lagoons, bays and ocean water, 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. The County has highway connections to deep water ports, airports, railways all with direct connection to international crossings. Tourism attractions include South Padre Island, Laguna-Atascosa Wildlife Refuge, Sabal Palms Sanctuary and the Gladys Porter Zoo. Senate Bill 24, passed on the Texas Legislature in May 2013, created The University of Texas Rio Grande Valley ("UTRGV") and School of Medicine which offers the County with unique access to educational and healthcare opportunities.

# 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 17 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 three international bridges and serves as a trade center for much of the lower Rio Grande Valley.

According to the 2010 U.S. Census, the City of Brownsville had a population of 175,023. Its demographics can be described as a young and motivated workforce, with the median age at 30 years.

# Matamoros, Mexico

Matamoros, Mexico, is located on the south bank of the Rio Grande River, directly across from the City of 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. The leading manufactured product of the Maquiladora Programs in the State of Tamaulipas is in the electronics division followed by metallic products, auto parts, chemicals and plastics. The Maquila Industry has given international businesses the ability to remain competitive with other foreign markets.

# **Long Term Financial Planning**

The following schedule of the District's five-year capital outlays are expected to be funded by federal and state grants, private sector contributions, District funds and new District debt. The District is pursuing contributions from the public-private partnership (P3) program to fund the estimated \$306,000,000 construction of its BIH channel deepening project. Other infrastructure investments of the District, include the South Port Connector and Grain Elevator Improvements which were awarded U.S. Department of Transportation federal grants of \$19.3 million from the Federal Highway Administration and \$14.5 million from the Maritime Administration, respectively.

# BROWNSVILLE NAVIGATION DISTRICT CAPITAL IMPROVEMENTS

	<u>FY 2021</u>	FY 2021		<b>FY 2023</b>	FY 2024		FY 2025	<u>Total</u>
Channel Deepening	\$ -	\$	33,000,000	\$ 120,000,000	\$ 120,000,000	\$	33,000,000	\$ 306,000,000
Patio Expansion	1,000,000		1,000,000	1,000,000	1,000,000		675,000	4,675,000
Building & Road Improvements	12,700,000		6,700,000	-	-		-	19,400,000
Sewer System Improvements	5,600,000		-	-	-		-	5,600,000
Water System Improvements	2,300,000		1,000,000	1,000,000	500,000		-	4,800,000
Equipment Purchases	2,189,000		1,019,000	512,000	203,000		595,000	4,518,000
Dock Enhancements	3,500,000		-	-	-		-	3,500,000
Levee Improvements	-		2,500,000	1,000,000	-		-	3,500,000
Grain Elevator Improvements	22,000,000		-	-	-		-	22,000,000
South Port Connector Road Project	21,215,000		-	-	-		-	21,215,000
Total	\$ 70,504,000	\$	45,219,000	\$ 123,512,000	\$ 121,703,000	\$	34,270,000	\$ 395,208,000

# **Major Initiatives and Accomplishments**

# New Liquid Cargo Dock No. 6, Liquid Cargo Dock No. 3 Fender System Replacement and Facility Enhancements and Maintenance Dredging

On February 9, 2016, the District sold revenue bonds with a par amount of \$27,580,000 and a net premium of \$1,901,070 with net funds of \$28,000,000 after issuance costs, underwriters discount, insurance and required reserve funds to provide for most of the funding necessary to construct Liquid Cargo Dock No. 6, reconstruct Liquid Cargo Dock No. 3, perform maintenance dredging, and reconstruct and expand its Administrative Office Complex. The new Liquid Cargo Dock No. 6 and pipe bridges allow the port to handle larger vessels which is critical as tenants are rapidly increasing their liquid cargo handling storage capacity. The port is also able to accommodate new and expanded liquid cargo terminal operations.

# South Port Connector Road Project

The \$25.6 million South Port Connector Road project broke ground in August 2020 and is scheduled for completion in 2021. The project is made possible by partnership of the District, the Cameron County Regional Mobility Authority (CCRMA), the Rio Grande Valley Metropolitan Planning Organization (RGVMPO) and the Texas Department of Transportation (TxDOT) and by \$24.9 million in Rider 45 and Category 7 & 10 federal and state construction funds, with the District matching the remaining funds. This 1.9-mile-long port connector road will provide a south side entry to the port from R.L. Ostos Rd to Texas State Highway No. 4, improve accessibility to the port by adding another entry and exit, and provide direct access to SpaceX Starship's production complex and

to commercial lanes at Veterans International Bridge thereby enhancing domestic and international trade throughout the Rio Grande Valley and enhancing the space industry in South Texas.

# Brazos Island Harbor (BIH) Channel Improvement Project

In 2019, the port achieved several milestones for its channel deepening project: 1) it received the U.S. Army Corps of Engineers (USACE) construction permit, 2) the natural gas liquefaction plants at the port received approval from the Federal Energy Regulatory Commission (FERC) on their proposals, and 3) NextDecade Corp., owner of the proposed Rio Grande LNG, agreed to pay 100 percent of the deepening project from outside the jetties (entrance of channel) to its lease site, more than half of the BIH channel deepening project. Other partnerships are expected to join the public-private partnership (P3) program and to share on costs of deepening the channel. The next step in this crucial port infrastructure project is for Rio Grande LNG and Texas LNG Brownsville LLC to secure final investment decisions (FID). By deepening its channel from 42 to 52 feet, the port will be able to accommodate deeper draft cargo vessels, attract new business, allow existing port companies to expand their services, and bring thousands of job opportunities to the region.

# New Cargo Storage Areas / Wind Energy Blade Towers and Turbines

During the years 2014 through 2021, the District has been continuously clearing and stabilizing new Patio cargo storage areas. The District has put these new cargo storage areas to use to accommodate shipments of wind energy components and steel slab. In 2020, the District increased its wind energy operations by more than 3 times from prior year, as it received about 11,621 wind energy component units such as blades, turbines and hubs.

# **Port Grain Elevator**

The port Grain Elevator, one of the port's most iconic buildings, had limited use for more than twenty years until 2016, when the District's Board unanimously approved a lease with West Plains, LLC for elevator's modernization and reactivation. In 2019, the District further partnered with West Plains, LLC to finalize the \$5.5 million rehabilitation of the Grain Elevator's Bulk Cargo Dock. Now, the port's Grain Elevator with its modernization, is equipped for high-speed handling of grain through truck, rail and provides storage for nearly 3,000,000 bushels of grain. The port was awarded a \$14.5 million grant from the U.S. Department of Transportation Maritime Administration (MARAD) to improve the efficiency and safety of its grain storage and loading facilities.

# **Public Vessel Assembly & Erection Pad**

In 2019, the port received a \$1.80 million grant from the U.S. Economic Development Administration (EDA), with the port matching the remaining funds for a total \$5.4 million construction cost of its Public Vessel Assembly & Erection Pad. The public pad is located on port tenant Keppel AmFELS' site. AmFELS has secured contracts to assemble two 774-foot-long Jones Act containerships, a first compliant offshore wind turbine installation vessel, and to construct the largest self-propelled hopper dredge in the U.S. The Port of Brownsville is the only location in Texas where deep-draft vessels are being built, introducing a new industry to the state of Texas and the creation of hundreds of full-time jobs.

# **Mobile Harbor Cranes**

In 2020, the port purchased two new Gottwald Model 6 mobile harbor cranes with a maximum lifting capacity of 137.5 short tons and an outreach of up to 167 feet to keep up with growing demand for additional on-dock lifting capacity. The port now operates a total of 3 mobile harbor cranes furthering its capabilities to handle a variety of cargo including breakbulk, dry-bulk, heavy project cargo and steel products.

# **Financial Information**

The financial statements of the District are presented in conformity with generally accepted accounting principles (GAAP) applicable to local governmental units as prescribed by the Government Accounting Standards Board (GASB). 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, notes 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 Independent Auditors' Report, which provides an analytical overview of the District's financial activities and serves as an introduction to the basic financial statements.

# **Investment Policy**

It is the District's policy to administer investments in a manner which will provide the maximum security of principal invested through limitations and diversification. Investments are chosen with four primary objectives 1) security of principal, 2) liquidity, 3) diversification, 4) and yield.

The District participates in Texas Local Government Investment Pools as authorized by the Texas Public Funds Investment Act, Chapter 2256 of the Texas Government Code (PFIA).

# **Independent Audit**

The District's financial statements for the year ended December 31, 2020 listed in the foregoing Table of Contents were audited by independent auditors selected by the Board of Navigation and Canal Commissioners. The audit opinion, rendered by Carr, Riggs & Ingram 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 a Certificate of Achievement for Excellence in Financial Reporting to the Brownsville Navigation District for its annual comprehensive financial report for the fiscal year ended December 31, 2019. This was the ninth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 finance 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,

Lorena Hernandez, CPA Director of Finance

Jorene Heronely

Eduardo A. Campirano Port Director and CEO

Johnson G. Compromo

# Brownsville Navigation District of Cameron County, Texas DIRECTORY OF OFFICIALS As of June 29, 2021

# **PORT COMMISSIONERS**

Sergio T. Lopez
Ralph Cowen
Esteban Guerra
John Wood
John Reed
Chairman
Vice Chairman
Secretary
Commissioner
Commissioner

# **ADMINISTRATION**

Eduardo A. Campirano **Port Director and CEO Deputy Port Director** Vacant Lorena Hernandez, CPA **Director of Finance** Margarita S. Recio **Director of Administrative Services** Ariel A. Chavez, PE/RPLS **Director of Engineering Services Michael Davis Harbor Master Chief Carlos Garcia Chief of Police & Security** José Herrera **Director of Facilities Maintenance** Jorge I. Montero **Director of Communications Antonio Rodriguez Director of Cargo Services & FTZ Jaime Martinez Director of Human Resources** Vacant **Director of Special Projects Manager of Real Estate Services Martha Gonzalez Assistant Director of Finance** Karina Franco, CPA Blanca Melguizo **Senior Accountant Supervisor** Rosa Maria Hinojosa **Accounts Receivable Coordinator** 

Certified Public Accountants Carr, Riggs & Ingram, LLC

**Brownsville, Texas** 

Legal Counsel Rentfro, Irwin & Irwin, PLLC

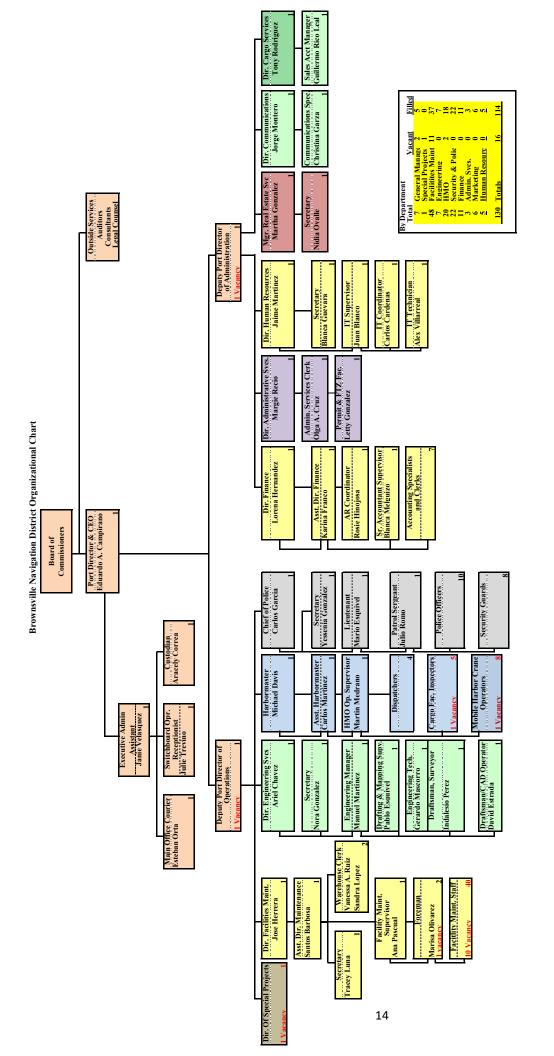
**Brownsville**, Texas

Financial Advisor Estrada Hinojosa & Company

Dallas, Texas

Bond Counsel Winstead PC

San Antonio, Texas



Intern Positions Available (not counted in total headcount)

O Engineering Intern O Finance Intern O HMO Intern O Marketing Intern

1 Part time Waste Water Operator



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

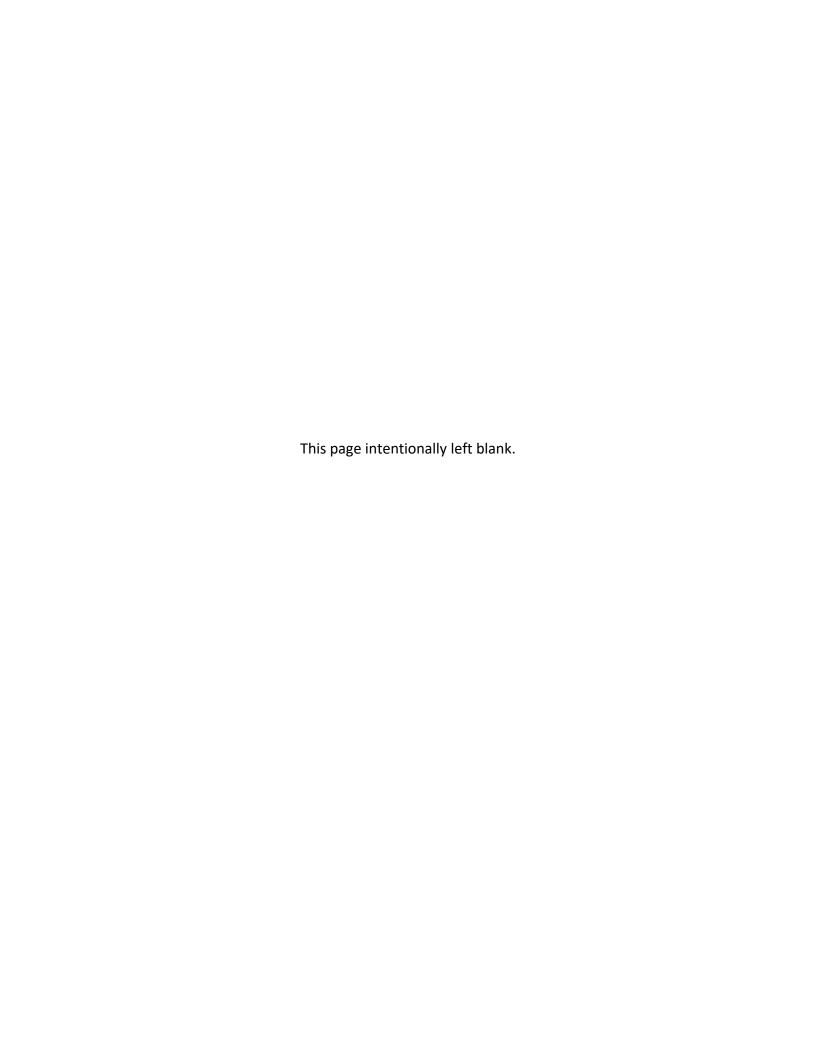
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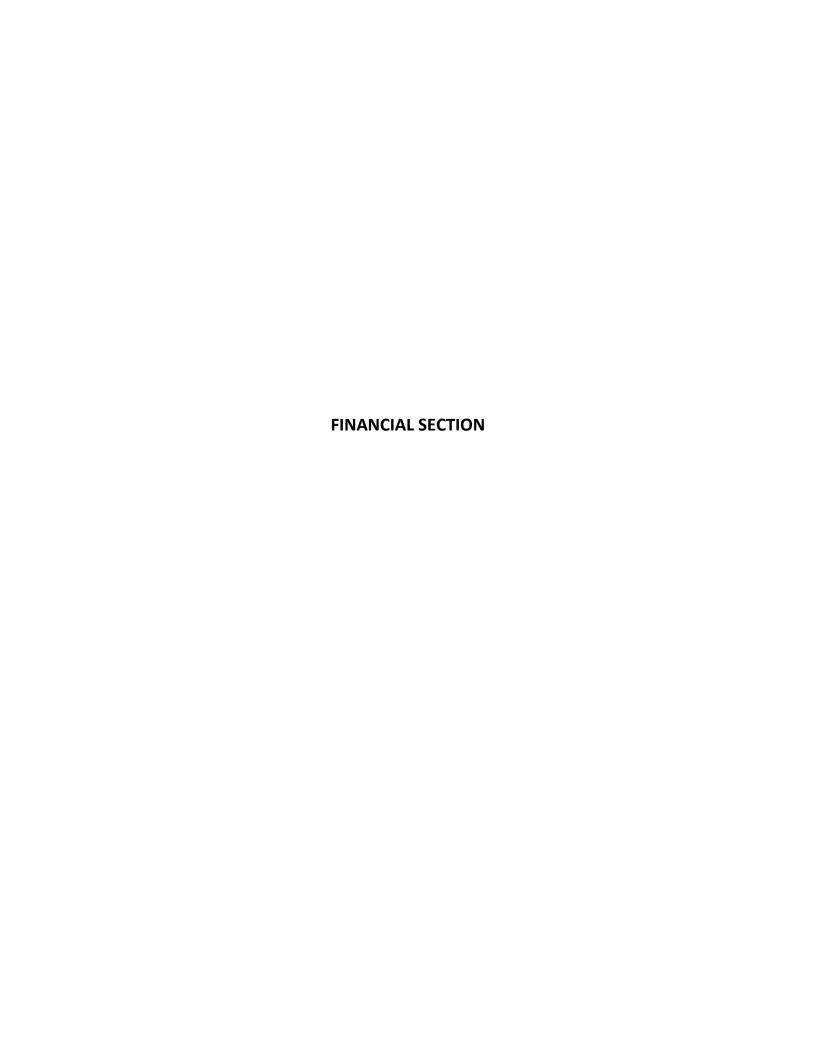
# **Brownsville Navigation District of Cameron County Texas**

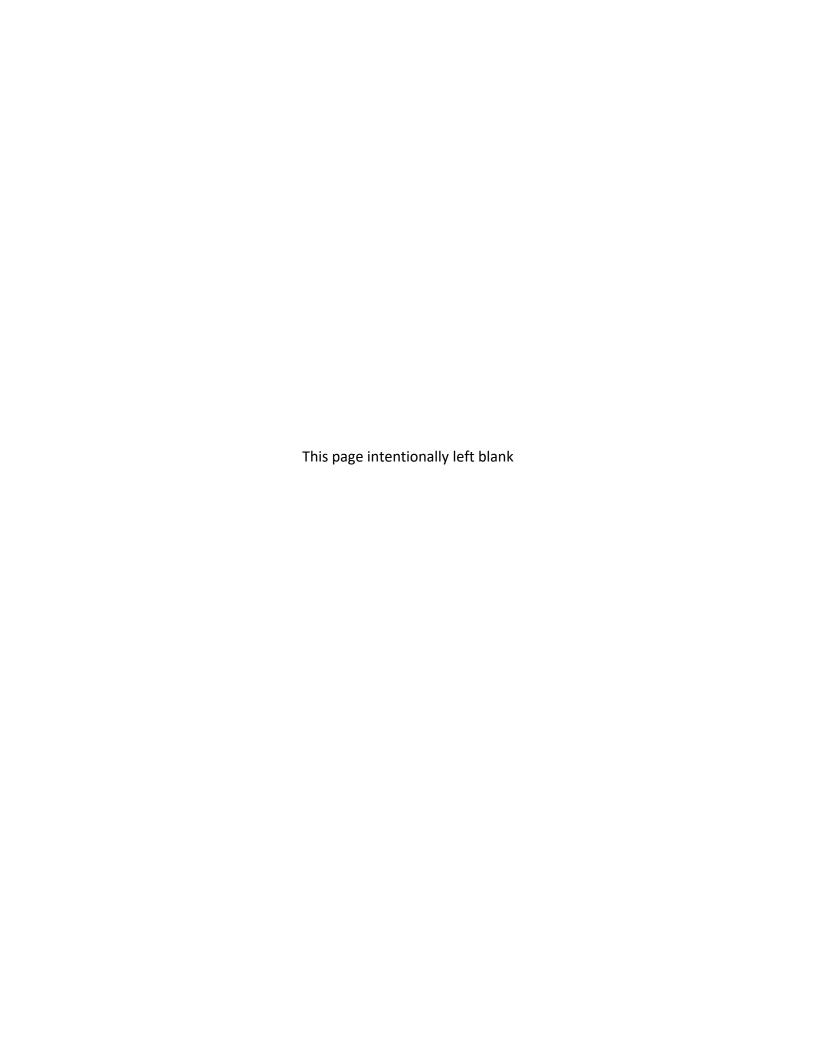
For its Comprehensive Annual Financial Report For the Fiscal Year Ended

December 31, 2019

Chuitophu P. Morrill
Executive Director/CEO









Carr, Riggs & Ingram, LLC 4100 N. 23rd St. McAllen, TX 78504

(956) 686-3701 (956) 686-6830 (fax) CRIcpa.com

# **INDEPENDENT AUDITORS' 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 and the aggregate remaining fund information of the Brownsville Navigation District of Cameron County, Texas (the "District"), as of and for the year ended December 31, 2020, 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.

# Auditors' 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 auditors' 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 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 and the aggregate remaining fund information of the District, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

# Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the employer's net pension liability and related ratios, schedule of employer contributions, and schedule of annual money-weighted rate of return on pages 19 through 25 and 74 through 76 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 basic financial statements. 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 schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Texas Comptroller of Public Accounts, State of Texas Single Audit Circular, and are also not a required part of the basic financial statements.

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

generally accepted in the United States of America. In our opinion, the schedule of operating expenses and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic 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.

# Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Caux Rigge & Ingram, L.L.C.

McAllen, Texas June 29, 2021







# Brownsville Navigation District of Cameron County, Texas Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended December 31, 2020

As management of the Brownsville Navigation District of Cameron County, Texas (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. The MD&A should be read in conjunction with the letter of transmittal found in the introductory section of this report and the District's financial statements and related notes which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The total net position of the District at December 31, 2020 was \$220,533,907, increasing \$27,329,623 or 14.1% over the prior year.
- District's operating income before depreciation increased by 100.17% over the prior year, totaling \$25,464,760 for 2020 and decreasing to \$17,872,575 after a depreciation charge of \$7,592,185. The increase is primarily attributed to a 36% increase in vessel and cargo services in part due to the Port's first year of operating its new Liquid Cargo Dock No. 6 and three mobile harbor cranes.
- District 2020 operating revenues totaled \$37,356,901, an increase of \$11,920,394, or 46.9%, from the 2019 operating revenues of \$25,436,507. The Port recorded total waterborne cargo of 7,152,318 metric tons for 2020, an increase of 8.7% from prior year.
- Operating expenses for 2020 of \$11,892,141, before depreciation, decreased \$823,068 or 6.5% over 2019 operating expenses before depreciation of \$12,715,209.
- District operating revenues are comprised of Vessel and Cargo Services, Lease Rentals at the Turning Basin and Fishing Harbor, Other Lease Rentals and Other Operating Revenue. Vessel and Cargo Services revenues of \$14,675,300 for 2020 increased \$3,847,539 from \$10,827,761 in 2019, an increase of 35.5%.
- Lease rentals at the Turning Basin and Fishing Harbor totaled \$14,960,712, an increase of \$4,556,418 from the prior year amount of \$10,404,294. Other Lease Rentals totaled \$3,424,533, an increase of \$801,598 from the prior year amount of \$2,622,935, resulting in a 2020 total lease revenue of \$18,385,245, an increase of \$5,358,016 from 2019 total lease revenue of \$13,027,229. The increase over prior year rentals was primarily attributed to the three LNG natural gas liquefaction plants executing their options to lease beginning about the last 2 months of the fiscal year 2019 and onward.
- Non-operating income for 2020 totaled \$2,283,184, a decrease of \$362,318 from 2019 non-operating income of \$2,645,502. For 2020, the District received \$3,262,333 in property tax, net of tax collection, discounts and bad debt expenses. The District also received \$86,403 in penalties and interest for a combined 2020 tax, including penalty and interest, total of \$3,348,736 which is an increase of \$245,368 from 2019 combined totals of \$3,103,368. Year 2020 is the twenty-seventh consecutive year the District has not raised its adopted tax rate.

#### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The financial report is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

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. Fiduciary fund statements associated with the Retirement Plan for Employees of Brownsville Navigation District are included as well. In addition to the basic financial statements and accompanying notes, this report includes required supplementary information concerning the District's retirement plan.

The Statement of Net Position presents the financial position of the District on a full accrual, historical cost basis. The Statement of Net Position presents information on the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of the business-type activities over the course of the fiscal year and 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 period 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, 2020. 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 income to net cash provided by operating activities.

