

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended
December 31, 2021



Brownsville
Navigation District
of Cameron County, Texas

Brownsville Navigation District

of Cameron County, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2021

Prepared By:
The Finance Department
Brownsville Navigation District

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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INTRODUCTORY SECTION

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June 15, 2022

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, 2021. 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 100 operations and administrative staff as of December 31, 2021.

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 approximately 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. Army Corps of Engineers' ("USACE") 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 2025/2026.

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 Veterans International Bridge at Los Tomates 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 remodeled and expanded for a total cost of \$8 million with office space of 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. Six Liquid Cargo Docks, a 400-foot Bulk Cargo Dock serving the Grain Elevator and Limestone terminal, 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 first-come, 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 2021, the Port's Foreign Trade Zone ("FTZ") No. 62 celebrated its 41st anniversary and marked the ninth 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.

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Table 1 – Waterborne Cargo Tonnage for The Port of Brownsville

Fiscal Year⁽²⁾	Inbound Tonnage (Metric Tons)	Outbound Tonnage (Metric Tons)	Total Tonnage (Metric Tons)	Number of Vessels⁽¹⁾	Foreign Trade Zone Value(1,000's)⁽²⁾
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
2021	7,520,467	1,254,909	8,775,376	1,854	5,142,177

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

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

⁽²⁾ 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.

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.

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Port of Brownsville Infrastructure

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

Dock Number	Type of Cargo/Storage	Vessels Accommodated	Location
Dock No. 1	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 2	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 3	General Cargo/Open Storage	Light Draft Vessels	West Side-Turning Basin
Dock No. 4	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 7	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 8	General Cargo/Covered Storage	Light Draft Vessels	North Side-Turning Basin
Dock No. 10	General Cargo/Open Storage	Light Draft Vessels	South Side-Turning Basin
Dock No. 11	General Cargo/Open Storage	Light Draft Vessels	South Side-Turning Basin
Dock No. 12	General Cargo/Covered Storage	Light Draft Vessels	South Side-Turning Basin
Dock No. 13	General Cargo/Covered Storage	Light Draft Vessels	South Side-Turning Basin
Dock No. 15	General Cargo/Covered Storage	Deep Draft Vessels	South Side-TB Approach
Dock No. 16	General Cargo/Covered Storage	Deep Draft Vessels	South Side-TB Approach
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 14,500 acres under lease or lease options that generated \$14,774,125 in rent revenue for fiscal year 2021.

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 2021, the Port had ground lease agreements for approximately 1,600 acres with two LNG export terminal projects: Texas LNG Brownsville LLC and Rio Grande LNG LLC.

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	7/1/2021 Rates
<i>TURNING BASIN LEASES</i>	
Waterfront Property	\$6,486 per acre/year
Highway Frontage	\$4,241 per acre/year
Port Entrance Sites	\$3,778 per acre/year
Street Frontage	\$2,250 per acre/year
Remote Sites	Negotiated Rates
Grazing Leases	\$2.51/acre/year
Tower Sites	\$18,864/site/year
Sign Sites	\$114 - \$224/site/year
Fish Camps	\$557/camp/year
Billboards	Market Rate
<i>FISHING HARBOR LEASES</i>	
Water Front	\$4,990 per acre/year
Off-Water	\$4,613 per acre/year
Fishing Harbor Dock	\$1.40 per linear ft./month
Unimproved Bank Space	\$.85 per 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 shallow draft 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 the maximum loads allowable per axle, the Mexican legal weight limit, or 125,000 lbs., which ever is less 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 2021, of the \$30 permit fee, TxDOT receives 85% or \$25.50, a total of \$805,061 from the 31,571 permits sold, with the Port retaining the other \$4.50 for administrative costs, a total of \$142,070. 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 2020 U.S. Census reported the population of the County at 421,017, an increase of 3.6% over 2010. The area of the County is approximately 891 square miles of land and 384 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, retail, 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 2020 U.S. Census, the City of Brownsville had a population of 186,738. 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.

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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 Grain Elevator Improvements project which was awarded \$14.5 million from the U.S. Department of Transportation Maritime Administration.

BROWNSVILLE NAVIGATION DISTRICT CAPITAL IMPROVEMENTS

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>Total</u>
Channel Deepening	\$ -	\$ 33,000,000	\$ 120,000,000	\$ 120,000,000	\$ 33,000,000	\$ 306,000,000
Patio Expansion	800,000	1,000,000	1,000,000	900,000	-	3,700,000
Building & Road Improvements	12,400,000	6,700,000	-	-	-	19,100,000
Sewer System Improvements	5,800,000	-	-	-	-	5,800,000
Water System Improvements	1,800,000	425,000	2,000,000	-	-	4,225,000
Equipment Purchases	3,800,000	1,400,000	250,000	600,000	150,000	6,200,000
Information and Technology Improvements	1,800,000	-	-	-	-	1,800,000
Dock Enhancements	23,500,000	10,000,000	-	-	-	33,500,000
Levee Improvements	-	2,500,000	1,000,000	-	-	3,500,000
Grain Elevator Improvements	12,000,000	10,000,000	-	-	-	22,000,000
South Port Connector Road Project	900,000	-	-	-	-	900,000
Total	\$ 62,800,000	\$ 65,025,000	\$ 124,250,000	\$ 121,500,000	\$ 33,150,000	\$ 406,725,000

Major Initiatives and Accomplishments

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. Fiscal year 2021 was the first year in which Liquid Cargo Dock No. 6 was fully operational.

South Port Connector Road Project

The \$25.6 million South Port Connector Road project broke ground in August 2020. 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. The South Port Connector Road was opened to vehicular traffic on March 7, 2022.

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. Most recently, in March 2022, the federal government announced the allocation of \$68 million to deepen the ship channel. The funds are provided under the Infrastructure Investment and Jobs Act (IIJA) Appropriations Law. The BIH project was identified as part of the IIJA to strengthen port and waterway supply chains and climate resilience. Once the project is complete the Brownsville Ship Channel will be one of the deepest ship channels in the Gulf of Mexico.

New Cargo Storage Areas / Wind Energy Blade Towers and Turbines/Steel Slab

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 2021, the District received approximately 1,932 wind energy component units such as blades, turbines and hubs and 180,247 units of steel slab.

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 or 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.

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, 2021 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 LLC., 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, 2020. This was the tenth 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,



Zeus Yanez
Director of Finance



Eduardo A. Campirano
Port Director and CEO

Brownsville Navigation District of Cameron County, Texas

DIRECTORY OF OFFICIALS

As of June 15, 2022

PORT COMMISSIONERS

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

ADMINISTRATION

Eduardo A. Campirano	Port Director and CEO
Melinda Rodriguez	Deputy Port Director of Administration
Arturo Gomez	Deputy Port Director of Operations
Zeus Yanez	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
Vacant	Manager of Real Estate Services
Janie Velasquez	Administration Manager
Karina Franco, CPA	Assistant Director of Finance
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

Board of Commissioners

Port Director & CEO
Eduardo A. Cumpulano

Outside Services, Advisors, Consultants, Legal Counsel

Administration
Amy Velazquez

Admin. Manager
Julie Trevino

Receptionist
Julie Trevino

Custodian
Aracely Correa

Main Office Courier
Antonio S. Longoria

Deputy Port Director of Operations
Arturo Gomez

Deputy Port Director of Administration
Medina Rodriguez

Dr. Dir. Marketing & Public Aff.
1 Vacancy

Dr. Cargo Services
Tony Rodriguez

Sales Asst Manager
Guillermo Rocio Leal

Dr. Facilities Maint.
Jose Herrera

Asst. Dir. Maintenance
Santos Barbosa

Secretary
Tracy Luna

Warehouse Clerk
Vanessa A. Ruiz
Sandra Lopez

Facility Maint.
Ann Pascual

Facility Maint. Staff
Francisco Gonzalez
Marisa Alvarez

Facility Maint. Staff
9 Vacancy

Dr. Engineering Svcs
Ariel Chavez

Secretary
Nora Gonzalez

Engineering Manager
Manuel Martinez

Project Manager
Pablo Esquivel

Drafting & Mapping Supv.
1 Vacancy

Longshoring Tech
Gerardo Mascolo

Draftsman, Surveyor
Indalecio Perez

Draftsman/CAD Operator
David Estrada

Harbormaster
Michael Davis

Asst. Harbormaster
Carlos Martinez

HMO Op. Supervisor
Martin Medrano

Dispatchers
3 Vacancy

Cargo Fac. Inspectors
6

Mobile Harbor Crane Operators
8

Chief of Police
Carlos Garcia

Secretary
Yesselin Gonzalez

Leutenant
Julio Romo

Patrol Sergeant
1

Police Officers
10

Security Guards
10

Dr. Finance
Zeus Yanez

Asst. Dir. Finance
Karina Franco

AK Coordinator
Rosalie Hinojosa

Sr. Accountant Supervisor
Blanca Medelano

Accounting Specialists and Clerks
8

Purchasing Coordinator
1 Vacancy

Dr. Administrative Svcs
Margarie Redo

Admin. Services Clerk
Olga A. Cruz

Permit & PIZ Fac.
Lety Gonzalez

Dr. Human Resources
Jaime Martinez

HR Generalist
Blanca Goveira

Secretary II
Eschela Rangel

IT Supervisor
Blain Blanco

IT Coordinator
Carlos Cardenas

IT Technician
Alex Villarreal

Security & Police
Jorge Trevino

Mgr. Real Estate Svcs
1 Vacancy

Secretary
Nidia Ovalle

Communications Spec
Christina Garza

Dir. Communications
Jorge Montero

Dir. Of Special Projects
1 Vacancy

Minifuerza Coord.
Mario Gonzalez

By Department		
Total	Vacant	Filled
1	1	0
55	5	46
29	3	17
24	1	23
3	1	1
3	0	3
8	2	6
2	0	2
146	19	127

- **Engineering Intern**
- **Finance Intern**
- **HMO Intern**
- **Marketing Intern**

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Brownsville Navigation District of Cameron County
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District, as of December 31, 2021, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not

absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 19-25 and 74-76 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of operating expenses and the schedule of expenditures of federal and state awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses and 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, 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 District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Brownsville, Texas
June 15, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Brownsville Navigation District of Cameron County, Texas
Management's Discussion and Analysis (MD&A)
For the Fiscal Year Ended December 31, 2021

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, 2021. 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, 2021 was \$253,791,981, increasing \$33,258,074 or 15.1% over the prior year.
- The District's total assets and deferred outflows of resources increased by \$30,018,974 or 11% during the fiscal year ended December 31, 2021. Much of this increase is attributed to an increase in cash and cash equivalents of \$15,275,086 and an increase in net capital assets of \$16,619,381. These are offset by a decrease in accounts receivable of \$750,546, a decrease in notes receivable of \$436,541 and a decrease in other receivables and accrued interest of \$796,632.
- The District's total liabilities and deferred inflows of resources decreased by \$3,239,100 or 6.2%. The decrease is primarily attributed to a decrease of \$854,150 in accounts payable, a decrease in unearned rentals of \$340,941, a decrease in long-term debt of \$2,206,043 and a decrease in net pension liability of \$1,030,691, offset by an increase in accrued liabilities of \$288,017, an increase in customer deposits of \$316,454, an increase in deferred outflows of resources related to pension of \$264,347 and an increase in deferred property taxes of \$349,689.
- Current assets exceeded current liabilities by \$61,536,365.
- The District's operating income before depreciation decreased by 24.0% over the prior year, totaling \$19,351,106 for 2021 and decreasing to \$11,052,614 after a depreciation charge of \$8,298,492.
- District 2021 operating revenues totaled \$34,088,426, a decrease of \$3,268,475, or 8.7%, from 2020 operating revenues of \$37,356,901.
- Operating expenses for 2021 of \$14,737,320, before depreciation, increased \$2,845,179 or 23.9% over 2020 operating expenses before depreciation of \$11,892,141.
- Vessel and Cargo Services revenues of \$13,614,199 for 2021 decreased \$1,061,101 from \$14,675,300 in 2020, a decrease of 7.2%.
- Total lease rentals in 2021 were \$17,821,776, a \$563,469 or 3.1% decrease compared to \$18,385,245 in 2020. Lease rentals at the Turning Basin and Fishing Harbor totaled \$14,774,125 in 2021, a decrease of \$186,587 from the prior year amount of \$14,960,712. Other Lease Rentals totaled \$3,047,651 in 2021, a decrease of \$376,882 from the prior year amount of \$3,424,533.

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, 2021. 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.

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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 2021 fiscal year were \$302,487,271, an increase of \$30,018,974, or 11.0%, over the 2020 fiscal year total of \$272,468,297. At December 31, 2021, total assets plus deferred outflows of resources exceeded total liabilities plus deferred inflows of resources by \$253,791,981. The District's total net position for the years ended December 31, 2021 and 2020 were \$253,791,981 and \$220,533,907, respectively. The largest component of the District's net position (\$191,785,572 or about 75.6% and \$172,859,571 or about 78.4% for fiscal years 2021 and 2020, 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 \$7,651,036 and \$7,486,294 for fiscal years 2021 and 2020, respectively, is subject to external restrictions on how it may be used. The remaining balances of unrestricted net position totaling \$54,355,373 and \$40,188,042 for fiscal years 2021 and 2020, respectively, may be used to meet the District's ongoing obligations to employees and creditors.

