



Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2023

Brownsville Navigation District

of Cameron County, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2023

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 3, 2024

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

To Chairman Guerra, Distinguished Members of the Board of Navigation and Canal Commission of the Brownsville Navigation District of Cameron County, Texas ("District"), and the Readers of this Report:

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, 2023. 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 internal 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 spans over 368 square miles located entirely within Cameron County, Texas. The District includes the City of Brownsville, the City of Los Fresnos, the City of Rancho Viejo and the Town of Indian Lake.

The District is an independent 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 137 operations and administrative staff as of December 31, 2023.

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 ship 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 in 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 million. The project is expected to commence by 2024, with completion in 2026/2027.

Cameron County, Texas

Cameron County was created in 1848 and it is the southernmost county in Texas. The County is approximately 1,200 square miles of land and 300 square miles of rivers, estuaries, lagoons, bays, and ocean water. Cameron County's estimated population is 426,710 inhabitants as of 2023 Census Bureau Estimates. It is the thirteenth largest county in the State. The City of Brownsville, the county seat, is the largest city in Cameron County with a population of 189,382 as of 2023 Census Bureau Estimates. 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, and 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 by 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. Space Exploration Technologies (SpaceX), a private space exploration company, is located east of Brownsville, near Boca Chica Beach. SpaceX is developing and manufacturing one of the world's first commercial spaceports for orbital missions, taking place at Starbase, a rocket launch facility in Cameron County. The facility is optimized for Starship, which can transport satellites, payloads, crew, and cargo to a variety of orbits and Earth, Lunar, or Martian landing sites. Economic activity generated by SpaceX supports thousands of jobs in Cameron County and the larger Rio Grande Valley.

City of Brownsville, Texas

The City of Brownsville was founded in 1848 and later incorporated on February 7, 1853. The City provides the full range of municipal services including public safety, streets, sanitation, health and social services, culture-recreation, library, public improvements, planning and zoning, tourism and general administrative services. Other services include public transportation, airport, and business-industrial parks. 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 the eighteenth largest city in the state of Texas. The area of the City is approximately 146 square miles. 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, which it joins by three international bridges. The City serves as a trade center for much of the lower Rio Grande Valley. According to the 2023 Census Bureau Estimates, the City of Brownsville had a population of 189,382.

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 low-cost of the labor force of Northern Mexico creates an industry of manufacturing twin plants known as "*maquiladoras*" or "*maquilas*". The maquila Industry has given international businesses the ability to remain competitive with other foreign markets offering the same goods for a lesser price. U.S. companies have shifted production to Mexico due to the lower cost of labor. Products are partially assembled in Mexico, then transported to United States where final assembly is completed in the "sister plant". Because of Cameron County's proximity to Mexico, the maquiladora program has proved most advantageous to this region.

Business of the District

Over the last decade, the Brownsville Navigation District has made significant investments to maintain the Port of Brownsville's standing as the global gateway for South Texas and Northern Mexico. 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.

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 16 in the statistical section.

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 1,000,000 gallon elevated water storage tank. 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.

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

Foreign Trade Zone

The Port of Brownsville is the grantee of Foreign Trade Zone ("FTZ") No. 62. In 2023, the Port's Foreign Trade Zone ("FTZ") No. 62 celebrated its 43rd anniversary and marked the eleventh year in a row it ranked among the top-three nationwide for the value of exported commodities. There are 14 tenants operating within 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.

One of the most significant aspects of FTZ No. 62 is the direct and indirect impact it has on the local economy. Peripheral services such as U.S. customs brokers/freight forwarders, and the intermodal transportation models (sea, trucking, railroad, air cargo services) other services are all positively affected by the proximity of FTZ No. 62 to Mexico.

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	6,243,625	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
2022	7,691,793	1,314,559	9,006,352	1,754	6,907,274
2023	9,840,099	1,294,956	11,135,055	2,561	7,055,609

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.

Real Estate/Industrial Development

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 leased at attractive rates from the District.

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, facilitate the movement of cargo, and generate revenues 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 for fiscal year 2023.

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 2023, the Port had ground lease agreements for approximately 1,600 acres with two LNG export terminal projects: Rio Grande LNG, LLC and Texas LNG Brownsville, LLC.

The District uses Consumer Price Index ("CPI") measures as the basis for periodic rate adjustments to lease rates.

Additional information regarding leases may be found in Note 2, and information regarding lease revenues and principal leasing customers may be found in the Statistical Section – Tables 8.

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 levied against improvements on Port property and the value of the land leased to the tenant. There are no property taxes levied against District owned improvements and 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.

Brownsville and Rio Grande International Railway Franchise Agreement

An essential component of the District's logistics is the collaboration with the Brownsville Rio Grande International Railway (the "BRG"). Formed in 1984 by the District, the BRG provides consistent, safe, and reliable service to port users, operating on more than 45 miles of rail within the port. The shortline railroad provider offers the port and its customers access to three class 1 railroad – Union Pacific, Burlington Northern Santa Fe, and Kansas City Southern de Mexico for access into Mexico. Since 2014, under a franchise agreement, OmniTrax Inc., has managed the BRG enhancing services for port rail users while aiming to attract new shippers in the manufacturing and distribution industries. In 2023, the BRG set an all-time high record of 85,169 loaded railcars handled. The number of annual carloads handled in 2023 marked a 17 percent increase from the 72,546 railcar movements in 2022, as the District continues to service a range of diverse and growing industries across North America. The District receives \$20 for each carload movement for the first 35,000 carloads and \$25 for each carload movement after the first 35,000 carloads.

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., whichever 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 fiscal year 2023, of the \$30 permit fee, TxDOT received 85% or \$25.50, a total of \$1,672,367 from the 65,583 permits sold, with the Port retaining the other \$4.50 for administrative costs, a total of \$295,124. This program is now being implemented in other locations in Texas.

Economic Conditions and Outlook

The Port of Brownsville continues to play a central role for international trade in Texas and Northern Mexico, proving itself as one of the most stable seaports in the U.S. to effectively weather today’s unique economic challenges. According to the U.S. Army Corps of Engineers’ most recent annual report ranking 150 maritime ports nationwide, the Port of Brownsville rose to 50th position in the country for the movement of waterborne cargo in 2022, a significant leap from 55th place in 2021. An upward trend in overall cargo volumes continued into 2023, with a total of approximately 16,142,866 metric tons of cargo being transported through the Port of Brownsville. This represents a 15.8% increase over 2022 cargo volumes. 2023 Waterborne cargo volumes of approximately 11,135,055 metric tons accounted for more than half of the total 2023 total cargo volumes. The Port’s plan to deepen the ship channel to 52 feet will propel the port further in the global marketplace, allowing it to handle larger vessels and increasing cargo volumes.

The port expects continued growth in the energy sector in 2024, as demand for Texas energy in Europe and elsewhere continues to remain strong due to its reliability and low cost to produce. Across the globe, industries are converting to natural gas fired power generation, which represents growing opportunities for the port. The Rio Grande liquified natural gas (LNG) and Texas LNG projects have received approval from the Federal Energy Regulatory Commission for construction at the Port of Brownsville, leveraging the port’s unique location, capabilities, and land availability as a center for natural gas from West Texas, the Permian Basin and beyond. Rio Grande LNG (NextDecade) announced the execution of sale and purchase agreements with various companies for the supply of liquified natural gas from Brownsville, Texas. Construction of the Rio Grande LNG project began in 2023 and is considered the largest capital investment by a single company in the State of Texas valued at \$18.4 billion, also representing the largest greenfield energy project financing in United States history. Together, these multi-billion-dollar projects, which will be some of the largest planned infrastructure projects in Texas, will add thousands of construction jobs and hundreds of permanent-good paying industrial jobs to the local economy. Projects of this magnitude will also expand the tax base and the property valuations in the District.

The Port of Brownsville’s prominence in the steel industry continues to grow with Forza Steel’s investment of more than \$60,000,000 to build its new 650,000-square-foot state-of -the-art manufacturing facility at the port. This company, based out of Salinas Victoria, Mexico, specializes in the manufacturing of carbon steel pipes and tubes for the automotive, construction, and oil and gas industries. The company selected the Port of Brownsville to enhance operations in the U.S. by getting closer to their customer base to close gaps in the supply chain. The

company plans to bring 260,000 metric tons of steel a year while outputting 240,000 tons annually. The operations are expected to generate 150 direct jobs and 450 indirect jobs to the region.

Financial Planning

The District adopts an annual budget and a one-year capital plan as a prudent management tool. The District also develops a five-year capital improvement plan addressing long-range infrastructure goals and priorities. Monthly financial reports are prepared for management to maintain proper budgetary control. These reports are provided to Commissioners monthly and are reviewed by the Port Commission in a public Commission meeting.

For 2024, the District has budgeted operating revenues of \$40,163,452. While representing a 15.6% increase from the 2023 budgeted operating revenues of \$34,754,407, 2024 budgeted revenues are in line with 2023 actual results. Nonoperating revenues are budgeted at \$17,702,027 for 2024 and take into consideration higher interest rates on investments and deposits and higher receipts related to grants. Total operating expenses are budgeted at \$25,286,513, a 9.1% increase versus the prior year's operating expense budget, due primarily to increases in wages and salaries and overall increases to the costs of goods and services. The District projects net income of \$20,000,000 for 2024.

In 2023, the District expended approximately \$41.3 million in capital improvements, through the use of available cash and investments. For 2024, the District expects to commit \$101 million for various capital projects. Approximately, \$40 million will be allocated to the Brazos Island Harbor channel deepening project, \$35 million relates to improvements at the general cargo and bulk cargo docks, \$5 million is designated for wastewater treatment plant upgrades, and another \$7 million is designated for the ongoing development of the District's business park. The remaining 2024 capital budget funds are planned to be used for expansion of patio storage areas, purchases of equipment, water and wastewater infrastructure upgrades, and major road improvement projects.

The District's future capital activity is expected to be funded by federal and state grants, private sector contributions, District funds, as well as the Note Purchase Program described in Note 2. The District has been successful in securing funding for the construction of its BIH channel deepening project through partnerships with private sector entities and other governmental agencies. Of the estimated \$306 million channel deepening project cost, the District will contribute approximately \$71 million including in-kind contributions. The District was able to secure \$11.5 million in grant funding for the estimated \$35 million Bulk Cargo Dock 3 improvement project. Of the estimated \$7 million in patio expansion activity, \$6 million will be provided by private sector contributions.

Major Initiatives and Accomplishments

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 the costs of deepening the channel. 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. The project is expected to be completed by 2026-2027.

New Cargo Storage Areas

The expansion of additional outside storage capacity continues in the District. The District has put these new cargo storage areas to use to accommodate shipments of wind energy components. Storage areas now total more than 62-acres of purpose-built facilities to accommodate heavy point-load-bearing cargo, like wind energy nacelles, some weighing more than 112 tons each along with hubs, towers sections and windmill blades (the largest reaching 265-feet-long). The Port of Brownsville ranks among the leading U.S. ports capable of receiving, storing and moving these massive components. Due to the prevailing winds of south Texas, combined with the abundance of available land on both sides of the U.S. Mexico border, windmill farms are growing across the region.

In addition, the District is working with private partners on a major patio and transloading development at the port to maximize the efficient loading of open-top gondola railcars to expedite steel slab shipments in and out of the port.

Business Park

In 2023, the District broke ground on a 118-acre business park to serve as a magnet to business seeking to leverage the port's strategic location and multimodal connectivity. This new project leverages the District's logistical advantages to support manufacturing companies and industry clusters with a base of operations that combines access to efficient multimodal transportation and robust storage capabilities. This development will provide a dynamic ecosystem for companies to collaborate, innovate, and flourish. The business park will complement the District's successful efforts to support a thriving business hub, offering crucial connections for companies to gain a competitive edge, expand their market reach, improve supply chain efficiency, and contribute to sustainable and resilient operations.

Public Vessel Assembly & Erection Pad

The Port of Brownsville is the only location in Texas where large deep-draft vessels are being built, introducing a new industry to the state of Texas and the creation of hundreds of full-time jobs. 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 Seatrium AmFELS' site. Seatrium AmFELS, traditionally the port's largest employer and the foremost U.S. offshore rig builder, continues to position itself as an important ship builder for the Jones Act market. The company recently finalized the construction of two container ships for Honolulu-based Pasha Hawaii. The twin 774-foot-long container ships, the *M/V George III* and *M/V Janet Marie*, carry up to 5,000 TEUs each and utilize Seatrium AmFELS' proprietary LNG propulsion technology, resulting in reduced air emissions and better fuel efficiency. Seatrium AmFELS is currently working on two major projects. One is the construction of the first Jones Act compliant offshore wind turbine installation vessel that will support U.S. offshore wind projects along the Atlantic Coast. The company's second project is the construction of the largest high-specification Trailing Suction Hopper Dredge in the U.S. This will be the first dredge built at Seatrium AmFELS' yard at the Port of Brownsville, adding to the growing number of shipbuilding projects and job opportunities in the South Texas region.