Notes to the Financial Statements provide required disclosures and other information that is essential to a full understanding of the data found in these financial statements, and should be read in conjunction with the MD&A and the basic financial statements. These notes can be found on pages 35-73.

The District is the trustee, or fiduciary, of the Retirement Plan for Employees of Brownsville Navigation District. This activity is reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 32 and 33, respectively. These activities are not included with the District's enterprise fund financial information since the District cannot use these assets to finance its operations. The District is responsible for ensuring that these funds are used for their intended purpose.

### **FINANCIAL ANALYSIS**

# **Summary of Net Position**

The District's financial health is reflected in the current year financial statements. 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 District's total assets plus deferred outflows of resources at the close of the 2020 fiscal year were \$272,468,297, an increase of \$24,570,121, or 9.9%, over the 2019 fiscal year total of \$247,898,176. At December 31, 2020, total assets plus deferred outflows of resources exceeded total liabilities plus deferred inflows of resources by \$220,533,907. The District's total net position for the years ended December 31, 2020 and 2019 were \$220,533,907 and \$193,204,284, respectively. The largest component of the District's net position (\$172,859,571 or about 78.4% and \$158,475,706 or about 82.0% for fiscal years 2020 and 2019, respectively) reflects its net investment in capital assets. The District uses these capital assets to provide services to its customers and therefore are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position of \$7,486,294 and \$6,669,321 for fiscal years 2020 and 2019, respectively, is subject to external restrictions on how it may be used. The remaining balances of unrestricted net position totaling \$40,188,042 and \$28,059,257 for fiscal years 2020 and 2019, respectively, may be used to meet the District's ongoing obligations to employees and creditors.

The following condensed Statement of Net Position provides an overview of the District's net position as of December 31, 2020 and 2019:

# Condensed Statements of Net Position December 31, 2020 and 2019

	2020	2019
Current assets	\$ 58,434,887	\$ 47,205,901
Capital assets, net	210,064,566	198,497,473
Other non-current assets	2,623,768	953,648
Total assets	271,123,221	246,657,022
Deferred outflows of resources	1,345,076	1,241,154
Total assets and deferred outflows of resources	272,468,297	247,898,176
Current liabilities	11,041,390	10,139,156
Non-current liabilities	37,810,827	40,876,033
Total liabilities	48,852,217	51,015,189
Deferred inflows of resources	3,082,173	3,678,703
Total liabilities and deferred inflows of resources	51,934,390	54,693,892
Net Position:		
Net investment in capital assets	172,859,571	158,475,706
Restricted	7,486,294	6,669,321
Unrestricted	40,188,042	28,059,257
Total net position	\$ 220,533,907	\$ 193,204,284

# Changes in Net Position

The Statement of Revenues, Expenses, and Change in Net Position serve as a measure to determine how successful the District was in recovering its costs through its user fees and other charges, as well as its profitability. The District's net position as of December 31, 2020 increased by \$27,329,623 or 14.15% compared to the previous fiscal year. See Note 1 (Revenues and Expenses) for additional information.

The \$11,920,394 increase in operating revenues from \$25,436,507 in 2019 to the \$37,356,901 in 2020 was primarily due to a 41% increase in total lease rentals from \$13,027,229 in 2019 to \$18,385,245 in 2020. These rental increases were driven by the three LNG plants ground lease contracts that began about the last 2 months of fiscal year 2019 and were active for full year of 2020. Operating revenues in 2020 also had a 36% increase in vessel and cargo services in part due to the Port's first year of operating its new Liquid Cargo Dock No. 6 and three mobile harbor cranes.

Operating expenses decreased by \$823,068 from the \$12,715,209 in 2019 to the \$11,892,141 in 2020, primarily due to reductions in materials and travel expenses. Total other non-operating income was \$2,283,184 and \$2,645,502, for 2020 and 2019, respectively. No bonds were issued in either year.

The following table summarizes the changes in net position of the District for the fiscal years ended December 31, 2020 and 2019:

# Changes in Net Position For Fiscal Years Ended December 31, 2020 and 2019

	2020		2019	Variance		
Revenues			 			
Operating revenues:						
Vessel and cargo services	\$	14,675,300	\$ 10,827,761	\$	3,847,539	
Lease rentals		18,385,245	13,027,229		5,358,016	
Other operating revenue		4,296,356	1,581,517		2,714,839	
Total operating revenues		37,356,901	25,436,507		11,920,394	
Interest income		350,509	869,645		(519,136)	
Amortization of debt premiums		66,389	66,389		-	
Gain(loss) on disposal of capital assets		(23,275)	6,000		(29,275)	
Gain(loss) on disposal of assets held for sale		(143,955)	-		(143,955)	
Property taxes, net		3,348,736	3,103,368		245,368	
Other non-operating income		50,426	52,991		(2,565)	
Total Revenues		41,005,731	 29,534,900		11,470,831	
Expenses						
Operating expenses:						
Wages and employee expenses		5,428,139	5,555,422		(127,283)	
Maintenance and operation of facilities		2,094,388	2,152,679		(58,291)	
General and administrative expenses		4,369,614	5,007,106		(637,492)	
Depreciation		7,592,185	6,359,105		1,233,080	
Total operating expenses		19,484,325	19,074,312		410,014	
Interest expense		1,361,946	1,448,441		(86,495)	
Bond service fees		3,700	4,450		(750)	
<b>Total Expenses</b>		20,849,971	20,527,203		322,769	
Income before capital contributions		20,155,759	9,007,697		11,148,062	
Capital contributions		2,853,900	2,409,459		444,441	
Capital contributions from grants		4,319,964	2,667,538		1,652,426	
Change in net position		27,329,623	14,084,694		13,244,929	
Net position - beginning of year		193,204,284	179,119,590		14,084,694	
Net position - end of year	\$	220,533,907	\$ 193,204,284	\$	27,329,623	

#### CAPITAL ASSETS

At the end of fiscal year 2020 and 2019, the District's total net capital assets reflected an increase of \$11,567,093 or 5.8% over the prior year. The following table summarizes the District's capital assets as of December 31, 2020 and 2019:

Capital Assets
December 31, 2020 and 2019

2020		2019
\$ 55,729,669	\$	55,360,414
9,936,584		9,936,584
20,760		20,760
117,131,522		116,127,493
12,258,632		11,961,006
11,549,471		11,343,430
53,415,318		49,752,179
8,526,535		8,526,535
16,595,564		11,367,662
1,680,212		1,680,212
5,895,274		5,895,274
12,040,782		5,673,646
\$ 304,780,323	\$	287,645,195
(94,715,757)		(89,147,722)
\$ 210,064,566	\$	198,497,473
\$	\$ 55,729,669 9,936,584 20,760 117,131,522 12,258,632 11,549,471 53,415,318 8,526,535 16,595,564 1,680,212 5,895,274 12,040,782 \$ 304,780,323 (94,715,757)	\$ 55,729,669 9,936,584 20,760 117,131,522 12,258,632 11,549,471 53,415,318 8,526,535 16,595,564 1,680,212 5,895,274 12,040,782 \$ 304,780,323 \$ (94,715,757)

The District's 2020 major capital asset activity, before depreciation, included \$7.4 million for two Mobile Harbor Cranes and the \$2.3 million 2020 Roads Project construction. At December 31, 2020, the District had contractual obligations totaling approximately \$1,852,769 for improvement of port facilities, waterlines, and roads. Funding of these amounts will come from available revenues of the District.

Additional information on the District's Capital Assets can be found in Note 2 – Capital Assets.

# **DEBT ADMINISTRATION**

The District, in prior years, has issued revenue and general obligation bonds for the purposes of acquiring land and purchasing, constructing, repairing or developing District's facilities. Revenue bonds are secured by the pledged revenues from the operation of port facilities after the deduction of maintenance and operating expenses other than those related to depreciation or the interest expense on bonds. General obligation bond is collateralized by ad valorem taxes levied by the District. For 2020 and 2019, the District issued no new debt.

The following table summarizes the District's principal long-term debt outstanding as of December 31, 2020 and 2019:

	 2020	 2019
Revenue bonds	\$ 33,780,000	\$ 35,445,000
General obligation bond	 1,225,000	 2,105,000
Total long-term debt	\$ 35,005,000	\$ 37,550,000

The District maintains an A2 rating from Moody's Investor Service and a stable outlook for its Revenue bonds. In 2018, Standard and Poor's Corporation (S&P) upgraded the District's Revenue bonds rating from an A to A+. S & P in response to economic and market conditions caused by the COVID-19 pandemic on March 2020, revised nearly all long term debt ratings of U.S. Transportation Infrastructure Issuers to a negative outlook to indicate the likelihood of downward rating. Later in April 2021, S&P issued a revised stable outlook. The District has a general obligation bond outstanding that is not rated as it is privately held.

The District considers its credit rating strong and will enhance it with insurance when it's in its best interest. In 2016, the District purchased insurance to enhance its 2016 Revenue bond issuance rating for Standard and Poor's rating to AA and Moody's Investor Service rating to A2.

Additional information on the District's long-term debt can be found in Note 2 – Long-term Debt.

## **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.







## **STATEMENT OF NET POSITION**

December 31, 2020

Α	SS	E٦	۲S

Current Assets - Unrestricted:		
Cash and cash equivalents	\$	25,391,782
Investments		16,387,807
Accounts receivable, net of allowance for uncollectible accounts		4,197,750
Notes receivable, current		563,191
Taxes receivable - M&O, net of estimated uncollectible taxes		692,712
Other receivables and accrued interest		2,903,365
Prepaid and other current assets		807,740
Total Current Assets - Unrestricted		50,944,347
Current Assets - Restricted:		
Cash - revenue bond fund		5,112,883
Cash - general obligation bond fund		449,743
Cash - TRZ construction fund		1,554,444
Cash - overweight permits		4,246
Taxes receivable - G.O., net of estimated uncollectible taxes		369,224
Total Currrent Assets - Restricted		7,490,540
Total Current Assets		58,434,887
Non-current Assets:		
Non-depreciable capital assets		77,727,795
Depreciable capital assets		227,052,528
Less: accumulated depreciation and amortization		(94,715,757)
Total Capital Assets, Net		210,064,566
Other Non-current Assets:		
Notes receivable, non-current		271,840
Other assets		509,956
Assets held for sale		1,841,972
Total Other Non-current Assets		2,623,768
Total Non-current Assets		212,688,334
Total Assets		271,123,221
DEFENDED OUTELOWS OF DESCRIBES		
Deferred outflows related to pension		1 245 076
Deferred outflows related to pension Total Deferred Outflows of Resources		1,345,076
Total Deferred Outflows of Resources		1,345,076
Total Assets and Deferred Outflows of Resources	\$	272,468,297
See accompanying notes to financial statements.	(	(continued)

## STATEMENT OF NET POSITION - CONTINUED

December 31, 2020

LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 1,782,647
Accrued liabilities	1,203,630
Interest payable	450,509
Customer deposits	1,670,082
Unearned lease rentals	3,687,021
Current compensated absences	117,501
Current maturities of long-term debt - bonds	2,130,000
Total Current Liabilities	11,041,390
Non-current Liabilities:	
Compensated absences, non-current	230,271
Revenue bonds, net of unamortized premium	33,583,530
General obligation bonds	825,000
Net pension liability	3,172,026
Total Non-current Liabilities	37,810,827
Total Liabilities	48,852,217
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	232,822
Deferred property tax revenue	2,849,351
Total Deferred Inflows of Resources	3,082,173
Total Liabilities and Deferred Inflows of Resources	51,934,390
NET POSITION	
Net investment in capital assets	172,859,571
Restricted for:	1,2,000,01
Revenue bond debt retirement and contingency	5,112,883
General obligation bond debt service	818,967
Transportation Reinvestment Zone (TRZ)	1,554,444
Unrestricted	40,188,042
Total Net Position	220,533,907
Tabel Liebilities Defended Inflores of December	 
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 272,468,297

See accompanying notes to financial statements.

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

For the Year Ended December 31, 2020

OPERATING REVENUES	
Vessel and cargo services	\$ 14,675,300
Lease rentals	
Port system	14,960,712
Other lease rentals	3,424,533
Other operating revenue	4,296,356
Total Operating Revenues	37,356,901
OPERATING EXPENSES, OTHER THAN	
DEPRECIATION	
Wages and employee expenses	5,428,139
Maintenance and operation of facilities	2,094,388
General and administrative expenses	4,369,614
Total Operating Expenses	11,892,141
Income from operations before depreciation	 25,464,760
Depreciation	 7,592,185
OPERATING INCOME	17,872,575
NON-OPERATING INCOME (EXPENSE)	
Interest income on deposits and investments	310,045
Interest income on notes and direct	40,464
financing leases	
Loss on disposal of capital assets	(23,275)
Loss on sale of assets held for sale	(143,955)
Property taxes - net of discounts, bad debt and collection expenses	
Maintenance and operations	2,237,473
General obligation bond debt service	1,024,860
Penalties and interest	86,403
Interest expense - bonds	(1,361,946)
Amortization of debt premiums and prepaid bond insurance	66,389
Bond service fees	(3,700)
Other non-operating income	50,426
Total Non-Operating Income	\$ 2,283,184

See accompanying notes to financial statements.

(continued)

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

For the Year Ended December 31, 2020

Income Before Contributions and Special Items	\$	20,155,759
Conital contributions		2 052 000
Capital contributions		2,853,900
Capital contributions from grants		4,319,964
Increase in net position		27,329,623
Net position at beginning of year		193,204,284
	•	_
Net position at end of year	\$	220,533,907

See accompanying notes to financial statements.

## **STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2020

OPERATING ACTIVITIES	
Receipts from customers	\$ 35,316,059
Payments to suppliers for goods or services	(4,970,846)
Payments to employees	(6,857,074)
Other receipts and payments	46,726
Net cash provided by operating activities	 23,534,865
NONCAPITAL FINANCING ACTIVITIES	
Collections of M&O taxes and interest, net of discounts and collection expense	1,828,828
Net cash provided by noncapital financing activities	1,828,828
CAPITAL AND RELATED FINANCING ACTIVITIES	
Collections of G.O. taxes and interest, net of discounts and collection expenses	1,223,883
Contributions received from grants	4,319,964
Capital contributions	356,933
Acquisition and construction of capital assets	(21,131,052)
Proceeds from sale of capital assets	1,948,500
Principal paid on long-term debt	(2,554,654)
Interest paid on long-term debt	(1,389,598)
Net cash used in capital and related financing activities	 (17,226,024)
INVESTING ACTIVITIES	
Investment income	166,062
Interest received on notes receivable	40,464
Principal received on notes receivable	655,269
Proceeds from sales and maturities of investments	10,000,000
Purchase of investments	(4,000,000)
Net cash provided by investing activities	6,861,795
Net increase in cash and cash equivalents	14,999,464
Cash and cash equivalents at beginning of year	17,513,634
Cash and cash equivalents at end of year	\$ 32,513,098
Cash and cash equivalents - unrestricted	25,391,782
Cash - revenue bond fund - restricted	5,112,883
Cash - general obligation bond fund - restricted	449,743
Cash - TRZ construction fund - restricted	1,554,444
Cash - overweight permits - restricted	4,246
Total cash and cash equivalents - restricted and unrestricted	\$ 32,513,098

See accompanying notes to financial statements.

(continued)

## STATEMENT OF CASH FLOWS - CONTINUED

For the Year Ended December 31, 2020

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	17,872,575
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		7,592,184
Other non-operating income/expenses		46,726
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(2,029,362)
(Increase) decrease in other receivables and accrued interest		(2,051,879)
(Increase) decrease in other assets		1,695,428
(Increase) decrease in prepaid and other current assets		75,425
Increase (decrease) in accounts payable		(277,697)
Increase (decrease) in accrued liabilities		(288,078)
Increase (decrease) in customer deposits		255,892
Increase (decrease) in unearned lease rentals		1,784,507
Increase (decrease) in compensated absences		77,081
Decrease (increase) in deferred outflows related to pension		(41,271)
Increase (decrease) in deferred inflows related to pension		(110,681)
Increase (decrease) in net pension liability		(1,065,985)
Net cash provided by operating activities	\$	23,534,865
NONCASH TRANSACTIONS	_	
Contributions of assets held for sale	\$	2,496,967
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See accompanying notes to the financial statements.

## STATEMENT OF FIDUCIARY NET POSITION

December 31, 2020

Cash and cash equivalents	\$ 146,436
Investments:	
Cash, bank deposit program, and money market funds	135,357
Fixed income	1,359,729
Equity securities	5,651,053
Total Assets	7,292,575
FIDUCIARY NET POSITION	
Net position restricted for pension	\$ 7,292,575

See accompanying notes to the financial statements.

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2020

## **ADDITIONS**

Contributions:	
Employer contributions	\$ 1,138,862
Employee contributions	180,258
Total contributions	1,319,120
Net investment income:	
Interest and dividends	110,177
Net appreciation in fair value of investments	772,587
Less: investment expenses	(63,535)
Total investment income, net	819,229
Other income:	
Bank interest	2,322
Total other income	2,322
Total Additions	2,140,671
DEDUCTIONS	
Benefit payments and refunds	794,306
Total Deductions	794,306
Net increase in fiduciary net position	1,346,365
Fiduciary net position, beginning of year	5,946,210
Fiduciary net position, end of year	\$ 7,292,575

See accompanying notes to the financial statements.

# **NOTES TO THE FINANCIAL STATEMENTS**

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#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Brownsville Navigation District of Cameron County, Texas (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 more significant accounting policies used by the District are described below.

## Reporting Entity

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 and accountable for all public decisions it makes. The Board of Navigation and Canal Commissioners appoints the Port Director and CEO of the District. The activities under the purview of the Port Director are within the scope of the reporting entity and 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.

GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in Section 2100: Defining the Financial Reporting Entity of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Using these criteria, no legally separate organizations met the necessary conditions for inclusion as component units in the accompanying financial statements.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's operations are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is to recover the cost of operations through user charges. A proprietary fund is accounted for on the "economic resources" measurement focus using the accrual basis of accounting, under which revenues are recognized in the accounting period in which they are earned and the related expenses are recorded in the accounting period incurred, regardless of the timing of cash flows.

The statement of net position presents the District's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources represents the District's net position. Net position is segregated into amounts of net investment in capital assets, amounts restricted for capital activity, debt service pursuant to bond indentures, and other contractual restrictions, and amounts which are unrestricted.

The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

The statement of cash flows presents the District's relevant information about the cash receipts and cash payments during the period.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The District is the trustee, or fiduciary, of the Retirement Plan for Employees of Brownsville Navigation District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. These activities are not included with the District's enterprise fund financial information since the District cannot use these assets to finance its operations. The District is responsible for ensuring that these funds are used for their intended purposes.

#### **Budgetary Information**

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 is 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. 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.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

## Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, cash held on deposit with financial institutions in demand deposit accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

#### Investments

The District's investments are accounted for in accordance with Section I50: *Investments* of the <u>GASB</u> <u>Codification of Governmental Accounting and Financial Reporting Standards</u>. Investments are reported at fair value (generally based upon quoted market prices) except for the position in the TexasTerm/Texas Daily investment pool. The TexasTerm/Texas Daily investment pool meets all of the specified criteria in Section I50: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the District's position in the pool is equal to the value of the pooled shares.

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

#### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items are recorded as expenses when consumed rather than when purchased.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

#### 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 statement of net position because their use is limited by applicable bond covenants. Proceeds from the issuance of overweight permits are also classified as restricted assets on the statement of net position since their use is limited by contract with the State of Texas. In December 2013, the District created a Transportation Reinvestment Zone (TRZ). The incremental increase in property tax revenue collected each year inside the zone is restricted to finance approved projects in the zone.

## Capital Assets

The District's policy defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Property, plant, and equipment constructed or acquired by purchase are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life 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.

Depreciation of property, plant, and equipment is computed using the straight-line method. 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:

Classification	Life
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

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

## 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 between 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.

## Bond Premiums, Discounts and Bond Insurance Costs

Bond premiums and discounts, as well as bond insurance costs on issuance, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

## **Deferred Compensation Plan**

The District offers two separate deferred compensation plans created in accordance with Internal Revenue Code Section 457(b). The plan allows District employees 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.

Plan assets are held in trust with Matrix and Valic as custodians 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 District does not record the plan assets or liabilities.

On July 1, 2020, the District's deferred compensation plan, with Matrix as third party custody, allowed full-time employees to contribute any percentage of their salary as a pre-tax or after-tax/Roth deduction from each bi-weekly check, with the District matching 100% of the first 3% of participant deferrals made to the 457(b) voluntary deferred compensation plan. The total match of the District's pension expense was \$64,644 for the 2020 year. As of December 31, 2020, the District does not have any outstanding liability for these plans. The District pays for all administrative expense except for the investment participant expenses.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

#### Pensions

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

## Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District reports deferred outflows of resources related to its pension in this section. Deferred outflows related to the pension are an aggregate of items related to the pension as calculated in accordance with GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided Through Trusts that Meet Specified Criteria. The deferred outflows related to the pension will be recognized as follows:

- Pension contributions after the measurement date These contributions are deferred and recognized the following fiscal year.
- Difference in projected and actual earnings on pension assets This difference is deferred and amortized over a period of five years.
- Difference in expected and actual pension experience This difference is deferred and recognized over the average remaining service life for all active, inactive, and retired members.
- Changes in actuarial assumptions used to determine pension liability This difference is deferred and recognized over the average remaining service life for all active, inactive, and retired members.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two (2) items that qualify for reporting as deferred inflows of resources. The District reports deferred revenue from property taxes as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are due.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Deferred Outflows/Inflows of Resources (continued)

The District also reports deferred inflows of resources related to its pension. Deferred inflows related to the pension are an aggregate of items related to the pension as calculated in accordance with GASB Codification Section P20: Pension Activities – Reporting for Benefits Provided Through Trusts that Meet Specified Criteria. The deferred outflows related to the pension will be recognized as follows:

- Difference in projected and actual earnings on pension assets This difference is deferred and amortized over a period of five years.
- Difference in expected and actual pension experience This difference is deferred and recognized over the average remaining service life for all active, inactive, and retired members.
- Changes in actuarial assumptions used to determine pension liability This difference is deferred and recognized over the average remaining service life for all active, inactive, and retired members.

## Net Position Flow Assumption

Net position represents the residual interest in the District's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three categories: Net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of net position that is subject to a legally enforceable restriction on their use. The remaining net position that does not meet the definition of "net investment in capital assets" or "restricted" is classified as unrestricted.

In order to calculate the amounts reported for each net position category, a flow assumption must be made about the order in which the resources are considered to be applied. 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.

## **Revenues and Expenses**

## Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's on-going principal 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. Lease rentals are derived from leases of land, a use agreement with respect to railroad rights-of-way, and pipeline licenses.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Revenues and Expenses (continued)

Operating Revenues and Expenses (continued)

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 non-operating revenues and expenses.

## **Property Taxes**

Property taxes are levied on October 1 in conformity with Subtitle E, Texas Property Tax Code. Property is appraised, and a lien on such property becomes enforceable, as of January 1 of the following year, 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.

Deferred property tax revenue reported in the deferred inflows section of the statement of net position represents the property taxes levied on October 1, 2020 for the 2021 fiscal year. The amount will be recognized as revenue on January 1, 2021 when such property taxes are due and attach as an enforceable lien on the property.

#### Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense at December 31, 2020 was \$206,165.

## **Use of Estimates**

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

#### Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2021. See Note 9 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Recently Issued and Implemented Accounting Pronouncements

The District adopted and implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

• <u>Statement No. 95</u>: In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective immediately. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements were postponed by one year:

- O Statement No. 83, Certain Asset Retirement Obligations
- o Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- o Statement No. 91, Conduit Debt Obligations
- o Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- o Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- o Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- o Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- o Implementation Guide No. 2019-2, Fiduciary Activities

The effective dates of the following pronouncements were postponed by 18 months:

- Statement No. 87, Leases
- o Implementation Guide No. 2019-3, Leases

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The District implemented Statements Nos. 83, 84, 88 and 90 during the previous year. Statement No. 89 was implemented in 2018. Statement No. 95 was implemented in 2019 and is presented for reference purposes on the postponed pronouncements.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Recently Issued and Implemented Accounting Pronouncements (continued)

Statement No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84 and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan for benefits provided through those plans. This statement is effective for fiscal years or reporting periods beginning June 15, 2021 (fiscal year 2022). Early implementation is allowed. The District early implemented this statement on its December 31, 2020 financial statements. The implementation of this standard had no impact on the District's financial statement.