The following condensed Statements of Net Position provides an overview of the District's net position as of December 31, 2021 and 2020:

Condensed Statements of Net Position December 31, 2021 and 2020

	2021	2020
Current assets	\$ 71,760,061	\$ 58,434,887
Capital assets, net	226,683,947	210,064,566
Other non-current assets	2,522,871	2,623,768
Total assets	300,966,879	271,123,221
Deferred outflows of resources	1,520,392	1,345,076
Total assets and deferred outflows of resources	\$ 302,487,271	\$ 272,468,297
Current liabilities	\$ 10,223,696	\$ 11,041,390
Non-current liabilities	34,745,385	37,810,827
Total liabilities	44,969,081	48,852,217
Deferred inflows of resources	3,726,209	3,082,173
Total liabilities and deferred inflows of resources	48,695,290	51,934,390
Net Position:		
Net investment in capital assets	191,785,572	172,859,571
Restricted	7,651,036	7,486,294
Unrestricted	54,355,373	40,188,042
Total net position	\$ 253,791,981	\$ 220,533,907

Changes in Net Position

The Statement of Revenues, Expenses, and Changes 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, 2021 increased by \$33,258,074 or 15.1% compared to the previous fiscal year. See Note 1 (Revenues and Expenses) for additional information.

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. In 2021, total operating revenues decreased by \$3,268,475 from \$37,356,901 in 2020 to \$34,088,426 in 2021. Vessel and cargo services revenue decreased by \$1,061,101 or 7.2% from \$14,675,300 in 2020 to \$13,614,199 in 2021. The decrease in vessel and cargo services revenue was driven by a decrease in wind energy components moved through the Port. The Port recorded total waterborne cargo of 8,790,142 metric tons for 2021, an increase of 22.8% from prior year. Other operating revenues decreased by \$1,643,905 or 38.3% primarily due a lump sum franchise payment received in 2020.

Operating expenses increased by \$2,845,179 from \$11,892,141 in 2020 to \$14,737,320 in 2021, primarily due to increases in wages and employee expenses and materials expense.

Total other non-operating income was \$2,000,331 and \$2,283,184, for 2021 and 2020, respectively. For 2021, the District received \$2,711,854 in property tax, net of tax collection, discounts and bad debt expenses. The District also received \$80,530 in penalties and interest for a combined 2021 tax, including penalty and interest, total of \$2,792,384 which is a decrease of \$556,352 from 2020 combined totals of \$3,348,736. The decrease in tax revenue is attributed to a decrease in the debt service portion of the tax rate and correlates with decreases in tax supported debt balances. No bonds were issued in either year.

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The following table summarizes the changes in net position of the District for the fiscal years ended December 31, 2021 and 2020:

Changes in Net Position
For Fiscal Years Ended December 31, 2021 and 2020

	2021	2020	Variance
Revenues			
Operating revenues:			
Vessel and cargo services	\$ 13,614,199	\$ 14,675,300	\$ (1,061,101)
Lease rentals	17,821,776	18,385,245	(563,469)
Other operating revenue	2,652,451	4,296,356	(1,643,905)
Total operating revenues	34,088,426	37,356,901	(3,268,475)
Interest income	315,807	350,509	(34,702)
Amortization of debt premiums	66,389	66,389	-
Gain (loss) on disposal of capital assets	65,439	(23,275)	88,714
Gain (loss) on disposal of assets held for sale	968	(143,955)	144,923
Property taxes, net	2,792,384	3,348,736	(556,352)
Other non-operating income	48,542	50,426	(1,884)
Total Revenues	37,377,955	41,005,731	(3,627,776)
Expenses			
Operating expenses			
Wages and employee expenses	6,718,198	5,428,139	1,290,059
Maintenance and operation of facilities	3,632,636	2,094,388	1,538,248
General and administrative expenses	4,386,486	4,369,614	16,872
Depreciation	8,298,492	7,592,185	706,307
Total operating expenses	23,035,812	19,484,326	3,551,486
Interest expense	1,286,248	1,361,946	(75,698)
Bond service fees	2,950	3,700	(750)
Total Expenses	24,325,010	20,849,972	3,475,038
Income before capital contributions	13,052,945	20,155,759	(7,102,814)
Capital contributions	268,743	2,853,900	(2,585,157)
Capital contributions from grants	19,936,386	4,319,964	15,616,422
Change in net position	33,258,074	27,329,623	5,928,451
Net position - beginning of year	220,533,907	193,204,284	27,329,623
Net position - end of year	253,791,981	220,533,907	33,258,074

CAPITAL ASSETS

At the end of fiscal year 2021 and 2020, the District's total net capital assets reflected an increase of \$16,619,381 or 7.9% over the prior year. The following table summarizes the District's capital assets as of December 31, 2021 and 2020:

Capital Assets
December 31, 2021 and 2020

	2021	2020
Inland channel, turning basin, & jetties	\$ 55,729,669	\$ 55,729,669
Land	10,529,317	9,936,584
Easements	20,760	20,760
Docks and appurtenances	118,072,246	117,131,522
Water and sewer systems	12,258,632	12,258,632
Railroads	11,549,471	11,549,471
Land improvements and roads	54,439,589	53,415,318
Administration building	8,526,535	8,526,535
Industrial equipment	16,991,302	16,595,564
Furniture and equipment	1,935,775	1,680,212
Intangible assets	5,895,274	5,895,274
Construction in progress	33,545,173	12,040,782
Total capital assets	\$ 329,493,743	\$ 304,780,323
Less: Accumulated depreciation	(102,809,796)	(94,715,757)
Net capital assets	\$ 226,683,947	\$ 210,064,566

The District's 2021 major capital asset activity, before depreciation, included approximately \$530,000 for the expansion of one of the District's storage patios, \$940,000 in improvements to docks and \$408,000 for the purchase of transceivers. The District also spent approximately \$593,000 on the acquisition of 44.44 acres of land. During 2021, additions to Construction in Progress included approximately \$20,000,000 related to ongoing development of the South Port Connector Road Project. At December 31, 2021, the District had contractual obligations totaling approximately \$1,974,795 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 2021 and 2020, the District issued no new debt.

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The following table summarizes the District's principal long-term debt outstanding as of December 31, 2021 and 2020:

	2021	2020
Revenue bonds	\$ 32,050,000	\$ 33,780,000
General obligation bonds	825,000	1,225,000
Total long-term debt	\$ 32,875,000	\$ 35,005,000

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.

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BASIC FINANCIAL STATEMENTS

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF NET POSITION

December 31, 2021

ASSETS

Current Assets - Unrestricted:

Cash and cash equivalents	\$ 40,391,366
Investments	16,393,332
Accounts receivable, net of allowance for uncollectible accounts	3,447,204
Notes receivable, current	109,251
Taxes receivable - M&O, net of estimated uncollectible taxes	770,426
Other receivables and accrued interest	2,106,733
Prepaid and other current assets	887,399
Total Current Assets - Unrestricted	64,105,711

Current Assets - Restricted:

Cash - revenue bond fund	4,921,665
Cash - general obligation bond fund	417,766
Cash - TRZ construction fund	2,054,073
Cash - overweight permits	3,314
Taxes receivable - G.O., net of estimated uncollectible taxes	257,532
Total Current Assets - Restricted	7,654,350

Total Current Assets	71,760,061
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Non-current Assets:

Non-depreciable capital assets	99,824,919
Depreciable capital assets	229,668,824
Less: accumulated depreciation and amortization	(102,809,796)
Total Capital Assets, Net	226,683,947

Other Non-current Assets:

Notes receivable, non-current	289,239
Other assets	491,579
Assets held for sale	1,742,053
Total Other Non-current Assets	2,522,871

Total Non-current Assets	229,206,818
---------------------------------	--------------------

Total Assets	300,966,879
---------------------	--------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	1,520,392
Total Deferred Outflows of Resources	1,520,392

Total Assets and Deferred Outflows of Resources	\$ 302,487,271
--	-----------------------

See accompanying notes to financial statements.

(continued)

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF NET POSITION - CONTINUED

December 31, 2021

LIABILITIES

Current Liabilities:

Accounts payable	\$ 928,497
Accrued liabilities	1,491,647
Interest payable	421,024
Customer deposits	1,986,536
Unearned lease rentals	3,346,080
Current compensated absences	144,912
Current maturities of long-term debt - bonds	1,905,000
Total Current Liabilities	10,223,696

Non-current Liabilities:

Compensated absences, non-current	176,563
Revenue bonds, net of unamortized premium	32,012,487
General obligation bonds	415,000
Net pension liability	2,141,335
Total Non-current Liabilities	34,745,385

Total Liabilities	44,969,081
--------------------------	-------------------

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension	527,169
Deferred property tax revenue	3,199,040
Total Deferred Inflows of Resources	3,726,209

Total Liabilities and Deferred Inflows of Resources	48,695,290
--	-------------------

NET POSITION

Net investment in capital assets	191,785,572
Restricted for:	
Revenue bond debt retirement and contingency	4,921,665
General obligation bond debt service	675,298
Transportation Reinvestment Zone (TRZ)	2,054,073
Unrestricted	54,355,373
Total Net Position	253,791,981

Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 302,487,271
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See accompanying notes to financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

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

For the Year Ended December 31, 2021

OPERATING REVENUES

Vessel and cargo services	\$ 13,614,199
Lease rentals	
Port system	14,774,125
Other lease rentals	3,047,651
Other operating revenue	2,652,451
Total Operating Revenues	34,088,426

**OPERATING EXPENSES, OTHER THAN
DEPRECIATION**

Wages and employee expenses	6,718,198
Maintenance and operation of facilities	3,632,636
General and administrative expenses	4,386,486
Total Operating Expenses	14,737,320

Income from operations before depreciation	19,351,106
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Depreciation	8,298,492
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OPERATING INCOME	11,052,614
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NON-OPERATING INCOME (EXPENSE)

Interest income on deposits and investments	300,489
Interest income on notes and direct financing leases	15,318
Gain on disposal of capital assets	65,439
Gain on sale of assets held for sale	968
Property taxes - net of discounts, bad debt and collection expenses	
Maintenance and operations	2,312,438
General obligation bond debt service	399,416
Penalties and interest	80,530
Interest expense - bonds	(1,286,248)
Amortization of debt premiums and prepaid bond insurance	66,389
Bond service fees	(2,950)
Other non-operating income	48,542
Total Non-Operating Income	\$ 2,000,331

See accompanying notes to financial statements.

(continued)

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

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

For the Year Ended December 31, 2021

Income Before Contributions and Special Items	\$ 13,052,945
Capital contributions	268,743
Capital contributions from grants	19,936,386
<hr/>	
Increase in net position	33,258,074
Net position at beginning of year	220,533,907
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Net position at end of year	\$ 253,791,981
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See accompanying notes to financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

OPERATING ACTIVITIES

Receipts from customers	\$ 35,593,252
Payments to suppliers for goods or services	(8,663,768)
Payments to employees	(7,621,058)
Other receipts and payments	45,592
Net cash provided by operating activities	19,354,018

NONCAPITAL FINANCING ACTIVITIES

Collections of M&O taxes and interest, net of discounts and collection expense	2,635,398
Net cash provided by noncapital financing activities	2,635,398

CAPITAL AND RELATED FINANCING ACTIVITIES

Collections of G.O. taxes and interest, net of discounts and collection expenses	540,653
Contributions received from grants	19,936,386
Capital contributions	200,877
Acquisition and construction of capital assets	(24,920,872)
Proceeds from sale of capital assets	68,439
Principal paid on long-term debt	(2,130,000)
Interest paid on long-term debt	(1,325,387)
Net cash used in capital and related financing activities	(7,629,904)

INVESTING ACTIVITIES

Investment income	294,962
Interest received on notes receivable	15,318
Principal received on notes receivable	605,294
Net cash provided by investing activities	915,574

Net increase in cash and cash equivalents	15,275,086
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Cash and cash equivalents at beginning of year	32,513,098
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Cash and cash equivalents at end of year	\$ 47,788,184
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Cash and cash equivalents - unrestricted	40,391,366
Cash - revenue bond fund - restricted	4,921,665
Cash - general obligation bond fund - restricted	417,766
Cash - TRZ construction fund - restricted	2,054,073
Cash - overweight permits - restricted	3,314
Total cash and cash equivalents - restricted and unrestricted	\$ 47,788,184

See accompanying notes to financial statements.