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, 2023 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, 2022. This was the twelfth 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,



William Dietrich
Interim Port Director and CEO



Zeus Yanez
Director of Finance

Brownsville Navigation District of Cameron County, Texas
DIRECTORY OF OFFICIALS

PORT COMMISSIONERS

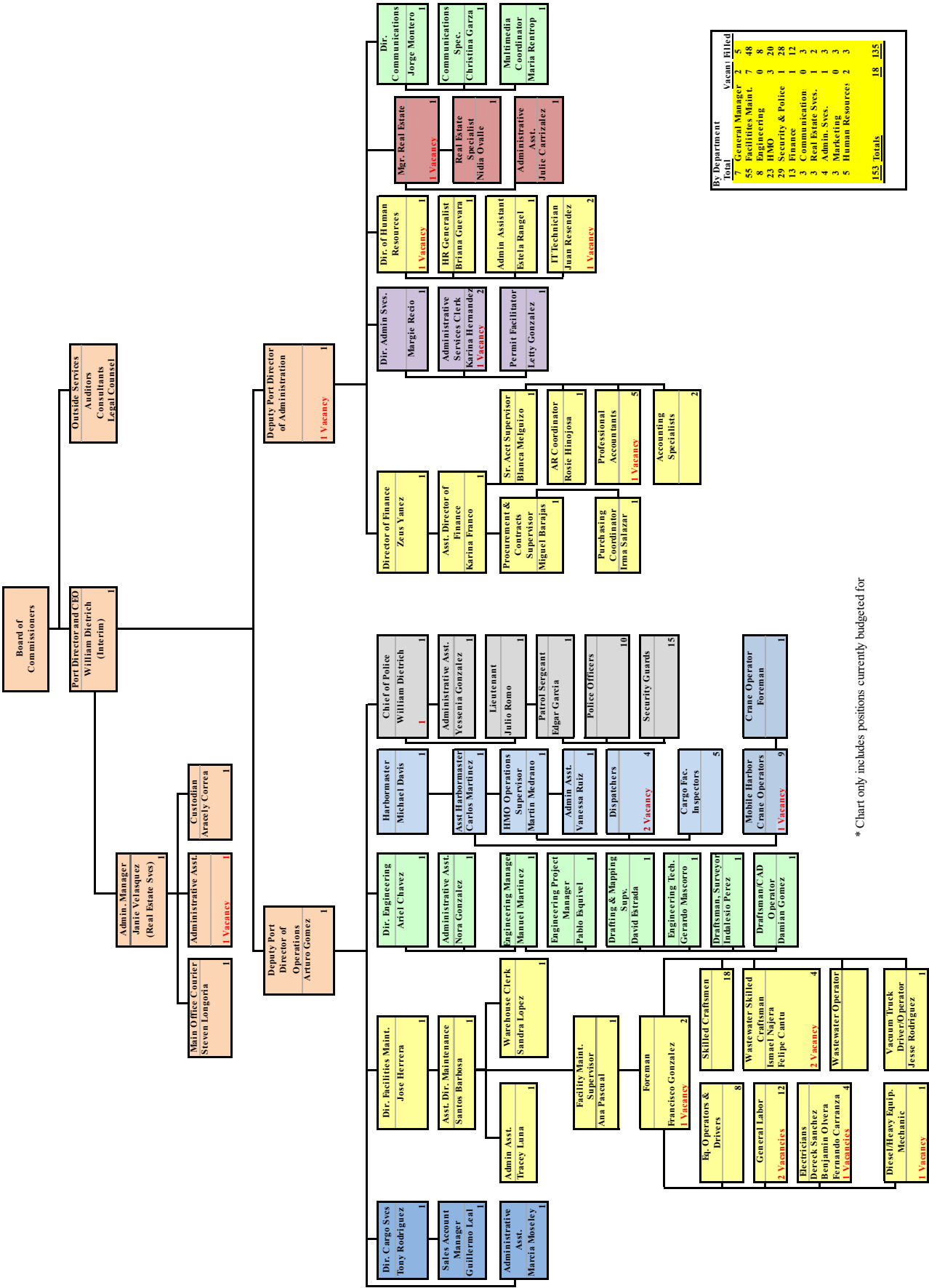
Esteban Guerra	Chairman
Sergio T. Lopez	Vice Chairman
John Reed	Secretary
Ernesto Gutierrez	Commissioner
John Wood	Commissioner

ADMINISTRATION

William Dietrich	Interim Port Director and CEO/Chief of Police & Security
Vacant	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 William Dietrich	Chief of Police & Security
Jose Herrera	Director of Facilities Maintenance
Jorge I. Montero	Director of Communications
Antonio Rodriguez	Director of Cargo Services & FTZ
Vacant	Director of Human Resources
Janie Velasquez	Administration Manager
Karina Franco, CPA	Assistant Director of Finance
Blanca Melguizo	Senior Accountant Supervisor
Miguel Barajas	Purchasing and Contracts 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

Brownsville Navigation District Organizational Chart



By Department	Total	Vacant	Filled
General Manager	2	2	0
Facilities Maint.	48	0	48
Engineering	3	0	3
HMO	20	0	20
Security & Police	1	28	1
Finance	1	12	1
Communication	0	3	0
Real Estate Sves.	1	2	1
Admin. Sves.	1	3	1
Marketing	0	3	0
Human Resources	2	3	0
153 Totals	118	115	3

* Chart only includes positions currently budgeted for



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Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District, as of December 31, 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the District adopted a new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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 ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards *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 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 20-26 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 is presented for purposes of additional analysis and is 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 is 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 auditor's 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 3, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

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

Brownsville, Texas

June 3, 2024

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, 2023

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, 2023. 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, 2023 was \$318,799,178, increasing \$44,985,469 or 16.4% over the prior year.
- The District's total assets and deferred outflows of resources increased by \$197,645,090 or 48.3% during the fiscal year ended December 31, 2023. Most of this increase can be attributed to the reporting of leases receivable under the GASB Statement No. 87, *Leases* standard. Current year lease activities increased the District's lease receivables by \$149,740,360. Additionally, there was a net increase in cash and cash equivalents and investments of \$16,038,549, an increase in other receivables and accrued interest of \$1,444,122, and an increase in net capital assets of \$30,363,534. Deferred outflows of resources related to pension increased by \$884,877. These increases are offset by a decrease in net accounts receivable of \$82,116, a decrease in other assets of \$104,483, and a decrease in assets held for sale of \$941,600.
- The District's total liabilities and deferred inflows of resources increased by \$152,659,621 or 112.9%. The increase is primarily attributed to an increase in deferred inflows of resources related to leases of \$148,668,756. In addition, there was an increase in accounts payable of \$2,363,367, an increase in accrued liabilities of \$564,847, an increase in customer deposits of \$2,105,872, an increase in compensated absences of \$418,818, an increase in deferred property tax revenue of \$229,010 and an increase in net pension liability of \$812,762. These increases were offset by a decrease in outstanding bonds of \$1,811,043 and a decrease in deferred inflows of resources related to pension of \$801,837.
- Current assets exceeded current liabilities by \$95,700,764.
- The District's operating income before depreciation increased by 10.1% over the prior year, totaling \$22,774,006 for 2023 and decreasing to \$11,787,618 after a depreciation charge of \$10,986,388.
- The District's 2023 operating revenues totaled \$41,977,845, an increase of \$3,812,364, or 10%, from 2022 operating revenues of \$38,165,481.
- The District's 2023 operating expenses before depreciation of \$19,203,839, increased \$1,718,584 or 9.8% over 2022 operating expenses before depreciation of \$17,485,255.
- Vessel and Cargo Services revenues of \$20,179,422 for 2023 increased \$3,464,803 from \$16,714,619 in 2022, an increase of 20.7%.
- In 2023, total lease revenues were \$18,309,817, a \$208,095 or 1.1% decrease compared to \$18,517,912 in 2022.

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, 2023. 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 33 and 34, 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's 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 2023 fiscal year were \$606,650,824, an increase of \$197,645,090, or 48.3%, over the 2022 fiscal year total of \$409,005,734. At December 31, 2023, total assets plus deferred outflows of resources exceeded total liabilities plus deferred inflows of resources by \$318,799,178. The District's total net position for the years ended December 31, 2023 and 2022 were \$318,799,178 and \$273,813,709, respectively. The largest component of the District's net position (\$226,783,061 or 71.1% and \$197,054,976 or 72.0% for fiscal years 2023 and 2022, 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 \$5,451,476 and \$8,235,193 for fiscal years 2023 and 2022, respectively, is subject to external restrictions on how it may be used. The remaining balances of unrestricted net position totaling \$86,564,641 and \$68,523,540 for fiscal years 2023 and 2022, 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, 2023 and 2022:

Condensed Statements of Net Position December 31, 2023 and 2022

	2023	2022
Current assets	\$ 107,566,061	\$ 93,184,181
Capital assets, net	260,676,318	230,312,784
Other non-current assets	235,986,291	83,971,492
Total assets	604,228,670	407,468,457
Deferred outflows of resources	2,422,154	1,537,277
Total assets and deferred outflows of resources	\$ 606,650,824	\$ 409,005,734
Current liabilities	\$ 11,865,297	\$ 6,911,007
Non-current liabilities	31,211,733	31,602,331
Total liabilities	43,077,030	38,513,338
Deferred inflows of resources	244,774,616	96,678,687
Total liabilities and deferred inflows of resources	287,851,646	135,192,025
Net Position:		
Net investment in capital assets	226,783,061	197,054,976
Restricted	5,451,476	8,235,193
Unrestricted	86,564,641	68,523,540
Total net position	\$ 318,799,178	\$ 273,813,709

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, 2023 increased by \$44,985,469 or 16.4% 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 Revenues, and Other Operating Revenue. In 2023, total operating revenues increased by \$3,812,364 from \$38,165,481 in 2022 to \$41,977,845 in 2023. Vessel and cargo services revenue increased by \$3,464,803 or 20.7% from \$16,714,619 in 2022 to \$20,179,422 in 2023. The increase in vessel and cargo services revenue was driven by increases in cargo moved through the Port along with changes to Port Tariff rates. The Port recorded total waterborne cargo of 11,154,177 metric tons for 2023, an increase of 23.7% from the previous year. Other operating revenues increased by \$555,656 or 18.9% primarily due to increases in franchise payments received in 2023.

Operating expenses, excluding depreciation, increased by \$1,718,584 from \$17,485,255 in 2022 to \$19,203,839 in 2023, primarily due to increases in wages, net pension expense, employee expenses, and services expense.

Total other non-operating income was \$33,157,351 and \$5,570,768, for 2023 and 2022, respectively. The District reported \$5,209,553 of lease interest revenue for 2023 in accordance with the GASB Statement No. 87, *Leases* standard. In 2023, the District received \$3,209,805 in property tax, net of tax collection fees, discounts, and bad debt expenses. The District also received \$73,996 in penalties and interest for a combined 2023 property tax revenues total of \$3,283,801, including penalty and interest. This represents an increase of \$185,161 from 2022 combined totals of \$3,098,640. The increase in tax revenue is attributed to an increase in taxable property values. Interest income from deposits and investments totaled \$3,817,978 and increase of \$2,751,052 compared to 2022. The increase is primarily due to a combination of an increase in deposit and investment balances in 2023 and higher interest earning rates compared to 2022. Total other non-operating income includes \$22,500,000 received during 2023 in consideration for the conveyance of approximately 1,500 acres of land for the establishment of a permanent conservation easement.

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The following table summarizes the changes in net position of the District for the fiscal years ended December 31, 2023 and 2022:

Changes in Net Position
For Fiscal Years Ended December 31, 2023 and 2022

	2023	2022	Variance
Revenues			
Operating revenues:			
Vessel and cargo services	\$ 20,179,422	\$ 16,714,619	\$ 3,464,803
Lease rentals	18,309,817	18,517,912	(208,095)
Other operating revenue	3,488,606	2,932,950	555,656
Total operating revenues	41,977,845	38,165,481	3,812,364
Interest income	3,817,978	1,066,926	2,751,052
Lease interest revenue	5,209,553	2,887,234	2,322,319
Amortization of debt premiums	66,389	66,389	-
Gain (loss) on disposal of assets held for sale	(651,510)	662	(652,172)
Property taxes, net	3,283,801	3,098,640	185,161
Other non-operating income (expense)	22,571,395	(67,080)	22,638,475
Total Revenues	76,275,451	45,218,252	31,057,199
Expenses			
Operating expenses			
Wages and employee expenses	9,282,679	7,121,613	2,161,066
Maintenance and operation of facilities	4,514,441	5,517,083	(1,002,642)
General and administrative expenses	5,406,719	4,846,559	560,160
Depreciation	10,986,388	9,532,177	1,454,211
Total operating expenses	30,190,227	27,017,432	3,172,795
Interest expense	1,139,005	1,163,179	(24,174)
Costs of debt issuance	-	318,074	(318,074)
Bond service fees	1,250	750	500
Total Expenses	31,330,482	28,499,435	2,831,047
Income before capital contributions	44,944,969	16,718,817	28,226,152
Capital contributions	40,500	2,693,772	(2,653,272)
Capital contributions from grants	-	609,139	(609,139)
Change in net position	44,985,469	20,021,728	24,963,741
Net position - beginning of year	273,813,709	253,791,981	20,021,728
Net position - end of year	\$ 318,799,178	\$ 273,813,709	\$ 44,985,469

CAPITAL ASSETS

At the end of fiscal year 2023 and 2022, the District's total net capital assets reflected an increase of \$30,363,534 or 13.2% over the prior year. The following table summarizes the District's capital assets as of December 31, 2023 and 2022:

Capital Assets December 31, 2023 and 2022

	2023	2022
Inland channel, turning basin, & jetties	\$ 55,729,669	\$ 55,729,669
Land	12,337,656	12,337,656
Easements	20,760	20,760
Docks and appurtenances	119,964,038	119,964,038
Water and sewer systems	13,958,730	13,559,735
Railroads	12,076,082	11,547,472
Land improvements and roads	87,451,453	84,545,606
Administration building	8,526,535	8,526,535
Industrial equipment	17,313,936	17,001,968
Furniture and equipment	1,893,547	1,886,393
Subscription assets - SBITAs	76,916	-
Intangible assets	5,895,274	5,895,274
Construction in progress	48,266,438	11,146,005
Total capital assets	\$ 383,511,034	\$ 342,161,111
Less: Accumulated depreciation & amortization	(122,834,716)	(111,848,327)
Net capital assets	\$ 260,676,318	\$ 230,312,784

The District's major capital asset activity during 2023 include the following:

- Dredging material placement area levee improvement project \$ 9,582,381
- Channel deepening project 18,194,191
- Dock improvement projects 2,408,966
- Waterline replacement projects 966,188
- Road improvement projects 5,292,614
- Storage patio expansion 1,072,248
- Business Park project 3,052,642

During 2023, the land improvements and roads category increased by \$2,905,846 due to the expansion of storage patio areas and upgrades to various Port owned facilities.

The water and sewer systems category increased by \$398,995 due to the completion of waterline replacement projects. As of December 31, 2023, a majority of the waterline replacement projects are ongoing and are included in the construction-in-progress category. The railroads category increased by \$528,610, primarily due to the completion of upgrades to various railroad crossings throughout the Port.