As of December 31, 2020, the GASB had issued statements not yet implemented by the District. The statements being evaluated for financial statement impact are as follows:

- In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management is evaluating the potential effects that the full implementation of GASB Statement No. 87 will have on its financial statements.
- In January 2020, GASB issued Statement No. 92, *Omnibus 2020*, effective for reporting periods beginning after June 15, 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Omnibus addresses eight recent pronouncements, including GASB No. 87 Leases, GASB No. 84 Fiduciary Activities, and GASB No. 83 Asset Retirement Obligations.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Recently Issued and Implemented Accounting Pronouncements (continued)

Management is evaluating the potential effects that the full implementation of GASB Statement No. 92 will have on its financial statements.

#### **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES**

#### **Deposits and Investments**

It is the District's policy for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At December 31, 2020, the District's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the District's agent pursuant to the District's investment policy and its depository agreement.

Unrestricted cash and cash equivalents are comprised of the following at December 31, 2020:

Cash on hand	\$ 1,600
Demand deposits	25,390,182
Total Unrestricted Cash and Cash Equivalents	\$ 25,391,782

Restricted cash and cash equivalents are comprised of the following at December 31, 2020:

Demand deposits - Revenue bond funds	\$ 5,112,883
Demand deposits - General obligation bond funds	449,743
Demand deposits - TRZ construction funds	1,554,444
Demand deposits - Overweight permits	4,246
Total Restricted Cash and Cash Equivalents	\$ 7,121,316

The District's Investment Policy and Investment Strategies are formally reviewed and approved at least annually by the District's Commissioners. On February 19, 2020, the District's Commissioners approved a revised Investment Policy and Investment Strategies. 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 and Investment Strategies are the security of principal, liquidity, diversification, and yield.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

## **Deposits and Investments (continued)**

In accordance with its Investment Policy and Investment Strategies and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA), the District may invest in obligations of the United States or its agencies and instrumentalities (not to exceed two years to stated maturity), no-load SEC-registered money market mutual funds, fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, Texas local government investment pools as defined by the PFIA having a rating not less than AAA or AAA-m (investments in eligible pools must be authorized by the Board of Commissioners), and A1 or P1 rated commercial paper (stated maturity date of 180 days or fewer from the date of its issuance).

Investments are comprised of the following at December 31, 2020:

Local Government Investment Pool (*TexasTerm/TexasDaily* ) \$ 16,387,807

<u>TexasTERM/TexasDaily</u> – The District participates in TexasTERM/TexasDaily, a local government investment pool. Administrative and investment services to the pool are provided by PFM Asset Management LLC, under an agreement with the TexasTERM Advisory Board, and act on behalf of the pool participants. At December 31, 2020, TexasTERM/TexasDaily was rated AAAm by Standard & Poor's. The pool's investments had a weighted average maturity of 52 days. The fair value of the District's position in the pool is equal to the value of the pooled shares or net asset value.

TexasTERM/TexasDaily meets the criteria of a "qualifying external investment pool" as set forth in GASB Codification Section In5: *Investment Pools (External)* and measures all of their investments at amortized cost. Under GASB Codification Section I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of December 31, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the District's access to 100 percent of their account value in the external investment pool.

Interest Rate Risk - In accordance with the District's Investment Policy and Investment Strategies, 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 and Investment Strategies, the financial institution must collateralize all funds with a minimum of 102% of the fair 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 and Investment Strategies.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

## **Deposits and Investments (continued)**

Retirement Plan for Employees of Brownsville Navigation District (Fiduciary Fund) Investments

The primary objective of the Investment Policy Statement of the Retirement Plan for Employees of Brownsville Navigation District (the "Plan") as administered by the District, is the preservation of principal while emphasizing relative total returns without overexposure to particular investment sectors and securities and to maintain sufficient liquidity in order to pay monthly benefits.

The Plan's investments are recorded at fair value. Investments at December 31, 2020 consist of the following:

	2020			
		Fair	Percentage	
		Value	of Total	
Cash, Bank Deposit Program,				
& Money Market Funds	\$	135,357	1.89%	
Fixed Income:				
Federal Agencies		233,288	3.26%	
U.S. Treasury Notes		820,301	11.49%	
Treasury Inflation - Protected Securities		306,140	4.28%	
Total Fixed Income		1,359,729	19.03%	
Equity Securities:				
Common Stocks		5,651,053	79.08%	
Total Equity Securities		5,651,053	79.08%	
Total Investments	\$	7,146,139	100%	

Fair Value — GASB Codification Section 3100: Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

## Deposits and Investments (continued)

Retirement Plan for Employees of Brownsville Navigation District (Fiduciary Fund) Investments (continued)

Level 2 (L2): Inputs to the valuation methodology include:

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

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Fixed income and equity securities are valued using prices quoted in active markets for those securities. The Plan has the following fair value measurements as of December 31, 2020:

	2020	Level 1	Level 2	Level 3
Cash & Equivalents	\$ 135,357	\$ 135,357	\$ -	\$ -
Fixed Income	1,359,729	1,299,425	60,304	-
Equity Securities	5,651,053	5,651,053	-	-
Total	\$ 7,146,139	\$ 7,085,835	\$ 60,304	\$ -

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. At December 31, 2020, none of the Plan's security investments were subject to custodial credit risk.

Interest rate risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

## **Deposits and Investments (continued)**

Retirement Plan for Employees of Brownsville Navigation District (Fiduciary Fund) Investments (continued)

The following table details the Plan's U.S. Treasury Notes and Federal Agencies with their fair value and duration as of December 31, 2020:

		Duration
Investment Type	Fair Value	in Years
U.S. Treasury Notes	\$ 820,301	-
Federal Agencies	233,288	-
Total Fair Value	\$ 1,053,589	2.88

Credit risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize this risk, the Plan's updated Investment Policy Statement, adopted on December 18, 2019, mandates assets be invested only in investment grade bonds rated B+ (or equivalent) or better, in commercial paper rated A1 (or equivalent) or better, and money market funds that contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's. Securities are considered investment grade if they are rated Baa3 or higher by Moody's Investor Service, or BBB- or higher by Standard and Poor's (S&P). In the case of convertible bonds and convertible preferred stocks, the average credit quality of the total convertible portfolio will be at least investment grade (BBB).

The Plan's exposure to investment credit risk in fixed income securities as of December 31, 2020, were as follows:

			2020		
			Percentage	Qualit	y Rating
Investment Type	F	air Value	of Holdings	Moody's	S&P
U.S. Treasury Notes	\$	820,301	11.49%	AAA	AA+
Federal Agencies		233,288	3.26%	AAA	AA+
Treasury Inflation - Protected Securities (TIPS)*		306,140	4.28%		
Total Fair Value	\$	1,359,729	19.03%		

<sup>\*</sup> The holding in Treasury Inflation – Protected Securities are backed by the U.S. government and do not have a bond rating as these do not have any credit exposure.

Concentration of Credit Risk - Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's Investment Policy Statement establishes a minimum and maximum percentage allocation for each classification of investments.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

## **Deposits and Investments (continued)**

Retirement Plan for Employees of Brownsville Navigation District (Fiduciary Fund) Investments (continued)

The following is the Plan's adopted asset allocation ranges as of December 31, 2020:

#### **Percent of Total Fund Allocation**

Asset Class	Minimum	Maximum
Alternatives	0%	15%
Fixed Income	10%	30%
Equity Securities	60%	80%

At December 31, 2020, the Plan had no investment that exceeded 5 percent of the total Plan investments.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan has no foreign currency risk as all investments are in U.S. dollars.

Rate of Return - The annual money-weighted rate of return on the Plan's investments, net of pension plan investment expense, for the Plan years ended December 31, 2020 and 2019 were 6 percent and 14.20 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **Assets Held For Sale**

The District reports certain assets held for sale. These properties are maintained to further economic objectives. Assets held for sale are reported at appraised value. As of December 31, 2020, the District reported assets held for sale in the amount of \$1,841,972.

#### Receivables

Trade and Utility Receivables

Receivables of the District as of December 31, 2020 including the applicable allowances for uncollectible accounts are as follows:

Accounts receivable - trade	\$ 4,258,541
Accounts receivable - utility	46,558
Less: allowance for uncollectible accounts	(107,349)
Accounts receivable, net	\$ 4,197,750

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

## Receivables (continued)

#### Taxes Receivable

The determination of the balance in the reserve for 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. Taxes receivable, net of estimated uncollectible taxes as of December 31, 2020 consist of the following:

	Mai	intenance &	Debt		
	Oper	ration (M&O)	Ser	vice (G.O.)	
Taxes receivable	\$	797,830	\$	343,003	
Reserve for uncollectible taxes		(105,118)		26,221	
Taxes receivable, net	\$	692,712	\$	369,224	

#### Notes Receivable

The notes receivable as of December 31, 2020 consists of the following:

	Interest Rate	Issue Date	Maturity Date	Original Issue	Unpaid Principal
Note receivable, City of Brownsville,					
collateralized by Deed of Trust on					
297.84 acre tract of land	5.50%	10/10/2001	2021	\$ 4,990,000	\$ 395,791
Note receivable, Brownsville & Rio Grande					
International Railway purchase of dissolved					
component unit real estate assets	3.25%	8/11/2014	8/11/2021	803,997	84,679
Notes Receivable related to Assets Held for Sale:					
Longshoremen	0.00%	5/1/2013	4/1/2033	51,600	31,605
The Port Occupational and Medical Clinic, LLC	0.00%	9/19/2019	8/19/2024	56,621	41,522
Paul Piazza	0.00%	3/1/2017	9/1/2021	28,724	5,745
Special Crane Services, LLC	0.00%	9/9/2020	8/9/2025	54,934	51,272
American Oxygen Company	0.00%	5/1/2020	4/1/2025	260,425	224,417
Less: current maturities					(563,191)
Long-term notes receivable					\$ 271,840

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

## Receivables (continued)

Approximate maturities of the notes receivable subsequent to December 31, 2020 are as follows:

.,	Principal
Year	Due
2021	\$ 563,191
2022	76,976
2023	76,976
2024	73,201
2025	25,982
2026-2030	12,900
2031-2033	5,805
Total	\$ 835,031

#### **Restricted Assets**

#### **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 oversized 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.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

## Restricted Assets (continued)

#### **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.

## Transportation Reinvestment Zone

The demand for transportation infrastructure has far outpaced the resources of federal, state and local governments. As such, Texas Legislature has established innovative methods of developing and financing transportation projects. One such tool local entities can use to advance transportation projects is a transportation reinvestment zone (TRZ). The local governing body designates a zone in which it will promote transportation projects. Once the zone is created, a base year is established, and the incremental increase in property tax revenue collected inside the zone is used to finance approved projects in the zone. The District created such a zone in December 2013.

At December 31, 2020, the following assets are restricted assets:

Revenue Bond Funds (all cash accounts)	
Debt service fund	\$ 2,219,777
Debt reserve fund	305,126
Bond project fund	2,587,980
Total restricted revenue bond fund assets	5,112,883
	_
General Obligation Bond Funds	
Cash	449,743
Taxes receivable - G.O., net of estimated uncollectible taxes	369,224
Total restricted general obligation bond fund assets	818,967
Overweight Permit Assets	
Cash	4,246
Capital Projects Fund	
TRZ Construction fund	1,554,444
The construction rund	 1,334,444
Total restricted assets	\$ 7,490,540

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

# **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

# Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	 Balance January 1, 2020	Ac	dditions		Deletions	Recl	lassifications	D	Balance ecember 31, 2020
Capital assets, not being depreciated:	 			<u> </u>			_		
Inland channel and turning basin	\$ 15,324,008	\$	-	\$	-	\$	-	\$	15,324,008
Jetties and jetty canal	40,036,406		-		-		369,255		40,405,661
Land	9,936,584		-		-		-		9,936,584
Leased land	20,760		-		-		-		20,760
Construction in progress	 5,673,646	1	2,201,569		(18,494)		(5,815,939)		12,040,782
Total capital assets, not being depreciated	 70,991,404	1	2,201,569		(18,494)		(5,446,684)		77,727,795
Capital assets, being depreciated:									
Docks and appurtenances	116,127,493		-		-		1,004,029		117,131,522
Water and sewer systems	11,961,006		13,675		-		283,951		12,258,632
Railroads	7,611,764		-		-		206,041		7,817,805
Railway from component unit	3,731,666		-		-		-		3,731,666
Land improvements and roads	49,752,180		389,186		(678,711)		3,952,663		53,415,318
Administration building	8,526,535		-		-		-		8,526,535
Industrial equipment	11,367,661		8,545,117		(3,317,214)		-		16,595,564
Furniture and equipment	1,680,212		-		-		-		1,680,212
Intangible assets	 5,895,274		-						5,895,274
Total capital assets, being depreciated	216,653,791		8,947,978		(3,995,925)		5,446,684		227,052,528
Less accumulated depreciation for:									
Docks and appurtenances	(36,037,052)	(	2,217,018)		-		-		(38,254,070)
Water and sewer systems	(8,777,624)	•	(264,738)		-		-		(9,042,362)
Railroads	(4,501,672)		(104,707)		-		-		(4,606,379)
Railway from component unit	(550,110)		(95,231)		-		-		(645,341)
Land improvements and roads	(25,575,729)	(	3,518,979)		601,353		-		(28,493,355)
Administration building	(213,992)	•	(214,479)		-		-		(428,471)
Industrial equipment	(7,698,469)	(	1,058,270)		1,422,797		_		(7,333,942)
Furniture and equipment	(1,353,074)	•	(118,763)		· · · -		-		(1,471,837)
Intangible assets	(4,440,000)		-		_		-		(4,440,000)
Total accumulated depreciation	(89,147,722)	(	7,592,185)		2,024,150		-		(94,715,757)
Total capital assets, being depreciated, net	 127,506,069		1,355,793		(1,971,775)		5,446,684		132,336,771
Capital assets, net	\$ 198,497,473	\$ 1	3,557,362	\$	(1,990,269)	\$		\$	210,064,566

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

## Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2020 are as follows:

	c	Balance Outstanding				Balance Outstanding	C	ue Within
	Jar	nuary 1, 2020	Additions	Deletions	Dec	ember 31, 2020		One Year
Bonds Payable:								
Revenue Bonds	\$	35,445,000	\$ -	\$ (1,665,000)	\$	33,780,000	\$	1,730,000
Plus: Premium		1,609,572	-	(76,042)		1,533,530		-
General Obligation Bond		2,105,000	-	(880,000)		1,225,000		400,000
Total bonds payable		39,159,572	-	(2,621,042)		36,538,530		2,130,000
Accrued Compensated Absences		270,691	289,215	(212,134)		347,772		117,501
Net Pension Liability		4,238,011	-	(1,065,985)		3,172,026		-
Total long-term liabilities	\$	43,668,274	\$ 289,215	\$ (3,899,161)	\$	40,058,328	\$	2,247,501

## Revenue Bonds

	Interest	Issue	Maturity	Original	Unpaid
Revenue Bonds	Rate	Date	Date	Issue	Principal
Series 2002A	2.54%	7/10/2002	2022	\$ 1,790,000	\$ 265,000
Series 2002B	2.54%	7/10/2002	2022	1,900,000	275,000
Series 2011	3.01%	10/24/2011	2021	2,390,000	295,000
Series 2012	3.19%	12/27/2012	2038	10,000,000	8,115,000
Series 2016	5.00%	2/9/2016	2040	27,580,000	24,830,000
Total unpaid principal					33,780,000
Plus: Premium					1,533,530
Less: current maturities					(1,730,000)
Total revenues bonds outstanding					\$ 33,583,530

The series 2002A, 2002B, 2011, 2012 and 2016 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.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

## NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

## Long-Term Debt (continued)

Revenue Bonds (continued)

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.

## General Obligation Bond

	Interest	Issue	Maturity	Original	Unpaid
General Obligation Bond	Rate	Date	Date	Issue	Principal
Series 2013	1.89%	3/11/2013	2023	\$ 3,830,000	\$ 1,225,000
Total unpaid principal					1,225,000
Less: current maturities					(400,000)
Total general obligation bond outstanding					\$ 825,000

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, 2020 are as follows:

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

December 31, 2020

#### **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

#### Long-Term Debt (continued)

General Obligation Bond (continued)

The bond is 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 bond as it matures. In addition, any net revenues which are actually deposited in the debt service fund become pledged for payment of bond principal and interest.

Annual maturities of debt subsequent to December 31, 2020, are as follows:

Year Ending	Revenue Bonds			<b>General Obligation Bond</b>			
December 31,		Principal		Interest	Principal		Interest
2021	\$	1,730,000	\$	1,291,403	\$ 400,000	\$	19,373
2022		1,495,000		1,228,862	410,000		11,718
2023		1,280,000		1,171,003	415,000		3,922
2024		1,335,000		1,113,321	-		-
2025		1,395,000		1,052,989	-		-
2026-2030		7,545,000		4,284,121	-		-
2031-2035		9,155,000		2,670,282	-		-
2036-2040		9,845,000		922,434	-		-
Total	\$	33,780,000	\$	13,734,415	\$ 1,225,000	\$	35,013

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%.

At December 31, 2020, the District reported interest expense of \$1,361,946 as follows:

#### **Interest Expense**

Revenue bonds	\$ 1,334,801
General obligation bond	27,145
Total	\$ 1,361,946

December 31, 2020

#### **NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)**

#### **Operating Leases**

The District leases its land and rail spurs to various tenants under operating lease agreements. As of December 31, 2020, 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:

Year Ending	<b>Future Minimum</b>
December 31,	Lease Rentals
2021	\$ 10,734,386
2022	7,015,354
2023	7,155,926
2024	7,299,314
2025	7,445,575

The District's Leasing Policy provides for annual increases in lease rental rates that correspond to the annual Consumer Price Index (CPI). The decrease in year 2022 is due to the exclusion of major leases that contain termination clauses and, which may not renew in subsequent years.

#### **NOTE 3: PENSION PLAN**

#### **Plan Description**

The District sponsors the Retirement Plan for Employees of Brownsville Navigation District (the "Plan"), a public single employer defined benefit Cash Balance pension plan for eligible District employees. The District serves as the 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 District's Board of Commissioners. Stand-alone financial report information under GASB No. 67 is prepared separately for the Plan. In addition, a complete annual actuarial valuation report is available. Both reports may be obtained by writing Brownsville Navigation District at 1000 Foust Road, Brownsville, Texas 78521.

The Board of Commissioners have sole authority to establish or amend the participants' and the employer's obligations to contribute to the Plan.

#### **Eligibility for Participation**

Before August 7, 2019, full-time employees were eligible participants on their date of hire as a full-time employee.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### **Eligibility for Participation (continued)**

Effective August 7, 2019, full-time employees will begin participation in the plan after completing twelve consecutive months of employment with at least 1,000 hours of service worked during that time or, if, 1,000 hours of service aren't worked in the first twelve months of employment, the first pay period of the plan year following the first plan year in which 1,000 hours of service are worked.

#### **Benefits Provided**

The Plan 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 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 Subaccount. Only participants who were active participants under the prior Plan, employed by the Employer on December 31, 2009, and had attained their 14<sup>th</sup> anniversary of full-time employment with the Employer prior to January 1, 2010 shall have a Conversion Retirement Supplement Subaccount. Only participants of the prior Plan and employed by the Employer on December 31, 2009 shall have a Beginning Balance Subaccount. Normal retirement for participants is age 65 with 5 years of service. Participants with 10 years of service are eligible to retire at age 55. Death and Disability retirement 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 any accumulated interest.

On August 7, 2019, a plan amendment was adopted, which (1) changes the cash balance interest crediting rate for periods beginning on or after January 1, 2020 to a fixed rate of 5% per year, (2) adds a 12-month waiting period to plan entry for eligible employees hired on or after August 7, 2019, and (3) introduces a 7-year vesting schedule for participants hired on or after August 7, 2019. In addition, it is anticipated that the discount rate for all purposes will be revised to 6% to reflect the investment allocation outlined in the Plan's updated Investment Policy Statement, adopted on December 18, 2019, which eliminates the Annuity Financing Investment Subaccount and invests all funds with the same target asset allocation presently applied to the Cash Balance Investment Subaccount.

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### **Employees Covered by Benefit Terms**

As of January 1, 2020, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	59
Active employees	90
Total	192

#### **Contributions**

The Board of Commissioners has the sole authority to establish and amend the contribution requirements of active District 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 fiscal year ended December 31, 2020, 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 10.89% of annual payroll.

In accordance with Texas Legislature Senate Bill No. 2224 (SB 2224), the District adopted a formal Pension Plan funding policy on January 1, 2020. This funding policy is intended to meet the requirements of SB 2224 and the guidelines set forth by the Texas Pension Review Board. SB 2224 mandates that the governing body of a public retirement system adopt a written funding policy that details the plan to achieve a funded ratio that is equal to or greater than 100%. The provisions in this funding policy cancel and supersede any conflicting provisions previously adopted by the Port Commission relating to funding of the Plan.

The District shall determine the annual contributions using the Actuarially Determined Contribution (ADC) Method. The ADC shall be determined as the sum of the normal cost plus an amortization of the Unfunded Accrued Liability (UAL) as further discussed below. The District's annual contribution shall not be less than this ADC.

The amortization method shall be determined as follows:

Amortization Method	District's Method
Closed Period vs. Open Period	Closed Period
Level Dollar vs. Level Percent	Level Dollar
Single vs. Layered	Layered

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### **Contributions (continued)**

Source of Amortization Layers	District's Amortization Period
Actuarial Experience Gain/Loss	20 years
Assumption and Method Changes	20 years
Plan Amendments	15 years
Transition to New Policy	15 years

As indicated above the expected UAL as of January 1, 2020 prior to reflecting any actuarial experience gains/losses, assumption/method changes or plan amendments will be amortized over a 15-year period in order to transition to the new funding policy.

The annual contributions described above are computed by the Plan's actuary. The employer/sponsor contribution necessary to meet the Plan's funding policy contribution for 2020 and 2019 were determined by the actuary to be \$443,749 and \$503,633, respectively, based upon census and asset information provided by the District.

#### **Pension Plan Investments**

Investment policy decisions are established and maintained by the District in consultation with the Plan's investment advisors.

The annual money weighted rate of return on pension plan investments, net of investment expenses, which expresses net investment performance adjusted for changing amounts actually invested each month was 6% for the 12 months ended December 31, 2020.

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

<b>Plan Years Ended</b>	<b>Annual Money-Weighted</b>
December 31,	Net Rate of Return
2020	6.0%
2019	14.2%
2018	-6.0%
2017	17.0%
2016	3.9%
2015	-0.5%
2014	2.8%
2013	17.1%
2012	9.9%

This table is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

#### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### **Net Pension Liability**

The Employer's net pension liability reported for the fiscal year ending December 31, 2020 was measured as of January 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that same date.

#### **Actuarial Assumptions**

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method Entry Age Method

Asset Method Market Value of Assets as of January 1, 2020

Interest Rate 6% Inflation 3%

Measurement Date December 31, 2019 used for GASB reporting date of December 31, 2020

Mortality rates were based on the Society of Actuaries RP-2014 Blue Collar Mortality Tables (adjusted from the 2006 base year) and projected using Scale MP-2018 mortality improvement rates.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period 2006-2014. There have been no changes to the actuarial assumptions since the prior year valuation.

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.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### Long-Term Expected Rate of Plan Returns

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 expected future real rates of return 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020 are summarized in the following table:

		Long-term
	Target	<b>Expected Real</b>
Asset Class	Alllocation	Rate of Return
Corporate equity	70.0%	5.57%
Government securities	20.0%	4.15%
Alternatives	10.0%	1.00%
	100.0%	

Long-term expected rate of return is 6.00%

#### **Discount Rate**

The discount rate used to measure the total pension liability was 6.0% based on the January 1, 2020 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.

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### Changes in the Net Pension Liability

	Increase (Decrease)					
	To	otal Pension Liability (a)		an Fiduciary et Position (b)	N	let Pension Liability (a) - (b)
Balance at December 31, 2019 <sup>1</sup>	\$	9,128,159	\$	4,890,148	\$	4,238,011
Changes for the year:						
Service cost		369,886		-		369,886
Interest		564,904		-		564,904
Changes of benefit terms		(532,990)		-		(532,990)
Differences between expected and actual experience		98,534		-		98,534
Contributions - employer		-		779,847		(779,847)
Contributions - employee		-		183,979		(183,979)
Net investment income <sup>2</sup>		-		717,488		(717,488)
Benefit payments, including refunds of employee						
contributions		(625,252)		(625,252)		-
Assumption changes		114,995		-		114,995
Net changes		(9,923)		1,056,062		(1,065,985)
Balances at December 31, 2020 <sup>2</sup>	\$	9,118,236	\$	5,946,210	\$	3,172,026

<sup>&</sup>lt;sup>1</sup> - Information for the fiscal year ended December 31, 2019 was taken as of the measurement date of January 1, 2019 as permitted by GASB Cod. Sec. 1500.