(continued)

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF CASH FLOWS - CONTINUED

For the Year Ended December 31, 2021

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 11,052,614
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	8,298,492
Other non-operating income/expenses	45,592
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	750,546
(Increase) decrease in other receivables and accrued interest	796,632
(Increase) decrease in other assets	18,377
(Increase) decrease in prepaid and other current assets	(79,659)
Increase (decrease) in accounts payable	(854,150)
Increase (decrease) in accrued liabilities	288,018
Increase (decrease) in customer deposits	316,454
Increase (decrease) in unearned lease rentals	(340,941)
Increase (decrease) in compensated absences	(26,297)
Decrease (increase) in deferred outflows related to pension	(175,316)
Increase (decrease) in deferred inflows related to pension	294,347
Increase (decrease) in net pension liability	(1,030,691)
Net cash provided by operating activities	\$ 19,354,018

NONCASH TRANSACTIONS

Contributions of assets held for sale	\$ 67,866
Amortization of debt premiums and prepaid bond insurance	\$ 66,389

See accompanying notes to the financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2021

ASSETS

Cash and cash equivalents	\$	349,274
Investments:		
Cash, bank deposit program, and money market funds		244,009
Fixed income		2,089,720
Equity securities		6,485,934
Total Assets	\$	9,168,937

FIDUCIARY NET POSITION

Net position restricted for pension	\$	9,168,937
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See accompanying notes to the financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2021

ADDITIONS

Contributions:

Employer contributions	\$	1,168,828
Employee contributions		190,602
Total contributions		1,359,430

Net Investment income (loss):

Interest and dividends	210,100
Net appreciation in fair value of investments	951,982
Less: investment expenses	(88,558)
Total investment income, net	1,073,524

Other income:

Bank interest	2,109
Total other income	2,109

Total Additions	2,435,063
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DEDUCTIONS

Benefit payments and refunds	558,701
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Total Deductions	558,701
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Net increase in fiduciary net position	1,876,362
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Fiduciary net position, beginning of year	7,292,575
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Fiduciary net position, end of year	\$ 9,168,937
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See accompanying notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

<u>Description</u>	<u>Page Nos.</u>
Note 1 – Summary of Significant Accounting Policies	35-44
Note 2 – Detailed Notes on All Activities	44-58
Note 3 – Pension Plan	58-71
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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 (the “Port”) 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, 2021

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, 2021

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 150: *Investments* of the GASB Codification of Governmental Accounting and Financial Reporting Standards. 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 150: *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 is recorded as expenses when consumed rather than when purchased.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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:

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 custodian, 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 \$140,668 for the 2021 year. As of December 31, 2021, 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, 2021

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, 2021

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 consists 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, 2021

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, 2021, for the 2022 fiscal year. The amount will be recognized as revenue on January 1, 2022, 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, 2021 was \$178,712.

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 15, 2022. 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, 2021

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):

- 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*. The implementation of this standard had no impact on the District's financial statement.

As of December 31, 2021, 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, 2021. 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 March 2020, GASB issued Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements*, effective for reporting periods beginning after June 15, 2022. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). Management is evaluating the potential effects that the full implementation of GASB Statement No. 94 will have on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Recently Issued and Implemented Accounting Pronouncements (continued)***

- In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for reporting periods beginning after June 15, 2022. The objective of this Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Management is evaluating the potential effects that the full implementation of GASB Statement No. 96 will have on its financial statements.

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES***Computation of Net Investment in Capital Assets***

The following is the District's computation of net investment in capital assets at December 31, 2021:

Capital Assets	\$ 329,493,743
Less:	
Accumulated depreciation	(102,809,796)
Outstanding debt	(32,875,000)
Capital projects funds payables	(565,888)
Premiums on debt	(1,457,487)
Add:	
Deferred charge on refunding	-
Unspent bond proceeds	-
Net investment in capital assets	\$ 191,785,572

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***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, 2021, 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, 2021:

Cash on hand	\$	1,600
Demand deposits		40,389,766
Total Unrestricted Cash and Cash Equivalents	\$	40,391,366

Restricted cash and cash equivalents are comprised of the following at December 31, 2021:

Demand deposits - Revenue bond funds	\$	4,921,665
Demand deposits - General obligation bond funds		417,766
Demand deposits - TRZ construction funds		2,054,073
Demand deposits - Overweight permits		3,314
Total Restricted Cash and Cash Equivalents	\$	7,396,818

The District's Investment Policy and Investment Strategies are formally reviewed and approved at least annually by the District's Commissioners. On February 17, 2021, 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.

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).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

Deposits and Investments (continued)

Investments are comprised of the following at December 31, 2021:

Local Government Investment Pool (*TexasTerm/TexasDaily*) \$ 16,393,332

TexasTERM/TexasDaily – 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. As of December 31, 2021, TexasTERM/TexasDaily was rated AAmmf by Fitch Ratings. The pool's investments had a weighted average maturity of 35 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, 2021, 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, 2021

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, 2021 consist of the following:

	2021	
	Fair Value	Percentage of Total
Cash, Bank Deposit Program, & Money Market Funds	\$ 244,009	2.77%
Fixed Income:		
Federal Agencies	234,742	2.66%
U.S. Treasury Notes	1,041,283	11.81%
Treasury Inflation - Protected Securities	813,695	9.23%
Total Fixed Income	2,089,720	23.69%
Equity Securities:		
Common Stocks	6,485,934	73.54%
Total Equity Securities	6,485,934	73.54%
Total Investments	\$ 8,819,663	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, 2021

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, 2021:

	2021		Level 1		Level 2		Level 3
Cash & Equivalents	\$ 244,009	\$	244,009	\$	-	\$	-
Fixed Income	2,089,720		1,855,859		233,861		-
Equity Securities	6,485,934		6,485,934		-		-
Total	\$ 8,819,663	\$	8,585,802	\$	233,861	\$	-

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, 2021, 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, 2021

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, 2021:

Investment Type	Fair Value	Duration in Years
U.S. Treasury Notes	\$ 1,041,283	-
Federal Agencies	234,742	-
Total Fair Value	\$ 1,276,025	1.56

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, 2021, were as follows:

Investment Type	Fair Value	2021		
		Percentage of Holdings	Quality Rating	
			Moody's	S&P
U.S. Treasury Notes	\$ 1,041,283	11.81%	AAA	AA+
Federal Agencies	234,742	2.66%	AAA	AA+
Treasury Inflation - Protected Securities (TIPS)*	813,695	9.23%		
Total Fair Value	\$ 2,089,720	23.69%		

* 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, 2021

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, 2021:

Asset Class	Percent of Total Fund Allocation	
	Minimum	Maximum
Alternatives	0%	15%
Fixed Income	10%	30%
Equity Securities	60%	80%

At December 31, 2021, 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, 2021, and 2020 were 14.39 percent and 6.00 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, 2021, the District reported assets held for sale in the amount of \$1,742,053.

Receivables***Trade and Utility Receivables***

Receivables of the District as of December 31, 2021, including the applicable allowances for uncollectible accounts are as follows:

Accounts receivable - trade	\$	3,473,818
Accounts receivable - utility		53,071
Less: allowance for uncollectible accounts		(79,685)
Accounts receivable, net	\$	<u>3,447,204</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, consist of the following:

	Maintenance & Operation (M&O)	Debt Service (G.O.)
Taxes receivable	\$ 799,599	\$ 267,283
Reserve for uncollectible taxes	(29,173)	(9,751)
Taxes receivable, net	\$ 770,426	\$ 257,532

Notes Receivable

The notes receivable as of December 31, 2021, consists of the following:

	Interest Rate	Issue Date	Maturity Date	Original Issue	Unpaid Principal
Notes Receivable related to Assets Held for Sale:					
Longshoremen	0.00%	5/1/2013	4/1/2033	\$ 51,600	\$ 29,025
The Port Occupational and Medical Clinic, LLC	0.00%	9/19/2019	8/19/2024	56,621	31,142
Special Crane Services, LLC	0.00%	9/9/2020	8/9/2025	54,934	40,285
American Oxygen Company	0.00%	5/1/2020	4/1/2025	260,425	172,332
Bluewing One, LLC	0.00%	1/6/2021	12/6/2025	156,659	125,706
Less: current maturities					(109,251)
Long-term notes receivable					\$ 289,239

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

Approximate maturities of the notes receivable subsequent to December 31, 2021 are as follows:

Year	Principal Due
2022	\$ 109,251
2023	108,308
2024	104,533
2025	57,478
2026	2,580
2027-2031	12,900
2032-2033	3,440
Total	\$ 398,490

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***Restricted Assets (continued)******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, 2021, the following assets are restricted assets:

Revenue Bond Funds (all cash accounts)

Debt service fund	\$	2,005,329
Debt reserve fund		307,576
Bond project fund		2,608,760
Total restricted revenue bond fund assets		4,921,665

General Obligation Bond Funds

Cash		417,766
Taxes receivable - G.O., net of estimated uncollectible taxes		257,532
Total restricted general obligation bond fund assets		675,298

Overweight Permit Assets

Cash		3,314
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Capital Projects Fund

TRZ Construction fund		2,054,073
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Total restricted assets	\$	7,654,350
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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance January 1, 2021	Additions	Deletions	Reclassifications	Balance December 31, 2021
Capital assets, not being depreciated:					
Inland channel and turning basin	\$ 15,324,008	\$ -	\$ -	\$ -	\$ 15,324,008
Jetties and jetty canal	40,405,661	-	-	-	40,405,661
Land	9,936,584	592,733	-	-	10,529,317
Leased land	20,760	-	-	-	20,760
Construction in progress	12,040,782	23,086,477	(41,392)	(1,540,694)	33,545,173
Total capital assets, not being depreciated	77,727,795	23,679,210	(41,392)	(1,540,694)	99,824,919
Capital assets, being depreciated:					
Docks and appurtenances	117,131,522	-	-	940,724	118,072,246
Water and sewer systems	12,258,632	-	-	-	12,258,632
Railroads	7,817,805	-	-	-	7,817,805
Railway from component unit	3,731,666	-	-	-	3,731,666
Land improvements and roads	53,415,318	434,301	(10,000)	599,970	54,439,589
Administration building	8,526,535	-	-	-	8,526,535
Industrial equipment	16,595,564	593,191	(197,453)	-	16,991,302
Furniture and equipment	1,680,212	255,563	-	-	1,935,775
Intangible assets	5,895,274	-	-	-	5,895,274
Total capital assets, being depreciated	227,052,528	1,283,055	(207,453)	1,540,694	229,668,824
Less accumulated depreciation for:					
Docks and appurtenances	(38,254,070)	(2,599,639)	-	-	(40,853,709)
Water and sewer systems	(9,042,361)	(224,250)	-	-	(9,266,611)
Railroads	(4,606,379)	(108,570)	-	-	(4,714,949)
Railway from component unit	(645,341)	(95,230)	-	-	(740,571)
Land improvements and roads	(28,493,355)	(3,694,586)	7,000	-	(32,180,941)
Administration building	(428,471)	(214,479)	-	-	(642,950)
Industrial equipment	(7,333,943)	(1,258,465)	197,453	-	(8,394,955)
Furniture and equipment	(1,471,837)	(103,273)	-	-	(1,575,110)
Intangible assets	(4,440,000)	-	-	-	(4,440,000)
Total accumulated depreciation	(94,715,757)	(8,298,492)	204,453	-	(102,809,796)
Total capital assets, being depreciated, net	132,336,771	(7,015,437)	(3,000)	1,540,694	126,859,028
Capital assets, net	\$ 210,064,566	\$ 16,663,773	\$ (44,392)	\$ -	\$ 226,683,947

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2021, are as follows:

	Balance Outstanding January 1, 2021	Additions	Deletions	Balance Outstanding December 31, 2021	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 33,780,000	\$ -	\$ (1,730,000)	\$ 32,050,000	\$ 1,495,000
Plus: Unamortized Premium	1,533,530	-	(76,043)	1,457,487	-
General Obligation Bonds	1,225,000	-	(400,000)	825,000	410,000
Total bonds payable	36,538,530	-	(2,206,043)	34,332,487	1,905,000
Accrued Compensated Absences	347,772	311,292	(337,589)	321,475	144,912
Net Pension Liability	3,172,026	-	(1,030,691)	2,141,335	-
Total long-term liabilities	\$ 40,058,328	\$ 311,292	\$ (3,574,323)	\$ 36,795,297	\$ 2,049,912

Revenue Bonds

Revenue Bonds	Interest Rate	Issue Date	Maturity Date	Original Issue	Unpaid Principal
Series 2002A	2.54%	7/10/2002	2022	\$ 1,790,000	\$ 135,000
Series 2002B	2.54%	7/10/2002	2022	1,900,000	140,000
Series 2011	3.01%	10/24/2011	2021	2,390,000	-
Series 2012	3.19%	12/27/2012	2038	10,000,000	7,725,000
Series 2016	5.00%	2/9/2016	2040	27,580,000	24,050,000
Total unpaid principal					32,050,000
Plus: Unamortized Premium					1,457,487
Less: current maturities					(1,495,000)
Total revenues bonds outstanding					\$ 32,012,487

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.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

General Obligation Bonds	Interest Rate	Issue Date	Maturity Date	Original Issue	Unpaid Principal
Series 2013	1.89%	3/11/2013	2023	\$ 3,830,000	\$ 825,000
Total unpaid principal					825,000
Less: current maturities					(410,000)
Total general obligation bonds outstanding					\$ 415,000

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, 2021 are as follows:

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

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, are as follows:

Year Ending December 31,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
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	1,460,000	989,805	-	-
2027-2031	7,785,000	3,948,093	-	-
2032-2036	9,495,000	2,355,335	-	-
2037-2040	7,805,000	583,605	-	-
Total	\$ 32,050,000	\$ 12,443,013	\$ 825,000	\$ 15,640

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, 2021, the District reported interest expense of \$1,286,248 as follows:

Interest Expense	
Revenue bonds	\$ 1,270,000
General obligation bonds	16,248
Total	\$ 1,286,248

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, 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 December 31,	Future Minimum Lease Rentals
2022	\$ 11,492,861
2023	8,110,366
2024	8,360,576
2025	8,618,505
2026	8,884,391

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 2023 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, 2021

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 14th 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, the discount rate for all purposes was revised to 6.00% to reflect the investment allocation outlined in the Plan's updated Investment Policy Statement, adopted on December 18, 2019, which eliminated the Annuity Financing Investment Subaccount and invests all funds with the same target asset allocation presently applied to the Cash Balance Investment Subaccount.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 3: PENSION PLAN (Continued)***Employees Covered by Benefit Terms***

As of January 1, 2021, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	58
Active employees	85
Total	187

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, 2021, 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 8.45% 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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 2021 and 2020 were determined by the actuary to be \$374,105 and \$443,749, 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 14.4% for the 12 months ended December 31, 2021.