CAPITAL ASSETS (Continued)

The construction-in-progress category increased by \$37,120,433 during 2023. The increase is primarily attributed to the ongoing Brazos Island Harbor channel deepening project and the related dredging material placement area levee improvement project. Other ongoing projects included in construction-in-progress include the development of the Port's business park project, various dock improvement projects, various waterline replacement projects, and improvements to various Port roads.

At December 31, 2023, the District had remaining contractual obligations totaling approximately \$8,279,130 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 bonds are collateralized by ad valorem taxes levied by the District. In 2023, the District issued no new debt. During 2022, the District issued \$7,425,000 in First Lien Revenue Refunding Bonds, Series 2022. Proceeds from the sale of the refunding bonds was used to pay costs of issuance and to refund certain outstanding obligations of the District in order to achieve debt service savings.

The following table summarizes the District's principal long-term debt outstanding as of December 31, 2023 and 2022:

	2023	2022
Revenue bonds	\$ 29,340,000	\$ 30,660,000
General obligation bonds	-	415,000
Total long-term debt	\$ 29,340,000	\$ 31,075,000

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+.

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, 2023

ASSETS

Current Assets - Unrestricted:

Cash and cash equivalents	\$ 13,656,861
Investments	72,966,692
Accounts receivable, net of allowance for uncollectible accounts	1,283,108
Notes receivable, current	201,098
Taxes receivable - M&O, net of estimated uncollectible taxes	1,082,138
Lease receivable - current portion	8,699,716
Other receivables and accrued interest	3,124,648
Prepaid and other current assets	1,083,823
Total Current Assets - Unrestricted	102,098,084

Current Assets - Restricted:

Cash - revenue bond fund	4,937,420
Cash - general obligation bond fund	78,156
Cash - TRZ construction fund	294,359
Cash - overweight permits	16,501
Taxes receivable - G.O., net of estimated uncollectible taxes	141,541
Total Current Assets - Restricted	5,467,977

Total Current Assets	107,566,061
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Non-current Assets:

Non-depreciable capital assets	116,354,521
Depreciable capital assets	267,156,513
Less: accumulated depreciation and amortization	(122,834,716)
Total Capital Assets, Net	260,676,318

Other Non-current Assets:

Notes receivable, non-current	373,857
Leases receivable	234,243,983
Other assets	435,534
Assets held for sale	932,917
Total Other Non-current Assets	235,986,291

Total Non-current Assets	496,662,609
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Total Assets	604,228,670
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	2,422,154
Total Deferred Outflows of Resources	2,422,154

Total Assets and Deferred Outflows of Resources	\$ 606,650,824
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See accompanying notes to financial statements.

(continued)

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF NET POSITION - CONTINUED

December 31, 2023

LIABILITIES

Current Liabilities:

Accounts payable	\$ 3,587,281
Accrued liabilities	1,156,199
Interest payable	357,602
Customer deposits	4,353,756
Unearned lease rentals	657,648
Current compensated absences	357,926
Current SBITA liability	24,885
Current maturities of long-term debt - bonds	1,370,000
Total Current Liabilities	11,865,297

Non-current Liabilities:

Compensated absences, non-current	397,349
SBITA Liability, non-current	25,631
Revenue bonds, net of unamortized premium	29,275,401
Net pension liability	1,513,352
Total Non-current Liabilities	31,211,733

Total Liabilities	43,077,030
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to leases	241,118,611
Deferred inflows of resources related to property taxes	3,656,005
Total Deferred Inflows of Resources	244,774,616

Total Liabilities and Deferred Inflows of Resources	287,851,646
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NET POSITION

Net investment in capital assets	226,783,061
Restricted for:	
Revenue bond debt retirement and contingency	4,937,420
General obligation bond debt service	219,697
Transportation Reinvestment Zone (TRZ)	294,359
Unrestricted	86,564,641

Total Net Position	318,799,178
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Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 606,650,824
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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, 2023

OPERATING REVENUES

Vessel and cargo services	\$ 20,179,422
Lease revenues	18,309,817
Other operating revenue	3,488,606
Total Operating Revenues	41,977,845

**OPERATING EXPENSES, OTHER THAN
DEPRECIATION**

Wages and employee expenses	9,282,679
Maintenance and operation of facilities	4,514,441
General and administrative expenses	5,406,719
Total Operating Expenses	19,203,839

Income from operations before depreciation	22,774,006
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Depreciation and amortization	10,986,388
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OPERATING INCOME	11,787,618
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NON-OPERATING INCOME (EXPENSE)

Interest income on deposits and investments	3,817,978
Lease interest revenue	5,209,553
Loss on assets held for sale	(651,510)
Property taxes - net of discounts, bad debt and collection expenses	
Maintenance and operations	2,800,105
General obligation bond debt service	409,700
Penalties and interest	73,996
Interest expense - bonds	(1,078,338)
Interest expense - notes	(60,667)
Amortization of debt premiums and prepaid bond insurance	66,389
Bond service fees	(1,250)
Other non-operating income	22,571,395
Total Non-Operating Income	\$ 33,157,351

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, 2023

Income Before Capital Contributions	\$ 44,944,969
Capital contributions	40,500
Increase in net position	44,985,469
Net position at beginning of year	273,813,709
Net position at end of year	\$ 318,799,178

See accompanying notes to the financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

OPERATING ACTIVITIES

Receipts from customers	\$ 43,334,815
Payments to suppliers for goods or services	(7,039,640)
Payments to employees	(9,674,800)
Net cash provided by operating activities	26,620,375

NONCAPITAL FINANCING ACTIVITIES

Collections of M&O taxes and interest, net of discounts and collection expense	2,793,068
Net cash provided by noncapital financing activities	2,793,068

CAPITAL AND RELATED FINANCING ACTIVITIES

Collections of G.O. taxes and interest, net of discounts and collection expenses	521,925
Interest payments from leases	3,708,322
Capital contributions	40,500
Acquisition and construction of capital assets	(41,349,922)
Principal paid on long-term debt	(1,684,484)
Interest and fiscal charges paid on long-term debt	(1,170,062)
Other receipts and payments	22,572,910
Net cash used in capital and related financing activities	(17,360,811)

INVESTING ACTIVITIES

Investment income	1,175,355
Principal received on notes receivable	167,939
Proceeds from sales and maturities of investments	14,000,000
Purchase of investments	(67,667,620)
Net cash used in investing activities	(52,324,326)

Net decrease in cash and cash equivalents (40,271,694)

Cash and cash equivalents at beginning of year 59,254,991

Cash and cash equivalents at end of year **\$ 18,983,297**

Cash and cash equivalents - unrestricted	13,656,861
Cash - revenue bond fund - restricted	4,937,420
Cash - general obligation bond fund - restricted	78,156
Cash - TRZ construction fund - restricted	294,359
Cash - overweight permits - restricted	16,501
Total cash and cash equivalents - restricted and unrestricted	\$ 18,983,297

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, 2023

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

Operating income	\$ 11,787,618
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	10,986,388
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	82,116
(Increase) decrease in other receivables and accrued interest	57,108
(Increase) decrease in prepaid and other current assets	18,129
(Increase) decrease in leases receivable	(149,740,360)
(Increase) decrease in other assets	104,483
Increase (decrease) in accounts payable	2,363,367
Increase (decrease) in accrued liabilities	564,841
Increase (decrease) in customer deposits	2,105,872
Increase (decrease) in unearned lease rentals	77,191
Increase (decrease) in compensated absences	418,818
Decrease (increase) in deferred outflows related to pension	(884,877)
Increase (decrease) in deferred inflows related to pension	(801,837)
Increase (decrease) in deferred inflows related to leases	148,668,756
Increase (decrease) in net pension liability	812,762
Net cash provided by operating activities	\$ 26,620,375

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Amortization of debt premiums and prepaid bond insurance	\$ 66,389
Acquisition of capital assets accrued but not paid	\$ 3,197,340

See accompanying notes to the financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2023

ASSETS

Cash and cash equivalents	\$	985,873
Investments:		
Money market funds		110,229
Fixed income		2,444,407
Equity securities		7,642,148
Total Assets	\$	11,182,657

FIDUCIARY NET POSITION

Fiduciary net position restricted for pension	\$	11,182,657
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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, 2023

ADDITIONS

Contributions:

Employer contributions	\$ 1,404,735
Employee contributions	269,422
Total contributions	1,674,157

Net Investment income (loss):

Interest and dividends	236,485
Net appreciation/(depreciation) in fair value of investments	1,048,301
Less: investment expenses	(100,181)
Total investment income, net	1,184,605

Other income:

Bank interest	15,747
Total other income	15,747

Total Additions	2,874,509
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DEDUCTIONS

Benefit payments and refunds	587,319
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Total Deductions	587,319
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Net increase in fiduciary net position	2,287,190
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Fiduciary net position, beginning of year	8,895,467
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Fiduciary net position, end of year	\$ 11,182,657
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See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

<u>Description</u>	<u>Page Nos.</u>
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Note 2 – Detailed Notes on All Activities	47-62
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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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 significant accounting policies used by the District are described below.

Reporting Entity

The District is an independent political subdivision of the State of Texas, 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 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, 2023

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, 2023

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 include 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 local government investment pools. The local government investment pools meet 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

Trade receivables are shown net of an allowance for uncollectible amounts. The determination of the balance in the allowance for doubtful accounts consists of an amount which, in management's judgment, is adequate to provide for potential losses from the trade accounts receivable based on historical experience. Bad debts are written off against the accounts receivable allowance when deemed uncollectible.

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.

Lease Receivable and Deferred Inflows

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)****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.

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, subscription assets, 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 or amortization of property, plant, subscription assets, 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
Subscription assets	2 - 5 years

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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 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.

Employees earn sick leave at the rate of 8 days per year. Upon termination or retirement, employees are paid for any unused sick leave days at their current pay rate up to a maximum of 30 days. Employees are allowed to carry over up 30 days of sick leave to the following calendar year, any excess hour are paid following year-end of up to a maximum of 4 hours of their unused sick leave, at their current pay rate.

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 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 by the District was \$183,925 for the 2023 year. As of December 31, 2023, 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, 2023

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*, represent a consumption of net assets 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*, represent an acquisition of net assets 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 three (3) 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. The District also reports deferred revenue from leases as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources (continued)

Additionally, the District 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 inflows 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 amortization 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 its 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, 2023

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, 2023, for the 2024 fiscal year. The amount will be recognized as revenue on January 1, 2024, 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 expenses at December 31, 2023 totaled \$260,075.

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 3, 2024. 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, 2023

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):

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement was adopted in the current year, resulting in no material effect.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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. This Statement was adopted in the current year; see further details on its adoption on Note 1 – Change in Accounting Principle.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. This Statement was adopted in the current year, resulting in no material effect.

As of December 31, 2023, the GASB had issued statements not yet implemented by the District. The statements being evaluated for financial statement impact are as follows:

- GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.
- GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting for future years.

Change in Accounting Principle

The District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, as of January 1, 2023. The District evaluated the agreements for software and software subscriptions to determine whether they meet the definition of a SBITA as defined in GASB No. 96. There were no SBITAs carried forward from prior fiscal years, therefore there was no impact to the beginning net position related to the adoption of GASB No. 96. See further detail on Note 2 – Capital Assets and Note 2 – Long-Term Debt for current year additions on SBITA assets and SBITA liabilities.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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, 2023:

Capital Assets	\$ 383,511,034
Less:	
Accumulated depreciation and amortization	(122,834,716)
Outstanding debt	(29,390,516)
Capital projects payables	(3,197,340)
Premiums on debt	(1,305,401)
Net investment in capital assets	\$ 226,783,061

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, 2023, 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, 2023:

Cash on hand	\$ 1,800
Demand deposits	13,655,061
Total Unrestricted Cash and Cash Equivalents	\$ 13,656,861

Restricted cash and cash equivalents are comprised of the following at December 31, 2023:

Demand deposits - Revenue bond funds	\$ 4,937,420
Demand deposits - General obligation bond funds	78,156
Demand deposits - TRZ construction funds	294,359
Demand deposits - Overweight permits	16,501
Total Restricted Cash and Cash Equivalents	\$ 5,326,436

The District's Investment Policy and Investment Strategies are formally reviewed and approved at least annually by the District's Commissioners. The primary objectives of the District's Investment Policy and Investment Strategies are the security of principal, liquidity, diversification, and yield. Investments are made in a manner which 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***Deposits and Investments (continued)***

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

During 2023, the District made investments in the Local Government Investment Cooperative ("LOGIC"), Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), Texas Local Government Investment Pool ("TexPool"), Interlocal Cooperation Act Texas Short Term Asset Reserve Program ("TexStar") and the Texas Range Investment Program ("Texas Daily").

Investments are comprised of the following at December 31, 2023:

Local Government Investment Pools

TexPool	\$ 17,128,427
Texas CLASS	17,013,139
TexSTAR	7,342,581
LOGIC	13,965,361
TexasDaily	17,517,184
Total Local Government Investment Pools	\$ 72,966,692

TexPool – The District participates in TexPool, a local government investment pool. The State of Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool along with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Additionally, the State Comptroller has established an advisory board comprised both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and approves any fee increases. As of December 31, 2023, TexPool was rated AAAM by Standard & Poor's. The fair value of the District's position in the pool is equal to the value of the pooled shares or net asset value.

Texas CLASS – Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) is a local government investment pool through which entities may pool their funds. The Texas CLASS is supervised by a Board of Trustees (the Board) who are elected by the participants. The Board supervises the Trust and its affairs and acts as the liaison between the participants, the custodian, and the program administrator. Public Trust Advisors, LLC Trust provides program administration services and UMB Bank, N.A. provides custodial services. At year end, Texas CLASS was rated AAAM by Standard & Poor's. The fair value of the District's position in the pool is equal to the value of the pooled shares or net asset value.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

Deposits and Investments (continued)

TexSTAR – Texas Short Term Asset Reserve Program (TexSTAR) is a local government investment pool through which entities may pool their funds. TexSTAR is governed by a board of directors. The pool is administered by Hilltop Securities Inc., Hilltop Asset Management, LLC and J.P. Morgan Investment Management Inc. under an agreement with the TexSTAR board of directors. Hilltop Securities Inc. provides marketing and distribution services. Hilltop Securities Asset Management, LLC provides participant and administrative services, and J.P. Morgan Investment Management Inc. provides investment management, custody and fund accounting services. At year end, TexSTAR was rated AAAM by Standard & Poor's. The District reports its investment in TexSTAR at the fair value amount provided by TexSTAR, which is the same as the value of the pool share.