On August 7, 2019, a plan amendment was adopted, which (1) changes the cash balance interest crediting rate for periods beginning on or after January 1, 2020 to a fixed rate of 5% per year, (2) adds a 12-month waiting period to plan entry for eligible employees hired on or after August 7, 2019, and (3) introduces a 7-year vesting schedule for participants hired on or after August 7, 2019. In addition, it is anticipated that the discount rate for all purposes will be revised to 6.00% to reflect the investment allocation outlined in the Plan's updated Investment Policy Statement, adopted on December 18, 2019, which eliminates the Annuity Financing Investment Subaccount and invests all funds with the same target asset allocation presently applied to the Cash Balance Investment Subaccount.

<sup>&</sup>lt;sup>2</sup> - Information for the fiscal year ended December 31, 2020 was taken as of the measurement date of January 1, 2020 as permitted by GASB Cod. Sec. 1500.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

### **NOTE 3: PENSION PLAN (Continued)**

#### 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 6.0% and the January 1, 2020 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 (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	Current			
		Effective		
	1% Decrease	Discount 1% Increa		
	(5.00%)	Rate (6.00%)	(7.00%)	
Employer's Net Pension Liability	\$ 4,261,821	\$ 3,172,026	\$ 2,281,755	

For the year ended December 31, 2020, the Employer recognized pension expense of \$(79,074).

#### 1. Components of Pension Expense for the Fiscal Year Ended December 31, 2020

Service cost	\$ 369,886
Interest on the total pension liability	564,904
Amortization of differences between expected and actual experience <sup>1</sup>	(21,169)
Amortization of changes of assumptions <sup>1</sup>	14,743
Employee contributions	(183,979)
Projected earnings on pension plan investments	(341,512)
Amortization of differences between expected and actual earnings on plan investments <sup>2</sup>	51,043
Changes in benefit terms	(532,990)
Total pension expense	\$ (79,074)

<sup>&</sup>lt;sup>1</sup> - GASB Cod. Sec. 1500. 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. (4.1 years as of December 31, 2016, 4.1 years as of December 31, 2017, 4.0 years as of December 31, 2019, and 4.0 years as of December 31, 2020).

<sup>&</sup>lt;sup>2</sup> - GASB Cod. Sec. 1500. amortized over a straight-line closed 5-year period.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

# **NOTE 3: PENSION PLAN (Continued)**

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

2. Balances as Deferred Outflows of Resources and Deferred Inflows of Resources as of December 31, 2020

At December 31, 2020, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources listed in the table below.

		Deferred utflows of	Deferred Inflows of		
	R	Resources	R	lesources	
Differences between expected and actual experience	\$	119,968	\$	(156,559)	
Changes of assumptions		86,246		(13,612)	
Net difference between projected and actual earnings					
on pension plan investments		-		(62,651)	
Total excluding post-measurement date contributions		206,214		(232,822)	
Contributions made between the measurement date					
and end of reporting period		1,138,862		-	
Total including post-measurement date contributions	\$	1,345,076	\$	(232,822)	

# 3. Changes in Deferred Outflows of Resources and Deferred Inflows of Resources

	[ O	hange in Deferred utflows of esources	ı	Change in Deferred nflows of Resources
Differences between expected and actual experience	Ś	23,200	\$	(96,501)
Changes of assumptions	Ą	86,072	Ą	(14,180)
Net difference between projected and actual earnings				
on pension plan investments		(364,367)		62,651
Total excluding post-measurement date transactions		(255,095)		(48,030)
Prior year post-measurement date transactions		(779,847)		N/A
Current year post-measurement date transactions		1,138,862		N/A
Total including post-measurement date transactions	\$	103,920	\$	(48,030)

# 4. Change in Balance Sheet Items

Change in net pension liability	\$ (1,065,986)
Change in deferred outflows excluding post-measurement date transactions	255,095
Change in deferred inflows excluding post-measurement date transactions	(48,030)
Employer contributions	779,847
Total pension expense	\$ (79,074)

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

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

Contributions made after the measurement date of January 1, 2020 and before the fiscal year end of December 31, 2020 totaled \$1,138,862. This amount will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Other amounts reported as Deferred Outflows/(Inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ending		
December 31,	A	Mount
2021	\$	(8,619)
2022		(51,793)
2023		108,999
2024		(77,869)
2025		-
Thereafter		-

#### Payable to the Pension Plan

At December 31, 2020, the Employer does not have any required contributions payable to the pension plan for the 2020 plan year.

#### **Actuarial Methods**

#### 1. Cost Method

The Entry Age Normal actuarial funding method is used in determining the Total Pension Liability for the plan.

#### 2. Amortization Method

Fresh Start of UAAL amortization over 15 years as of 1/1/2020. New bases are amortized on a level-dollar basis over the following amortization periods:

Source of Gain/Loss	Amortization Period
Actuarial Experience Gain/Loss	20 years
Assumption or Method Changes	20 years
Plan Amendments	15 years
Transition to New Policy	15 years

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### Actuarial Methods (continued)

#### 3. Asset Valuation Method

Market Value plus deferred net (gains)/losses subject to 30% corridor. Gains and losses are recognized over five years (20% per year).

#### **Detailed Actuarial Assumptions**

1. Interest Rates: The assumed interest rate is based on the expected portfolio return determined by the investment manager reduced by 100 basis points for investment expenses. Interest rates, net of expenses, are as follows:

Cash Balance Investment Subaccount: 6.00% Annuity Financing Investment Subaccount: 6.00%

2. Annual Pay Increases: Pay is assumed to increase at the following rates which include 3.00% inflation:

Attained Age	Rate of Increase
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%

3. Expense and/or Contingency Loading: None; direct administrative expenses are paid by the District.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### **Detailed Actuarial Assumptions (continued)**

4. *Mortality Rates*: The active and retired participants of the Plan are expected to exhibit mortality in accordance with the following published mortality tables:

a. Pre-Retirement: RP-2014 Blue Collar Employee Sex Distinct Tables

adjusted to 2006 and projected using the Scale

MP-2018 mortality improvement rates

b. Post-Retirement: RP-2014 Blue Collar Healthy Annuitant Sex Distinct

Tables adjusted to 2006 and projected using the Scale

MP-2018 mortality improvement rates

c. Disabled: RP-2014 Disabled Annuitant Sex Distinct Tables

adjusted to 2006 and projected using Scale MP-2018

mortality improvement rates

- 5. 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.
- 6. *Disability*: Active participants are expected to become disabled as defined under the plan in accordance with annual rates as illustrated below:

<b>Attained Age</b>	<b>Disability Rate</b>
20	0.13%
25	0.16%
30	0.22%
35	0.30%
40	0.43%
45	0.68%
50	1.18%
55	2.08%
60+	2.60%

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### **Detailed Actuarial Assumptions (continued)**

7. *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:

Attained Age	Withdrawal Rate
25	17.2%
30	15.8%
35	13.7%
40	11.3%
45	8.4%
50	5.1%

- 8. *Marital Status and Ages*: 100% of active Members are assumed to be married with female spouses assumed to be 3 years younger than male spouses.
- 9. Assumed Form of Payment:

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

<sup>\* -</sup> Annuities are assumed to be paid in the Normal Form of Payment (i.e., a Life Annuity with 10 year certain).

10. Changes Since Prior Report: The interest rate / investment return assumption was changed from 6.75% for active liabilities / Cash Balance Investment Subaccount and 6.00% for inactive liabilities / Annuity Financing Investment Subaccount to 6.00% for all purposes. The cash balance interest crediting rate is no longer required to be assumed as the latest plan amendment set it as 5.00% credited annually.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 3: PENSION PLAN (Continued)**

#### **Detailed Actuarial Assumptions (continued)**

Effective January 1, 2020, the recommended contribution calculation method was changed from a fixed rate of 10.25% of Total District Payroll to the Actuarially Determined Contribution using the level dollar amortization method.

- 11. Expected Plan-Related Expenses: Plan-related expenses, which are accounted for by a reduction in the Cash Balance Interest Crediting Rate, are expected to be equal to an amount that represents a 100-basis point reduction in the gross investment return for the Cash Balance Investment Subaccount.
- 12. 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. The net investment return reflected in Note 3, Pension Plan Investments, already reflects this reduction for expected plan-related expenses.
- 13. 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.

#### **NOTE 4: RELATED PARTY TRANSACTIONS**

The District is a member of the Southmost Regional Water Authority (the "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, 67<sup>th</sup> 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 amount of \$144,888 for expenses for the fiscal year ended September 30, 2020 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.

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, 2020, were \$24,245,000.

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 5: 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.

#### NOTE 6: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The District has active construction projects and commitments as of December 31, 2020. These project commitments include the following:

Projects	Amount Committed			nount Spent f 12/31/2020	Commitment Remaining		
South Port Connector - BND Local							
Direct Cost	\$	1,749,038	\$	858,425	\$	890,613	
Bulk Cargo Dock Platforms		468,018		146,868		321,150	
Water Line Replacement		1,284,832		643,826		641,006	
Total	\$ 3,501,888			1,649,119	\$	1,852,769	

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

#### **NOTE 7: CONTINGENCIES**

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.

The District participates in a number of grant programs funded by State and Federal agencies. These programs are subject to compliance audits by the grantor agencies or their representatives. 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 agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.

#### **NOTE 8: UNCERTAINTIES**

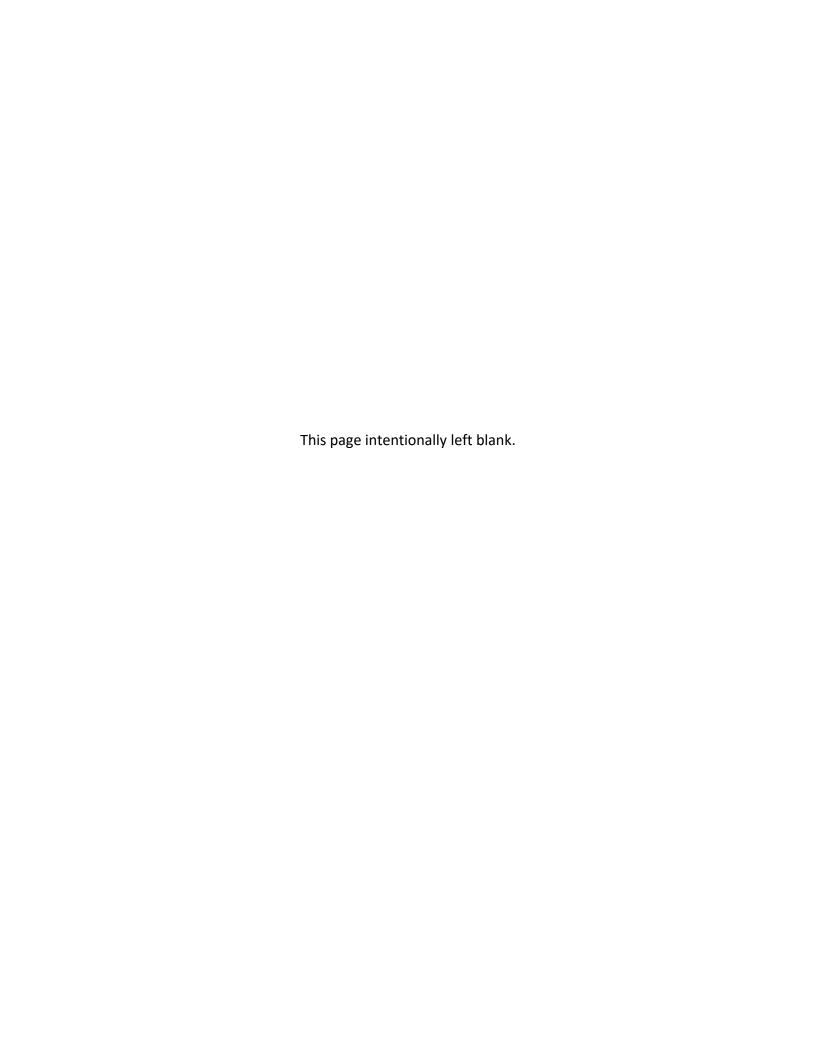
On March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant impact on the operating activities and results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

#### **NOTE 9: SUBSEQUENT EVENTS**

On March 2021, one of the companies terminated its lease agreement with the District.







# SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS<sup>1</sup>

(Dollar amounts in thousands)

		2020	2019			2018		2017	2016			2015
1 Total Pension Liability												
a. Service cost	\$	370	\$	366	\$	315	\$	324	\$	243	\$	205
b. Interest		565		565		541		528		517		496
c. Changes in benefit terms		(533)		-		-		-		-		-
d. Differences between expected and actual experience		98		(320)		190		(57)		158		(68)
e. Changes of assumptions		115		-		(56)		-		10		293
f. Benefit payments, including refunds of employee contributions		(625)		(596)		(632)		(483)		(330)		(375)
g. Net Change in Total Pension Liability		(9)		15		358		312		598		551
h. Total Pension Liability - Beginning		9,128		9,113		8,755		8,443		7,845		7,294
i. Total Pension Liability - Ending		9,118		9,128		9,113		8,755		8,443		7,845
2 Plan Fiduciary Net Position												
a. Contributions - employer		780		525		456		472		443		408
b. Contributions - employee		184		186		178		174		161		148
c. Net investment income		717		(308)		736		161		(18)		102
d. Benefit payments, including refunds of employee contributions		(625)		(596)		(632)		(483)		(330)		(375)
g. Net Change in Plan Fiduciary Net Position		1,056		(193)		738		324		256		283
h. Plan Fiduciary Net Position - Beginning		4,890		5,083		4,345		4,021		3,765		3,482
i. Plan Fiduciary Net Position - Ending		5,946		4,890		5,083		4,345		4,021		3,765
3 Employer's Net Pension Liability - Ending [Item 1(i) - 2(i)]	\$	3,172	\$	4,238	\$	4,030	\$	4,410	Ś	4,422	\$	4,080
2	<u> </u>	3,172	<u> </u>	.,250	<u> </u>	.,000	Υ	1,120	Υ	.,	Υ	.,000
Plan Fiduciary Net Position as a Percentage of the Total Pension 4 Liability		65.21%		53.57%		55.78%		49.63%		47.63%		47.99%
4 Liability		03.21%		33.31%		33.70%		45.05%		47.03%		47.33%
5 Covered Payroll	\$	4,075	\$	4,343	\$	4,368	\$	4,018	\$	4,289	\$	3,789
6 Employer's Net Pension Liability as a Percentage of Covered Payroll		77.85%		97.58%		92.26%		109.76%		103.10%		107.68%

### Notes to Schedule:

<sup>&</sup>lt;sup>1</sup> Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# SCHEDULE OF EMPLOYER CONTRIBUTIONS Last 10 Fiscal Years<sup>1</sup>

# (Dollar amounts in thousands)

	FYE 2020			FYE 2017	FYE 2016	FYE 2015	FYE 2014	
1 Actuarially determined contribution	\$ 444	\$ 504	\$ 471	\$ 455	\$ 468	\$ 440	\$ 400	
2 Contributions in Relation to the Actuarially Contribution	1,139 <sup>2</sup>	780	525	456	472	443	408	
3 Contribution Deficiency/(Excess)	(695)	(276)	(54)	(1)	(4)	(3)	(8)	
4 Covered Payroll	\$ 4,409	\$ 4,913	\$ 4,600	\$ 4,438	\$ 4,569	\$ 4,297	\$ 3,898	
5 Contributions as a Percentage of Covered Payroll	25.83%	15.88%	11.41%	10.27%	10.33%	10.31%	10.47%	

## Notes to Schedule for current fiscal year:

For the periods presented, there were no changes of benefit terms or changes in the size or composition of the population covered by the benefit terms which significantly affect trends in the amounts reported. Changes of assumptions as of January 1, 2020 consist of an update to the mortality table projection scale.

The following actuarially determined methods and assumptions were used to determine amounts reported for the year ended December 31, 2020:

Valuation Date January 1, 2020 Actuarial Cost Method Entry Age Normal

Amortization Method Actuarially determined contribution on a level-dollar amortization close

period

Remaining Amortization Period 15 years

Asset valuation method 5-year smoothed market value

Actuarial Assumptions:

Investment Rate of Return 6.0% (net of investment expenses)

Projected Salary Increases Graded scale, from 6.0% at age 20 to 3.0% at age 60

Inflation Rate 3.0%

Mortality Pre-Retirement: RP-2014 Blue Collar Employee Sex Distinct Tables

adjusted to 2006 and projected using the Scale MP-2018 mortality

improvement rates

Post-Retirement: RP-2014 Blue Collar Healthy Annuitant Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2018 mortality

improvement rates

Disabled: RP-2014 Disabled Annuitant Sex Distinct Tables adjusted to 2006 and projected using Scale MP-2018 mortality improvement rates

#### SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN<sup>1</sup>

Fiscal Year	<b>Annual Money Weighted</b>
Ending December,	Net Rate of Return
2020	6.0%
2019	14.2%
2018	-6.0%
2017	17.0%
2016	3.9%
2015	-0.5%
2014	2.8%
2013	17.1%
2012	9.9%

#### Notes to Schedule:

<sup>&</sup>lt;sup>1</sup> This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported. Additional years will be reported as they become available.







# SCHEDULE OF OPERATING EXPENSES (Depreciation expense omitted) For the Year Ended December 31, 2020

Wages	\$ 4,960,561
Payroll taxes	393,659
Net pension expense	(79,074)
Services	353,875
Materials	788,445
Utilities	952,067
Insurance	1,745,576
Dues	119,929
Legal and auditing	538,848
Consulting fees	670,035
Supplies	50,313
Computer expense	359,165
Employee expense	152,994
Other expense	413,156
Travel	32,118
Advertising	206,165
Safety	21,915
Shop cost of sales	70,864
Land lease	45,263
Promotional expenses	 96,267
Total Operating Expenses	\$ 11,892,141



STATISTICAL SECTION (Unaudited)



#### **Statistical Section**

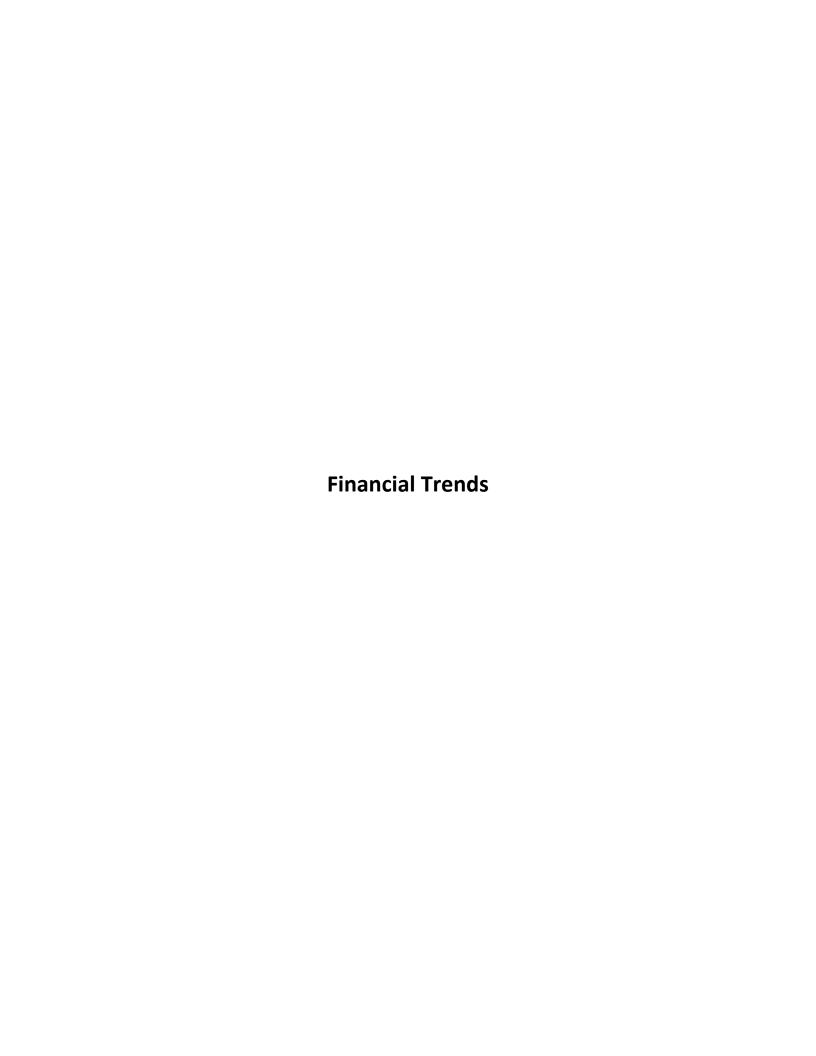
This section of the Brownsville Navigation District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial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

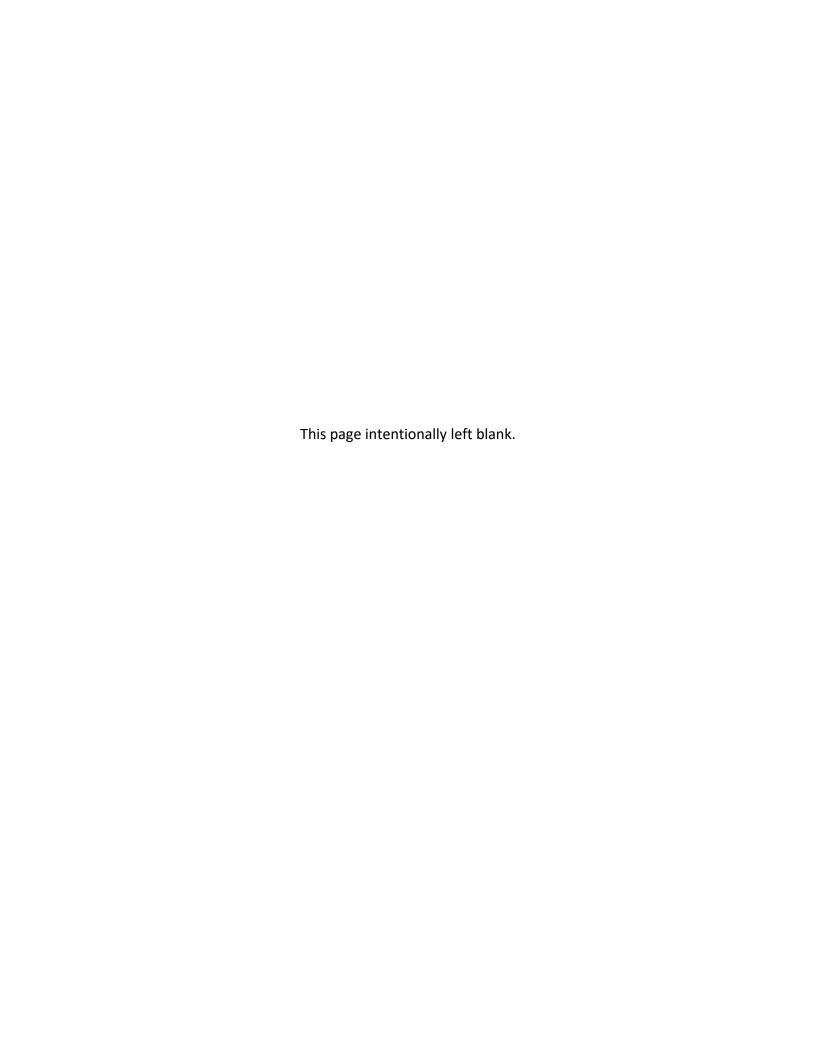
CONTENTS	PAGE
Financial Trends  These schedules contain trend information to help the reader understand how the District's financial performance has changed over a period of time.	79 – 80
Revenue Capacity  These schedules contain information to help the reader assess the District's local revenue source.	81 – 88
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.	89 – 92
Demographic and Economic Information  These schedules offer demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place.	93 – 95
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.	96 – 100

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

This is the tenth year the Brownsville Navigation District prepared an Annual Comprehensive Financial Report that includes statistical information.