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

Plan Years Ended December 31,	Annual Money-Weighted Net Rate of Return
2021	14.4%
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 THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 3: PENSION PLAN (Continued)

Net Pension Liability

The Employer's net pension liability reported for the fiscal year ending December 31, 2021, was measured as of January 1, 2021, 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, 2021, 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, 2021
Interest Rate	6.00%
Inflation	3.00%
Measurement Date	December 31, 2020 used for GASB reporting date of December 31, 2021
All other assumptions	As described in Detailed Actuarial Assumptions

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-2020 mortality improvement rates.

The actuarial assumptions used in the January 1, 2021, 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.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Corporate equity	70.0%	5.57%
Government securities	20.0%	4.15%
Pool or Mutual Fund Cash	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, 2021, plan census and actuarial assumptions. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 3: PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2020 ¹	\$ 9,118,236	\$ 5,946,210	\$ 3,172,026
Changes for the year:			
Service cost	268,207	-	268,207
Interest	539,358	-	539,358
Changes of benefit terms	-	-	-
Differences between expected and actual experience	367,202	-	367,202
Contributions - employer	-	1,138,862	(1,138,862)
Contributions - employee	-	180,258	(180,258)
Net investment income	-	821,551	(821,551)
Benefit payments, including refunds of employee contributions	(794,306)	(794,306)	-
Assumption changes	(64,787)	-	(64,787)
Net changes	315,674	1,346,365	(1,030,691)
Balances at December 31, 2021 ²	\$ 9,433,910	\$ 7,292,575	\$ 2,141,335

¹ - 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.

² - Information for the fiscal year ended December 31, 2021 was taken as of the measurement date of January 1, 2021 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, the discount rate for all purposes was revised to 6.00% to reflect the investment allocation outlined in the Plan's updated Investment Policy Statement, adopted on December 18, 2019, which eliminated the Annuity Financing Investment Subaccount and invests all funds with the same target asset allocation presently applied to the Cash Balance Investment Subaccount.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, 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:

	1% Decrease (5.00%)	Current Effective Discount Rate (6.00%)	1% Increase (7.00%)
Employer's Net Pension Liability	\$ 3,287,668	\$ 2,141,335	\$ 1,204,728

For the year ended December 31, 2021, the Employer recognized pension expense of \$257,168.

1. *Components of Pension Expense for the Fiscal Year Ended December 31, 2021*

Service cost	\$ 268,207
Interest on the total pension liability	539,358
Amortization of differences between expected and actual experience ¹	108,482
Amortization of changes of assumptions ¹	(6,460)
Employee contributions	(180,258)
Projected earnings on pension plan investments	(372,518)
Amortization of differences between expected and actual earnings on plan investments ²	(99,643)
Changes in benefit terms	-
Total pension expense	\$ 257,168

¹ - 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, 2017, 4.0 years as of December 31, 2018, 3.9 years as of December 31, 2019, 4.0 years as of December 31, 2020, and 3.0 years as of December 31, 2021).

² - GASB Cod. Sec. 1500. amortized over a straight-line closed 5-year period.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021*

At December 31, 2021, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources listed in the table below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 294,068	\$ (71,936)
Changes of assumptions	57,497	(43,191)
Net difference between projected and actual earnings on pension plan investments	-	(412,042)
Total excluding post-measurement date contributions	351,565	(527,169)
Contributions made between the measurement date and end of reporting period	1,168,827	-
Total including post-measurement date contributions	\$ 1,520,392	\$ (527,169)

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

	Change in Deferred Outflows of Resources	Change in Deferred Inflows of Resources
Differences between expected and actual experience	\$ 174,099	\$ (84,622)
Changes of assumptions	(28,749)	29,579
Net difference between projected and actual earnings on pension plan investments	-	349,390
Total excluding post-measurement date transactions	145,350	294,347
Prior year post-measurement date transactions	(1,138,862)	N/A
Current year post-measurement date transactions	1,168,827	N/A
Total including post-measurement date transactions	\$ 175,315	\$ 294,347

4. *Change in Balance Sheet Items*

Change in net pension liability	\$ (1,030,691)
Change in deferred outflows excluding post-measurement date transactions	(145,350)
Change in deferred inflows excluding post-measurement date transactions	294,347
Employer contributions	1,138,862
Total pension expense	\$ 257,168

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, and before the fiscal year end of December 31, 2021, totaled \$1,168,827. This amount will be recognized as a reduction of the net pension liability for the year ending December 31, 2022. Other amounts reported as Deferred Outflows/(Inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2022	\$ (40,795)
2023	119,997
2024	(165,003)
2025	(89,803)
2026	-
Thereafter	-

Payable to the Pension Plan

At December 31, 2021, the Employer does not have any required contributions payable to the pension plan for the 2021 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 Period

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, 2021

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:

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

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

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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-2020 mortality improvement rates
 - b. Post-Retirement: RP-2014 Blue Collar Healthy Annuitant Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2020 mortality improvement rates
 - c. Disabled: RP-2014 Disabled Annuitant Sex Distinct Tables adjusted to 2006 and projected using Scale MP-2020 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:

Attained Age	Disability Rate
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%

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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*:

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

* - 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 scale used to project generational mortality improvement was updated from MP2018 to MP2020.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 3: PENSION PLAN (Continued)

Detailed Actuarial Assumptions (continued)

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, 67th Leg., Ch. 511, 1981 Tex. Gen. Laws 2196.

The Authority was established to investigate the feasibility of developing a source of water from brackish groundwater. The District is under contractual obligation with the Authority to receive 2.1% of the monthly treated potable water production. On October 15, 2003, the District's Board approved a Memorandum of Understanding with the Authority whereas the District's percentage participation was set at 2.1%. Billings from the Authority in the amount of \$124,787 for expenses for the fiscal year ended September 30, 2021, 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, 2021, were \$22,760,000.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021. These project commitments include the following:

Projects	Amount Committed	Amount Spent as of 12/31/2021	Commitment Remaining
South Port Connector - BND Local			
Direct Cost	\$ 1,749,038	\$ 1,670,111	\$ 78,927
Water Line Replacement	1,284,832	931,646	353,186
Cargo Dock 3	1,458,891	77,763	1,381,128
West Pipe Bridge	322,636	270,617	52,019
Ostos Rd Drainage System	116,578	7,043	109,535
Total	\$ 4,931,975	\$ 2,957,180	\$ 1,974,795

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

The full extent of the ongoing impact of COVID-19 on the District's long term operational and financial performance will depend on future developments, many of which are outside of the District's control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

NOTE 9: SUBSEQUENT EVENTS

On March 17, 2022, the District issued \$7,425,000 in First Lien Revenue Refunding Bonds, Series 2022. Proceeds from the sale of the refunding bonds will be used to pay costs of issuance and to refund certain outstanding obligations of the District in order to achieve debt service savings.

On May 5, 2022, the District executed a grant agreement with the United States Department of Transportation Maritime Administration ("MARAD") under the fiscal year 2020 Port Infrastructure Development Program ("PDIP"). The grant provides \$14,504,850 in federal funds for the Grain & Bulk Handling Facility Development, Expansion and Upgrade Project. The project will develop, expand, and upgrade a grain and bulk handling facility owned by the District and operated by West Plains, LLC. The total anticipated cost of the project is approximately \$21,881,000.

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REQUIRED SUPPLEMENTARY INFORMATION

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS***
(Dollar amounts in thousands)

	2021	2020	2019	2018	2017	2016	2015
1 Total Pension Liability							
a. Service cost	\$ 268	\$ 370	\$ 366	\$ 315	\$ 324	\$ 243	\$ 205
b. Interest	540	565	565	541	528	517	496
c. Changes in benefit terms	-	(533)	-	-	-	-	-
d. Differences between expected and actual experience	367	98	(320)	190	(57)	158	(68)
e. Changes of assumptions	(65)	115	-	(56)	-	10	293
f. Benefit payments, including refunds of employee contributions	(794)	(625)	(596)	(632)	(483)	(330)	(375)
g. Net Change in Total Pension Liability	316	(10)	15	358	312	598	551
h. Total Pension Liability - Beginning	9,118	9,128	9,113	8,755	8,443	7,845	7,294
i. Total Pension Liability - Ending	9,434	9,118	9,128	9,113	8,755	8,443	7,845
2 Plan Fiduciary Net Position							
a. Contributions - employer	1,139	780	525	456	472	443	408
b. Contributions - employee	180	184	186	178	174	161	148
c. Net investment income	822	717	(308)	736	161	(18)	102
d. Benefit payments, including refunds of employee contributions	(794)	(625)	(596)	(632)	(483)	(330)	(375)
g. Net Change in Plan Fiduciary Net Position	1,347	1,056	(193)	738	324	256	283
h. Plan Fiduciary Net Position - Beginning	5,946	4,890	5,083	4,345	4,021	3,765	3,482
i. Plan Fiduciary Net Position - Ending	7,293	5,946	4,890	5,083	4,345	4,021	3,765
3 Employer's Net Pension Liability - Ending [Item 1(i) - 2(i)]	\$ 2,141	\$ 3,172	\$ 4,238	\$ 4,030	\$ 4,410	\$ 4,422	\$ 4,080
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability							
4	77.31%	65.21%	53.57%	55.78%	49.63%	47.63%	47.99%
5 Covered Payroll	\$ 4,428	\$ 4,075	\$ 4,343	\$ 4,368	\$ 4,018	\$ 4,289	\$ 3,789
6 Employer's Net Pension Liability as a Percentage of Covered Payroll	48.35%	77.85%	97.58%	92.26%	109.76%	103.10%	107.68%

* - Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years*
(Dollar amounts in thousands)

	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
1 Actuarially determined contribution	\$ 374	\$ 444	\$ 504	\$ 471	\$ 455	\$ 468	\$ 440	\$ 400
2 Contributions in Relation to the Actuarially Contribution	1,169	1,139	780	525	456	472	443	408
3 Contribution Deficiency/(Excess)	(795)	(695)	(276)	(54)	(1)	(4)	(3)	(8)
4 Covered Payroll	\$ 5,161	\$ 4,409	\$ 4,913	\$ 4,600	\$ 4,438	\$ 4,569	\$ 4,297	\$ 3,898
5 Contributions as a Percentage of Covered Payroll	22.65%	25.83%	15.88%	11.41%	10.27%	10.33%	10.31%	10.47%

* - Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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, 2021, 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, 2021:

Valuation Date	January 1, 2021
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-2020 mortality improvement rates Post-Retirement: RP-2014 Blue Collar Healthy Annuitant Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2020 mortality improvement rates Disabled: RP-2014 Disabled Annuitant Sex Distinct Tables adjusted to 2006 and projected using Scale MP-2020 mortality improvement rates

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN
Last 10 Fiscal Years

Fiscal Year	Annual Money Weighted
Ending December,	Net Rate of Return
2021	14.4%
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%

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OTHER SUPPLEMENTARY INFORMATION

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SCHEDULE OF OPERATING EXPENSES
(Depreciation expense omitted)
For the Year Ended December 31, 2021

Wages	\$	5,733,479
Payroll taxes		489,218
Net pension expense		257,168
Services		728,134
Materials		1,938,235
Utilities		966,267
Insurance		1,840,739
Dues		115,722
Legal and auditing		430,105
Consulting fees		635,473
Supplies		94,917
Computer expense		346,050
Employee expense		238,333
Other expense		296,515
Travel		63,521
Advertising		178,712
Safety		38,150
Shop cost of sales		71,887
Land lease		19,827
Promotional expenses		254,868
Total Operating Expenses	\$	14,737,320

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STATISTICAL SECTION
(Unaudited)

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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	79 – 80
These schedules contain trend information to help the reader understand how the District's financial performance has changed over a period of time.	
Revenue Capacity	81 – 88
These schedules contain information to help the reader assess the District's local revenue source.	
Debt Capacity	89 – 92
These schedules present information to help the reader assess the District's debt burden and its ability to issue additional debt in the future.	
Demographic and Economic Information	93 – 95
These schedules offer demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place.	
Operating Information	96 – 100
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.	