LOGIC – Local Government Investment Cooperative (LOGIC) is a local government investment pool through which entities may pool their funds. The Board of Trustees is LOGIC's governing body and is comprised of employees, officers, or elected officials of Participant Government Entities. The pool is administered by Hilltop Securities Inc., Hilltop Asset Management, LLC and J.P. Morgan Investment Management Inc. under an agreement with the LOGIC Board of Trustees. Hilltop Securities Inc. provides marketing and distribution services. Hilltop Securities Asset Management, LLC provides participant and administrative services, and J.P. Morgan Investment Management Inc. provides investment management, custody and fund accounting services. At year end, LOGIC was rated AAAM by Standard & Poor's. The District reports its investment in Logic at the fair value amount provided by Logic, which is the same as the value of the pool share.

TexasDaily – The District participates in 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, 2023, TexasTERM/TexasDaily was rated AAAMmf by Fitch Ratings. The fair value of the District's position in the pool is equal to the value of the pooled shares or net asset value.

These external investment pools meet 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, 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***Deposits and Investments (continued)***

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.

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, 2023, consist of the following:

	2023	
	Fair Value	Percentage of Total
Money Market Funds	\$ 110,229	1.1%
Fixed Income:		
U.S. Treasury Notes	1,980,899	19.4%
Mutual Funds	463,508	4.5%
Total Fixed Income	2,444,407	24.0%
Equity Securities:		
Common Stocks	7,220,971	70.8%
Exchange-Traded Fund	421,177	4.1%
Total Equity Securities	7,642,148	74.9%
Total Investments	\$ 10,196,784	100%

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***Deposits and Investments (continued)******Retirement Plan for Employees of Brownsville Navigation District (Fiduciary Fund) Investments (continued)***

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.
- 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, 2023:

	2023	Level 1	Level 2	Level 3
Money Market Funds	\$ 110,229	\$ 110,229	\$ -	\$ -
Fixed Income	2,444,407	2,444,407	-	-
Equity Securities	7,642,148	7,642,148	-	-
Total	\$ 10,196,784	\$ 10,196,784	\$ -	\$ -

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***Deposits and Investments (continued)******Retirement Plan for Employees of Brownsville Navigation District (Fiduciary Fund) Investments (continued)***

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, 2023, 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.

The following table details the Plan's U.S. Treasury Notes and Federal Agencies with their fair value and duration as of December 31, 2023:

Investment Type	Fair Value	Duration in Years
U.S. Treasury Notes	\$ 1,980,899	
Mutual Funds	463,508	
Total Fair Value	\$ 2,444,407	3.56

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).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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 Plan's exposure to investment credit risk in fixed income securities as of December 31, 2023, were as follows:

Investment Type	Fair Value	2023		
		Percentage of Holdings	Quality Rating	
			Moody's	S&P
U.S. Treasury Notes	\$ 1,980,899	19.4%	Aaa	AA+
Mutual Funds	463,508	4.5%	Aaa-mf	AAAm
Total Fair Value	\$ 2,444,407	24.0%		

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.

The following is the Plan's adopted asset allocation ranges as of December 31, 2023:

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

At December 31, 2023, no single investment exceeded 5% of the Plan's total 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 year ended December 31, 2023, was 13.4%. 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, 2023, the District reported assets held for sale in the amount of \$932,917.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***Receivables******Trade and Utility Receivables***

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

Accounts receivable - trade	\$ 1,283,007
Accounts receivable - utility	79,486
Less: allowance for uncollectible accounts	(79,385)
Accounts receivable, net	<u>\$ 1,283,108</u>

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, 2023, consist of the following:

	Maintenance & Operation (M&O)	Debt Service (G.O.)
Taxes receivable	\$ 1,115,408	\$ 145,893
Reserve for uncollectible taxes	(33,270)	(4,352)
Taxes receivable, net	<u>\$ 1,082,138</u>	<u>\$ 141,541</u>

Notes Receivable

The notes receivable as of December 31, 2023, 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	\$ 24,080
The Port Occupational and Medical Clinic, LLC	0.00%	9/19/2019	8/19/2024	56,621	7,550
Special Crane Services, LLC	0.00%	9/9/2020	8/9/2025	54,934	17,396
American Oxygen Company	0.00%	4/22/2020	4/1/2025	260,425	68,162
Bluewing One, LLC	0.00%	1/6/2021	12/6/2025	156,659	63,043
International Shipbreaking	0.00%	8/17/2022	7/17/2027	115,923	83,078
Jole Enterprise LLC	0.00%	6/1/2023	5/1/2028	287,749	257,174
Triple E	0.00%	11/1/2023	10/1/2028	57,339	54,472
Less: current maturities					(201,098)
Long-term notes receivable					<u>\$ 373,857</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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

Approximate maturities of the notes receivable subsequent to December 31, 2023, are as follows:

Year	Principal Due
2024	\$ 201,098
2025	148,581
2026	94,383
2027	84,721
2028	34,992
2029-2033	11,180
Total	\$ 574,955

Restricted Assets***Bond Restrictions***

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

Contract Restrictions

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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, 2023, the following assets are restricted assets:

Revenue Bond Funds (all cash accounts)

Debt service fund	\$	1,895,397
Debt reserve fund		3,041,861
Bond project fund		162
Total restricted revenue bond fund assets		4,937,420

General Obligation Bond Funds

Debt service fund		78,156
Taxes receivable - G.O., net of estimated uncollectible taxes		141,541
Total restricted general obligation bond fund assets		219,697

Overweight Permit Assets

Cash		16,501
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Capital Projects Fund

TRZ Construction fund		294,359
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Total restricted assets	\$	5,467,977
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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

Capital Assets

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

	Balance January 1, 2023	Additions	Deletions	Reclassifications	Balance December 31, 2023
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	12,337,656	-	-	-	12,337,656
Leased land	20,760	-	-	-	20,760
Construction in progress	11,146,005	40,953,883	-	(3,833,452)	48,266,436
Total capital assets, not being depreciated	79,234,090	40,953,883	-	(3,833,452)	116,354,521
Capital assets, being depreciated/amortized:					
Docks and appurtenances	119,964,039	-	-	-	119,964,039
Water and sewer systems	13,559,735	-	-	398,995	13,958,730
Railroads	7,815,806	-	-	528,610	8,344,416
Railway from component unit	3,731,666	-	-	-	3,731,666
Land improvements and roads	84,545,606	-	-	2,905,847	87,451,453
Administration building	8,526,535	-	-		8,526,535
Industrial equipment	17,001,968	311,969	-	-	17,313,937
Furniture and equipment	1,886,393	7,154	-	-	1,893,547
Subscription assets - SBITAs	-	76,916	-	-	76,916
Intangible assets	5,895,274	-	-	-	5,895,274
Total capital assets, being depreciated & amortized	262,927,022	396,039	-	3,833,452	267,156,513
Less accumulated depreciation/amortization for:					
Docks and appurtenances	(43,356,681)	(2,575,215)	-	-	(45,931,896)
Water and sewer systems	(9,489,361)	(266,992)	-	-	(9,756,353)
Railroads	(4,822,428)	(109,955)	-	-	(4,932,383)
Railway from component unit	(835,801)	(95,230)	-	-	(931,031)
Land improvements and roads	(37,065,990)	(6,333,084)	-	-	(43,399,074)
Administration building	(857,429)	(214,479)	-	-	(1,071,908)
Industrial equipment	(9,533,977)	(1,211,717)	-	-	(10,745,694)
Furniture and equipment	(1,446,661)	(154,077)	-	-	(1,600,738)
Subscription assets - SBITA	-	(25,639)	-	-	(25,639)
Intangible assets	(4,440,000)	-	-	-	(4,440,000)
Total accumulated depreciation & amortization	(111,848,328)	(10,986,388)	-	-	(122,834,716)
Total capital assets, being depreciated, net	151,078,694	(10,590,349)	-	3,833,452	144,321,797
Capital assets, net	\$ 230,312,784	\$ 30,363,534	\$ -	\$ -	\$ 260,676,318

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)

Note Purchase Program

In November 2022, the District executed a three-year \$40,000,000 senior lien variable rate note purchase program ("Note Program") with PNC Bank, National Association ("Lender"). The Note program senior lien obligations shall be payable solely from and equally and ratably secured by a lien on the District's net revenues as provided in the Third Supplemental Resolution adopted by the Port Commission dated October 25, 2022.

The District may issue either taxable or tax-exempt variable rate notes, under the Note Program, in an aggregate principal amount not to exceed \$40,000,000. Each taxable program note will bear interest based on the taxable adjusted Bloomberg Short-Term Bank Yield Index Rate ("BSBY Rate") plus an applicable margin and each tax-exempt program note will bear interest at the adjusted BSBY Rate plus an applicable margin. The District is obligated to pay Lender a fee on the unused total commitment. The Note Program was executed to provide additional liquidity to the District for contingency and contract award capacity purposes. Both the taxable and tax-exempt Note Programs include customary events of default.

As of December 31, 2023, there were no notes outstanding.

Long-Term Debt

Changes in long-term obligations for the year ended December 31, 2023, are as follows:

	Balance Outstanding January 1, 2023	Additions	Deletions	Balance Outstanding December 31, 2023	Due Within One Year
Bonds Payable:					
Revenue Bonds	\$ 30,660,000	\$ -	\$ (1,320,000)	\$ 29,340,000	\$ 1,370,000
Plus: Unamortized Premium	1,381,444	-	(76,043)	1,305,401	-
General Obligation Bonds	415,000	-	(415,000)	-	-
Total bonds payable	32,456,444	-	(1,811,043)	30,645,401	1,370,000
Accrued Compensated Absences	619,409	697,456	(561,590)	755,275	357,926
SBITA Liability	-	76,916	(26,400)	50,516	24,885
Net Pension Liability	700,590	812,762	-	1,513,352	-
Total long-term liabilities	\$ 33,776,443	\$ 1,587,134	\$ (2,399,033)	\$ 32,964,544	\$ 1,752,811

Revenue Bonds

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***Long-Term Debt (continued)***

On March 17, 2022, the District issued \$7,425,000 in Senior Lien Revenue Refunding Bonds, Series 2022. The refunding bond proceeds were used to refund \$7,320,000 of the First Lien Revenue Bonds, Series 2012.

The series 2016 and 2022 are parity issues of first lien revenue bonds. All of the net revenues of the District (defined as gross revenues from operations of the District facilities, excluding any rentals--except for ground rentals--from net rent leases which are pledged under other debt instruments, and funds derived from taxes levied to pay debt service on general obligation bonds of the District, less expenses incurred in the operation and maintenance of the Port facilities) are pledged for the payment of the bond principal and interest of these revenue bonds.

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

Revenue Bonds outstanding at December 31, 2023, are summarized as follows:

Revenue Bonds	Interest Rate	Issue Date	Maturity Date	Original Issue	Unpaid Principal
Series 2016	5.00%	2/9/2016	2040	\$ 27,580,000	\$ 22,375,000
Series 2022	2.09%	3/17/2022	2038	7,425,000	6,965,000
Total unpaid principal					29,340,000
Plus: Unamortized Premium					1,305,401
Less: current maturities					(1,370,000)
Total revenues bonds outstanding					\$ 29,275,401

Bonds generally mature serially based on stated maturity dates. Bonds may be redeemed prior to their maturity in accordance with provisions of the bond indentures. The redemption prices for some of the bonds include premiums ranging downward from 4%.

Prior Year Defeasance of Debt

In prior years, the District has defeased certain bond issues. New debt has been issued and the proceeds have been used to purchase U.S. government, state, and local securities that were placed in an irrevocable escrow with a trustee to provide for future debt service on the refunded bonds. The investment and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or it matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from long-term debt. As of December 31, 2023, the amount of defeased debt outstanding but removed from long-term debt amounted to \$6,900,000.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: DETAILED NOTES ON ALL ACTIVITIES (Continued)***Long-Term Debt (continued)******General Obligation Bond***

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, 2023 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

Annual maturities of debt subsequent to December 31, 2023, are as follows:

Year Ending	Revenue Bonds	
December 31,	Principal	Interest
2024	\$ 1,370,000	\$ 1,040,778
2025	1,425,000	984,580
2026	1,485,000	925,798
2027	1,440,000	865,404
2028	1,500,000	803,326
2029-2033	8,520,000	3,079,103
2034-2038	10,130,000	1,582,227
2039-2040	3,470,000	140,200
Total	\$ 29,340,000	\$ 9,421,416

At December 31, 2023, the District reported interest expense of \$1,078,338 as follows:

Interest Expense	
Revenue bonds	\$ 1,077,031
General obligation bonds	1,307
Total	\$ 1,078,338

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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

The District accounts for leases in accordance with GASB Statement No. 87, *Leases*. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District's operations consist of various non-cancelable lease agreements with customers for use of land, buildings, and terminal space which expire between the years 2024 and 2073. As of December 31, 2023, the total combined value of the lease receivable is \$242,943,699, and the combined value of the deferred inflow of resources is \$241,118,611. The District recognized \$11,744,849 of lease principal reduction and \$5,209,553 of lease interest revenue for the year ended December 31, 2023.