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

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

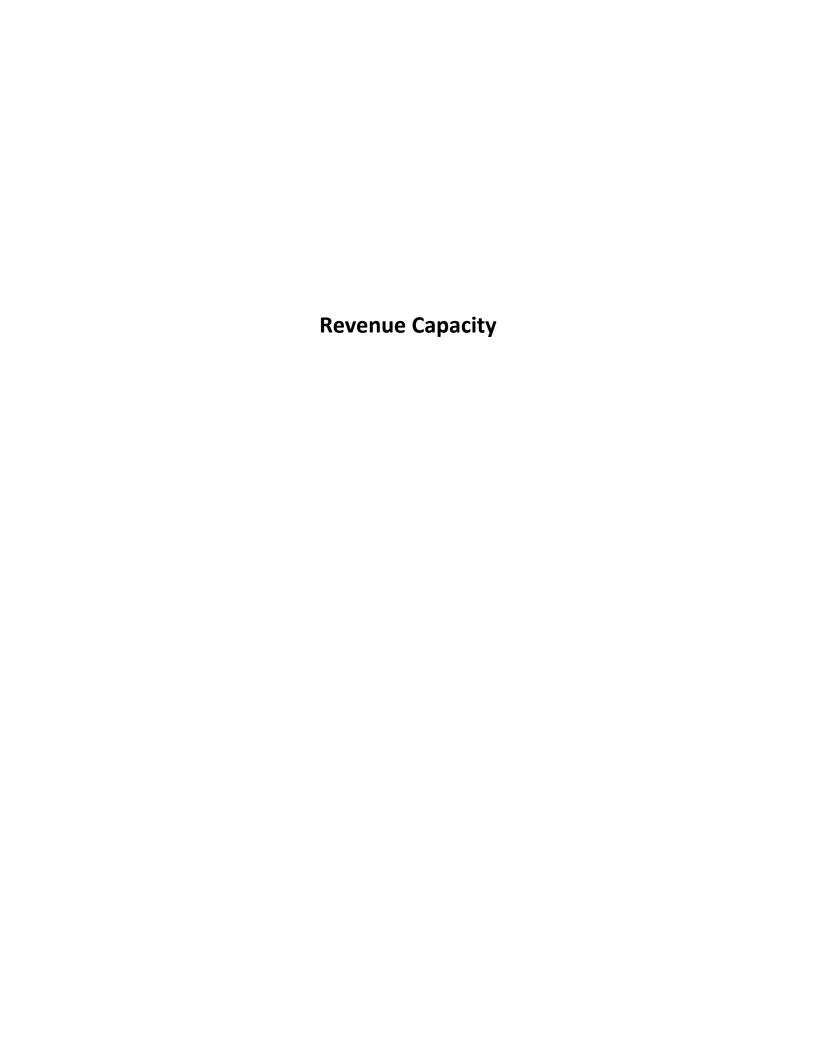
	12/31/2011	12/31/2012	12/	2/31/2013	12/31/2014	12/	31/2015	12	2/31/2016	12	2/31/2017	1	12/31/2018	12	2/31/2019	1	2/31/2020
Enterprise Fund																	
Net Investment in Capital Assets	\$ 87,750,239	\$ 81,820,846 \$	S	104,822,625 \$	113,617,071 \$		131,432,039 \$		129,439,065	\$	134,087,674	\$	139,686,649	\$ 1	158,475,706	\$	172,859,571
Restricted Net Position for:																	
- Revenue Bond Debt Retirement and Contingency	3,187,128	3,295,001		3,477,755	3,362,698		3,264,141		7,660,369		5,088,002		5,194,254		5,293,227		5,112,883
- General Obligation Bond Debt Service	3,700,291	3,818,754		3,755,986	3,750,580		3,777,243		3,565,749		2,106,020		1,362,484		1,376,094		818,967
- Transportation Reinvestment Zone (TRZ)	-	-		-	-		69,018		191,734		394,711		400,453		1,031,664		1,554,444
Unrestricted Net Position	7,394,664	19,177,471		8,260,167	20,614,818		15,068,760		18,753,841		27,708,357		32,475,750		27,027,593		40,188,042
<b>Total Enterprise Fund Net Position</b>	\$ 102,032,322	\$ 108,112,072 \$	•	120,316,533 \$	141,345,168 \$		153,611,200 \$	_	159,610,758	\$	169,384,764	\$	179,119,590	\$ 1	193,204,284	\$	220,533,907

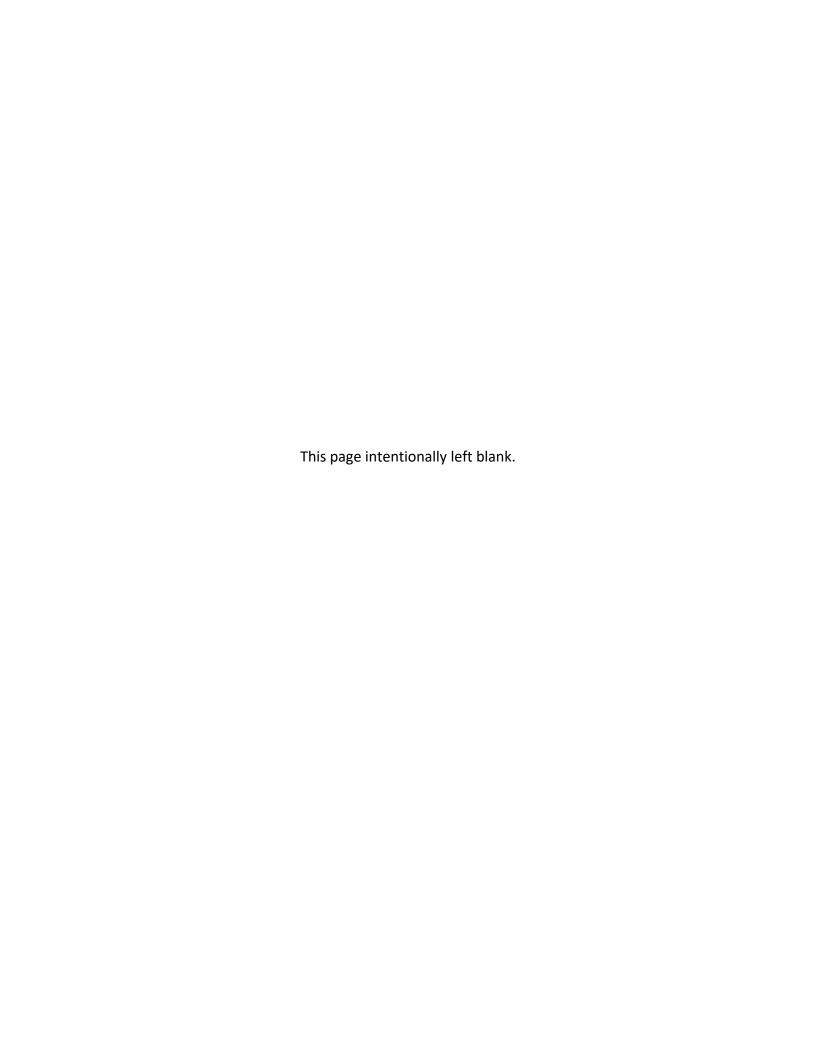


# Brownsville Navigation District of Cameron County, Texas Changes in Net Position

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

	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Operating Revenues										
Vessel and cargo services	\$ 6,360,066	\$ 7,745,023	\$ 6,372,998	\$ 7,373,004 \$	9,704,726	\$ 9,058,547	\$ 10,728,929	\$ 12,160,646	10,827,761	14,675,300
Lease rentals										
Port system	4,213,406	4,836,398	5,412,480	5,701,527	7,536,336	7,500,955	8,275,833	8,192,581	10,404,294	14,960,712
Other lease rentals	841,718	1,276,720	958,784	2,284,910	1,243,951	1,533,842	3,411,887	2,414,979	2,622,935	3,424,533
Other operating revenue	1,555,847	1,395,437	1,210,129	1,176,859	1,234,249	1,502,170	1,245,984	1,441,561	1,581,517	4,296,356
<b>Total Operating Revenues</b>	12,971,037	15,253,578	13,954,391	16,536,299	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,901
Operating Expenses, Other Than Depreciation	8,435,659	8,634,582	8,462,386	9,533,067	9,969,657	11,145,456	12,376,807	12,360,740	12,715,207	11,892,141
& Amortization										
Income from Operations Before Depreciation	4,535,378	6,618,996	5,492,005	7,003,232	9,749,605	8,450,058	11,285,826	11,849,027	12,721,300	25,464,760
& Amortization				, ,	, ,					
Amortization	1,110,000	1,110,000	-	-	-	_	-	-		
Depreciation	2,483,457	2,390,320	2,650,096	3,604,738	3,982,459	5,193,028	5,474,008	5,489,601	6,359,105	7,592,185
Operating Income (Loss)	941,921	3,118,676	2,841,909	3,398,494	5,767,146	3,257,030	5,811,818	6,359,426	6,362,195	17,872,575
Non-Operating Income (Expense)										
	259,307	157,655	185,252	146,645	133,080	192,575	420,106	894,582	805,316	310,045
Interest income on deposits and investments	172.526	170.741	167.252	151 145	146.625	120.165	100 (22	07.020		10.161
Interest income on notes and direct financing leases	172,526	179,741	167,353	151,145	146,625	129,165	108,623	87,030	64,329	40,464
Grant revenue	102,465	417,180	7,157,780	4,905,649	7,120,668	374,201	148,302	18,602	2,667,538	4,319,964
Gain (Loss) on disposal of assets	(23,750)	93,306	-	(39,946)	-	-	-	26,000	6,000	(23,275)
Gain (Loss) on disposal of assets held for sale	-	-	-	-	-	-	-	-	-	(143,955)
Property Tax - net of discounts, bad debt and collection expens Penalties and Interest		122 605	120 220	129 100	127.420	107 227	101 672	06.220	95 102	96 402
	125,130 560,380	132,695 547,750	129,320 551,095	138,100 569,975	127,430 574,011	107,227 455,446	101,673 475,770	96,330 1,933,141	85,193 3,050,647	86,403 2,237,473
Maintenance and Operations				,		2,522,306				1,024,860
General Obligation Debt Service	2,545,783	2,509,006	2,531,127	2,452,305	2,467,569		2,371,149	894,619	(32,472)	
Interest expense Bond costs & amort. of premiums & prepaid bond ins.	(1,248,819) (63,341)	(932,669) (52,535)	(1,081,611) (130,726)	(867,551) 687	(684,604) 5,456	(580,386) (478,841)	(604,983) 67,458	(1,546,417) 66,389	(1,448,441) 66,389	(1,361,946) 66,389
Bond service fees	(7,300)	(5,000)	(5,900)	(4,150)	(5,150)	(4,400)	(4,650)	(4,650)	(4,450)	(3,700)
Other non-operating income	9,751	32,155	27,171	34,050	23,355	25,234	24,343	41,448	52,991	50,426
			-		-				-	
Total Non-Operating Income	2,432,132 3,374,053	3,079,284 6,197,960	9,530,860 12,372,769	7,486,909 10,885,403	9,908,439 15,675,585	2,742,527 5,999,557	3,107,791 8,919,609	2,507,074 8,866,500	5,313,040 11,675,235	6,603,148 24,475,723
Income Before Contributions and Special Items	3,3/4,033	0,197,900	12,3/2,/09	10,885,405	15,075,565	5,999,557				
Capital contributions	-	-	-	-	-	-	379,041	1,225,404	2,409,459	2,853,900
Special Item - contribution of net assets	-	-	-	9,787,478	-	-	-	-	-	-
Special Item - franchise revenue	-	-	-	425,431	9,342	-	-	-	-	
Increase in net position	3,374,053	6,197,960	12,372,769	21,098,312	15,684,927	5,999,557	9,298,650	10,091,904	14,084,694	27,329,623
Net position at beginning of year	97,705,228	102,032,322	108,112,072	120,316,533	141,345,167	153,611,201	159,610,758	169,384,764 \$	179,119,590 \$	193.204.284
	953,041					100,011,201				1,0,201,201
Prior period adjustments  Net position at beginning of year - as restated	98,658,269	(118,210) 101,914,112	(168,308) <b>107,943,764</b>	(69,678) 120,246,855	(3,418,893) 137,926,274	153,611,201	475,356 <b>160,086,114</b>	(357,078) <b>169,027,686</b>	179,119,590	193,204,284
position to beginning or your an indicate	70,000,207		20,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	120,210,000	10.,>20,2/3	100,011,201	100,000,114	-02,027,000		
Net position at end of year	\$ 102,032,322	\$ 108,112,072	\$ 120,316,533	\$ 141,345,167 \$	153,611,201	\$ 159,610,758	\$ 169,384,764	\$ 179,119,590 \$	193,204,284 \$	220,533,907



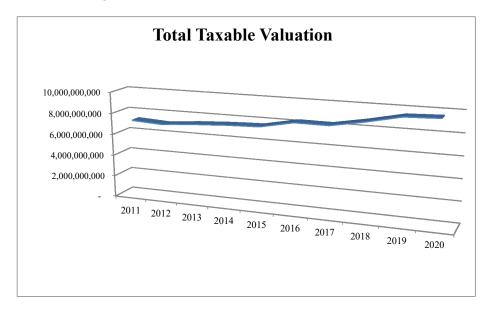


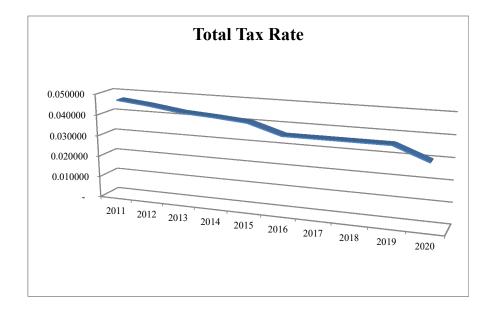
#### Brownsville Navigation District of Cameron County, Texas Ad Valorem Property Taxes

Last Ten Tax Years (Unaudited)

Tax Year	Assessed Value	Valuation  Taxable Value	Ad M&O Rate	opted Tax Ra	ites Total Rate	M&O Levy	Assessed Levy G.O, Levy	Total Levy	Collected in the of the		Collections in Subsequent Years	Total Collection	ons To Date Percentage of Levy
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%	172,332	3,208,145	99.47%
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%	899,164	3,199,017	99.40%
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%	876,836	3,128,499	99.36%
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%	853,571	3,146,670	99.37%
2015	8,642,364,710	7,644,482,406	0.006256	0.034411	0.040667	478,239	2,630,542	3,108,781	2,254,659	72.53%	831,547	3,086,206	99.27%
2016	9,313,207,153	8,252,793,196	0.006524	0.029396	0.035920	538,336	2,426,070	2,964,406	2,080,573	70.19%	860,611	2,941,184	99.22%
2017	9,273,577,046	8,237,094,816	0.024885	0.011035	0.035920	2,049,834	908,933	2,958,767	2,112,865	71.41%	815,965	2,928,830	98.99%
2018	9,954,458,488	8,795,447,856	0.035920	-	0.035920	3,159,328	-	3,159,328	2,317,517	73.35%	794,702	3,112,219	98.51%
2019	10,699,182,488	9,459,485,076	0.024788	0.011132	0.035920	2,344,820	1,053,031	3,397,851	2,495,428	73.44%	798,541	3,293,969	96.94%
2020	11,754,919,383	9,568,643,077	0.024914	0.004864	0.029778	2,383,932	465,419	2,849,351	2,108,567	74.00%	-	2,108,567	74.00%

- Note: Tax rates are per \$100 of Taxable Value





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

Current Year and Nine Years Ago (Unaudited)

				Percentage	Fiscal Year	Percentage
			Fiscal Year 2020	of Assessed	2011 Assessed	of Assessed
No.	<u>Taxpayer</u>	<b>Type of Activity</b>	Assessed Value	Valuation	Value	Valuation
1	AEP Texas Central Co.	Electrical Utility	\$ 253,715,133	1.31%	\$ 99,534,903	0.64%
2	Palmas Wind LLC	Wind Farm	193,000,000	1.00%	-	0.00%
3	Valley Crossing Pipeline LLC	Transportation Services	176,862,240	0.91%	-	0.00%
4	Union Pacific RR	Rail Road	72,710,381	0.37%	32,080,510	0.21%
5	San Roman Wind I LLCX	Wind Farm	71,340,230	0.37%	-	0.00%
6	VHS Harlingen Hospital Company	Healthcare	67,316,259	0.35%	-	0.00%
7	CBL SM Brownsville LLC	Retail Mall	53,315,395	0.27%	38,734,331	0.25%
8	Sharyland Utilities LP	Electric Transmission Utility	48,507,330	0.25%		0.00%
9	H E Butt Grocery Co.	Retail	42,287,636	0.22%	-	0.00%
10	Modern Resort Lodging, LLC	Hospitality	39,985,587	0.21%	-	0.00%
	<b>Total Assessed Valuation</b>		\$ 1,019,040,191	5.25%	\$ 170,349,744	1.10%

<sup>\*</sup>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 Yea	ar Ended				
<del>-</del>	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Operating Revenues										
	\$ 6,360,066	\$ 7,745,023 \$	6,372,998 \$	7,373,004	\$ 9,704,726	\$ 9,058,547 \$	10,728,929	\$ 12,160,646 \$	10,827,761 \$	14,675,300
Lease Rentals - Port System	4,213,406	4,836,398	5,412,480	5,701,527	7,536,336	7,500,955	8,275,833	8,192,581	10,404,294	14,960,712
Other Lease Rentals	841,718	1,276,720	958,784	2,284,910	1,243,951	1,533,842	3,411,887	2,414,979	2,622,935	3,424,533
Other Operating Revenue	1,555,847	1,395,437	1,210,129	1,176,859	1,234,249	1,502,170	1,245,984	1,441,561	1,581,517	4,296,356
Total Operating Revenues	12,971,037	15,253,578	13,954,391	16,536,299	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,901
Operating Expenses, Other Than Depreciation and An	nortization									
Wages	3,462,861	3,414,677	3,383,096	3,653,667	3,970,272	4,218,815	4,536,140	4,670,636	4,561,288	4,960,561
Payroll Taxes	276,655	281,092	260,275	294,504	299,604	341,754	342,292	367,691	351,720	393,659
Net Pension Expense	383,919	380,174	351,109	445,506	391,411	528,471	595,763	526,792	535,814	(79,074)
Services	322,115	293,763	340,792	301,181	443,671	356,976	347,596	410,568	253,790	353,876
Materials	581,740	820,675	689,755	678,128	892,166	813,761	829,442	1,258,775	981,594	788,445
Utilities	751,295	750,961	813,577	845,664	770,396	794,425	916,411	913,120	917,294	952,067
Insurance	1,092,838	1,062,878	995,831	1,132,852	1,243,392	1,268,947	1,370,712	1,334,478	1,605,493	1,745,576
Dues	88,278	83,525	119,047	106,926	62,863	67,152	65,108	105,784	120,479	119,929
Legal & Auditing	205,955	145,854	212,009	307,378	311,246	288,459	508,004	406,251	623,607	538,848
Consultant Fees	530,469	553,655	646,883	762,120	678,711	605,990	690,283	735,783	815,134	670,035
Supplies	69,946	70,462	85,482	71,486	102,299	73,734	75,099	110,379	90,415	50,313
Computer Expense	105,473	129,528	99,618	174,345	206,827	375,280	494,385	431,359	377,931	359,165
Employee Expense	66,660	74,202	63,235	62,416	87,863	115,118	118,848	137,538	106,600	152,994
Other Expense	97,345	109,161	86,455	197,773	99,275	262,696	70,936	187,469	686,190	412,255
Contracts Rental & Repairs	23,742	36,996	27,289	6,394	21,660	40,320	17,605	16,244	6,916	900
Travel	145,674	128,731	146,002	148,543	158,886	170,115	191,537	226,088	208,961	32,118
Advertising	44,009	39,073	28,851	24,764	55,673	140,000	109,356	143,189	151,840	206,165
Safety	10,455	12,512	15,602	9,198	20,992	25,383	13,910	32,854	14,026	21,915
Doubtful Accounts	-	-	· <u>-</u>	171,417	-	311,113	-	-	-	· <u>-</u> .
Shop cost of collectables	-	_	-	61,940	60,028	214,913	42,729	45,536	65,931	70,864
Land Lease and Rental Rebate	42,963	163,348	17,010	17,415	17,820	18,225	936,226	158,393	83,936	45,263
Promotional	133,267	83,314	80,468	59,447	74,602	113,809	104,425	141,813	156,248	96,267
Total Operating Expenses	8,435,659	8,634,582	8,462,386	9,533,067	9,969,657	11,145,456	12,376,807	12,360,740	12,715,207	11,892,141
Income from Operations before Depreciation and										
Amortization	4,535,378	6,618,996	5,492,005	7,003,233	9,749,605	8,450,057	11,285,826	11,849,027	12,721,300	25,464,760
Non-Operating Income (Expense)										
Interest income on deposits and investments	259,307	157,655	185,252	146,645	133,080	192,575	420,106	894,582	805,316	310,045
Interest income on notes and direct financing leases	172,526	179,741	167,353	151,145	146,625	129,165	108,623	87,030	64,329	40,464
Grant Revenue	102,465	417,180	7,157,780	4,905,649	7,120,668	374,201	148,302	18,602	2,667,538	4,319,964
Gain (Loss) on disposal of assets	(23,750)	93,306	-	(39,946)	-	· <u>-</u>	-	26,000	6,000	(23,275)
Gain (Loss) on disposal of assets held for sale	-	-	-	` -	_	_	-	´-	´-	(143,955)
Property Tax - net of discounts, bad debt and collection ex	co.									( -,,
Penalty and interest	125,130	132,695	129,320	138,101	127,430	107,227	101,673	96,330	85,193	86,403
Maintenance and operations	560,380	547,750	551,095	569,975	574,011	455,446	475,770	1,933,141	3,050,647	2,237,473
General obligation bond debt service	2,545,783	2,509,006	2,531,127	2,452,305	2,467,569	2,522,306	2,371,149	894,619	(32,472)	1,024,860
Interest Expense	(1,248,819)	(932,669)	(1,081,611)	(867,551)	(684,604)	(580,386)	(604,983)	(1,546,417)	(1,448,441)	(1,361,946)
	(1,240,017)	(732,007)	(1,001,011)	(607,551)	(004,004)	(360,360)				
Capital contributions	-	-	-		-	-	379,041	1,225,404	2,409,459	2,853,900
Special Item - contribution on net assets	-	-	-	9,787,478	0.242	-	-	-	-	-
Special Item - franchise revenue	-	(50.525)	(120.72.0	425,431	9,342	- (450 041)	-	-	-	-
Bond costs & amort. premiums and prepaid bond ins.	(63,341)	(52,535)	(130,726)	687	5,456	(478,841)	67,458	66,389	66,389	66,389
Bond service fees	(7,300)	(5,000)	(5,900)	(4,150)	(5,150)	(4,400)	(4,650)	(4,650)	(4,450)	(3,700)
Other Non-Operating Income	9,751	32,155	27,171	34,050	23,355	25,234	24,343	41,448	52,991	50,426
Total Non-Operating Income	2,432,132	3,079,284	9,530,861	17,699,819	9,917,782	2,742,527	3,486,832	3,732,478	7,722,499	9,457,048
Net Income before Depreciation and Amortization	\$ 6,967,510	\$ 9,698,280 \$	15,022,866 \$	24,703,051	\$ 19,667,387	§ 11,192,585 §	14,772,658	§ 15,581,505 §	20,443,799 \$	34,921,808

#### Brownsville Navigation District of Cameron County, Texas Vessel and Cargo Services Revenue 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.

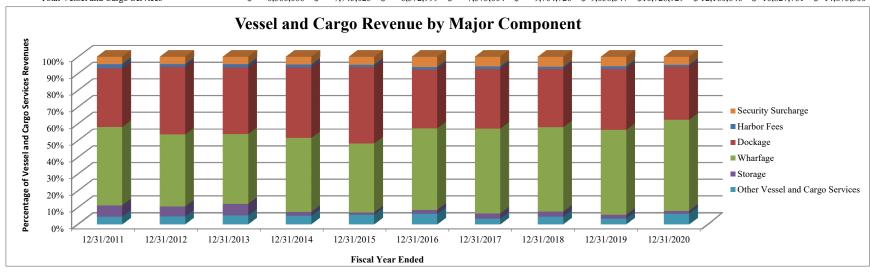
					Fiscal Year Er	ıded				
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Port Calls by Vessel Type										
Deep Sea Vessels	379	376	431	426	508	566	576	503	696	780
River Barges	859	707	628	633	632	525	741	803	870	891
	1,306	1,306	1,306	1,306	1,306	1,306	1,306	1,306	1,566	1,671
Waterborne Cargo Traffic (metric tons)										
Petroleum and Coal Products	2,863,803	2,870,526	3,165,361	3,250,587	3,847,525	3,969,746	4,336,415	4,743,266	3,482,989	3,422,327
Primary Metal Products	1,636,080	2,053,063	1,631,151	2,400,368	2,277,559	2,243,315	2,180,770	2,849,125	2,247,038	2,576,860
Non-Metallic Minerals	493,777	364,257	332,346	457,538	933,470	653,142	534,921	333,977	560,430	545,660
Waste and Scrap Materials	274,774	229,612	188,633	115,192	48,221	35,962	71,316	135,771	86,075	30,703
Other Cargos	103,217	19,232	17,376	24,204	47,350	58,622	214,888	219,179	208,725	584,314
Total Cargo Traffic	5,371,651	5,536,689	5,334,868	6,247,890	7,154,125	6,960,787	7,338,310	8,281,319	6,585,256	7,159,864

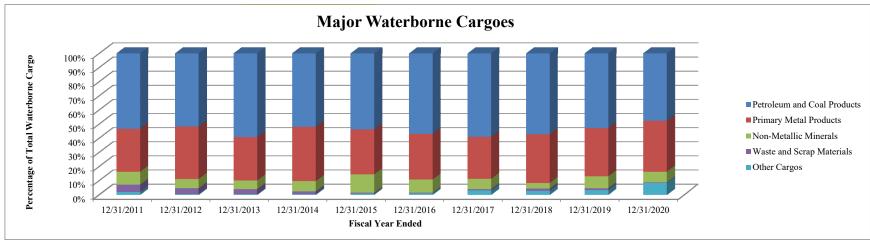
Charges for vessel and cargo services are specified in the current edition of the Tariff: Rates, Rules and Regulations Governing the Brownsville Ship Channel and the Public Wharves, Piers, Docks and Equipment.