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

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

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Financial Trends

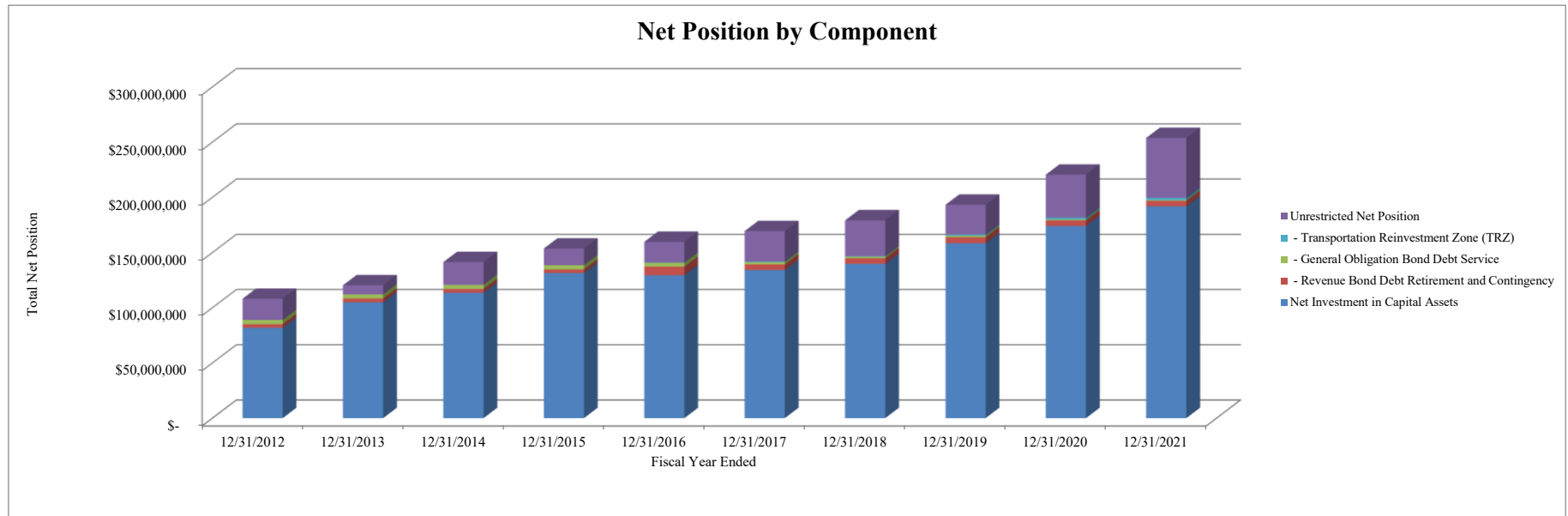
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Brownsville Navigation District of Cameron County, Texas

Net Position by Component

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

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Enterprise Fund										
Net Investment in Capital Assets	\$ 81,820,846	\$ 104,822,625	\$ 113,617,071	\$ 131,432,039	\$ 129,439,065	\$ 134,087,674	\$ 139,686,649	\$ 158,475,706	\$ 173,966,181	\$ 191,785,572
Restricted Net Position for:										
- Revenue Bond Debt Retirement and Contingency	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	4,921,665
- General Obligation Bond Debt Service	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	675,298
- Transportation Reinvestment Zone (TRZ)	-	-	-	69,018	191,734	394,711	400,453	1,031,664	1,554,444	2,054,073
Unrestricted Net Position	19,177,471	8,260,167	20,614,818	15,068,760	18,753,841	27,708,357	32,475,750	27,027,593	39,081,432	54,355,373
Total Enterprise Fund Net Position	\$ 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	\$ 253,791,981



Brownsville Navigation District of Cameron County, Texas

Changes in Net Position

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

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Operating Revenues										
Vessel and cargo services	\$ 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	\$ 13,614,199
Lease rentals										
Port system	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	14,774,125
Other lease rentals	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	3,047,651
Other operating revenue	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	2,652,451
Total Operating Revenues	15,253,578	13,954,391	16,536,300	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,901	34,088,426
Operating Expenses, Other Than Depreciation & Amortization	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	14,737,320
Income from Operations Before Depreciation & Amortization	6,618,996	5,492,005	7,003,233	9,749,605	8,450,058	11,285,826	11,849,027	12,721,300	25,464,760	19,351,106
Amortization	1,110,000	-	-	-	-	-	-	-	-	-
Depreciation	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	8,298,492
Operating Income (Loss)	3,118,676	2,841,909	3,398,495	5,767,146	3,257,030	5,811,818	6,359,426	6,362,195	17,872,575	11,052,614
Non-Operating Income (Expense)										
Interest income on deposits and investments	157,655	185,252	146,645	133,080	192,575	420,106	894,582	805,316	310,045	300,489
Interest income on notes and direct financing leases	179,741	167,353	151,145	146,625	129,165	108,623	87,030	64,329	40,464	15,318
Gain (Loss) on disposal of assets	93,306	-	(39,946)	-	-	-	26,000	6,000	(23,275)	65,439
Gain (Loss) on disposal of assets held for sale	-	-	-	-	-	-	-	-	(143,955)	968
Property Tax - net of discounts, bad debt and collection expenses										
Penalties and Interest	132,695	129,320	138,100	127,430	107,227	101,673	96,330	85,193	86,403	80,530
Maintenance and Operations	547,750	551,095	569,975	574,011	455,446	475,770	1,933,141	3,050,647	2,237,473	2,312,438
General Obligation Debt Service	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	399,416
Interest expense	(932,669)	(1,081,611)	(867,551)	(684,604)	(580,386)	(604,983)	(1,546,417)	(1,448,441)	(1,361,946)	(1,286,248)
Bond costs & amort. of premiums & prepaid bond ins.	(52,535)	(130,726)	687	5,456	(478,841)	67,458	66,389	66,389	66,389	66,389
Bond service fees	(5,000)	(5,900)	(4,150)	(5,150)	(4,400)	(4,650)	(4,650)	(4,450)	(3,700)	(2,950)
Other non-operating income	32,155	27,171	34,050	23,355	25,234	24,343	41,448	52,991	50,426	48,542
Total Non-Operating Income	2,662,104	2,373,081	2,581,260	2,787,772	2,368,326	2,959,489	2,488,472	2,645,502	2,283,184	2,000,331
Income Before Contributions and Special Items	5,780,780	5,214,990	5,979,755	8,554,918	5,625,356	8,771,307	8,847,898	9,007,697	20,155,759	13,052,945
Capital contributions	-	-	-	-	-	379,041	1,225,404	2,409,459	2,853,900	268,743
Capital contributions from grants	417,180	7,157,780	4,905,649	7,120,668	374,201	148,302	18,602	2,667,538	4,319,964	19,936,386
Special Item - contribution of net assets	-	-	9,787,478	-	-	-	-	-	-	-
Special Item - franchise revenue	-	-	425,431	9,342	-	-	-	-	-	-
Increase in net position	6,197,960	12,372,770	21,098,313	15,684,928	5,999,557	9,298,650	10,091,904	14,084,694	27,329,623	33,258,074
Net position at beginning 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
Prior period adjustments	(118,210)	(168,308)	(69,678)	(3,418,893)	-	475,356	(357,078)	-	-	-
Net position at beginning of year - as restated	101,914,112	107,943,764	120,246,855	137,926,274	153,611,201	160,086,114	169,027,686	179,119,590	193,204,284	220,533,907
Net position at end of year	\$ 108,112,072	\$ 120,316,534	\$ 141,345,168	\$ 153,611,202	\$ 159,610,758	\$ 169,384,764	\$ 179,119,590	\$ 193,204,284	\$ 220,533,907	\$ 253,791,981

Revenue Capacity

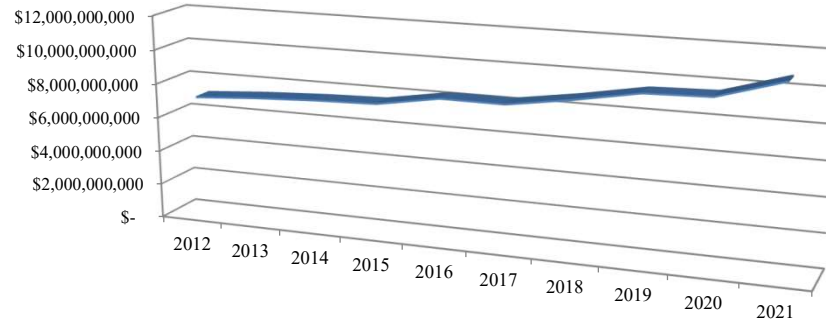
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Brownsville Navigation District of Cameron County, Texas
Ad Valorem Property Taxes
 Last Ten Tax Years
 (Unaudited)

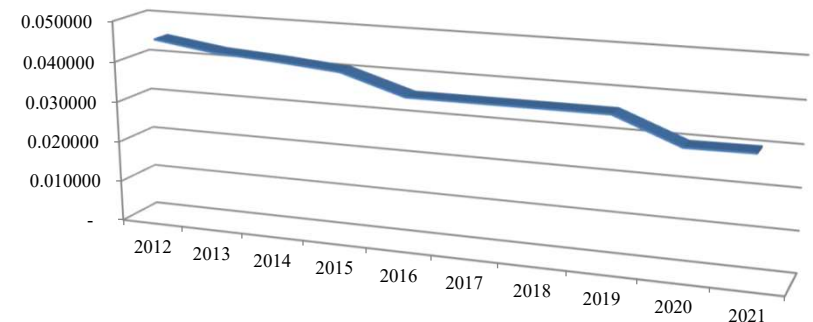
Tax Year	Assessed Valuation		Adopted Tax Rates			Assessed Levy			Collected in the First Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
	Assessed Value	Taxable Value	M&O Rate	G.O. Rate	Total Rate	M&O Levy	G.O. Levy	Total Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
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%	\$ 900,426	\$ 3,200,279	99.44%
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%	878,303	3,129,965	99.41%
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%	855,199	3,148,298	99.42%
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%	834,550	3,089,209	99.37%
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%	864,728	2,945,301	99.36%
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%	823,149	2,936,014	99.23%
2018	9,954,458,488	8,795,447,856	0.035920	-	0.035920	3,159,328	-	3,159,328	2,317,517	73.35%	811,848	3,129,365	99.05%
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%	853,523	3,348,951	98.56%
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%	674,367	2,782,934	97.67%
2021	12,958,736,673	10,679,480,899	0.026310	0.003645	0.029955	2,809,771	389,267	3,199,039	2,493,883	77.96%	-	2,493,883	77.96%

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

Total Taxable Valuation



Total Tax Rate



Brownsville Navigation District of Cameron County, Texas
Ten Principal Taxpayers in Cameron County
 Current Year and Nine Years Ago
 (Unaudited)

<u>No.</u>	<u>Taxpayer</u>	<u>Type of Activity</u>	<u>Fiscal Year 2021</u> <u>Assessed Value</u>	<u>Percentage</u> <u>of Assessed</u> <u>Valuation</u>	<u>Fiscal Year</u> <u>2012 Assessed</u> <u>Value</u>	<u>Percentage</u> <u>of Assessed</u> <u>Valuation</u>
1	AEP Texas Central Co.	Electrical Utility	\$ 314,660,773	1.62%	\$ 105,251,223	0.64%
2	Valley Crossing Pipeline LLC	Transportation Services	166,070,530	0.86%	-	0.00%
3	Union Pacific RR	Rail Road	78,568,681	0.41%	34,433,140	0.21%
4	VHS Harlingen Hospital Company	Healthcare	67,312,543	0.35%	82,442,845	0.50%
5	Easy Raymond Wind Farm LLC	Wind Farm	60,857,000	0.31%	-	0.00%
6	CBL SM Brownsville LLC	Retail Mall	52,780,842	0.27%	40,670,345	0.25%
7	Sharyland Utilities LP	Electric Transmission Utility	43,328,290	0.22%	-	0.00%
8	Transmontaing Operating Company LP	Energy	37,271,098	0.19%	-	0.00%
9	H E Butt Grocery Co.	Retail	35,736,565	0.18%	-	0.00%
10	Keppel Amfels	Manufacturing	35,566,099	0.18%	-	0.00%
Total Assessed Valuation			\$ 892,152,421	4.59%	\$ 262,797,553	1.60%

**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 ACFR

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

	Fiscal Year Ended									
	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	12/31/2021
Operating Revenues										
Vessel and Cargo Services	\$ 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	\$ 13,614,199
Lease Rentals - Port System	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	14,774,125
Other Lease Rentals	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	3,047,651
Other Operating Revenue	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	2,652,451
Total Operating Revenues	15,253,578	13,954,391	16,536,300	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,901	34,088,426
Operating Expenses, Other Than Depreciation and Amortization										
Wages	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	5,707,181
Payroll Taxes	281,092	260,275	294,504	299,604	341,754	342,292	367,691	351,720	393,659	489,218
Net Pension Expense	380,174	351,109	445,506	391,411	528,471	595,763	526,792	535,814	(79,074)	257,168
Services	293,763	340,792	301,181	443,671	356,976	347,596	410,568	253,790	353,876	728,134
Materials	820,675	689,755	678,128	892,166	813,761	829,442	1,258,775	981,594	788,445	1,938,235
Utilities	750,961	813,577	845,664	770,396	794,425	916,411	913,120	917,294	952,067	966,267
Insurance	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	1,840,739
Dues	83,525	119,047	106,926	62,863	67,152	65,108	105,784	120,479	119,929	115,722
Legal & Auditing	145,854	212,009	307,378	311,246	288,459	508,004	406,251	623,607	538,848	430,105
Consultant Fees	553,655	646,883	762,120	678,711	605,990	690,283	735,783	815,134	670,035	635,473
Supplies	70,462	85,482	71,486	102,299	73,734	75,099	110,379	90,415	50,313	94,917
Computer Expense	129,528	99,618	174,345	206,827	375,280	494,385	431,359	377,931	359,165	346,050
Employee Expense	74,202	63,235	62,416	87,863	115,118	118,848	137,538	106,600	152,994	264,630
Other Expense	109,161	86,455	197,773	99,275	262,696	70,936	187,469	686,190	412,255	296,515
Contracts Rental & Repairs	36,996	27,289	6,394	21,660	40,320	17,605	16,244	6,916	900	-
Travel	128,731	146,002	148,543	158,886	170,115	191,537	226,088	208,961	32,118	63,521
Advertising	39,073	28,851	24,764	55,673	140,000	109,356	143,189	151,840	206,165	178,712
Safety	12,512	15,602	9,198	20,992	25,383	13,910	32,854	14,026	21,915	38,150
Doubtful Accounts	-	-	171,417	-	311,113	-	-	-	-	-
Shop cost of collectables	-	-	61,940	60,028	214,913	42,729	45,536	65,931	70,864	71,887
Land Lease and Rental Rebate	163,348	17,010	17,415	17,820	18,225	936,226	158,393	83,936	45,263	19,827
Promotional	83,314	80,468	59,447	74,602	113,809	104,425	141,813	156,248	96,267	254,868
Total Operating Expenses	8,634,581	8,462,386	9,533,064	9,969,657	11,145,456	12,376,807	12,360,740	12,715,207	11,892,141	14,737,320
Income from Operations before Depreciation and Amortization	6,618,997	5,492,005	7,003,237	9,749,605	8,450,058	11,285,825	11,849,027	12,721,300	25,464,760	19,351,107
Non-Operating Income (Expense)										
Interest income on deposits and investments	157,655	185,252	146,645	133,080	192,575	420,106	894,582	805,316	310,045	300,489
Interest income on notes and direct financing leases	179,741	167,353	151,145	146,625	129,165	108,623	87,030	64,329	40,464	15,318
Grant Revenue	417,180	7,157,780	4,905,649	7,120,668	374,201	148,302	18,602	2,667,538	4,319,964	19,936,386
Gain (Loss) on disposal of assets	93,306	-	(39,946)	-	-	-	26,000	6,000	(23,275)	65,439
Gain (Loss) on disposal of assets held for sale	-	-	-	-	-	-	-	-	(143,955)	968
Property Tax - net of discounts, bad debt and collection exp.										
Penalty and interest	132,695	129,320	138,101	127,430	107,227	101,673	96,330	85,193	86,403	80,530
Maintenance and operations	547,750	551,095	569,975	574,011	455,446	475,770	1,933,141	3,050,647	2,237,473	2,312,438
General obligation bond debt service	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	399,416
Interest Expense	(932,669)	(1,081,611)	(867,551)	(684,604)	(580,386)	(604,983)	(1,546,417)	(1,448,441)	(1,361,946)	(1,286,248)
Capital contributions	-	-	-	-	-	379,041	1,225,404	2,409,459	2,853,900	268,743
Special Item - contribution on net assets	-	-	9,787,478	-	-	-	-	-	-	-
Special Item - franchise revenue	-	-	425,431	9,342	-	-	-	-	-	-
Bond costs & amort. premiums and prepaid bond ins.	(52,535)	(130,726)	687	5,456	(478,841)	67,458	66,389	66,389	66,389	66,389
Bond service fees	(5,000)	(5,900)	(4,150)	(5,150)	(4,400)	(4,650)	(4,650)	(4,450)	(3,700)	(2,950)
Other Non-Operating Income	32,155	27,171	34,050	23,355	25,234	24,343	41,448	52,991	50,426	48,542
Total Non-Operating Income	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	22,205,460
Net Income before Depreciation and Amortization	\$ 9,698,281	\$ 15,022,866	\$ 24,703,055	\$ 19,667,387	\$ 11,192,585	\$ 14,772,658	\$ 15,581,505	\$ 20,443,799	\$ 34,921,808	\$ 41,556,567