The following is a schedule by years of future minimum rentals anticipated to be received by the District from noncancelable agreements as of December 31:

Year Ending December 31,	Principal Payments	Interest Payments	Total Payments
2024	\$ 8,699,716	\$ 7,154,100	\$ 15,853,816
2025	8,162,890	6,929,966	15,092,856
2026	7,812,906	6,692,837	14,505,743
2027	7,988,025	6,457,943	14,445,968
2028	8,480,608	6,209,498	14,690,106
2029 - 2033	39,487,934	27,342,586	66,830,520
2034 - 2038	37,870,847	21,646,584	59,517,431
2039 - 2043	40,277,788	15,781,496	56,059,284
2044 - 2048	36,271,080	10,029,832	46,300,912
2049 - 2053	34,827,180	4,521,211	39,348,391
2054 - 2058	3,428,579	1,710,697	5,139,276
2059 - 2063	3,436,665	1,215,688	4,652,353
2064 - 2068	3,378,681	672,239	4,050,920
2069 - 2073	2,820,800	212,303	3,033,103
	\$ 242,943,699	\$ 116,576,980	\$ 359,520,679

Minimum future revenues do not include contingent revenues, which may be received under agreements for use of land and buildings on the basis of revenue or throughput flow fees earned. The District's Leasing Policy provides for annual increases in lease rental rates that correspond to the annual Consumer Price Index (CPI).

Subscriptions

For the year ended December 31, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset calculated as the present value of future payments expected to be paid throughout the SBITA term. The subscription assets are amortized and expensed over the life of the term. Re-measurement of the subscription assets and liability occurs when there are modifications to the contracts. The estimated incremental borrowing rate is used for the discount rate applied to the subscription payment stream. The terms of these agreements range from two to three years. This recognition does not apply to short-term SBITAs.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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

The District has imputed an interest rate of 3% to determine the present value of the right to use asset and subscription liability. During 2023, an initial subscription liability was recorded in the amount of \$76,916. As of December 31, 2023, the value of the subscription liability is \$50,516. The value of the right to use asset as of December 31, 2023, of \$76,916 with accumulated amortization of \$25,639 is included in the Subscriptions – SBITA class activities in the Capital Assets schedule.

The following is a schedule by years of future liabilities anticipated to be paid by the District under subscription-based IT agreements with initial or remaining noncancelable subscription terms are as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total Payments
2024	\$ 24,885	\$ 1,515	\$ 26,400
2025	25,631	769	26,400
	\$ 50,516	\$ 2,284	\$ 52,800

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: PENSION PLAN (Continued)***Eligibility for Participation***

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

Employees Covered by Benefit Terms

As of January 1, 2023, the following numbers of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits	68
Active employees	102
Total	217

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: PENSION PLAN (Continued)

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, 2023, 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 3.61% 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 makes 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). The District's annual contribution shall not be less than this ADC.

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 2023 was determined by the actuary to be \$204,382, 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 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.

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 13.4% for the 12 months ended December 31, 2023.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: PENSION PLAN (Continued)***Discount Rate***

The discount rate used to measure the total pension liability was 6.0% based on the January 1, 2023, 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.

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, 2023, 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%

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: PENSION PLAN (Continued)

Net Pension Liability

The Employer's net pension liability reported for the fiscal year ending December 31, 2023, was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that same date.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2022 ¹	\$ 9,869,527	\$ 9,168,937	\$ 700,590
Changes for the year:			
Service cost	268,667	-	268,667
Interest	590,525	-	590,525
Changes of benefit terms	-	-	-
Differences between expected and actual experience	272,316	-	272,316
Contributions - employer	-	1,250,567	(1,250,567)
Contributions - employee	-	217,953	(217,953)
Net investment income	-	(1,149,774)	1,149,774
Benefit payments, including refunds of employee contributions	(592,216)	(592,216)	-
Assumption changes	-	-	-
Net changes	539,292	(273,470)	812,762
Balances at December 31, 2023 ²	\$ 10,408,819	\$ 8,895,467	\$ 1,513,352

¹ - Information for the fiscal year ended December 31, 2022 was taken as of the measurement date of December 31, 2021 as permitted by GASB Cod. Sec. 1500.

² - Information for the fiscal year ended December 31, 2023 was taken as of the measurement date of December 31, 2022 as permitted by GASB Cod. Sec. 1500.

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

The following presents the net pension liability of the District, calculated using an effective discount rate of 6.0% and the January 1, 2023, Plan census and actuarial assumptions, as well as what the District'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 Discount Rate (6.00%)	1% Increase (7.00%)
Employer's Net Pension Liability	\$ 2,835,954	\$ 1,513,352	\$ 440,104

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: PENSION PLAN (Continued)

For the year ended December 31, 2023, the District recognized pension expense of \$530,783.

1. Components of Pension Expense for the Fiscal Year Ended December 31, 2023

Service cost	\$ 268,667
Interest on the total pension liability	590,525
Amortization of differences between expected and actual experience ¹	265,234
Amortization of changes of assumptions ¹	12,494
Employee contributions	(217,953)
Projected earnings on pension plan investments	(576,425)
Amortization of differences between expected and actual earnings on plan investments ²	188,241
Total pension expense	\$ 530,783

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. (4.0 years as of December 31, 2020, 3.0 years as of December 31, 2021, 3.0 years as of December 31, 2022 and 4.0 years as of December 31, 2023).

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

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources listed in the table below.

2. Balances of Deferred Outflows of Resources and Deferred Inflows of Resources as of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 254,360	\$ -
Changes of assumptions	5,342	-
Net difference between projected and actual earnings on pension plan investments	757,716	-
Total excluding post-measurement date contributions	1,017,418	-
Contributions made between the measurement date and end of reporting period	1,404,736	-
Total including post-measurement date contributions	\$ 2,422,154	\$ -

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: PENSION PLAN (Continued)

Contributions made after the measurement date of December 31, 2022, and before the fiscal year end of December 31, 2023, totaled \$1,404,736. This amount will be recognized as a reduction of the net pension liability for the year ending December 31, 2024. 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
2024	\$ 180,970
2025	200,703
2026	290,506
2027	345,239
2028	-
Thereafter	-

Payable to the Pension Plan

At December 31, 2023, the Employer does not have any required contributions payable to the pension plan for the 2023 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

3. Asset Valuation Method

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: PENSION PLAN (Continued)***Actuarial Assumptions***

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period 2006-2014. The total pension liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions

Actuarial Cost Method	Entry Age Method
Asset Method	Fair Value of Assets as of January 1, 2023
Interest Rate	6.00%
Inflation	3.00%
Measurement Date	December 31, 2022 used for GASB reporting date of December 31, 2023
All other assumptions	As described in Detailed Actuarial Assumptions

Mortality rates were based on the Society of Actuaries RP-20214 Blue Collar Mortality Tables (adjusted from the 2006 base year) and projected using Scale MP-2021 mortality improvement rates.

Detailed Actuarial Assumptions

1. *Interest Rates:* 6.00%, net of investment expenses. The assumed interest rate is based on the expected portfolio return determined by the investment manager reduced by 100 basis points for investment expenses.
2. *Annual Pay Increases:* Pay is assumed to increase at the following rates which include 3.00% inflation:

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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-2021 mortality improvement rates
 - b. Post-Retirement: RP-2014 Blue Collar Healthy Annuitant Sex Distinct
Tables adjusted to 2006 and projected using the Scale
MP-2021 mortality improvement rates
 - c. Disabled: RP-2014 Disabled Annuitant Sex Distinct Tables
adjusted to 2006 and projected using Scale MP-2021
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%

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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

* - 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 Valuation*: There were no significant changes from the prior valuation.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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 \$169,908 for expenses for the fiscal year ended September 30, 2023, 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, 2023, were \$19,610,000.

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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At December 31, 2023, the District had remaining unpaid contractual commitments of \$8,532,992 for services, construction, and improvement of facilities. These commitments are being financed through operating revenues.

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: NON-OPERATING INCOME

During 2023, the District received \$22,500,000 in consideration for the conveyance of approximately 1,500 acres of land for the establishment of a permanent conservation easement. The District retains title to the land but the use of the land is limited to the conditions established in the executed Conservation Easement Agreement. The \$22,500,000 is included in the other non-operating income line item of the Statement of Revenues, Expenses, and Changes in Net Position. There are no externally imposed restrictions on the use of this non-operating revenue.

NOTE 9: SUBSEQUENT EVENTS

On May 29, 2024, the District's Board of Navigation and Canal Commissioners approved to commit \$26,974,000 in additional contributions towards the ongoing development of the Brazos Island Harbor Channel Deepening project. Funding for this additional commitment to the Brazos Island Harbor Channel Deepening project will come from available revenues of the District and the District's note purchase program. The District is also seeking financing from available federal and state funding programs.

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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
1 Total Pension Liability									
a. Service cost	\$ 269	\$ 263	\$ 268	\$ 370	\$ 366	\$ 315	\$ 324	\$ 243	\$ 205
b. Interest	591	565	540	565	565	541	528	517	496
c. Changes in benefit terms	-	-	-	(533)	-	-	-	-	-
d. Differences between expected and actual experience	272	151	367	98	(320)	190	(57)	158	(68)
e. Changes of assumptions	-	16	(65)	115	-	(56)	-	10	293
f. Benefit payments, including refunds of employee contributions	(592)	(559)	(794)	(625)	(596)	(632)	(483)	(330)	(375)
g. Net Change in Total Pension Liability	540	436	316	(10)	15	358	312	598	551
h. Total Pension Liability - Beginning	9,870	9,434	9,118	9,128	9,113	8,755	8,443	7,845	7,294
i. Total Pension Liability - Ending	10,410	9,870	9,434	9,118	9,128	9,113	8,755	8,443	7,845
2 Plan Fiduciary Net Position									
a. Contributions - employer	1,251	1,169	1,139	780	525	456	472	443	408
b. Contributions - employee	218	191	180	184	186	178	174	161	148
c. Net investment income	(1,150)	1,076	822	717	(308)	736	161	(18)	102
d. Benefit payments, including refunds of employee contributions	(592)	(559)	(794)	(625)	(596)	(632)	(483)	(330)	(375)
g. Net Change in Plan Fiduciary Net Position	(273)	1,877	1,347	1,056	(193)	738	324	256	283
h. Plan Fiduciary Net Position - Beginning	9,169	7,293	5,946	4,890	5,083	4,345	4,021	3,765	3,482
i. Plan Fiduciary Net Position - Ending	8,896	9,170	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)]	\$ 1,514	\$ 700	\$ 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	85.46%	92.90%	77.31%	65.21%	53.57%	55.78%	49.63%	47.63%	47.99%
5 Covered Payroll	5,654	\$ 4,339	\$ 4,428	\$ 4,075	\$ 4,343	\$ 4,368	\$ 4,018	\$ 4,289	\$ 3,789
Employer's Net Pension Liability as a Percentage of Covered Payroll									
6	26.77%	16.15%	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 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
1 Actuarially determined contribution	\$ 204	\$ 276	\$ 374	\$ 444	\$ 504	\$ 471	\$ 455	\$ 468	\$ 440	\$ 400
2 Contributions in Relation to the Actuarially Contribution	1,405	1,251	1,169	1,139	780	525	456	472	443	408
3 Contribution Deficiency/(Excess)	(1,201)	(975)	(795)	(695)	(276)	(54)	(1)	(4)	(3)	(8)
4 Covered Payroll	\$ 6,787	\$ 5,446	\$ 5,161	\$ 4,409	\$ 4,913	\$ 4,600	\$ 4,438	\$ 4,569	\$ 4,297	\$ 3,898
5 Contributions as a Percentage of Covered Payroll	20.70%	22.97%	22.65%	25.83%	15.88%	11.41%	10.27%	10.33%	10.31%	10.47%

Notes to Schedule for current fiscal year:

For the periods presented, there were no changes of benefit terms or changes in the size or composition of the population covered by the benefit terms which significantly affect trends in the amounts reported. Changes of assumptions as of December 31, 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, 2022:

Valuation Date	January 1, 2023
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 fair 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-2021 mortality improvement rates. Post-Retirement: RP-2014 Blue Collar Healthy Annuitant Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2021 mortality improvement rates. Disabled: RP-2014 Disabled Annuitant Sex Distinct Tables adjusted to 2006 and projected using Scale MP-2021 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
2023	13.4%
2022	-12.5%
2021	14.4%
2020	6.0%
2019	14.2%
2018	-6.0%
2017	17.0%
2016	3.9%
2015	-0.5%
2014	2.8%

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OTHER SUPPLEMENTARY INFORMATION

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BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

SCHEDULE OF OPERATING EXPENSES
(Depreciation and amortization expense omitted)
For the Year Ended December 31, 2023

Wages	\$	7,368,211
Payroll taxes		599,710
Net pension expense		530,783
Services		934,796
Materials		2,176,496
Utilities		1,403,149
Insurance		2,243,060
Dues		121,538
Legal and auditing		441,791
Consulting fees		672,852
Supplies		105,440
Computer expense		505,222
Employee expense		783,975
Other expense		431,285
Travel		185,250
Advertising		260,075
Safety		58,843
Shop cost of sales		113,664
Land lease		19,827
Promotional expenses		247,872
Total Operating Expenses	\$	19,203,839

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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 – 87
These schedules contain information to help the reader assess the District's local revenue source.	
Debt Capacity	88 – 91
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	92 – 94
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	95 – 99
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