Selected information regarding rates for vessel and cargo services are presented here, complete information is contained in the Tariff, which is published by the Port of Brownsville.

Harbor Fees (per Port Call)										
Deep Sea Vessels	\$ 150.00	\$ 150.00	\$ 150.00	) \$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Deep Sea Vessels at the Bulk Cargo Dock	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
River Barges	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Mexican Fishing Vessels	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00
Dockage (rate for Gross Registered Ton/day)										
Dockage - General Cargo Docks	0.15	0.15	0.15	0.15	0.15	0.16	0.17	0.18	0.18	0.18
Dockage - Bulk Cargo Dock	0.15	0.15	0.15	0.15	0.15	0.25	0.25	0.25	0.25	0.18
Dockage - Oil Docks/Liquid Cargo Docks/Express Dock	0.15	0.15	0.15	0.15	0.15	0.16	0.17	0.18	0.18	0.18
Dockage - Fitting for grain	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Dockage - Layberth	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09
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
Dockage - River Barges (per day)	75.00	75.00	75.00	75.00	75.00	80.00	85.00	90.00	90.00	90.00
Wharfage - Major Commodities										
Petroleum and Coal Products (per barrel)	0.05	0.050	0.050	0.050	0.05	0.07	0.08	0.10	0.10	0.10
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
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
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
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
Non-Metallic Minerals - Open Storage (per metric ton)	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09
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
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
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
Open Docks and Patios	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221

								]	Fiscal Year E	nded					
	1	2/31/2011	1	2/31/2012	1	12/31/2013	12/31/2014		12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12	/31/2020
Vessel and Cargo Revenue by Major Component															
Harbor Fees	\$	160,166	\$	130,725	\$	125,213	\$ 125,750	\$	133,300	\$ 133,100	\$ 153,250	\$ 154,900	\$ 168,195	\$	176,480
Dockage		2,227,647		3,125,720		2,528,683	3,105,870		4,439,440	3,189,883	3,831,793	4,238,338	3,946,002	,	4,647,405
Wharfage		2,982,673		3,338,674		2,662,134	3,259,144		3,999,989	4,407,624	5,446,130	6,137,069	5,490,494	,	7,990,707
Security Surcharge		283,374		342,493		288,378	348,870		465,437	563,981	634,628	732,310	623,245		716,063
Storage		429,412		454,799		449,104	179,013		141,345	219,957	318,552	379,719	254,405		245,012
Other Vessel and Cargo Services		276,793		352,612		319,487	354,357		525,216	544,001	344,576	518,310	345,420		899,633
Total Vessel and Cargo Services	\$	6,360,066	\$	7,745,023	\$	6,372,999	\$ 7,373,004	\$	9,704,726	\$ 9,058,547	\$10,728,929	\$ 12,160,646	\$ 10,827,761	\$ 1	4,675,300





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

Current Year and Nine Years Ago Unaudited

			Fiscal	Year		
		2020			2011	
			Total			Total
Customer	2020 Revenues	Rank	Percentage 2020	2011 Revenues	Rank	Percentage 2011
Dix Industries, Inc	\$ 3,312,332	1	23%	\$ 500,777	5	8%
Gulf Stream Marine	2,517,741	2	17%	842,428	3	13%
Dix Agency Brownsville, LLP	1,964,036	3	13%	1,110,688	2	17%
Admiral Steamship Agency	729,535	4	5%	305,927	6	5%
Norton Lilly International	718,957	5	5%			0%
Schaefer Stevedoring	579,395	6	4%	684,896	4	11%
Transmontaigne Operating Co. LP	557,083	7	4%	1,141,910	1	18%
Maverick Fuel Oil Terminal, LLC	554,232	8	4%	, ,-		0%
Frontera Brownsville, LLC	537,362	9	4%	92,996	14	1%
Host Agency, LLC	406,881	10	3%	,		0%
ISS Marine Services, Inc.	342,338	11	2%	183,549	10	3%
Bluewing One, LLC	331,822	12	2%			0%
Bluewing Royal. LLC	270,807	13	2%			0%
Moran Shipping Agency of Texas, Inc.	225,407	14	2%			0%
Interlube Corp., Inc.	187,265	15	1%			0%
Gulf Harbor Shipping LLC				257,346	7	4%
Keppel Amfels, Inc.				196,015	8	3%
Esco Marine, Inc.				185,065	9	3%
Vulcan Construction Materials				148,427	11	2%
American Commercial Barge				134,635	12	2%
NSA Agencies, Inc.				116,234	13	2%
Bedoli Group, Inc.				90,986	15	1%
Total Vessel and Cargo Revenue	s \$ 14,675,300		90%	\$ 6,360,066		94%
Total 7 Cosci and Cargo Revenue	3 9 14,073,300		70 70	\$ 0,500,000		J7 /U

#### **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 Ended				
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Turning Basin Leases (per acre/year)										
Waterfront	\$ 5,844	\$ 5,844	\$ 5,844	\$ 5,844	\$ 5,844	\$ 5,874	\$ 6,050	\$ 6,165	\$ 6,233	\$ 6,352
Highway Frontage	3,819	3,819	3,819	3,819	3,819	3,839	3,954	4,030	4,075	4,153
Port Entrance Sites	3,403	3,403	3,403	3,403	3,403	3,421	3,524	3,591	3,631	3,700
Inside Port/Off Waterfront	2,025	2,025	2,025	2,025	2,025	2,036	2,097	2,137	2,161	2,203
Fishing Harbor Leases (per acre/year)										
Waterfront	4,494	4,494	4,494	4,494	4,494	4,517	4,653	4,742	4,795	4,887
Off-Water	4,156	4,156	4,156	4,156	4,156	4,177	4,302	4,384	4,433	4,518
Lease Rental Revenues	\$ 5,055,124	\$ 6,113,118	\$ 6,371,264	\$ 7,986,437	\$ 8,780,287	\$ 9,034,797	\$ 11,687,720	\$ 10,607,560	\$ 13,027,229	\$ 18,385,245

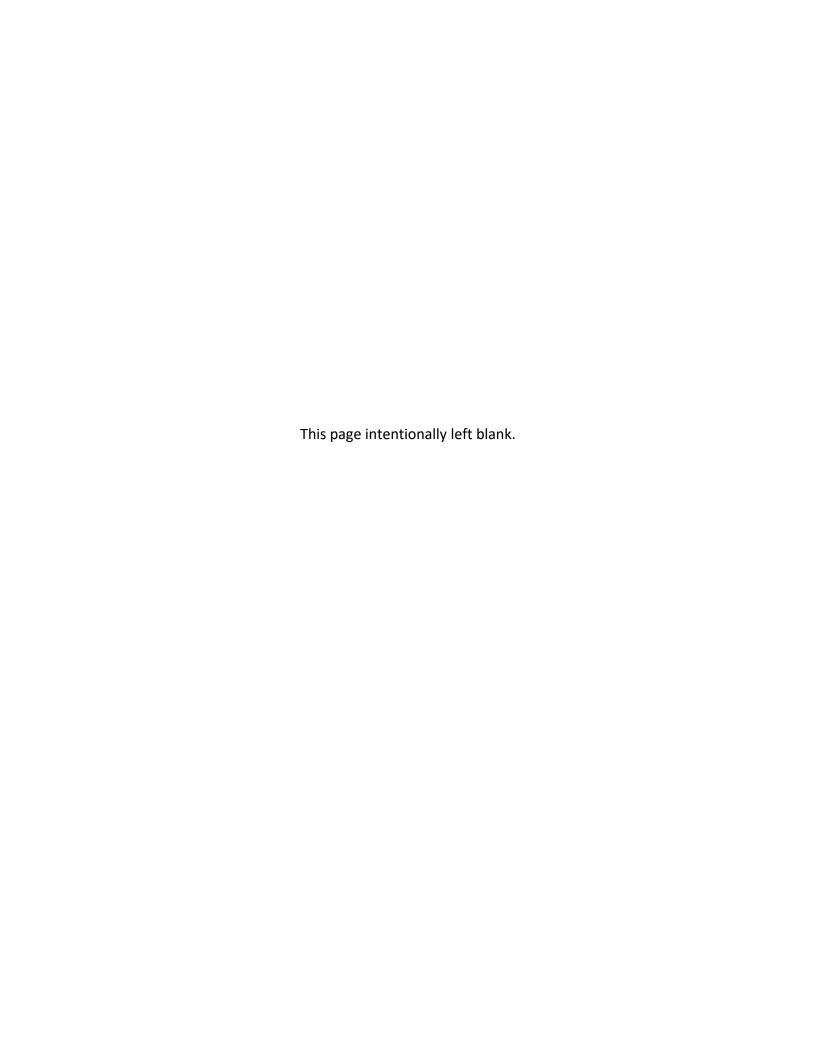
# Brownsville Navigation District of Cameron County, Texas Principal Customers for Lease Rentals

Current Year and Nine Years Ago (Unaudited)

#### Fiscal Year

			1 150	ii i cai		
	-	2020			2011	
Customer	2020 Revenues	Rank	Total Percentage 2020	2011 Revenues	Rank	Total Percentage 2011
Rio Grande LNG, LLC Annova LNG LLC	6,133,334 1,138,956	1 2	33% 6%			
Transmontaigne Operating Co. LP Texas LNG Brownsville, LLC	1,048,487 973,906	3 4	6% 5%	678,186	1	13%
Bedoli Group, Inc. Brownsville Acquisition	550,312 549,973	5 6	3% 3%	219,785	6	4%
Juniper International Shipbreaking LTD	524,169 372,428	7 8	3% 2%	196,790	7	4%
Valley Crossing Pipeline LLC Bay Bridge Texas, LLC Esco Marine, Inc.	256,622 252,998	9 10	1% 1%	227,473 628,203	5	4% 12%
Brownsville & Rio Grande International Railroad Keppel Amfels, Inc.				610,649 231,226	2 3 4	12% 12% 4%
Citgo Petroleum Corporation Brownsville Public Utilities Board				193,649 114,104	8 9	4% 2%
Marine Metal, Inc				107,882	10	2%
<b>Total Lease Rental Revenues</b>	\$ 18,385,245		64%	\$ 5,152,653		62%





## **Brownsville Navigation District of Cameron County, Texas Ratios of Outstanding Debt by Type**

#### **Last Ten Fiscal Years**

(Accrual Basis of Accounting) (Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bonds	Loans	Capital Leases	Total Debt Outstanding	Assets Restricted for Debt Service	Total Net Outstanding Debt
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	19,257,201	14,671,484
2013	12,674,005	17,783,322	-	-	30,457,327	16,779,159	13,405,326
2014	10,481,922	14,669,045	-	-	25,150,967	12,842,435	12,410,500
2015	8,287,480	13,270,000	-	-	21,557,480	7,110,402	14,447,078
2016	5,921,069	41,712,834	-	-	47,633,903	11,417,852	36,216,051
2017	3,740,000	40,341,658	-	-	44,081,658	7,588,733	36,492,925
2018	2,960,000	38,735,615	-	-	41,695,615	6,556,738	35,138,877
2019	2,105,000	37,054,573	-	-	39,159,573	6,669,321	32,490,252
2020	1,225,000	35,313,530	-	-	36,538,530	5,931,850	30,606,680
Fiscal Year	Taxable Property Valuation	Outstanding Debt as a Percentage of Taxable Property Value	Cameron County Population	Net Bonded Debt Per Capita		Per Capita Income	Outstanding Debt as a Percentage of Per Capita Income
2011	7,283,310,136	0.20%	406,220	44		13,474	0.33%
2012	7,119,854,819	0.19%	406,220	36		14,183	0.25%
2013	7,368,557,604	0.17%	415,557	32		14,405	0.22%
2014	7,539,555,606	0.19%	417,296	30		14,405	0.21%
2015	7,644,482,406	0.19%	420,392	34		14,898	0.23%
2016	8,252,793,196	0.44%	422,156	86		15,105	0.57%
2017	8,237,094,816	0.44%	422,135	86		15,457	0.56%
2018	8,795,447,856	0.40%	423,725	83		15,457	0.54%
2019	9,459,485,076	0.34%	423,908	77		16,587	0.46%
2020	9,568,643,077	0.32%	423,163	72		18,431	0.39%

<sup>1</sup> Data from the Cameron County 2020 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 Ye	ar E	nded								
	12	2/31/2011	1	12/31/2012	12/3	1/2013	12	2/31/2014	1	2/31/2015		2/31/2016	1	2/31/2017	1	2/31/2018	1	2/31/2019	1	2/31/2020
F																				
First Lien Revenue Bond - Series 2000				***																
Principal Maturity	\$	190,000		200,000	S	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Interest Payments		142,183		5,100		-		-		-		-		-		-		-		
Total Bond Requirement		332,183		205,100		-		-		-		-		-		-		-		-
First Lien Revenue Bond - Series 2002A																				
Principal Maturity		85,000	)	85,000		90,000		95,000		100,000		105,000		110,000		115,000		120,000		125,000
Interest Payments		56,000	)	34,186		13,800		12,620		11,374		10,064		11,117		11,659		9,245		6,728
Total Bond Requirement		141,000	)	119,186		103,800		107,620		111,374		115,064		121,117		126,659		129,245		131,728
First Lien Revenue Bond - Series 2002B																				
		00.000		95,000		100,000		105,000		105,000		110,000		115 000		120,000		125,000		130,000
Principal Maturity		90,000				-								115,000						
Interest Payments	_	59,260		36,140		14,503		13,195		11,853		10,480		11,565		12,121		9,604		6,985
Total Bond Requirement		149,260	)	131,140		114,503		118,195		116,853		120,480		126,565		132,121		134,604		136,985
First Lien Revenue Bond - Series 2009																				
Principal Maturity		740,000	)	775,000		815,000		855,000		900,000		-		-		-		-		-
Interest Payments		180,179	)	143,439		104,881		64,384		21,825		-		-		-		-		
Total Bond Requirement		920,179	)	918,439		919,881		919,384		921,825		-		-		-		-		-
First Lien Revenue Bond - Series 2011																				
Principal Maturity		_		15,000		235,000		240,000		245,000		255,000		260,000		270,000		285,000		290,000
Interest Payments		_		61,122		67,951		60,802		53,503		45,978		38,227		30,251		21,898		13,244
Total Bond Requirement	-	-		76,122		302,951		300,802		298,503		300,978		298,227		300,251		306,898		303,244
F																				
First Lien Revenue Bond - Series 2012								50,000		50,000		225 000		245.000		255,000		370,000		380,000
Principal Maturity		-		-		216211				50,000		335,000		345,000		355,000				
Interest Payments		-		-		216,211		318,203		316,608		310,467		299,407	—	288,456		276,892		264,930
Total Bond Requirement		-		-		216,211		368,203		366,608		645,467		644,407		643,456		646,892		644,930
First Lien Revenue Bond - Series 2016																				
Principal Maturity		-		-		-		-		-		-		635,000		670,000		705,000		740,000
Interest Payments		-		-		-		-		-		588,186		1,167,069		1,134,444		1,100,069		1,063,944
Total Bond Requirement		-		-		-		-		-		588,186		1,802,069		1,804,444		1,805,069		1,803,944
Junior Lien Revenue Bond - Series 2003																				
Principal Maturity		130,000	)	135,000		140,000		_		_		_		_		_		_		_
Interest Payments		88,404		83,584		78,495		_		_		_		_		_		_		_
Total Bond Requirement		218,404		218,584		218,495		-		-		=		-		-	_	-		-
Total Revenue Bonds																				
Principal Maturity		1,235,000		1,305,000		,380,000		1,345,000		1,400,000		805,000		1,465,000		1,530,000		1,605,000		1,665,000
Interest Payments		526,026		363,571		495,840		469,204		415,163		965,175		1,527,385		1,476,931	_	1,417,708		1,355,831
Annual Revenue Bond Debt Service	\$	1,761,026	\$	1,668,571	\$ 1,	,875,840	\$	1,814,204	S	1,815,163	\$	1,770,175	\$	2,992,385	\$	3,006,931	\$	3,022,708	\$	3,020,831
Net Revenues Available for Debt Service on Revenue Bonds (See Table 12)	\$	5,107,834	\$	7,683,277	\$ 12	,894,088	\$	22,505,299	\$	17,389,618	S	9,281,871	\$	12,444,201	\$	14,725,189	\$	20,500,869	\$	33,893,034
Coverage Ratio (Net Revenues Available for																				
Debt Service/Annual Debt Service)		3.02		7.88		12.76		28.09		23.96		3.74		5.28		6.05		8.52		14.27

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

<sup>-</sup> See Notes to the Financial Statements

#### 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 Y	ear Ended				
•	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Gross Revenues										
Operating Revenues										
Wharf Operations	\$ 5,824,799	\$ 7,183,128	\$ 5,785,934	\$ 6,734,176	\$ 8,839,423	\$ 8,296,515	\$ 10,588,550	\$ 11,619,061	\$ 10,698,211	\$ 14,519,172
Industrial Development	5,101,059	6,031,971	6,403,675	7,969,720	8,702,288	8,709,256	10,890,045	10,012,998	12,375,541	19,984,244
Foreign Trade Zone	431,554	451,418	402,739	411,863	412,423	430,387	452,708	488,355	49,792	77,274
Administrative Services /Permits	-	-	-	-	-	-	-	_	483,725	515,701
Facilities Maintenance	289,228	(6,968)	34,800	70,178	121,647	239,041	63,112	52,762	87,658	85,794
Mobile Harbor Crane	_	285,306	202,306	263,173	433,065	499,537	304,281	466,776	312,545	859,133
Security	411,157	468,276	412,988	439,378	559,112	656,067	724,360	811,422	708,268	798,804
Communications & Public Relations	-	-	-	-	-	-	34,556	46,245	50,710	27,385
Utilities Services	831,452	754,329	625,974	571,709	544,724	647,808	480,479	583,901	540,144	360,795
Water Plant & Distribution System	81,789	86,117	87,176	76,101	106,580	116,903	124,542	128,247	129,913	128,600
Total	12,971,038	15,253,578	13,955,592	16,536,299	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,901
Non-Operating Revenues										
Interest on Investments	454,763	337,396	352,605	296,834	279,705	321,740	528,729	981,612	869,644	350,509
Other	782,889	1,150,884	7,796,071	15,782,778	7,789,701	908,920	1,191,372	3,456,383	8,430,601	9,557,232
Total	1,237,652	1,488,279	8,148,676	16,079,612	8,069,407	1,230,660	1,720,101	4,437,995	9,300,245	9,907,741
<b>Total Gross Revenues</b>	14,208,690	16,741,857	22,104,268	32,615,911	27,788,668	20,826,174	25,382,734	28,647,762	34,736,752	47,264,642
Operating Expenses, Other than D	Pepreciation &	k Amortization	n							
Maintenance and Operation of Facilities	-									
Wharf Operations	592,424	578,499	566,147	646,906	649,775	654,467	676,739	692,611	1,263,550	859,908
Industrial Development	248,855	369,220	253,317	223,301	190,057	224,962	1,192,156	259,279	249,296	125,546
Foreign Trade Zone	121,390	131,757	112,322	113,774	112,953	224,799	260,632	250,243	128,347	126,566
Facilities Maintenance	1,984,724	1,787,394	1,776,528	1,940,721	2,098,057	2,129,819	2,168,024	2,689,567	2,393,847	2,167,289
Utility Services	-	-	-	-	-	-	41,146	156,369	1,014,020	1,033,409
Harbor Mobile Crane	_	356,054	299,191	290,959	320,189	407,787	351,379	413,465	375,051	523,129
Security	972,004	1,032,737	1,037,642	1,118,256	1,069,513	1,313,392	1,470,316	1,477,297	1,433,296	1,455,997
Environmental Services	1,716	-	-	-	-	-	-	-	-	-
Communications & Public Relations	_	_	_	_	_	_	24,555	28,061	41,838	20,102
Engineering & Utilities	1,330,182	1,262,570	1,213,823	1,348,238	1,346,258	1,463,137	1,514,183	1,400,003	532,261	425,956
Water Plant & Distribution System	109,930	132,952	139,016	132,644	48,777	89,524	142,411	145,250	145,060	144,888
Total	5,361,225	5,651,184	5,397,987	5,814,800	5,835,580	6,507,887	7,841,541	7,512,145	7,576,566	6,882,790
General and Administrative Expenses	3,080,737	2,983,398	3,064,398	3,718,267	4,134,077	4,637,569	4,535,266	4,846,479	5,138,641	5,009,351
Total Operating Expenses	8,441,962	8,634,582	8,462,386	9,533,067	9,969,657	11,145,456	12,376,807	12,358,624	12,715,207	11,892,141
Non Operating Expenses										
Non-Operating Expenses Interest	526,309	222.015	500 520	503,519	396,750	369,952	483,595	1,457,670	1,397,700	1,334,801
		333,915	580,539							
Other  Total Non-Operating Expenses	132,585 <b>658,895</b>	90,083 <b>423,998</b>	167,256 <b>747,794</b>	74,026 <b>577,546</b>	32,644 <b>429,394</b>	28,895 <b>398,847</b>	78,131 <b>561,726</b>	1,563,950	1,520,676	144,667 1,479,468
Total Expenses	9,100,856	9,058,580	9,210,180	10,110,613	10,399,051	11,544,303	12,938,533	13,922,574	14,235,883	13,371,609
	2,100,000	2,000,000	7,210,100	10,110,010	10,000,001	11,011,000	12,500,000	10,722,071	11,200,000	10,011,000
Net Revenues Available For Debt Service on Revenue Bonds	\$ 5,107,834	\$ 7,683,277	\$ 12,894,088	\$ 22,505,299	\$ 17,389,618	\$ 9,281,871	\$ 12,444,201	\$ 14,725,188	\$ 20,500,869	\$ 33,893,034
Assurance Americal Dubbs Commis-										
Average Annual Debt Service on Revenue Bonds	\$ 1,691,389	\$ 974,741	\$ 1,010,611	\$ 801,300	\$ 725,668	\$ 2,481,562	\$ 2,356,870	\$ 2,434,452	\$ 2,406,440	\$ 2,375,721
Coverage by Net Revenues	3.02	7.88	12.76	28.09	23.96	3.74	5.28	6.05	8.52	14.27

Table 13

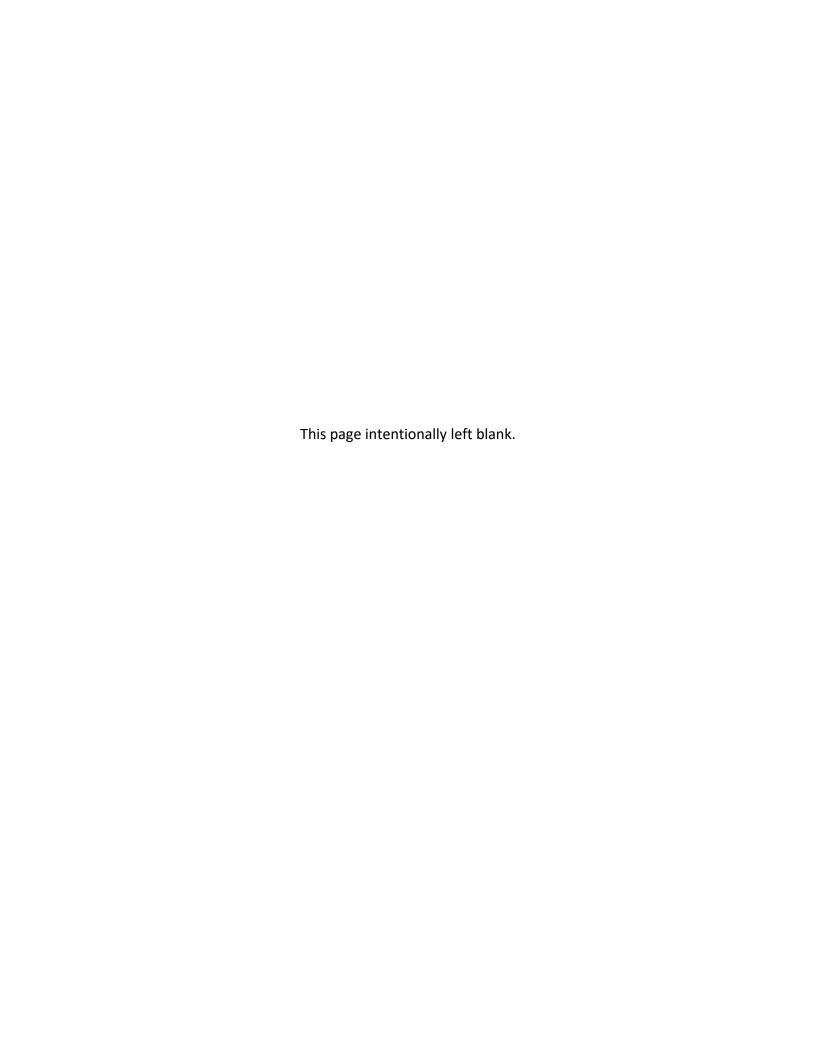
# Brownsville Navigation District of Cameron County, Texas Revenue Bond Debt Service Requirements

(Unaudited)

This table sets forth the annual debt sevice requirements on the District's Revenue Bonds as of December 31, 2020, excluding bonds that have been refunded and defeased.