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 Ended									
	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Port Calls by Vessel Type										
Deep Sea Vessels	376	431	426	508	566	576	503	696	780	836
River Barges	<u>707</u>	<u>628</u>	<u>633</u>	<u>632</u>	<u>525</u>	<u>741</u>	<u>803</u>	<u>870</u>	<u>891</u>	<u>1,018</u>
	1,083	1,059	1,059	1,140	1,091	1,317	1,306	1,566	1,671	1,854
Waterborne Cargo Traffic (metric tons)										
Petroleum and Coal Products	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	3,909,519
Primary Metal Products	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	3,941,788
Non-Metallic Minerals	364,257	332,346	457,538	933,470	653,142	534,921	333,977	560,430	545,660	608,893
Waste and Scrap Materials	229,612	188,633	115,192	48,221	35,962	71,316	135,771	86,075	30,703	34,763
Other Cargos	<u>19,232</u>	<u>17,376</u>	<u>24,204</u>	<u>47,350</u>	<u>58,622</u>	<u>214,888</u>	<u>219,179</u>	<u>208,725</u>	<u>584,314</u>	<u>295,179</u>
Total Cargo Traffic	5,536,690	5,334,867	6,247,889	7,154,125	6,960,787	7,338,310	8,281,318	6,585,257	7,159,864	8,790,142

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	\$ 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	200.00
River Barges	100.00	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	65.00
Dockage (rate for Gross Registered Ton/day)											
Dockage - General Cargo Docks	0.15	0.15	0.15	0.15	0.16	0.17	0.18	0.18	0.18	0.18	0.18
Dockage - Bulk Cargo Dock	0.15	0.15	0.15	0.15	0.25	0.25	0.25	0.25	0.18	0.18	0.18
Dockage - Oil Docks/Liquid Cargo Docks/Express Dock	0.15	0.15	0.15	0.15	0.16	0.17	0.18	0.18	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	0.05
Dockage - Layberth	0.09	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	0.09
Dockage - River Barges (per day)	75.00	75.00	75.00	75.00	80.00	85.00	90.00	90.00	90.00	90.00	90.00
Wharfage - Major Commodities											
Petroleum and Coal Products (per barrel)	0.05	0.050	0.050	0.050	0.07	0.08	0.10	0.10	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	1.00
Primary Metal Products - Volume Incentive (per metric ton)	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Non-Metallic Minerals - Aggregates (per metric ton)	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Non-Metallic Minerals - Covered Storage (per metric ton)	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Non-Metallic Minerals - Open Storage (per metric ton)	1.09	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	1.00
Miscellaneous Cargos - Not Otherwise Specified	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Free Time and Penalty Storage (per metric ton/day)											
Covered Storage - General Cargo Sheds	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103	0.1103
Open Docks and Patios	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221	0.0221

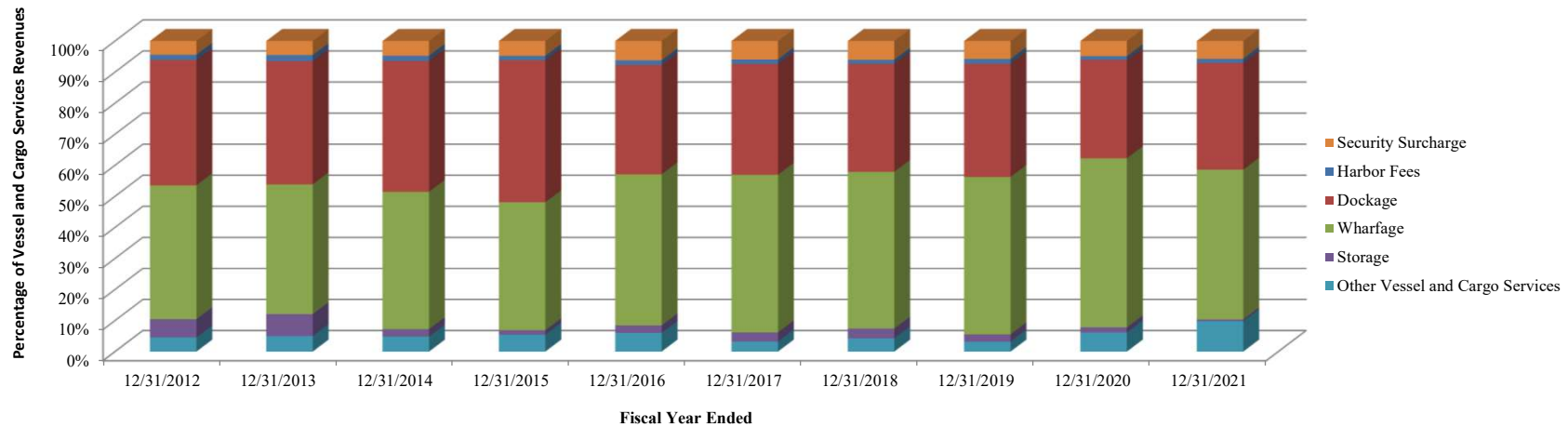
Brownsville Navigation District of Cameron County, Texas
Vessel and Cargo Services Revenue at the Port of Brownsville

Table 6 - continued

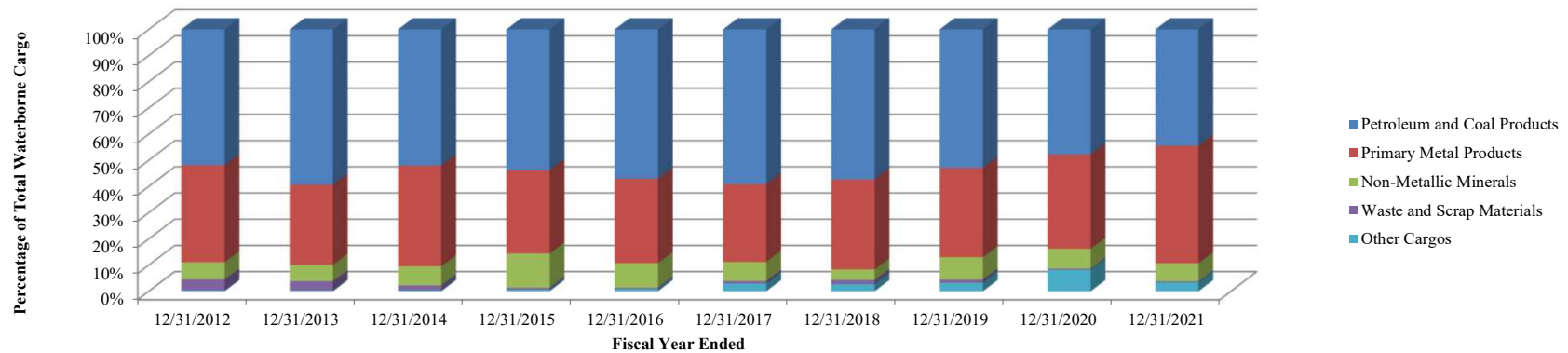
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended									
	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	12/31/2021
Vessel and Cargo Revenue by Major Component										
Harbor Fees	\$ 130,725	\$ 125,213	\$ 125,750	\$ 133,300	\$ 133,100	\$ 153,250	\$ 154,900	\$ 168,195	\$ 176,480	\$ 186,210
Dockage	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	4,679,816
Wharfage	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	6,563,873
Security Surcharge	342,493	288,378	348,870	465,437	563,981	634,628	732,310	623,245	716,063	775,310
Storage	454,799	449,104	179,013	141,345	219,957	318,552	379,719	254,405	245,012	75,814
Other Vessel and Cargo Services	352,612	319,487	354,357	525,216	544,001	344,576	518,310	345,420	899,633	1,333,176
Total Vessel and Cargo Services	\$ 7,745,023	\$ 6,372,999	\$ 7,373,004	\$ 9,704,727	\$ 9,058,546	\$ 10,728,929	\$ 12,160,646	\$ 10,827,761	\$ 14,675,300	\$ 13,614,199

Vessel and Cargo Revenue by Major Component



Major Waterborne Cargoes



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

Customer	Fiscal Year					
	2021			2012		
	2021 Revenues	Rank	Total Percentage 2021	2012 Revenues	Rank	Total Percentage 2012
Gulf Stream Marine	\$ 3,142,735	1	23%	\$ 1,060,113	2	14%
Dix Agency Brownsville, LP	2,351,543	2	17%	1,894,536	1	24%
Dix Industries, Inc.	1,242,365	3	9%			
Norton Lilly International, Inc.	951,976	4	7%			
Bluewing One, LLC	681,985	5	5%			
Motus T2, LLC	541,475	6	4%			
Admiral Steamship Agency/BIEHL & Co.	467,691	7	3%	527,987	6	7%
Frontera Brownsville, LLC	461,121	8	3%	947,496	3	12%
Schaefer Stevedoring	449,802	9	3%	732,553	5	9%
Host Agency, LLC	438,760	10	3%			
ISS Marine Services, Inc.	416,352	11	3%	191,977	7	2%
Transmontaigne Operating Co LP	374,435	12	3%			
Bluewing Royal, LLC	357,561	13	3%			
Vulcan Construction Materials	230,573	14	2%	63,308	12	1%
Moran Shipping Agencies, Inc.	202,645	15	1%			
Keppel Amfels, Inc.				865,743	4	11%
Elite Fuels, Inc.				153,651	8	2%
Esco Marine, Inc.				141,743	9	2%
Bedoli Group, Inc.				101,584	10	1%
Gulf Harbor Shipping				90,172	11	1%
AEP River Operations				62,275	13	1%
American Commercial Barge				58,400	14	1%
T. Parker Host Gulf, Inc.				48,315	15	1%
Total Vessel and Cargo Revenues	<u>\$ 13,614,199</u>		<u>89%</u>	<u>\$ 7,745,023</u>		<u>89%</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									
	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>
Turning Basin Leases (per acre/year)										
Waterfront	\$ 5,844	\$ 5,844	\$ 5,844	\$ 5,844	\$ 5,874	\$ 6,050	\$ 6,165	\$ 6,233	\$ 6,352	\$ 6,486
Highway Frontage	3,819	3,819	3,819	3,819	3,839	3,954	4,030	4,075	4,153	4,241
Port Entrance Sites	3,403	3,403	3,403	3,403	3,421	3,524	3,591	3,631	3,700	3,778
Inside Port/Off Waterfront	2,025	2,025	2,025	2,025	2,036	2,097	2,137	2,161	2,203	2,250
Fishing Harbor Leases (per acre/year)										
Waterfront	4,494	4,494	4,494	4,494	4,517	4,653	4,742	4,795	4,887	4,990
Off-Water	4,156	4,156	4,156	4,156	4,177	4,302	4,384	4,433	4,518	4,613
 Lease Rental Revenues	 \$ 6,113,118	 \$ 6,371,264	 \$ 7,986,437	 \$ 8,780,288	 \$ 9,034,797	 \$ 11,687,719	 \$ 10,607,560	 \$ 13,027,229	 \$ 18,385,245	 \$ 17,821,776