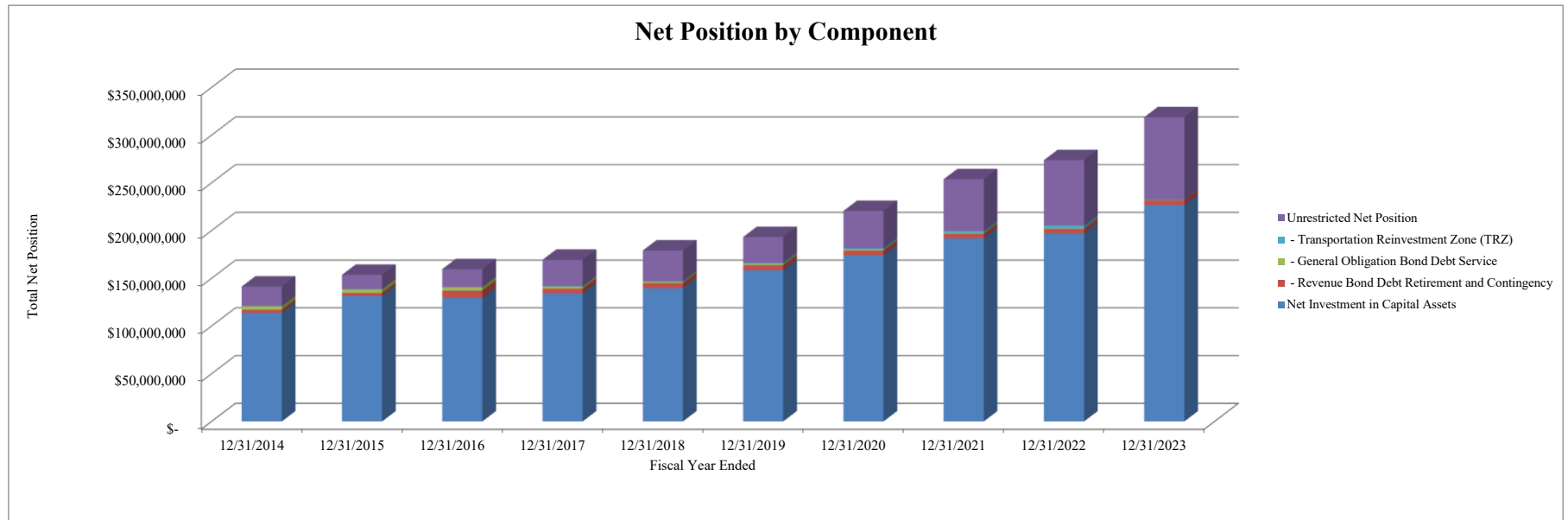
Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	<u>12/31/2014</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>	<u>12/31/2022</u>	<u>12/31/2023</u>
Enterprise Fund										
Net Investment in Capital Assets	\$ 113,617,071	\$ 131,432,039	\$ 129,439,065	\$ 134,087,674	\$ 139,686,649	\$ 158,475,706	\$ 173,966,181	\$ 191,785,572	\$ 197,054,976	\$ 226,783,061
Restricted Net Position for:										
- Revenue Bond Debt Retirement and Contingency	3,362,698	3,264,141	7,660,369	5,088,002	5,194,254	5,293,227	5,112,883	4,921,665	4,796,591	4,937,420
- General Obligation Bond Debt Service	3,750,580	3,777,243	3,565,749	2,106,020	1,362,484	1,376,094	818,967	675,298	584,684	219,697
- Transportation Reinvestment Zone (TRZ)	-	69,018	191,734	394,711	400,453	1,031,664	1,554,444	2,054,073	2,853,918	294,359
Unrestricted Net Position	20,614,818	15,068,760	18,753,841	27,708,357	32,475,750	27,027,593	39,081,432	54,355,373	68,523,540	86,564,641
Total Enterprise Fund Net Position	\$ 141,345,167	\$ 153,611,201	\$ 159,610,758	\$ 169,384,764	\$ 179,119,590	\$ 193,204,284	\$ 220,533,907	\$ 253,791,981	\$ 273,813,709	\$ 318,799,178



Brownsville Navigation District of Cameron County, Texas

Changes in Net Position

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

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Operating Revenues										
Vessel and cargo services	\$ 7,373,004	\$ 9,704,726	\$ 9,058,547	\$ 10,728,929	\$ 12,160,646	\$ 10,827,761	\$ 14,675,300	\$ 13,614,199	\$ 16,714,619	\$ 20,179,422
Lease revenues	7,986,437	8,780,287	9,034,797	11,687,720	10,607,560	13,027,229	18,385,245	17,821,776	18,517,912	18,309,817
Other operating revenue	1,176,859	1,234,249	1,502,170	1,245,984	1,441,561	1,581,517	4,296,356	2,652,451	2,932,950	3,488,606
Total Operating Revenues	16,536,300	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,901	34,088,426	38,165,481	41,977,845
Operating Expenses, Other Than Depreciation & Amortization	9,533,067	9,969,657	11,145,456	12,376,807	12,360,740	12,715,207	11,892,141	14,737,320	17,485,255	19,203,839
Income from Operations Before Depreciation & Amortization	7,003,233	9,749,605	8,450,058	11,285,826	11,849,027	12,721,300	25,464,760	19,351,106	20,680,226	22,774,006
Depreciation & amortization	3,604,738	3,982,459	5,193,028	5,474,008	5,489,601	6,359,105	7,592,185	8,298,492	9,532,177	10,986,388
Operating Income (Loss)	3,398,495	5,767,146	3,257,030	5,811,818	6,359,426	6,362,195	17,872,575	11,052,614	11,148,049	11,787,618
Non-Operating Income (Expense)										
Interest income on deposits and investments	146,645	133,080	192,575	420,106	894,582	805,316	310,045	300,489	1,066,926	3,817,982
Lease interest revenue	-	-	-	-	-	-	-	-	2,887,234	5,209,553
Interest income on notes and direct financing leases	151,145	146,625	129,165	108,623	87,030	64,329	40,464	15,318	-	-
Gain (Loss) on disposal of assets held for sale	-	-	-	-	-	-	(143,955)	968	662	(651,510)
Property Tax - net of discounts, bad debt and collection expenses										
Penalties and Interest	138,100	127,430	107,227	101,673	96,330	85,193	86,403	80,530	83,705	73,996
Maintenance and Operations	569,975	574,011	455,446	475,770	1,933,141	3,050,647	2,237,473	2,312,438	2,653,659	2,800,105
General Obligation Debt Service	2,452,305	2,467,569	2,522,306	2,371,149	894,619	(32,472)	1,024,860	399,416	361,276	409,700
Interest expense	(867,551)	(684,604)	(580,386)	(604,983)	(1,546,417)	(1,448,441)	(1,361,946)	(1,286,248)	(1,163,179)	(1,139,009)
Bond costs & amort. of premiums & prepaid bond ins.	687	5,456	(478,841)	67,458	66,389	66,389	66,389	66,389	(251,685)	66,389
Bond service fees	(4,150)	(5,150)	(4,400)	(4,650)	(4,650)	(4,450)	(3,700)	(2,950)	(750)	(1,250)
Other non-operating income	(5,896)	23,355	25,234	24,343	67,448	58,991	27,151	113,981	(67,080)	22,571,395
Total Non-Operating Income	2,581,260	2,787,772	2,368,326	2,959,489	2,488,472	2,645,502	2,283,184	2,000,331	5,570,768	33,157,351
Income Before Contributions and Special Items	5,979,755	8,554,918	5,625,356	8,771,307	8,847,898	9,007,697	20,155,759	13,052,945	16,718,817	44,944,969
Capital contributions	-	-	-	379,041	1,225,404	2,409,459	2,853,900	268,743	2,693,772	40,500
Capital contributions from grants	4,905,649	7,120,668	374,201	148,302	18,602	2,667,538	4,319,964	19,936,386	609,139	-
Special Item - contribution of net assets	9,787,478	-	-	-	-	-	-	-	-	-
Special Item - franchise revenue	425,431	9,342	-	-	-	-	-	-	-	-
Increase in net position	21,098,313	15,684,928	5,999,557	9,298,650	10,091,904	14,084,694	27,329,623	33,258,074	20,021,728	44,985,469
Net position at beginning of year	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	273,813,709
Prior period adjustments	(69,678)	(3,418,893)	-	475,356	(357,078)	-	-	-	-	-
Net position at beginning of year - as restated	120,246,855	137,926,274	153,611,201	160,086,114	169,027,686	179,119,590	193,204,284	220,533,907	253,791,981	273,813,709
Net position at end of year	\$ 141,345,168	\$ 153,611,202	\$ 159,610,758	\$ 169,384,764	\$ 179,119,590	\$ 193,204,284	\$ 220,533,907	\$ 253,791,981	\$ 273,813,709	\$ 318,799,178

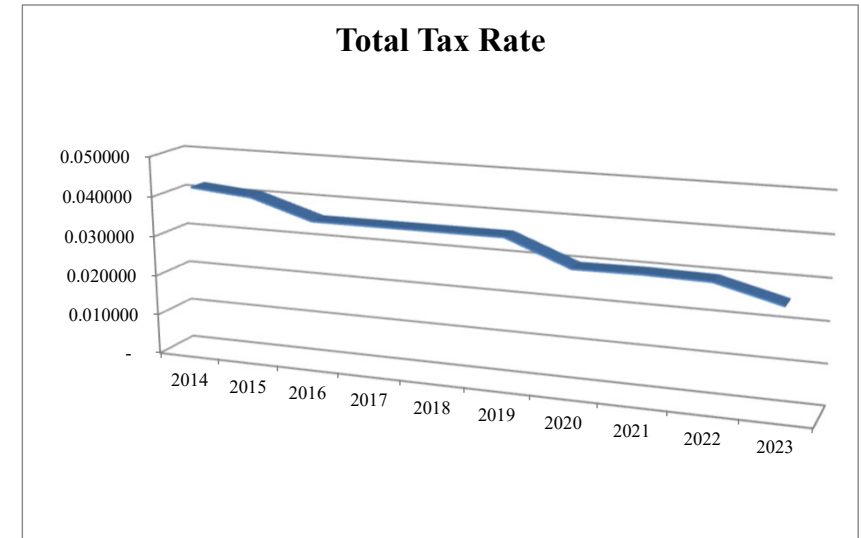
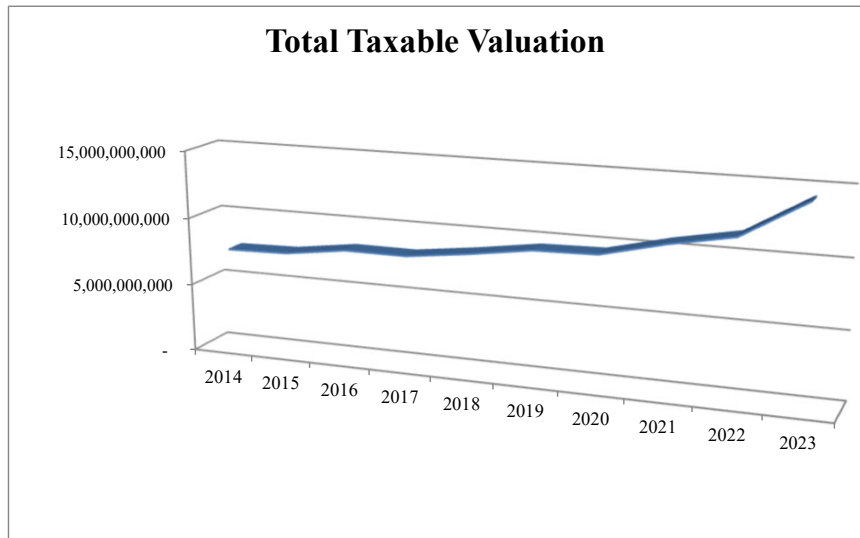
Revenue Capacity

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

Tax Year	<u>Assessed Valuation</u>		<u>Adopted Tax Rates</u>			<u>Assessed Levy</u>			<u>Collected in the First Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections To Date</u>	
	<u>Assessed Value</u>	<u>Taxable Value</u>	<u>M&O Rate</u>	<u>G.O. Rate</u>	<u>Total Rate</u>	<u>M&O Levy</u>	<u>G.O. Levy</u>	<u>Total Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
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%	858,707	3,151,806	99.53%
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%	838,597	3,093,256	99.50%
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%	869,776	2,950,349	99.53%
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%	830,065	2,942,930	99.46%
2018	9,954,458,488	8,795,447,856	0.035920	-	0.035920	3,159,328	-	3,159,328	2,317,517	73.35%	822,347	3,139,864	99.38%
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%	879,588	3,375,016	99.33%
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%	718,571	2,827,138	99.22%
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%	668,369	3,162,252	98.85%
2022	14,132,461,393	11,555,032,095	0.026067	0.003591	0.029658	3,012,050	414,941	3,426,991	2,708,879	79.05%	635,789	3,344,668	97.60%
2023	18,639,545,224	14,287,397,384	0.025589	-	0.025589	3,656,002	-	3,656,002	2,748,239	75.17%	-	2,748,239	75.17%

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



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

<u>Taxpayer</u>	<u>Type of Activity</u>	<u>Fiscal Year 2023</u>		<u>Percentage</u>	<u>Fiscal Year 2014</u>		<u>Percentage</u>
		<u>Taxable Value</u>	<u>Rank</u>	<u>of Taxable</u> <u>Valuation</u>	<u>Taxable Value</u>	<u>Rank</u>	<u>of Taxable</u> <u>Valuation</u>
Space Exploration Tech Corp	Manufacturing	\$ 261,054,830	1	1.83%	\$ -		0.00%
Valley Crossing Pipeline LLC	Transportation Services	145,241,360	2	1.02%	-		0.00%
La Chalupa LLC	Wind Farm	135,265,750	3	0.95%	-		0.00%
Walmart Inc.	Retail	87,323,044	4	0.61%	-		0.00%
Cameron Wind I LLC	Wind Farm	83,676,580	5	0.59%	-		0.00%
AEP Texas Inc.	Utility	72,993,005	6	0.51%	34,192,541	3	0.45%
Union Pacific RR Co.	Rail Road	54,975,637	7	0.38%	22,327,170	8	0.30%
Sharyland Utilities LP	Utility	43,347,550	8	0.30%	-		0.00%
CBL SM Brownsville LLC	Retail	42,324,299	9	0.30%	-		0.00%
Keppel Amfels	Manufacturing	41,191,288	10	0.29%	23,936,412	7	0.32%
Comcast Corporation	Utility	-		0.00%	46,784,056	1	0.62%
CBL/Sunrise Commons LP	Retail	-		0.00%	40,643,073	2	0.54%
Colombia Valley Healthcare Sys LP Tax Dept	Healthcare	-		0.00%	29,394,827	4	0.39%
VHS Brownsville Hospital Company LLC	Healthcare	-		0.00%	28,578,010	5	0.38%
Transmontaigne Product Service Inc.	Energy	-		0.00%	28,056,489	6	0.37%
Walmart Real Estate Business TR	Retail	-		0.00%	20,468,614	9	0.27%
H E Butt Grocery CO	Supermarket	-		0.00%	17,480,435	10	0.23%
Total Assessed Valuation		\$ 967,393,343		6.77%	\$ 291,861,627		3.87%