Fiscal Year Ending December 31	Outstanding Debt Service Requirements
2021	3,021,403
2022	2,723,862
2023	2,451,003
2024	2,448,321
2025	2,447,989
2026	2,449,805
2027	2,340,396
2028	2,339,718
2029	2,345,811
2030	2,353,392
2031	2,353,776
2032	2,361,912
2033	2,367,098
2034	2,369,248
2035	2,373,248
2036	2,378,829
2037	2,387,754
2038	2,390,651
2039	1,804,800
2040	1,805,400
Total	\$ 47,514,415

Demographic and Economic Information	



## 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

<u>Year</u>	GDP (a)	National Unemployment (b)	Total U.S. Exports (c)	Total U.S. Imports (c)	U.S. Rig Count (d)	Oil Price \$/Bbl (e)
2011	1.6%	8.9%	1,497.40	2,235.70	1,875	94.88
2012	2.2%	8.1%	1,564.10	2,299.40	1,784	94.05
2013	1.8%	7.4%	2,272.30	2,743.90	1,771	97.98
2014	2.5%	6.2%	2,345.40	2,850.50	1,882	93.17
2015	2.9%	5.3%	2,230.30	2,761.80	714	48.66
2016	1.6%	4.9%	2,209.40	2,711.70	517	43.29
2017	2.2%	4.4%	2,329.30	2,895.30	875	50.80
2018	2.9%	3.9%	2,500.00	3,121.00	1,125	65.23
2019	2.1%	3.7%	2,499.80	3,116.50	944	57.00
2020	4.3%	8.1%	2,131.90	2,350.60	436	39.16

<sup>(</sup>a) Gross Domestic Product percent changed on 2009 dollars. Source: Bureau of Economic Analysis

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

<sup>(</sup>c) Billions of dollars. Source: Customs data from Department of Commerce, U.S. Census Bureau

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

<sup>(</sup>e) Cushing, OK WTI annual spot price. Source: Energy Information Administration (EIA)

Table 15

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

Last Ten Fiscal Years (Unaudited)

Fiscal		Per Capita		School	Unemployment	Personal
Year	Population	Income	Median Age	Enrollment	Rate	Income
2011	406,220	13,474	29.1	101,832	11.9%	18,550
2012	406,220	14,183	30.6	101,477	10.2%	23,236
2013	415,557	14,405	30.6	103,585	10.5%	23,236
2014	417,296	14,405	30.6	103,585	8.5%	24,802
2015	420,392	14,898	31.0	103,585	6.9%	25,211
2016	422,156	15,105	31.2	101,992	6.9%	26,826
2017	422,135	15,457	31.3	100,731	6.4%	27,055
2018	423,725	15,457	31.3	99,090	6.9%	27,055
2019	423,908	16,587	31.4	97,701	6.2%	28,756
2020	423,163	18,431	31.9	95,305	10.9%	29,928

Source: Cameron County, Texas CAFR

#### Brownsville Navigation District of Cameron County, Texas Ten Principal Employers

(Unaudited)

#### **Port of Brownsville Employers**

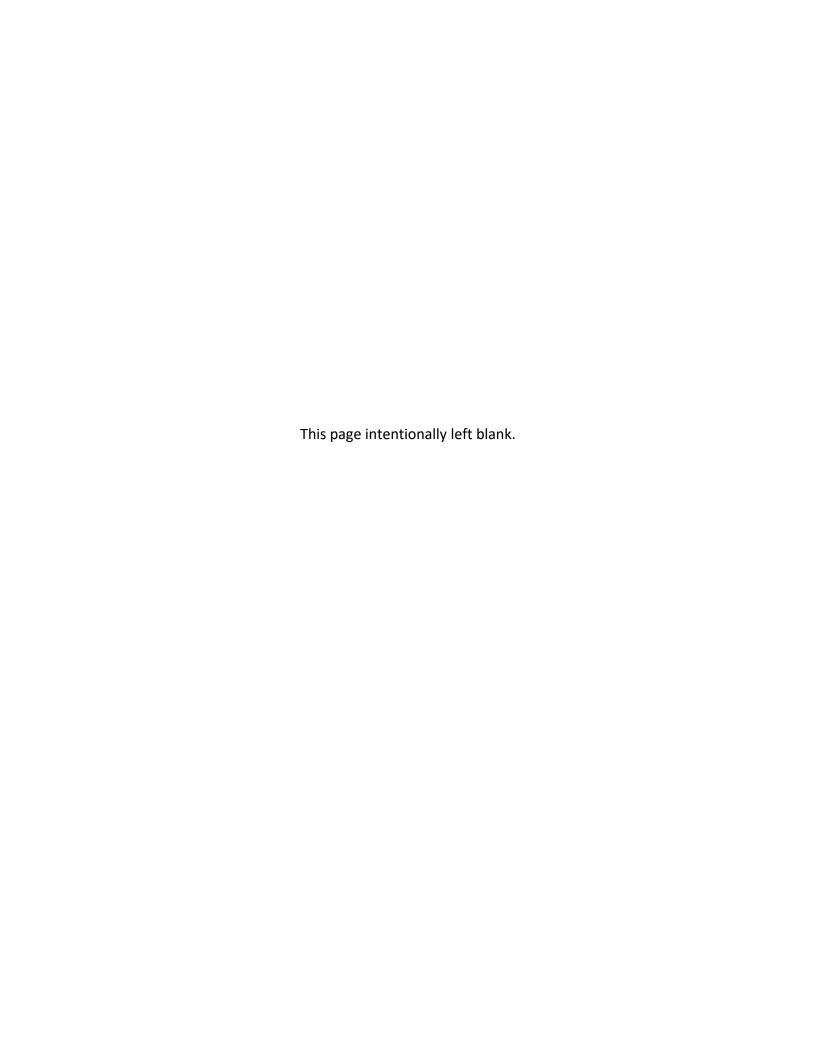
No.	Employer	Type of Activity	2020 Estimated No. of Employees	% of Total Port of Brownsville Employment	2011 Estimated No. of Employees
1	Keppel AmFELS, Inc.	Manufacturer	1,539	39.89%	1,695
2	Brownsville Acquisition, Inc.	Scrap Recycling	154	3.99%	-
3	International Shipbreaking Limited, LLC	Ship Breaking/Scrap	140	3.63%	171
4	Bedoli Group, Inc.	Scrap Recycling	123	3.19%	100
5	Duro Standard Products Co., LLC	Paper Products	116	3.01%	114
6	Gulf Stream Marine	Stevedoring	110	2.85%	90
7	Magic Valley Concrete	Concrete	112	2.90%	-
8	Brownsville Navigation District	Vessel/Rental Services	109	2.83%	92
9	Heavy Duty Equipment/Dix Industries, Inc.	Stevedore Equip, Storage, Med	99	2.57%	-
10	Transmontaigne Operating Co.	Terminal	69	1.79%	-

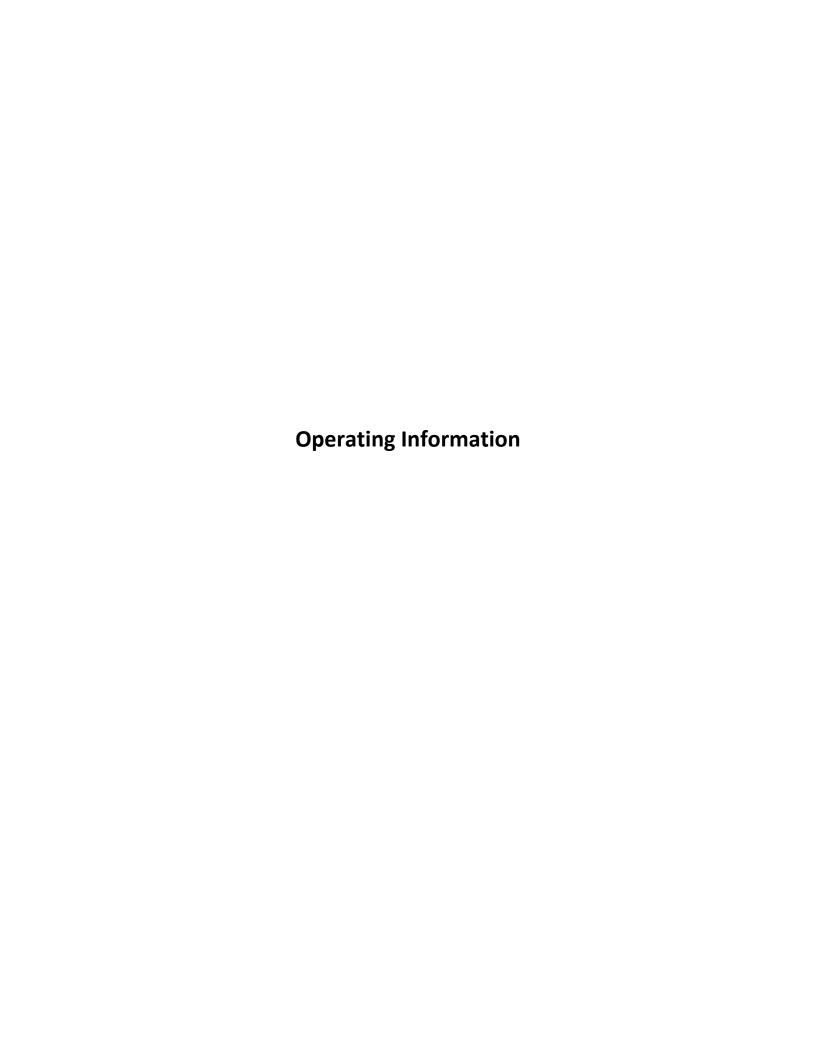
Source: Brownsville Navigation District Real Estate Services Department

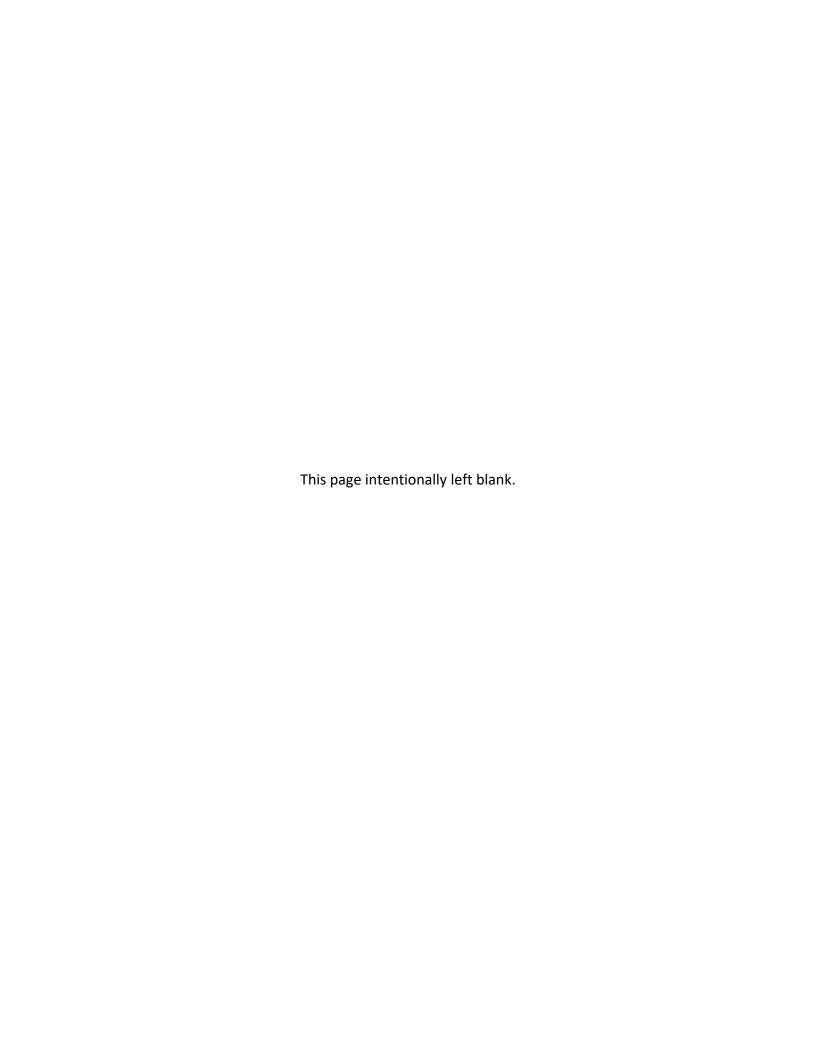
#### **Cameron County, Texas Employers**

No.	Employer	Type of Activity	2020 Estimated No. of Employees	% of Total Cameron County Employment	2011 Estimated No. of Employees
1	Brownsville ISD	Education	6,487	4.69%	7,434
2	Valley Baptist Medical Center	Health Care	2,843	2.05%	2,647
3	Harlingen CISD	Education	2,774	2.00%	2,848
4	Wal-Mart Associates, Inc.	Retail	2,350	1.70%	1,174
5	H-E-B Grocery	Retail	2,249	1.62%	-
6	Cameron County	Government	1,943	1.40%	1,656
7	San Benito CISD	Education	1,716	1.24%	1,638
8	Keppel Amfels	Manufacturer	1,500	1.08%	1,695
9	The University of Texas Rio Grande	Education	1,376	0.99%	2,386
10	City of Brownsville	Government	1,172	0.85%	1,178

Source: Cameron County, Texas CAFR







# 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)	Vessel Draft (feet)	10ft. Off Dock Special Fendering (feet)	Available Rail
General Cargo Docks		. ,	. ,	, ,	, ,		
Dock No. 1	General Cargo	420	165	14.8	26.4	31	Double depressed track
Dock No. 2	General Cargo	420	165	14.8	25.5	30	Double depressed track
Dock No. 3	General Cargo	440	165	14.8	32.5	32.5	Double depressed track
Dock No. 4	General Cargo	470	165	14.8	26	30	Double depressed track
Dock No. 7	General Cargo	500	140	12.8	23	25	Double depressed track
Dock No. 8	General Cargo	500	140	12.8	23	25	Double depressed track
Dock No. 10	Light Draft Vessels	650	280	12	13.7	17.1	(1) Apron Track (2) Double depressed track
Dock No. 11	Deep Sea-Open Dock	626	280	12	36		(1) Apron Track (2) Double depressed track
Dock No. 12	General Cargo	550	280	12	36		Double railroad track on shipside apron; Double depressed track
Dock No. 13	General Cargo	550	280	12	34		Double railroad track on shipside apron; Double depressed track
Dock No. 15	Heavy Duty/Multi purpose Open Dock	600	145	12	39		Two-rail siding along warehouse
Dock No. 16	Heavy Duty/Multi purpose Open Dock	600	145	12	39		Two-rail siding behind patio
Bulk Cargo (Grain I	Elevator) Dock	400	43	12	39	39	
<b>Liquid Cargo Docks</b> Liquid Cargo Dock		30	60		39	39	
Dock No. 1		420	120	14.8	27.5	31	
Dock No. 2		420	120	14.8	27	32	
Dock No. 3		420	120	14.8	38	38	
Dock No. 5		1100	220	16.6	39	39	
Dock No. 6		1345	324	16.6	39.5	39.5	

#### Cargo Storage Facilities

 $\begin{array}{ll} \text{Covered Storage Areas} & 1 + \text{million square feet} \\ \text{Open Storage Areas} & 3 + \text{million square feet} \end{array}$ 

#### Cargo Handling Equipment

(3) Mobile Harbor Cranes

Gottwald 137.5- short ton mobile harbor cranes

 $Additional\ cargo-handling\ equipment\ are\ owned\ by\ the\ licensed\ stevedores\ and\ freight\ handlers\ operating\ at\ the\ Port\ of\ Brownsville.$ 

#### Fishing Harbor

Location 5 miles east of Turning Basin on Ship Channel

Vessle Draft 14 ft

Docks  $$8,\!657$$  linear ft of marginal docks Three 40 ft finger piers

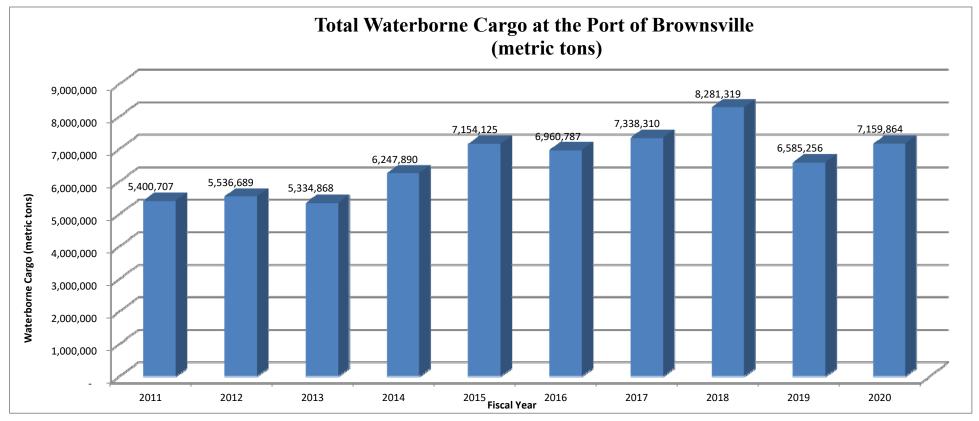
#### Brownsville Navigation District of Cameron County, Texas Cargo Statistics for the Port of Brownsville

Reported in Metric Tons Last Ten Years (Unaudited)

Breakdown of	Waterborne (	Cargo by	Product	Classification	(metric tons)	