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

Current Year and Nine Years Ago
(Unaudited)

Customer	Fiscal Year					
	2021			2012		
	2021 Revenues	Rank	Total Percentage 2021	2012 Revenues	Rank	Total Percentage 2012
Rio Grande LNG, LLC	6,205,648	1	35%			
Texas LNG Brownsville, LLC	1,000,000	2	6%			
Transmontaigne Operating Co. LP	952,398	3	5%	912,674	1	15%
Keppel Amfels, Inc.	816,324	4	5%	213,824	6	3%
Bedoli Group, Inc.	550,312	5	3%	294,481	4	5%
Juniper	542,669	6	3%			
Brownsville Acquisition	490,583	7	3%			
International Shipbreaking LTD	372,428	8	2%			
Bluewing One	296,353	9	2%	199,824	8	3%
Annova LNG LLC	290,175	10	2%			
Brownsville & Rio Grande International Railroad				564,132	2	9%
Esco Marine, Inc.				478,314	3	8%
Gulf Coast LNG Exports, LLC				292,200	5	5%
Bay Bridge Texas, LLC				209,975	7	3%
Citgo Petroleum Corporation				193,263	9	3%
Logistica US Terminals LLC				140,020	10	2%
Total Lease Rental Revenues	\$ 17,821,776		66%	\$ 6,113,118		56%

Debt Capacity

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

Fiscal Year	General Obligation Bonds	Revenue Bonds	Loans	Capital Leases	Total Debt Outstanding	Assets Restricted for Debt Service	Total Net Outstanding Debt
2012	\$ 14,771,088	\$ 19,157,598	\$ -	\$ -	\$ 33,928,686	\$ 19,257,201	\$ 14,671,485
2013	12,674,005	17,783,322	-	-	30,457,327	16,779,159	13,678,168
2014	10,481,922	14,669,045	-	-	25,150,967	12,842,435	12,308,532
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
2021	825,000	33,507,487			34,332,487	5,596,963	28,735,524

Fiscal Year	Taxable Property Valuation	Outstanding Debt as a Percentage of Taxable Property Value	Cameron County Population ¹	Net Bonded Debt Per Capita	Per Capita Income ¹	Outstanding Debt as a Percentage of Per Capita Income
2012	\$ 7,119,854,819	0.19%	406,220	36	\$ 14,183	0.25%
2013	7,368,557,604	0.17%	415,557	33	14,405	0.23%
2014	7,539,555,606	0.19%	417,296	29	14,405	0.20%
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%
2021	10,679,480,899	0.27%	421,017	68	17,430	0.39%

¹ Data from the Cameron County 2021 ACFR

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)

	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	12/31/2021
First Lien Revenue Bond - Series 2000										
Principal Maturity	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payments	<u>5,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bond Requirement	205,100	-	-	-	-	-	-	-	-	-
First Lien Revenue Bond - Series 2002A										
Principal Maturity	85,000	90,000	95,000	100,000	105,000	110,000	115,000	120,000	125,000	130,000
Interest Payments	<u>34,186</u>	<u>13,800</u>	<u>12,620</u>	<u>11,374</u>	<u>10,064</u>	<u>11,117</u>	<u>11,659</u>	<u>9,245</u>	<u>6,728</u>	<u>4,109</u>
Total Bond Requirement	119,186	103,800	107,620	111,374	115,064	121,117	126,659	129,245	131,728	134,109
First Lien Revenue Bond - Series 2002B										
Principal Maturity	95,000	100,000	105,000	105,000	110,000	115,000	120,000	125,000	130,000	135,000
Interest Payments	<u>36,140</u>	<u>14,503</u>	<u>13,195</u>	<u>11,853</u>	<u>10,480</u>	<u>11,565</u>	<u>12,121</u>	<u>9,604</u>	<u>6,985</u>	<u>4,263</u>
Total Bond Requirement	131,140	114,503	118,195	116,853	120,480	126,565	132,121	134,604	136,985	139,263
First Lien Revenue Bond - Series 2009										
Principal Maturity	775,000	815,000	855,000	900,000	-	-	-	-	-	-
Interest Payments	<u>143,439</u>	<u>104,881</u>	<u>64,384</u>	<u>21,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bond Requirement	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	295,000
Interest Payments	<u>61,122</u>	<u>67,951</u>	<u>60,802</u>	<u>53,503</u>	<u>45,978</u>	<u>38,227</u>	<u>30,251</u>	<u>21,898</u>	<u>13,244</u>	<u>4,440</u>
Total Bond Requirement	76,122	302,951	300,802	298,503	300,978	298,227	300,251	306,898	303,244	299,440
First Lien Revenue Bond - Series 2012										
Principal Maturity	-	-	50,000	50,000	335,000	345,000	355,000	370,000	380,000	390,000
Interest Payments	<u>-</u>	<u>216,211</u>	<u>318,203</u>	<u>316,608</u>	<u>310,467</u>	<u>299,407</u>	<u>288,456</u>	<u>276,892</u>	<u>264,930</u>	<u>252,648</u>
Total Bond Requirement	-	216,211	368,203	366,608	645,467	644,407	643,456	646,892	644,930	642,648
First Lien Revenue Bond - Series 2016										
Principal Maturity	-	-	-	-	-	635,000	670,000	705,000	740,000	780,000
Interest Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>588,186</u>	<u>1,167,069</u>	<u>1,134,444</u>	<u>1,100,069</u>	<u>1,063,944</u>	<u>1,025,944</u>
Total Bond Requirement	-	-	-	-	588,186	1,802,069	1,804,444	1,805,069	1,803,944	1,805,944
Junior Lien Revenue Bond - Series 2003										
Principal Maturity	135,000	140,000	-	-	-	-	-	-	-	-
Interest Payments	<u>83,584</u>	<u>78,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bond Requirement	218,584	218,495	-	-	-	-	-	-	-	-
Total Revenue Bonds										
Principal Maturity	1,305,000	1,380,000	1,345,000	1,400,000	805,000	1,465,000	1,530,000	1,605,000	1,665,000	1,730,000
Interest Payments	<u>363,571</u>	<u>495,841</u>	<u>469,204</u>	<u>415,163</u>	<u>965,175</u>	<u>1,527,385</u>	<u>1,476,931</u>	<u>1,417,708</u>	<u>1,355,831</u>	<u>1,291,404</u>
Annual Revenue Bond Debt Service	\$ 1,668,571	\$ 1,875,841	\$ 1,814,204	\$ 1,815,163	\$ 1,770,175	\$ 2,992,385	\$ 3,006,931	\$ 3,022,708	\$ 3,020,831	\$ 3,021,404
Net Revenues Available for Debt Service on Revenue Bonds (See Table 12)										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage Ratio (Net Revenues Available for Debt Service/Annual Debt Service)										
	7.45	5.68	21.96	14.15	3.59	5.22	6.04	7.41	12.45	9.03

All of the net revenues of the District are pledged for the payment of the bond principal and interest of the First Lien Revenue Bonds
- See 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 Year Ended									
	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	12/31/2021
Gross Revenues										
Operating Revenues										
Wharf Operations	\$ 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	\$ 12,045,410
Industrial Development	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	18,426,701
Foreign Trade Zone	451,418	402,739	411,863	412,423	430,387	452,708	488,355	49,792	77,274	81,458
Administrative Services /Permits	-	-	-	-	-	-	-	483,725	515,701	499,395
Facilities Maintenance	(6,968)	34,800	70,178	121,647	239,041	63,112	52,762	87,658	85,794	134,334
Mobile Harbor Crane	285,306	202,306	263,173	433,065	499,537	304,281	466,776	312,545	859,133	1,286,201
Security	468,276	412,988	439,378	559,112	656,067	724,360	811,422	708,268	798,804	858,776
Communications & Public Relations	-	-	-	-	-	34,556	46,245	50,710	27,385	34,340
Utilities Services	754,329	625,974	571,709	544,724	647,808	480,479	583,901	540,144	360,795	604,858
Water Plant & Distribution System	86,117	87,176	76,101	106,580	116,903	124,542	128,247	129,913	128,600	116,954
Total	15,253,577	13,955,592	16,536,298	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,902	34,088,427
Non-Operating Revenues										
Interest on Investments	337,396	352,605	296,834	279,705	321,740	528,729	981,612	869,644	350,509	315,807
Other	733,704	638,291	10,877,129	669,033	534,719	1,043,070	3,437,781	5,763,063	5,237,268	2,773,800
Total	1,071,100	990,896	11,173,963	948,738	856,459	1,571,799	4,419,393	6,632,707	5,587,777	3,089,607
Total Gross Revenues	16,324,677	14,946,488	27,710,261	20,667,999	20,451,973	25,234,432	28,629,160	32,069,214	42,944,679	37,178,034
Operating Expenses, Other than Depreciation & Amortization										
Maintenance and Operation of Facilities										
Wharf Operations	578,499	566,147	646,906	649,775	654,467	676,739	692,611	1,263,550	859,908	911,640
Industrial Development	369,220	253,317	223,301	190,057	224,962	1,192,156	259,279	249,296	125,546	126,597
Foreign Trade Zone	131,757	112,322	113,774	112,953	224,799	260,632	250,243	128,347	126,566	168,253
Facilities Maintenance	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	3,600,820
Utility Services	-	-	-	-	-	41,146	156,369	1,014,020	1,033,409	1,141,248
Harbor Mobile Crane	356,054	299,191	290,959	320,189	407,787	351,379	413,465	375,051	523,129	898,037
Security	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	1,461,854
Communications & Public Relations	-	-	-	-	-	24,555	28,061	41,838	20,102	33,646
Engineering & Utilities	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	690,357
Water Plant & Distribution System	132,952	139,016	132,644	48,777	89,524	142,411	145,250	145,058	144,888	124,787
Total	5,651,183	5,397,986	5,814,799	5,835,579	6,507,887	7,841,541	7,512,145	7,576,564	6,882,790	9,157,239
General and Administrative Expenses	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	5,580,079
Total Operating Expenses	8,634,581	8,462,385	9,533,066	9,969,656	11,145,456	12,376,807	12,358,624	12,715,205	11,892,141	14,737,318
Non-Operating Expenses										
Interest	333,915	580,539	503,519	396,750	369,952	483,595	1,457,670	1,397,700	1,334,801	1,270,000
Other	90,083	167,256	74,026	32,644	28,895	78,131	106,280	122,976	144,667	18,437
Total Non-Operating Expenses	423,998	747,794	577,545	429,394	398,847	561,726	1,563,950	1,520,676	1,479,468	1,288,437
Total Expenses	9,058,579	9,210,179	10,110,611	10,399,050	11,544,303	12,938,533	13,922,574	14,235,881	13,371,609	16,025,754
Net Revenues Available For Debt Service on Revenue Bonds	\$ 7,266,098	\$ 5,736,309	\$ 17,599,651	\$ 10,268,950	\$ 8,907,670	\$ 12,295,899	\$ 14,706,586	\$ 17,833,333	\$ 29,573,071	\$ 21,152,280
Average Annual Debt Service on Revenue Bonds	\$ 974,741	\$ 1,010,611	\$ 801,300	\$ 725,668	\$ 2,481,562	\$ 2,356,870	\$ 2,434,452	\$ 2,406,440	\$ 2,375,721	\$ 2,341,738
Coverage by Net Revenues	7.45	5.68	21.96	14.15	3.59	5.22	6.04	7.41	12.45	9.03

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

(Unaudited)

This table sets forth the annual debt service requirements on the District's Revenue Bonds as of December 31, 2021, excluding bonds that have been refunded and defeased.