**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 Appraisal District

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

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Operating Revenues										
Vessel and Cargo Services	\$ 7,373,004	\$ 9,704,726	\$ 9,058,547	\$ 10,728,929	\$ 12,160,646	\$ 10,827,761	\$ 14,675,300	\$ 13,614,199	\$ 16,714,619	\$ 20,179,422
Lease Revenues	7,986,437	8,780,287	9,034,797	11,687,720	10,607,560	13,027,229	18,385,245	17,821,776	18,517,912	18,309,817
Other Operating Revenue	1,176,859	1,234,249	1,502,170	1,245,984	1,441,561	1,581,517	4,296,356	2,652,451	2,932,950	3,488,606
Total Operating Revenues	16,536,300	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,901	34,088,426	38,165,481	41,977,845
Operating Expenses, Other Than Depreciation and Amortization										
Wages	3,653,667	3,970,272	4,218,815	4,536,140	4,670,636	4,561,288	4,960,561	5,733,478	6,169,586	7,368,211
Payroll Taxes	294,504	299,604	341,754	342,292	367,691	351,720	393,659	489,218	516,139	599,710
Net Pension Expense	445,506	391,411	528,471	595,763	526,792	535,814	(79,074)	257,168	67,605	530,783
Services	307,576	465,331	397,296	365,201	426,812	260,706	354,776	728,134	426,030	934,796
Materials	678,128	892,166	813,761	829,442	1,258,775	981,594	788,445	1,938,235	3,934,566	2,176,496
Utilities	845,664	770,396	794,425	916,411	913,120	917,294	952,067	966,267	1,156,487	1,403,150
Insurance	1,132,852	1,243,392	1,268,947	1,370,712	1,334,478	1,605,493	1,745,576	1,840,739	2,055,254	2,243,060
Dues	106,926	62,863	67,152	65,108	105,784	120,479	119,929	115,722	125,309	121,538
Legal & Auditing	307,378	311,246	288,459	508,004	406,251	623,607	538,848	430,105	469,315	441,791
Consultant Fees	762,120	678,711	605,990	690,283	735,783	815,134	670,035	635,473	570,174	672,852
Supplies	71,486	102,299	73,734	75,099	110,379	90,415	50,313	94,917	122,306	105,440
Computer Expense	174,345	206,827	375,280	494,385	431,359	377,931	359,165	346,050	371,356	505,222
Employee Expense	62,416	87,863	115,118	118,848	137,538	106,600	152,994	238,333	368,283	783,975
Other Expense	197,773	99,275	262,696	70,936	187,469	686,190	412,255	296,515	338,883	431,284
Travel	148,543	158,886	170,115	191,537	226,088	208,961	32,118	63,521	194,073	185,250
Advertising	24,764	55,673	140,000	109,356	143,189	151,840	206,165	178,712	171,333	260,075
Safety	9,198	20,992	25,383	13,910	32,854	14,026	21,915	38,150	56,749	58,843
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	99,548	113,664
Land Lease and Rental Rebate	17,415	17,820	18,225	936,226	158,393	83,936	45,263	19,827	19,827	19,827
Promotional	59,447	74,602	113,809	104,425	141,813	156,248	96,267	254,868	252,432	247,872
Total Operating Expenses	9,533,064	9,969,657	11,145,456	12,376,807	12,360,740	12,715,207	11,892,141	14,737,320	17,485,255	19,203,839
Income from Operations before Depreciation and Amortization	7,003,237	9,749,605	8,450,058	11,285,825	11,849,027	12,721,300	25,464,760	19,351,107	20,680,226	22,774,006
Non-Operating Income (Expense)										
Interest income on deposits and investments	146,645	133,080	192,575	420,106	894,582	805,316	310,045	300,489	1,066,926	3,817,982
Lease interest revenue	-	-	-	-	-	-	-	-	2,887,234	5,209,553
Interest income on notes and direct financing leases	151,145	146,625	129,165	108,623	87,030	64,329	40,464	15,318	-	-
Grant Revenue	4,905,649	7,120,668	374,201	148,302	18,602	2,667,538	4,319,964	19,936,386	609,139	-
Gain (Loss) on disposal of assets held for sale	-	-	-	-	-	-	(143,955)	968	662	(651,510)
Property Tax - net of discounts, bad debt and collection exp.										
Penalty and interest	138,101	127,430	107,227	101,673	96,330	85,193	86,403	80,530	83,705	73,996
Maintenance and operations	569,975	574,011	455,446	475,770	1,933,141	3,050,647	2,237,473	2,312,438	2,653,659	2,800,105
General obligation bond debt service	2,452,305	2,467,569	2,522,306	2,371,149	894,619	(32,472)	1,024,860	399,416	361,276	409,700
Interest Expense	(867,551)	(684,604)	(580,386)	(604,983)	(1,546,417)	(1,448,441)	(1,361,946)	(1,286,248)	(1,163,180)	(1,139,009)
Capital contributions	-	-	-	379,041	1,225,404	2,409,459	2,853,900	268,743	2,693,772	40,500
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.	687	5,456	(478,841)	67,458	66,389	66,389	66,389	66,389	(251,685)	66,389
Bond service fees	(4,150)	(5,150)	(4,400)	(4,650)	(4,650)	(4,450)	(3,700)	(2,950)	(750)	(1,250)
Other Non-Operating Income	(5,896)	23,355	25,234	24,343	67,448	58,991	27,151	113,981	(67,080)	22,571,395
Total Non-Operating Income	17,699,819	9,917,782	2,742,527	3,486,832	3,732,478	7,722,499	9,457,048	22,205,460	8,873,678	33,197,851
Net Income before Depreciation and Amortization	\$ 24,703,055	\$ 19,667,387	\$ 11,192,585	\$ 14,772,658	\$ 15,581,505	\$ 20,443,799	\$ 34,921,808	\$ 41,556,567	\$ 29,553,904	\$ 55,971,857

Brownsville Navigation District of Cameron County, Texas
Vessel and Cargo Service Revenues

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.

	<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>	<u>12/31/2022</u>	<u>12/31/2023</u>
Port Calls by Vessel Type										
Deep Sea Vessels	426	508	566	576	503	696	780	836	739	1,148
River Barges	633	632	525	741	803	870	891	1,018	1,015	1,413
	1,059	1,140	1,091	1,317	1,306	1,566	1,671	1,854	1,754	2,561
Waterborne Cargo Traffic (metric tons)										
Petroleum and Coal Products	3,250,587	3,847,525	3,969,746	4,336,415	4,743,266	3,482,989	3,422,327	3,909,519	3,844,196	4,822,745
Primary Metal Products	2,400,368	2,277,559	2,243,315	2,180,770	2,849,125	2,247,038	2,576,860	3,941,788	4,609,172	5,443,320
Non-Metallic Minerals	457,538	933,470	653,142	534,921	333,977	560,430	545,660	608,893	246,077	505,005
Waste and Scrap Materials	115,192	48,221	35,962	71,316	135,771	86,075	30,703	34,763	11,783	19,246
Other Cargos	24,204	47,350	58,622	214,888	219,179	208,725	584,314	295,179	305,548	363,861
Total Cargo Traffic	6,247,889	7,154,125	6,960,787	7,338,310	8,281,319	6,585,257	7,159,864	8,790,142	9,016,777	11,154,177

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 (rate for Gross Registered Ton/day)	\$	150.00	\$	150.00	\$	150.00	\$	150.00	\$	150.00	\$	150.00	\$	0.02	\$	0.02
Deep Sea Vessels at the Bulk Cargo Dock (rate for GRT/day)		200.00		200.00		200.00		200.00		200.00		200.00		0.02		0.02
River Barges		100.00		100.00		100.00		100.00		100.00		100.00		150.00		150.00
Ocean-Going Tug and River Tugs		-		-		-		-		-		-		150.00		150.00
Mexican Fishing Vessels		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		0.16		0.17		0.18		0.18		0.18
Dockage - Bulk Cargo Dock		0.15		0.15		0.15		0.25		0.25		0.25		0.25		0.25
Dockage - Oil Docks/Liquid Cargo Docks/Express Dock		0.15		0.15		0.15		0.16		0.17		0.18		0.18		0.18
Dockage - Fitting for grain		0.05		0.05		0.05		0.05		0.05		0.05		0.05		0.18
Dockage - Layberth (in excess of 30 days)		0.09		0.09		0.09		0.09		0.09		0.09		0.09	Negotiated Rate	Negotiated Rate
Dockage - Layberth (less than 30 days)		0.09		0.09		0.09		0.09		0.09		0.09		0.09		0.18
Dockage - Scrap vessels and Drilling Rigs		0.09		0.09		0.09		0.09		0.09		0.09		0.09		0.18
Dockage - River Barges (per day)		75.00		75.00		75.00		80.00		85.00		90.00		90.00		125.00
Dockage - Ocean Going Tugs, Harbor Tugs, and River Tugs(per day)		-		-		-		-		-		-		-		100.00
Wharfage - Major Commodities																
Petroleum and Coal Products (per barrel)		0.050		0.050		0.050		0.07		0.08		0.10		0.10		0.10
Primary Metal Products (per metric ton)		1.00		1.00		1.00		1.00		1.00		1.00		1.00		1.00
Primary Metal Products - Volume Incentive (per metric ton)		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
Non-Metallic Minerals - Covered Storage (per metric ton)		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
Waste and Scrap Materials (per metric ton)		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
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
Open Docks and Patios		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

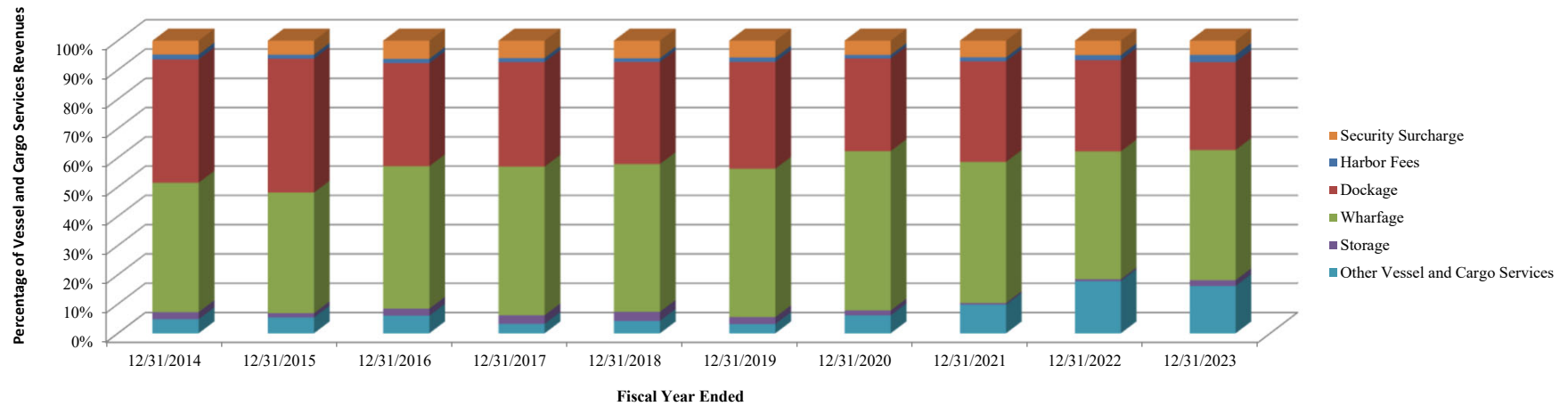
Last Ten Fiscal Years
(Unaudited)

Table 6 continued

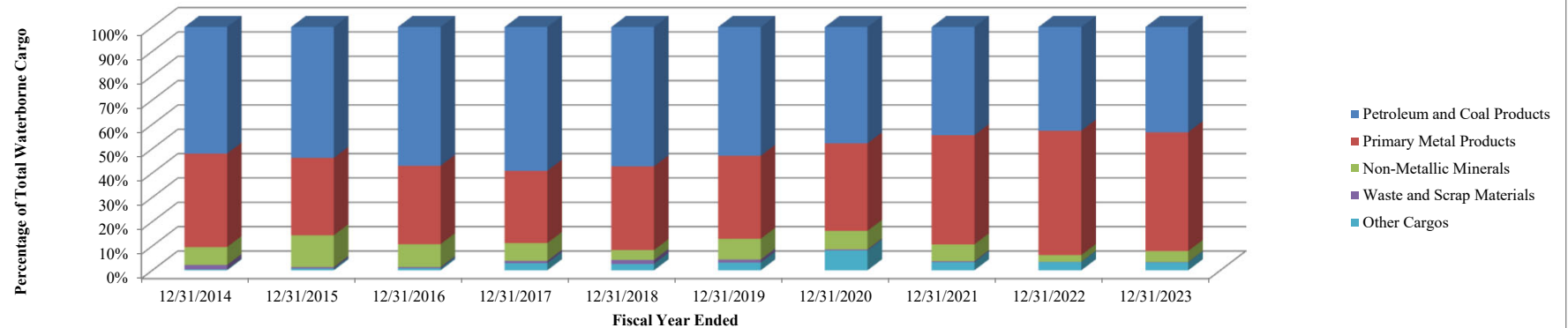
Vessel and Cargo Revenue by Major Component

	<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>	<u>12/31/2022</u>	<u>12/31/2023</u>
Harbor Fees	\$ 125,750	\$ 133,300	\$ 133,100	\$ 153,250	\$ 154,900	\$ 168,195	\$ 176,480	\$ 186,210	\$ 280,598	\$ 495,050
Dockage	3,105,870	4,439,440	3,189,883	3,831,793	4,238,338	3,946,002	4,647,405	4,679,816	5,217,836	6,063,939
Wharfage	3,259,144	3,999,989	4,407,624	5,446,130	6,137,069	5,490,494	7,990,707	6,563,873	7,301,501	8,971,862
Security Surcharge	348,870	465,437	563,981	634,628	732,310	623,245	716,063	775,310	830,199	981,924
Storage	179,013	141,345	219,957	318,552	379,719	254,405	245,012	75,814	103,510	406,491
Other Vessel and Cargo Services	354,357	525,216	544,001	344,576	518,310	345,420	899,633	1,333,176	2,980,975	3,260,156
Total Vessel and Cargo Services	\$ 7,373,004	\$ 9,704,727	\$ 9,058,546	\$ 10,728,929	\$ 12,160,646	\$ 10,827,761	\$ 14,675,300	\$ 13,614,199	\$ 16,714,619	\$ 20,179,422