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Farm Products	-	-	-	-	-	-	-	1,841	2,776	128,750
Forest Products	-	-	-	-	20	-	-	-	-	-
Metallic Ores	11,911	35,061	54,608	66,876	20,754	5,980	6,063	5,908	22,830	32,647
Nonmetallic Minerals, Except Fuels	493,777	364,257	332,346	457,538	933,470	653,142	534,921	333,977	560,430	545,660
Food and Kindred Products	5,110	-	10,493	-	-	-	68,420	96,130	7,203	37,130
Chemicals and Allied Products	28,311	45,240	49,366	29,705	23,679	63,554	6,032	13,934	-	6,280
Petroleum and Coal Products	2,932,034	2,825,286	3,115,995	3,220,882	3,823,846	3,906,192	4,330,383	4,729,332	3,482,989	3,416,047
Stone, Clay and Concrete Products	-	-	-	-	-	252	14,001	71,569	99,530	179,925
Primary Metal Products	1,648,311	2,018,001	1,576,543	2,333,491	2,256,784	2,237,335	2,174,706	2,843,217	2,224,208	2,544,213
Fabricated Metal Products	-	8,220	-	11,977	37,545	43,309	46,608	39,485	82,682	198,377
Lumber and Wood Products	-	-	-	-	-	372	79,158	-	-	-
Machiners	309	-	-	4,472	1,004	252	-	296	100	891
Special Items	1,954	7,592	2,878	3,270	3,127	8,112	818	1,290	10,528	31,344
Transportation Equipment	-	-	-	222	586	535	81	474	49	352
Waste and Scrap Materials	273,209	229,612	188,633	115,192	48,221	35,962	71,316	135,771	86,075	30,703
Water	5,781	3,420	4,004	4,264	5,089	5,790	5,803	8,095	5,858	7,546
Total	5,400,707	5,536,689	5,334,868	6,247,890	7,154,125	6,960,787	7,338,310	8,281,319	6,585,256	7,159,864
		Summar	v of Waterbor	ne Cargo by N	Aovement Tyn	oe (metric tons)				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Foreign	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Foreign Imports	<b>2011</b> 2,800,164	<b>2012</b> 2,805,683	<b>2013</b> 1,995,829	2,912,016	<b>2015</b> 3,651,992	<b>2016</b> 3,069,005	<b>2017</b> 3,148,009	<b>2018</b> 4,053,342	<b>2019</b> 3,176,426	<b>2020</b> 3,521,217
Imports	2,800,164	2,805,683	1,995,829	2,912,016	3,651,992	3,069,005	3,148,009	4,053,342	3,176,426	3,521,217
Imports Exports	2,800,164 456,067	2,805,683 125,565	1,995,829 271,498	2,912,016 247,007	3,651,992 687,250	3,069,005 495,349	3,148,009 798,782	4,053,342 805,210	3,176,426 760,521	3,521,217 1,026,663
Imports Exports Total Foreign	2,800,164 456,067	2,805,683 125,565	1,995,829 271,498	2,912,016 247,007	3,651,992 687,250	3,069,005 495,349	3,148,009 798,782	4,053,342 805,210	3,176,426 760,521	3,521,217 1,026,663
Imports Exports  Total Foreign Coastwise	2,800,164 456,067 <b>3,256,231</b>	2,805,683 125,565 <b>2,931,248</b>	1,995,829 271,498 <b>2,267,327</b>	2,912,016 247,007 <b>3,159,023</b>	3,651,992 687,250 <b>4,339,242</b>	3,069,005 495,349 <b>3,564,354</b>	3,148,009 798,782 <b>3,946,791</b>	4,053,342 805,210 4,858,552	3,176,426 760,521 <b>3,936,94</b> 7	3,521,217 1,026,663 <b>4,547,880</b>
Imports Exports  Total Foreign  Coastwise Receipts	2,800,164 456,067 <b>3,256,231</b> 614,069	2,805,683 125,565 <b>2,931,248</b> 918,999	1,995,829 271,498 <b>2,267,327</b> 1,333,951	2,912,016 247,007 <b>3,159,023</b> 1,237,280	3,651,992 687,250 <b>4,339,242</b> 1,238,634	3,069,005 495,349 <b>3,564,354</b> 1,690,879	3,148,009 798,782 <b>3,946,791</b> 1,589,505	4,053,342 805,210 4,858,552	3,176,426 760,521 <b>3,936,947</b> 854,620	3,521,217 1,026,663 <b>4,547,880</b> 501,457
Imports Exports  Total Foreign  Coastwise Receipts Shipments	2,800,164 456,067 <b>3,256,231</b> 614,069 88,237	2,805,683 125,565 <b>2,931,248</b> 918,999 406,378	1,995,829 271,498 <b>2,267,327</b> 1,333,951 646,736	2,912,016 247,007 <b>3,159,023</b> 1,237,280 622,411	3,651,992 687,250 <b>4,339,242</b> 1,238,634 426,847	3,069,005 495,349 <b>3,564,354</b> 1,690,879 544,982	3,148,009 798,782 <b>3,946,791</b> 1,589,505 115,522	4,053,342 805,210 <b>4,858,552</b> 1,474,048 63,234	3,176,426 760,521 <b>3,936,947</b> 854,620 39,479	3,521,217 1,026,663 <b>4,547,880</b> 501,457 166,368
Imports Exports  Total Foreign  Coastwise Receipts Shipments  Total Coastwise	2,800,164 456,067 <b>3,256,231</b> 614,069 88,237	2,805,683 125,565 <b>2,931,248</b> 918,999 406,378	1,995,829 271,498 <b>2,267,327</b> 1,333,951 646,736	2,912,016 247,007 <b>3,159,023</b> 1,237,280 622,411	3,651,992 687,250 <b>4,339,242</b> 1,238,634 426,847	3,069,005 495,349 <b>3,564,354</b> 1,690,879 544,982	3,148,009 798,782 <b>3,946,791</b> 1,589,505 115,522	4,053,342 805,210 <b>4,858,552</b> 1,474,048 63,234	3,176,426 760,521 <b>3,936,947</b> 854,620 39,479	3,521,217 1,026,663 <b>4,547,880</b> 501,457 166,368
Imports Exports  Total Foreign  Coastwise Receipts Shipments  Total Coastwise Interncoastal	2,800,164 456,067 <b>3,256,231</b> 614,069 88,237 <b>702,306</b>	2,805,683 125,565 2,931,248 918,999 406,378 1,325,377	1,995,829 271,498 2,267,327 1,333,951 646,736 1,980,687	2,912,016 247,007 3,159,023 1,237,280 622,411 1,859,691	3,651,992 687,250 <b>4,339,242</b> 1,238,634 426,847 <b>1,665,481</b>	3,069,005 495,349 3,564,354 1,690,879 544,982 2,235,861	3,148,009 798,782 3,946,791 1,589,505 115,522 1,705,027	4,053,342 805,210 4,858,552 1,474,048 63,234 1,537,282	3,176,426 760,521 3,936,947 854,620 39,479 894,099	3,521,217 1,026,663 <b>4,547,880</b> 501,457 166,368 <b>667,825</b>
Imports Exports  Total Foreign  Coastwise Receipts Shipments  Total Coastwise  Interncoastal Receipts	2,800,164 456,067 <b>3,256,231</b> 614,069 88,237 <b>702,306</b> 764,584	2,805,683 125,565 2,931,248 918,999 406,378 1,325,377 716,208	1,995,829 271,498 2,267,327 1,333,951 646,736 1,980,687	2,912,016 247,007 <b>3,159,023</b> 1,237,280 622,411 <b>1,859,691</b> 716,173	3,651,992 687,250 <b>4,339,242</b> 1,238,634 426,847 <b>1,665,481</b> 761,379	3,069,005 495,349 3,564,354 1,690,879 544,982 2,235,861	3,148,009 798,782 3,946,791 1,589,505 115,522 1,705,027	4,053,342 805,210 4,858,552 1,474,048 63,234 1,537,282 1,655,435	3,176,426 760,521 3,936,947 854,620 39,479 894,099	3,521,217 1,026,663 <b>4,547,880</b> 501,457 166,368 <b>667,825</b>
Imports Exports  Total Foreign  Coastwise Receipts Shipments  Total Coastwise  Interncoastal Receipts Shipments Total Intercoastal	2,800,164 456,067 3,256,231 614,069 88,237 702,306 764,584 677,586 1,442,170	2,805,683 125,565 2,931,248 918,999 406,378 1,325,377 716,208 563,857 1,280,064	1,995,829 271,498 2,267,327 1,333,951 646,736 1,980,687 538,336 548,518 1,086,854	2,912,016 247,007 3,159,023 1,237,280 622,411 1,859,691 716,173 513,004 1,229,176	3,651,992 687,250 <b>4,339,242</b> 1,238,634 426,847 <b>1,665,481</b> 761,379 388,024 <b>1,149,402</b>	3,069,005 495,349 3,564,354 1,690,879 544,982 2,235,861 959,848 200,724 1,160,572	3,148,009 798,782 3,946,791 1,589,505 115,522 1,705,027 1,457,353 229,139 1,686,492	4,053,342 805,210 4,858,552 1,474,048 63,234 1,537,282 1,655,435 230,050 1,885,485	3,176,426 760,521 3,936,947 854,620 39,479 894,099 1,584,289 169,922 1,754,211	3,521,217 1,026,663 <b>4,547,880</b> 501,457 166,368 <b>667,825</b> 1,714,260 229,899 <b>1,944,158</b>
Imports Exports  Total Foreign  Coastwise Receipts Shipments  Total Coastwise  Interncoastal Receipts Shipments  Total Intercoastal  Total Imports	2,800,164 456,067 3,256,231 614,069 88,237 702,306 764,584 677,586 1,442,170 2,800,164	2,805,683 125,565 2,931,248 918,999 406,378 1,325,377 716,208 563,857 1,280,064 2,805,683	1,995,829 271,498 2,267,327 1,333,951 646,736 1,980,687 538,336 548,518 1,086,854	2,912,016 247,007 3,159,023 1,237,280 622,411 1,859,691 716,173 513,004 1,229,176 2,912,016	3,651,992 687,250 4,339,242 1,238,634 426,847 1,665,481 761,379 388,024 1,149,402 3,651,992	3,069,005 495,349 3,564,354 1,690,879 544,982 2,235,861 959,848 200,724 1,160,572 3,069,005	3,148,009 798,782 3,946,791 1,589,505 115,522 1,705,027 1,457,353 229,139 1,686,492 3,148,009	4,053,342 805,210 4,858,552 1,474,048 63,234 1,537,282 1,655,435 230,050 1,885,485 4,053,342	3,176,426 760,521 3,936,947 854,620 39,479 894,099 1,584,289 169,922 1,754,211 3,176,426	3,521,217 1,026,663 4,547,880 501,457 166,368 667,825 1,714,260 229,899 1,944,158
Imports Exports  Total Foreign  Coastwise Receipts Shipments  Total Coastwise  Interncoastal Receipts Shipments  Total Intercoastal  Total Imports Total Exports	2,800,164 456,067 3,256,231 614,069 88,237 702,306 764,584 677,586 1,442,170 2,800,164 456,067	2,805,683 125,565 2,931,248 918,999 406,378 1,325,377 716,208 563,857 1,280,064 2,805,683 125,565	1,995,829 271,498 2,267,327 1,333,951 646,736 1,980,687 538,336 548,518 1,086,854 1,995,829 271,498	2,912,016 247,007 3,159,023 1,237,280 622,411 1,859,691 716,173 513,004 1,229,176 2,912,016 247,007	3,651,992 687,250 4,339,242 1,238,634 426,847 1,665,481 761,379 388,024 1,149,402 3,651,992 687,250	3,069,005 495,349 3,564,354 1,690,879 544,982 2,235,861 959,848 200,724 1,160,572 3,069,005 495,349	3,148,009 798,782 3,946,791 1,589,505 115,522 1,705,027 1,457,353 229,139 1,686,492 3,148,009 798,782	4,053,342 805,210 4,858,552 1,474,048 63,234 1,537,282 1,655,435 230,050 1,885,485 4,053,342 805,210	3,176,426 760,521 3,936,947 854,620 39,479 894,099 1,584,289 169,922 1,754,211 3,176,426 760,521	3,521,217 1,026,663 <b>4,547,880</b> 501,457 166,368 <b>667,825</b> 1,714,260 229,899 <b>1,944,158</b> 3,521,217 1,026,663
Imports Exports  Total Foreign  Coastwise Receipts Shipments  Total Coastwise  Interncoastal Receipts Shipments  Total Intercoastal  Total Imports Total Exports Total Receipts	2,800,164 456,067 3,256,231 614,069 88,237 702,306 764,584 677,586 1,442,170 2,800,164 456,067 1,378,653	2,805,683 125,565 2,931,248 918,999 406,378 1,325,377 716,208 563,857 1,280,064 2,805,683 125,565 1,635,207	1,995,829 271,498 2,267,327 1,333,951 646,736 1,980,687 538,336 548,518 1,086,854 1,995,829 271,498 1,872,288	2,912,016 247,007 3,159,023 1,237,280 622,411 1,859,691 716,173 513,004 1,229,176 2,912,016 247,007 1,953,453	3,651,992 687,250 4,339,242 1,238,634 426,847 1,665,481 761,379 388,024 1,149,402 3,651,992 687,250 2,000,012	3,069,005 495,349 3,564,354 1,690,879 544,982 2,235,861 959,848 200,724 1,160,572 3,069,005 495,349 2,650,727	3,148,009 798,782 3,946,791 1,589,505 115,522 1,705,027 1,457,353 229,139 1,686,492 3,148,009 798,782 3,046,858	4,053,342 805,210 4,858,552 1,474,048 63,234 1,537,282 1,655,435 230,050 1,885,485 4,053,342 805,210 3,129,483	3,176,426 760,521 3,936,947 854,620 39,479 894,099 1,584,289 169,922 1,754,211 3,176,426 760,521 2,438,908	3,521,217 1,026,663 <b>4,547,880</b> 501,457 166,368 <b>667,825</b> 1,714,260 229,899 <b>1,944,158</b> 3,521,217 1,026,663 2,215,717
Imports Exports  Total Foreign  Coastwise Receipts Shipments  Total Coastwise  Interncoastal Receipts Shipments  Total Intercoastal  Total Imports Total Exports	2,800,164 456,067 3,256,231 614,069 88,237 702,306 764,584 677,586 1,442,170 2,800,164 456,067	2,805,683 125,565 2,931,248 918,999 406,378 1,325,377 716,208 563,857 1,280,064 2,805,683 125,565	1,995,829 271,498 2,267,327 1,333,951 646,736 1,980,687 538,336 548,518 1,086,854 1,995,829 271,498	2,912,016 247,007 3,159,023 1,237,280 622,411 1,859,691 716,173 513,004 1,229,176 2,912,016 247,007	3,651,992 687,250 4,339,242 1,238,634 426,847 1,665,481 761,379 388,024 1,149,402 3,651,992 687,250	3,069,005 495,349 3,564,354 1,690,879 544,982 2,235,861 959,848 200,724 1,160,572 3,069,005 495,349	3,148,009 798,782 3,946,791 1,589,505 115,522 1,705,027 1,457,353 229,139 1,686,492 3,148,009 798,782	4,053,342 805,210 4,858,552 1,474,048 63,234 1,537,282 1,655,435 230,050 1,885,485 4,053,342 805,210	3,176,426 760,521 3,936,947 854,620 39,479 894,099 1,584,289 169,922 1,754,211 3,176,426 760,521	3,521,217 1,026,663 <b>4,547,880</b> 501,457 166,368 <b>667,825</b> 1,714,260 229,899 <b>1,944,158</b> 3,521,217 1,026,663

Table 18 - continued



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

Last Ten Fiscal Years (Unaudited)

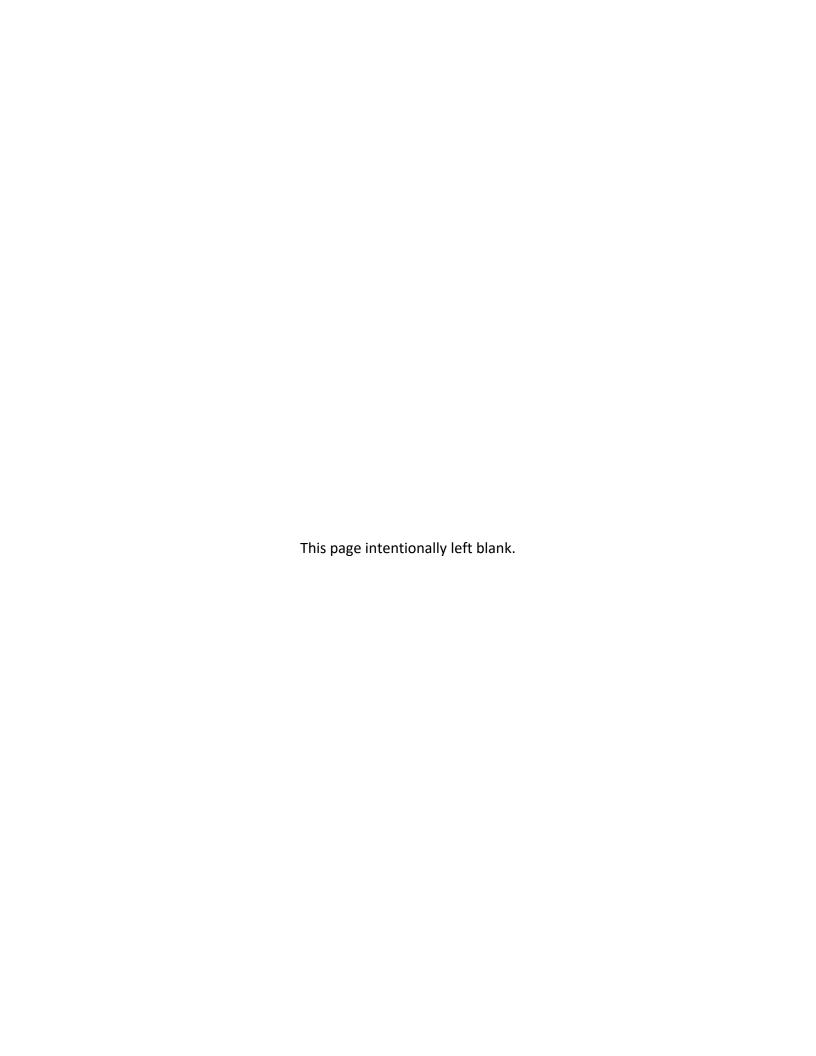
T-1*	<b>T</b> 7	
Fisca	VAG	1

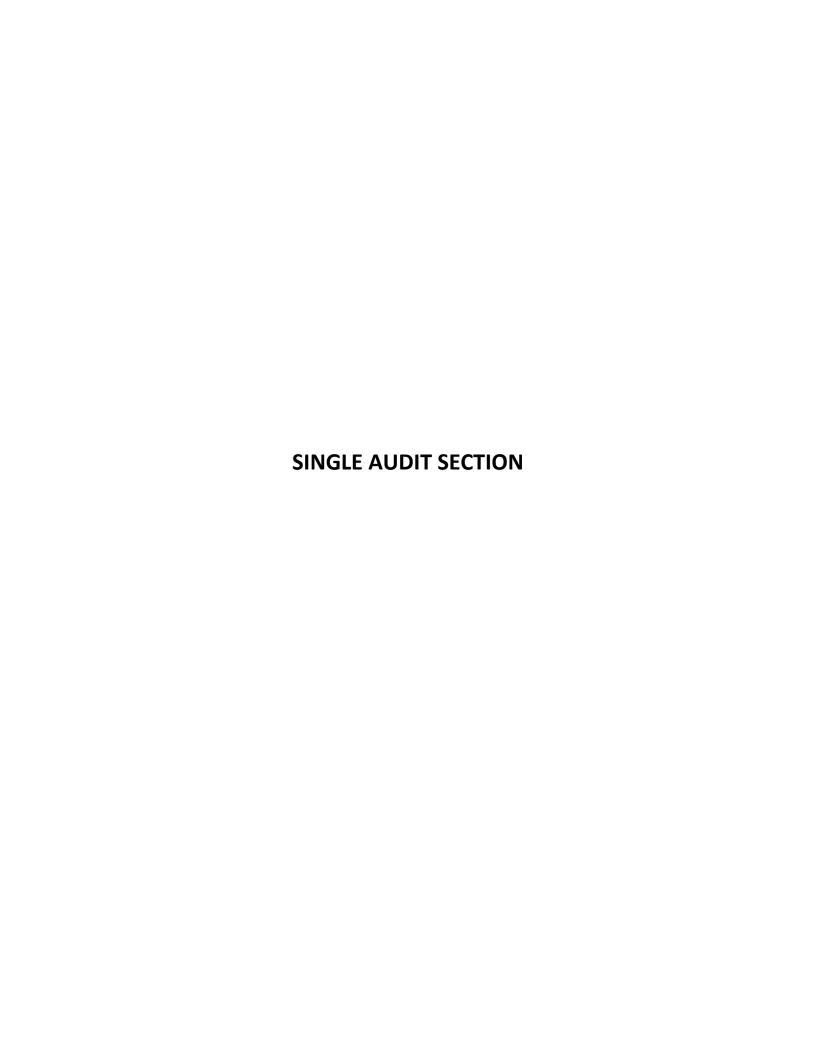
				1 iscai i	cai				
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
858	707	618	653	632	525	741	803	870	891
110	124	102	118	131	29	44	67	30	53
-	5	8	-	3	-	1	-	1	1
10	3	4	3	19	12	6	5	7	-
-	-	-	-	-	-	-	-	294	309
-	-	-	-	13	123	98	109	134	198
46	78	111	51	51	123	92	46	50	63
37	32	27	15	9	6	7	12	7	10
84	62	91	127	164	199	242	158	112	98
92	72	69	92	118	74	86	106	61	48
1,237	1,083	1,030	1,059	1,140	1,091	1,317	1,306	1,566	1,671
	858 110 - 10 - 46 37 84 92	858 707 110 124 - 5 10 3 46 78 37 32 84 62 92 72	858       707       618         110       124       102         -       5       8         10       3       4         -       -       -         -       -       -         46       78       111         37       32       27         84       62       91         92       72       69	858       707       618       653         110       124       102       118         -       5       8       -         10       3       4       3         -       -       -       -         -       -       -       -         46       78       111       51         37       32       27       15         84       62       91       127         92       72       69       92	2011         2012         2013         2014         2015           858         707         618         653         632           110         124         102         118         131           -         5         8         -         3           10         3         4         3         19           -         -         -         -         -           -         -         -         -         -         -           -         -         -         -         -         -         -           -	858       707       618       653       632       525         110       124       102       118       131       29         -       5       8       -       3       -         10       3       4       3       19       12         -       -       -       -       -       -         -       -       -       -       -       -       -         -       -       -       -       13       123         46       78       111       51       51       123         37       32       27       15       9       6         84       62       91       127       164       199         92       72       69       92       118       74	2011         2012         2013         2014         2015         2016         2017           858         707         618         653         632         525         741           110         124         102         118         131         29         44           -         5         8         -         3         -         1           10         3         4         3         19         12         6           -         -         -         -         -         -         -           -         -         -         -         -         -         -         -           -         -         -         -         13         123         98         98           46         78         111         51         51         123         92           37         32         27         15         9         6         7           84         62         91         127         164         199         242           92         72         69         92         118         74         86	2011         2012         2013         2014         2015         2016         2017         2018           858         707         618         653         632         525         741         803           110         124         102         118         131         29         44         67           -         5         8         -         3         -         1         -           10         3         4         3         19         12         6         5           -         -         -         -         -         -         -         -           -         -         -         -         13         123         98         109           46         78         111         51         51         123         92         46           37         32         27         15         9         6         7         12           84         62         91         127         164         199         242         158           92         72         69         92         118         74         86         106	2011         2012         2013         2014         2015         2016         2017         2018         2019           858         707         618         653         632         525         741         803         870           110         124         102         118         131         29         44         67         30           -         5         8         -         3         -         1         -         1           10         3         4         3         19         12         6         5         7           -         -         -         -         -         -         -         -         294           -         -         -         -         13         123         98         109         134           46         78         111         51         51         123         92         46         50           37         32         27         15         9         6         7         12         7           84         62         91         127         164         199         242         158         112           92

# Brownsville Navigation District of Cameron County, Texas Annual Employment

Last Ten Years (Unaudited)

_	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Hourly/Salaried Employees										
Hourly Employees (Non-Exempt)	73	74	73	75	74	74	76	76	70	79
Salaried Employees (Exempt)	16	19	19	21	24	25	25	28	31	30
	89	93	92	96	98	99	101	104	101	109
<b>Operations Employees</b>										
Hourly Employees (Non-Exempt)	58	58	57	58	56	58	58	59	55	65
Salaried Employees (Exempt)	3	5	6	10	9	9	9	11	9	10
	61	63	63	68	65	67	67	70	64	75
Administrative Employees										
Hourly Employees (Non-Exempt)	15	16	16	17	18	16	18	17	15	14
Salaried Employees (Exempt)	13	14	13	11	15	16	16	17	22	20
_	28	30	29	28	33	32	34	34	37	34









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# INDEPENDENT AUDITORS' 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 of Cameron County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Brownsville Navigation District of Cameron County, Texas (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 29, 2021.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

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

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

McAllen, Texas June 29, 2021



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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

#### Report on Compliance for Each Major Federal Program

We have audited Brownsville Navigation District of Cameron County, Texas' (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended December 31, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 District's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, the 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, 2020.

#### **Report on Internal Control over Compliance**

Management of the 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 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 the Uniform Guidance, 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 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

McAllen, Texas June 29, 2021



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# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIRMENTS APPLICABLE TO EACH STATE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

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

#### **Report on Compliance for Each Major State Program**

We have audited Brownsville Navigation District of Cameron County, Texas' (the "District") compliance with the types of compliance requirements described in the State Comptroller's Office, Uniform Grant Management Standards that could have a direct and material effect on each of District's major state programs for the year ended December 31, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

#### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state 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 the audit requirements of the State of Texas Single Audit Circular. Those standards and the State of Texas Single Audit Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 state program. However, our audit does not provide a legal determination of the District's compliance.

#### **Opinion on Each Major State Program**

In our opinion, the 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 state programs for the year ended December 31, 2020.

#### **Report on Internal Control over Compliance**

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of Texas Single Audit Circular, 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 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 state 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 state 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. 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 the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

McAllen, Texas June 29, 2021

# **Schedule of Findings and Questioned Costs**

For the year ended December 31, 2020

#### **SECTION I-SUMMARY OF AUDITORS' RESULTS**

1.	Тур	pe of auditors' report issued:	Unmodified
2.	Int	ernal control over financial reporting:	
	a)	Material weaknesses identified?	No
	b)	Significant deficiencies identified not considered to be material weaknesses?	None noted
	c)	Noncompliance material to financial statements noted?	No
Federo	ıl Av	vards	
1.	Тур	pe of auditors' report issued on compliance for major programs	Unmodified
2.	Int	ernal control over major programs:	
	a)	Material weaknesses identified?	No
	b)	Significant deficiencies identified not considered to be material weaknesses?	None Noted
3.		y audit findings disclosed that are required to be reported in cordance with 2CFR Part 200.516(a)?	No
4.	Ide	entification of major programs:	
CFI	DA N	lumber	
	20.	Federal Program or Cluster  Highway Planning and Construction (Cluster)	
5.	Do	llar threshold used to distinguish between type A and B programs	\$750,000
6.	Au	ditee qualified as a low-risk auditee for federal purposes?	No

#### **Schedule of Findings and Questioned Costs (Continued)**

For the year ended December 31, 2020

#### State Awards

1.	Type of auditors' report issued on compliance for major programs	Unmodified
2.	Internal control over major programs:	
	c) Material weaknesses identified?	No
	d) Significant deficiencies identified not considered to be material weaknesses?	None Noted
3.	Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular?	No
4.	Identification of major programs:	

#### Control-Section-Job

CONTROL SECTION - 100		
Number	State Program	
CSJ - 0921-06-288	Surface Transportation Block Grant	
	- South Port Connector	
CSJ - 0921-06-288	Texas Mobility Fund Grant - Rider	
	45 - South Port Connector	
5. Dollar threshold	\$300,000	
6. Auditee qualified	as a low-risk auditee under the State of	
Texas Single Audi		No

#### **SECTION II-FINANCIAL STATEMENT FINDINGS**

None reported.

#### SECTION III-FEDERAL/STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

#### SECTION IV- PRIOR FINDINGS AND QUESTIONED COSTS FOR FEDERAL/STATE AWARDS

No matters were noted.

### **Schedule of Expenditures of Federal and State Awards**

For the year ended December 31, 2020

Federal/State Grantor					
Pass-Through Grantor	Federal CFDA Number	Contract/Grant	Federal/State Expenditures		Payments to Subrecipients
Program/Cluster Title		Number			
Federal Awards					
Department of Transportation					
Passed through Texas Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	CSJ - 0921-06-288	\$	2,293,906	\$ -
Total Highway Planning and Construction Cluster				2,293,906	-
Total Department of Transportation				2,293,906	-
Total Federal Awards Expended			\$	2,293,906	\$ -
State Awards					
<u>otate / two up</u>					
Texas Department of Transportation					
Surface Transportation Block Grant - South Port Connector		CSJ - 0921-06-288	\$	493,190	\$ -
Texas Mobility Fund Grant - Rider 45 - South Port Connector		CSJ - 0921-06-288		1,532,868	-
Total Texas Department of Transportation				2,026,058	-
Total State Awards Expended				2,026,058	-
Total Federal and State Awards Expended				4,319,964	

The accompanying notes are an integral part of this schedule

#### Notes to the Schedule of Expenditures of Federal and State Awards

For the year ended December 31, 2020

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state spending of the Brownsville Navigation District of Cameron County, Texas (the "District") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not represent the financial position of the District.

#### **Note 2: INDIRECT COST RATE**

The Uniform Guidance allows an organization to elect a 10% de minimums indirect cost rate. For the year ended December 31, 2020, the District did not elect to use this rate.

#### Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The District did not have any federal loans or loan guarantees outstanding during the year ended December 31, 2020.

#### **NOTE 4: SUB-RECIPIENTS**

During the year ended December 31, 2020, the District had no sub-recipients.

#### **Note 5: NONCASH ASSISTANCE AND OTHER**

The District did not receive any noncash assistance or federally funded insurance during the year ended December 31, 2020.

#### **Note 6: CONTINGENCIES**

Grant monies received and disbursed by the District are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District does not believe that such disallowance, if any, would have a material effect on the financial position of the District.

#### **Note 7: FEDERAL PASS-THROUGH FUNDS**

The District is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.



the port that works

**BROWNSVILLE NAVIGATION DISTRICT** 

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