Fiscal Year Ending December 31	Outstanding Debt Service Requirements
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	\$ 44,493,013

Demographic and Economic Information

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Brownsville Navigation District of Cameron County, Texas
Miscellaneous Statistical Data

Last Ten Years
(Unaudited)

Brownsville Navigation District Facts:

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

<u>Year</u>	<u>GDP (a)</u>	<u>National Unemployment (b)</u>	<u>Total U.S. Exports (c)</u>	<u>Total U.S. Imports (c)</u>	<u>U.S. Rig Count (d)</u>	<u>Oil Price \$/Bbl (e)</u>
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	2,810.60	436	39.16
2021	5.7%	5.3%	2,528.50	3,387.70	475	68.13

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

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

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

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

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

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

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate	Personal Income
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
2021	421,017	17,430	32.4	91,534	7.3%	33,690

Source: Cameron County, Texas ACFR

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

Port of Brownsville Employers

No.	Employer	Type of Activity	2021 Estimated No. of Employees	% of Total Port of Brownsville Employment	2012 Estimated No. of Employees
1	Keppel AmFELS, Inc.	Manufacturer	1,542	39.65%	2,400
2	Brownsville Acquisition, Inc.	Scrap Recycling	186	4.78%	-
3	International Shipbreaking Limited, LLC	Ship Breaking/Scrap	160	4.11%	157
4	Brownsville Navigation District	Vessel/Rental Services	126	3.24%	-
5	Duro Standard Products Co., LLC	Paper Products	116	2.98%	129
7	Jonick-Lopez Int'l Transport	Trucking	114	2.93%	-
6	Magic Valley Concrete	Concrete	112	2.88%	-
8	Gulf Stream Marine	Vessel/Rental Services	108	2.78%	90
9	Bedoli	Scrap Recycling	78	2.01%	120
10	Guadalupe Ochoa	Fishing Vessel	78	2.01%	-

Source: Brownsville Navigation District Real Estate Services Department

Cameron County, Texas Employers

No.	Employer	Type of Activity	2021 Estimated No. of Employees	% of Total Cameron County Employment	2012 Estimated No. of Employees
1	Brownsville ISD	Education	6,264	4.33%	7,708
2	Harlingen CISD	Education	2,795	1.93%	2,848
3	HEB Grocery	Retail	2,396	1.66%	-
4	Wal-Mart Associates, Inc.	Retail	2,350	1.63%	1,392
5	Valley Baptist Medical Center	Medical	2,079	1.44%	2,668
6	Cameron County	Government	1,749	1.21%	2,040
7	University of Texas Rio Grande Valley	Education	1,671	1.16%	-
8	San Benito CISD	Education	1,660	1.15%	1,400
9	City of Brownsville	Government	1,145	0.79%	1,200
10	Keppel Amfels	Manufacturing	1,102	0.76%	1,650

Source: Cameron County, Texas ACFR

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Operating Information

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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 Elevator) Dock		400	43	12	39	39	
Liquid Cargo Docks							
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							
Covered Storage Areas		1 + million square feet					
Open Storage Areas		3 + million square feet					
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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Farm Products	-	-	-	-	-	-	1,841	2,776	128,750	30,189
Forest Products	-	-	-	20	-	-	-	-	-	-
Metallic Ores	35,061	54,608	66,876	20,754	5,980	6,063	5,908	22,830	32,647	39,552
Nonmetallic Minerals, Except Fuels	364,257	332,346	457,538	933,470	653,142	534,921	333,977	560,430	545,660	608,893
Food and Kindred Products	-	10,493	-	-	-	68,420	96,130	7,203	37,130	1,500
Chemicals and Allied Products	45,240	49,366	29,705	23,679	63,554	6,032	13,934	-	6,280	22,034
Petroleum and Coal Products	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	3,887,485
Stone, Clay and Concrete Products	-	-	-	-	252	14,001	71,569	99,530	179,925	195,223
Primary Metal Products	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	3,902,236
Fabricated Metal Products	8,220	-	11,977	37,545	43,309	46,608	39,485	82,682	198,377	9,050
Lumber and Wood Products	-	-	-	-	372	79,158	-	-	-	-
Machinery	-	-	4,472	1,004	252	-	296	100	891	-
Special Items	7,592	2,878	3,270	3,127	8,112	818	1,290	10,528	31,344	36,117
Transportation Equipment	-	-	222	586	535	81	474	49	352	8,333
Waste and Scrap Materials	229,612	188,633	115,192	48,221	35,962	71,316	135,771	86,075	30,703	34,763
Water	3,420	4,004	4,264	5,089	5,790	5,803	8,095	5,858	7,546	14,765
Total	5,536,689	5,334,866	6,247,889	7,154,125	6,960,787	7,338,310	8,281,319	6,585,258	7,159,865	8,790,140

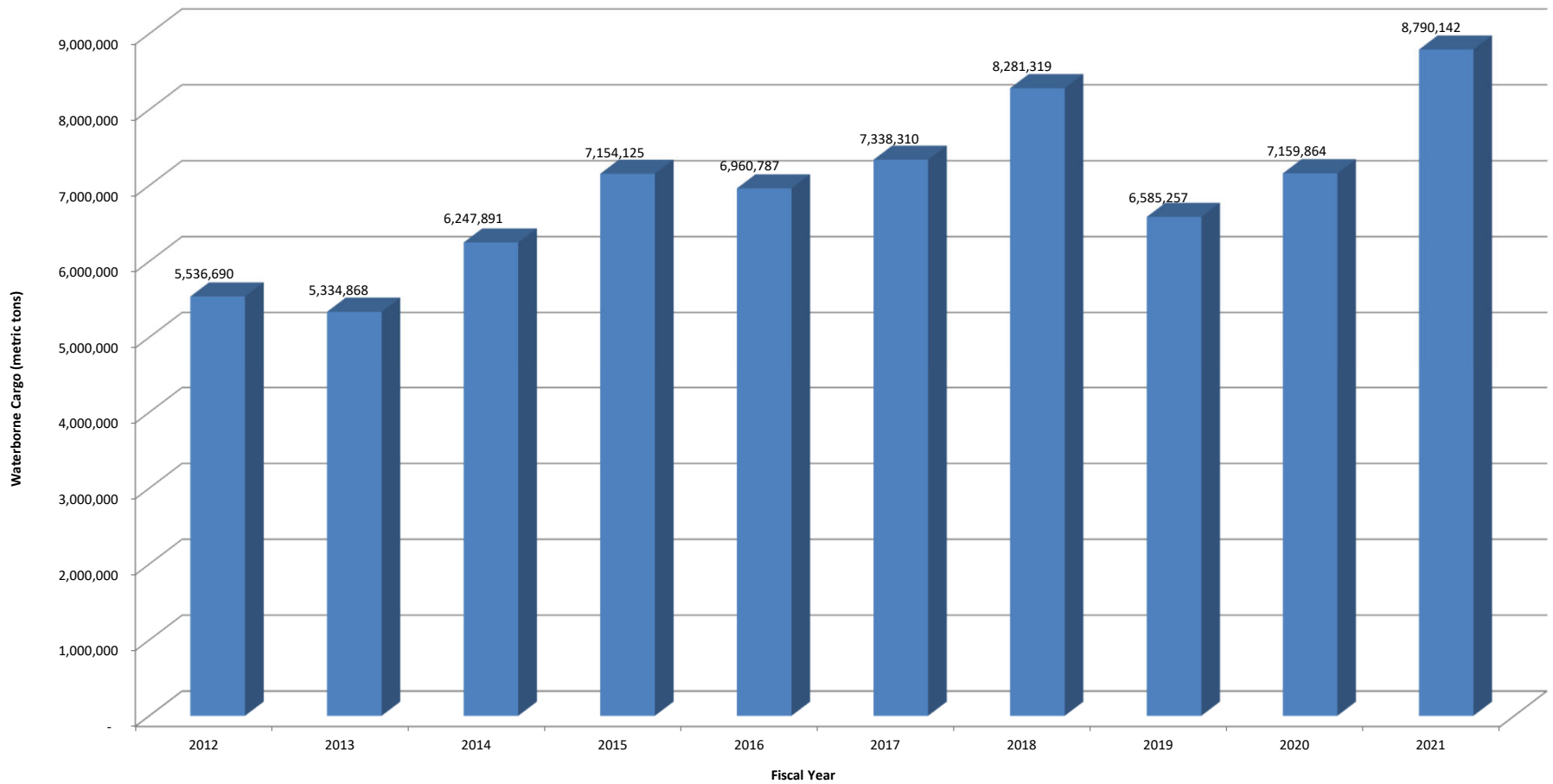
Summary of Waterborne Cargo by Movement Type (metric tons)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Foreign										
Imports	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	4,842,374
Exports	125,565	271,498	247,007	687,250	495,349	798,782	805,210	760,521	1,026,663	993,084
Total Foreign	2,931,248	2,267,327	3,159,023	4,339,242	3,564,354	3,946,791	4,858,552	3,936,947	4,547,880	5,835,458
Coastwise										
Receipts	918,999	1,333,951	1,237,280	1,238,634	1,690,879	1,589,505	1,474,048	854,620	501,457	351,593
Shipments	406,378	646,736	622,411	426,847	544,982	115,522	63,234	39,479	166,368	78,622
Total Coastwise	1,325,377	1,980,687	1,859,691	1,665,481	2,235,861	1,705,027	1,537,282	894,099	667,825	430,215
Intercoastal										
Receipts	716,208	538,336	716,173	761,379	959,848	1,457,353	1,655,435	1,584,289	1,714,260	2,326,500
Shipments	563,857	548,518	513,004	388,024	200,724	229,139	230,050	169,922	229,899	197,969
Total Intercoastal	1,280,065	1,086,854	1,229,177	1,149,403	1,160,572	1,686,492	1,885,485	1,754,211	1,944,159	2,524,469
Total Imports	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	4,842,374
Total Exports	125,565	271,498	247,007	687,250	495,349	798,782	805,210	760,521	1,026,663	993,084
Total Receipts	1,635,207	1,872,288	1,953,453	2,000,012	2,650,727	3,046,858	3,129,483	2,438,908	2,215,717	2,678,093
Total Shipments	970,234	1,195,253	1,135,415	814,871	745,706	344,661	293,284	209,402	396,267	276,591
Total	5,536,690	5,334,868	6,247,891	7,154,125	6,960,787	7,338,310	8,281,319	6,585,257	7,159,864	8,790,142

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

Reported in Metric Tons
 Last Ten Years
 (Unaudited)

Total Waterborne Cargo at the Port of Brownsville
(metric tons)



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

Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Barges	707	618	653	632	525	741	803	870	891	1,018
Cargo Vessels	124	102	118	131	29	44	67	30	53	27
Deck Barges	5	8	-	3	-	1	-	1	1	2
Drilling Rig	3	4	3	19	12	6	5	7	0	2
Fishing vessels	-	-	-	-	-	-	-	294	309	381
Miscellaneous	-	-	-	13	123	98	109	134	198	169
Ocean Barges	78	111	51	51	123	92	46	50	63	40
Scrap Vessels / Barges	32	27	15	9	6	7	12	7	10	10
Tugs	62	91	127	164	199	242	158	112	98	143
Tankers	<u>72</u>	<u>69</u>	<u>92</u>	<u>118</u>	<u>74</u>	<u>86</u>	<u>106</u>	<u>61</u>	<u>48</u>	<u>62</u>
Total	1,083	1,030	1,059	1,140	1,091	1,317	1,306	1,566	1,671	1,854

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

	Fiscal Year									
	<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>	<u>2021</u>
Hourly/Salaried Employees										
Hourly Employees (Non-Exempt)	74	73	75	74	74	76	76	70	79	88
Salaried Employees (Exempt)	<u>19</u>	<u>19</u>	<u>21</u>	<u>24</u>	<u>25</u>	<u>25</u>	<u>28</u>	<u>31</u>	<u>30</u>	<u>32</u>
	93	92	96	98	99	101	104	101	109	120
Operations Employees										
Hourly Employees (Non-Exempt)	58	57	58	56	58	58	59	55	65	75
Salaried Employees (Exempt)	<u>5</u>	<u>6</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>11</u>	<u>9</u>	<u>10</u>	<u>11</u>
	63	63	68	65	67	67	70	64	75	86
Administrative Employees										
Hourly Employees (Non-Exempt)	16	16	17	18	16	18	17	15	14	13
Salaried Employees (Exempt)	<u>14</u>	<u>13</u>	<u>11</u>	<u>15</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>22</u>	<u>20</u>	<u>21</u>
	30	29	28	33	32	34	34	37	34	34

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SINGLE AUDIT SECTION

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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*

To the 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 Brownsville Navigation District of Cameron County, Texas (the "District"), as of and for the year ended December 31, 2021, 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 15, 2022.

Report on 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 entity'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.

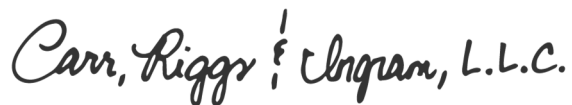
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

Brownsville, Texas
June 15, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brownsville Navigation District of Cameron County, Texas' (The "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, Rigg & Ingram, L.L.C.

Brownsville, Texas

June 15, 2022

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

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

Report on Compliance for Each Major State Program

Opinion on 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 the District's major state programs for the year ended December 31, 2021. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in and the audit requirements of the State of Texas Single Audit Circular. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Texas Single Audit Circular will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Texas Single Audit Circular, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, L.L.C.

Brownsville, Texas

June 15, 2022

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

Schedule of Findings and Questioned Costs

For the year ended December 31, 2021

SECTION I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal 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 |

Federal Awards

- | | |
|---|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a) Material weaknesses identified? | No |
| b) 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 2CFR Part 200.516(a)? | No |
| 4. Identification of major programs: | |

Federal Assistance Listing Number	Federal Program or Cluster
20.205	Highway Planning and Construction (Cluster)

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and B programs | \$750,000 |
| 6. Auditee qualified as a low-risk auditee for federal purposes? | Yes |

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

Schedule of Findings and Questioned Costs (Continued)

For the year ended December 31, 2021

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 Number	State Program
CSJ - 0921-06-288	Surface Transportation Block Grant - South Port Connector

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and B programs | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under the State of Texas Single Audit Circular? | 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.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

Schedule of Expenditures of Federal and State Awards
For the year ended December 31, 2021

Federal/State Grantor, Pass - Through Entity, Program/Cluster Title	Federal Assistance Listing Number	Contract/Grant Number	Federal/State Expenditures	Payments to Subrecipients
<u>Federal Awards</u>				
Department of Transportation				
Passed through Texas Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	CSJ - 0921-06-288	\$ 16,408,548	\$ -
Total Federal Awards Expended			\$ 16,408,548	\$ -
<u>State Awards</u>				
Texas Department of Transportation				
Surface Transportation Block Grant - South Port Connector		CSJ - 0921-06-288	\$ 3,527,838	\$ -
Total State Awards Expended			\$ 3,527,838	\$ -
Total Federal and State Awards Expended			\$ 19,936,386	\$ -

The accompanying notes are an integral part of this schedule

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

Notes to the Schedule of Expenditures of Federal and State Awards

For the year ended December 31, 2021

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 minimis indirect cost rate. For the year ended December 31, 2021, 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, 2021.

NOTE 4: SUB-RECIPIENTS

During the year ended December 31, 2021, 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, 2021.

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.



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