Vessel and Cargo Revenue by Major Component



Major Waterborne Cargoes



Brownsville Navigation District of Cameron County, Texas
Principal Customers for Vessel and Cargo Service Revenues

Current Year and Nine Years Ago
(Unaudited)

Customer	Fiscal Year Ending					
	2023			2014		
	2023 Revenues	Rank	Total Percentage 2023	2014 Revenues	Rank	Total Percentage 2014
Gulf Stream Marine	\$ 5,545,173	1	27%	\$ 970,158	3	14%
Dix Industries, Inc.	2,860,586	2	14%			
Dix Agency Brownsville, LP	2,522,477	3	13%	2,617,752	1	37%
Norton Lilly International, Inc.	1,980,287	4	10%			
Bluewing One, LLC	1,110,827	5	6%			
Motus T2, LLC	750,515	6	4%			
Schaefer Stevedoring D/B/A Gulf Faciliti	660,388	7	3%	403,076	4	6%
Host Agency, LLC	541,017	8	3%	158,603	8	2%
Seatrium Amfels, Inc.	510,990	9	3%	68,554	15	1%
Frontera Brownsville, LLC	487,074	10	2%	992,155	2	14%
Sunoco, LLC	400,781	11	2%			
Bluewing Royal, LLC	394,359	12	2%			
American Commercial Barge	301,830	13	1%	74,509	12	1%
Transmontaigne Operating CO LP	258,163	14	1%	272,646	5	4%
Admiral Steamship Agency/Biehl & Co.	228,386	15	1%	248,512	6	4%
ISS Marine Services, Inc.				162,310	7	2%
International Shipbreaking LTD				136,637	9	2%
Vulcan Construction Materials				121,608	10	2%
Gulf Harbor Shipping				88,528	11	1%
General Steamship Corporation				73,297	13	1%
Fillette Green Shipping Service				71,528	14	1%
Total Vessel Revenues	\$ 20,179,422		92%	\$ 7,018,584		92%

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

Current Year and Nine Years Ago
(Unaudited)

Customer	Fiscal Year					
	2023			2014		
	2023 Revenues	Rank	Total Percentage 2023	2014 Revenues	Rank	Total Percentage 2014
Rio Grande LNG, LLC	\$ 6,939,313	1	38%			
Transmontaigne Operating Co. LP	1,064,193	2	6%	\$ 901,223	1	11%
Texas LNG Brownsville, LLC	1,000,000	3	5%			
Keppel Amfels, Inc.	875,466	4	5%	213,824	10	3%
Gulf Stream Marine	784,190	5	4%			
ARX Energy, LLC	629,755	6	3%			
International Shipbreaking LTD	551,642	7	3%	377,299	5	5%
Bedoli Group, Inc.	550,312	8	3%	292,434	6	4%
Steelcoast Company, LLC	484,803	9	3%			
Vestas American Wind Technology, Inc	396,000	10	2%			
Brownsville & Rio Grande International Railroad				655,763	2	8%
Esco Marine, Inc.				488,973	3	6%
Gulf Coast LNG Exports, LLC				292,200	7	4%
Bay Bridge Texas, LLC				239,233	8	3%
Citgo Petroleum Corporation				224,214	9	3%
Annova LNG LLC				432,758	4	5%
Total Lease Revenues	\$ 18,309,817		73%	\$ 8,106,998		51%

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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	Total Debt Outstanding	Assets Restricted for Debt Service	Total Net Outstanding Debt
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
2022	415,000	30,660,000	31,075,000	5,381,275	25,693,725
2023	-	29,340,000	29,340,000	5,157,117	24,182,883

Fiscal Year	Taxable Property Valuation	Outstanding Debt as a Percentage of Taxable Property Value	Cameron County Population ¹	Outstanding Debt Per Capita	Personal Income ¹	Outstanding Debt as a Percentage of Personal Income
2014	\$ 7,539,555,606	0.33%	417,296	60	24,802	0.24%
2015	7,644,482,406	0.28%	420,392	51	25,211	0.20%
2016	8,252,793,196	0.58%	422,156	113	26,826	0.42%
2017	8,237,094,816	0.54%	422,135	104	27,055	0.39%
2018	8,795,447,856	0.47%	423,725	98	27,055	0.36%
2019	9,459,485,076	0.41%	423,908	92	28,756	0.32%
2020	9,568,643,077	0.38%	423,163	86	29,928	0.29%
2021	10,679,480,899	0.32%	421,017	82	33,690	0.24%
2022	11,555,032,095	0.27%	425,208	73	37,861	0.19%
2023	14,287,397,384	0.21%	426,710	69	37,861	0.18%

¹ Data from the Cameron County 2023 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)

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
First Lien Revenue Bond - Series 2002A										
Principal Maturity	\$ 95,000	\$ 100,000	\$ 105,000	\$ 110,000	\$ 115,000	\$ 120,000	\$ 125,000	\$ 130,000	\$ 135,000	
Interest Payments	<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>	<u>1,387</u>	-
Total Bond Requirement	107,620	111,374	115,064	121,117	126,659	129,245	131,728	134,109	136,387	-
First Lien Revenue Bond - Series 2002B										
Principal Maturity	105,000	105,000	110,000	115,000	120,000	125,000	130,000	135,000	140,000	-
Interest Payments	<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>	<u>1,438</u>	-
Total Bond Requirement	118,195	116,853	120,480	126,565	132,121	134,604	136,985	139,263	141,438	-
First Lien Revenue Bond - Series 2009										
Principal Maturity	855,000	900,000	-	-	-	-	-	-	-	-
Interest Payments	<u>64,384</u>	<u>21,825</u>	-	-	-	-	-	-	-	-
Total Bond Requirement	919,384	921,825	-	-	-	-	-	-	-	-
First Lien Revenue Bond - Series 2011										
Principal Maturity	240,000	245,000	255,000	260,000	270,000	285,000	290,000	295,000	-	-
Interest Payments	<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	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	405,000	-
Interest Payments	<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>257,858</u>	<u>117,692</u>	-
Total Bond Requirement	368,203	366,608	645,467	644,407	643,456	646,892	644,930	647,858	522,692	-
First Lien Revenue Bond - Series 2016										
Principal Maturity	-	-	-	635,000	670,000	705,000	740,000	780,000	815,000	860,000
Interest Payments	-	-	<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>	<u>986,069</u>	<u>944,194</u>
Total Bond Requirement	-	-	588,186	1,802,069	1,804,444	1,805,069	1,803,944	1,805,944	1,801,069	1,804,194
Senior Lien Revenue Bond- Series 2022										
Principal Maturity	-	-	-	-	-	-	-	-	-	460,000
Interest Payments	-	-	-	-	-	-	-	-	<u>70,694</u>	<u>150,376</u>
Total Bond Requirement	-	-	-	-	-	-	-	-	70,694	610,376
Total Revenue Bonds										
Principal Maturity	1,345,000	1,400,000	805,000	1,465,000	1,530,000	1,605,000	1,665,000	1,730,000	1,495,000	1,320,000
Interest Payments	<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>1,296,614</u>	<u>1,177,280</u>	<u>1,094,570</u>
Annual Revenue Bond Debt Service	\$ 1,814,204	\$ 1,815,163	\$ 1,770,175	\$ 2,992,385	\$ 3,006,931	\$ 3,022,708	\$ 3,020,831	\$ 3,026,614	\$ 2,672,280	\$ 2,414,570
Net Revenues Available for Debt Service on Revenue Bonds (See Table 12)										
	\$ 17,599,651	\$ 10,268,950	\$ 8,907,670	\$ 12,295,899	\$ 14,706,586	\$ 17,833,333	\$ 29,573,071	\$ 21,152,280	\$ 28,288,852	\$ 55,604,122
Coverage Ratio (Net Revenues Available for Debt Service/Annual Debt Service)										
	21.96	14.15	3.59	5.22	6.04	7.41	12.45	9.03	12.37	24.39

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)

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Gross Revenues										
Operating Revenues										
Wharf Operations	\$ 6,734,176	\$ 8,839,423	\$ 8,296,515	\$ 10,588,550	\$ 11,619,061	\$ 10,698,211	\$ 14,519,172	\$ 12,045,410	\$ 14,378,133	\$ 17,771,241
Industrial Development	7,969,720	8,702,288	8,709,256	10,890,045	10,012,998	12,375,541	19,984,244	18,426,701	18,470,553	18,129,333
Foreign Trade Zone	411,863	412,423	430,387	452,708	488,355	49,792	77,274	81,458	80,833	77,917
Administrative Services /Permits	-	-	-	-	-	483,725	515,701	499,395	459,306	706,307
Facilities Maintenance	70,178	121,647	239,041	63,112	52,762	87,658	85,794	134,334	155,990	162,175
Mobile Harbor Crane	263,173	433,065	499,537	304,281	466,776	312,545	859,133	1,286,201	2,875,257	3,133,677
Security	439,378	559,112	656,067	724,360	811,422	708,268	798,804	858,776	912,813	1,068,127
Communications & Public Relations	-	-	-	34,556	46,245	50,710	27,385	34,340	28,235	24,900
Utilities Services	571,709	544,724	647,808	480,479	583,901	540,144	360,795	604,858	685,995	759,408
Water Plant & Distribution System	76,101	106,580	116,903	124,542	128,247	129,913	128,600	116,954	118,366	144,760
Total	16,536,298	19,719,262	19,595,514	23,662,633	24,209,767	25,436,507	37,356,902	34,088,427	38,165,481	41,977,845
Non-Operating Revenues										
Interest on Investments	296,834	279,705	321,740	528,729	981,612	869,644	350,509	315,807	1,066,926	3,817,982
Lease Interest Revenue	-	-	-	-	-	-	-	-	2,887,234	5,209,553
Other	10,877,129	669,033	534,719	1,043,070	3,437,781	5,763,063	5,237,268	2,773,800	5,403,506	25,725,443
Total	11,173,963	948,738	856,459	1,571,799	4,419,393	6,632,707	5,587,777	3,089,607	9,357,666	34,752,978
Total Gross Revenues	27,710,261	20,667,999	20,451,973	25,234,432	28,629,160	32,069,214	42,944,679	37,178,034	47,523,147	76,730,823
Operating Expenses, Other than Depreciation & Amortization										
Maintenance and Operation of Facilities										
Wharf Operations	646,906	649,775	654,467	676,739	692,611	1,263,550	859,908	911,640	944,355	1,420,090
Industrial Development	223,301	190,057	224,962	1,192,156	259,279	249,296	125,546	126,597	75,995	139,871
Foreign Trade Zone	113,774	112,953	224,799	260,632	250,243	128,347	126,566	168,253	4,434	39,184
Facilities Maintenance	1,940,721	2,098,057	2,129,819	2,168,024	2,689,567	2,393,847	2,167,289	3,600,820	5,248,981	3,794,631
Utility Services	-	-	-	41,146	156,369	1,014,020	1,033,409	1,141,248	1,474,228	1,707,616
Harbor Mobile Crane	290,959	320,189	407,787	351,379	413,465	375,051	523,129	898,037	1,374,858	1,898,882
Security	1,118,256	1,069,513	1,313,392	1,470,316	1,477,297	1,433,296	1,455,997	1,461,854	1,587,341	1,948,540
Communications & Public Relations	-	-	-	24,555	28,061	41,838	20,102	33,646	24,783	18,029
Engineering & Utilities	1,348,238	1,346,258	1,463,137	1,514,183	1,400,003	532,261	425,956	690,357	473,492	577,662
Water Plant & Distribution System	132,644	48,777	89,524	142,411	145,250	145,058	144,888	124,787	141,181	169,908
Total	5,814,799	5,835,579	6,507,887	7,841,541	7,512,145	7,576,564	6,882,790	9,157,239	11,349,648	11,714,414
General and Administrative Expenses	3,718,267	4,134,077	4,637,569	4,535,266	4,846,479	5,138,641	5,009,351	5,580,079	6,135,610	7,489,425
Total Operating Expenses	9,533,066	9,969,656	11,145,456	12,376,807	12,358,624	12,715,205	11,892,141	14,737,318	17,485,258	19,203,839
Non-Operating Expenses										
Interest	503,519	396,750	369,952	483,595	1,457,670	1,397,700	1,334,801	1,270,000	1,144,991	1,078,546
Other	74,026	32,644	28,895	78,131	106,280	122,976	144,667	18,437	604,046	844,316
Total Non-Operating Expenses	577,545	429,394	398,847	561,726	1,563,950	1,520,676	1,479,468	1,288,437	1,749,037	1,922,862
Total Expenses	10,110,611	10,399,050	11,544,303	12,938,533	13,922,574	14,235,881	13,371,609	16,025,754	19,234,295	21,126,701
Net Revenues Available For Debt Service on Revenue Bonds	\$ 17,599,651	\$ 10,268,950	\$ 8,907,670	\$ 12,295,899	\$ 14,706,586	\$ 17,833,333	\$ 29,573,071	\$ 21,152,280	\$ 28,288,852	\$ 55,604,122
Average Annual Debt Service on Revenue Bonds	\$ 801,300	\$ 725,668	\$ 2,481,562	\$ 2,356,870	\$ 2,434,452	\$ 2,406,440	\$ 2,375,721	\$ 2,341,738	\$ 2,287,555	\$ 2,280,083
Coverage by Net Revenues	21.96	14.15	3.59	5.22	6.04	7.41	12.45	9.03	12.37	24.39

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, 2023, excluding bonds that have been refunded and defeased.

Fiscal Year Ending December 31	Outstanding Debt Service Requirements
2024	\$ 2,410,778
2025	2,409,580
2026	2,410,798
2027	2,305,404
2028	2,303,326
2029	2,308,289
2030	2,315,063
2031	2,314,938
2032	2,327,810
2033	2,333,003
2034	2,330,538
2035	2,335,299
2036	2,341,966
2037	2,352,329
2038	2,352,095
2039	1,804,800
2040	1,805,400
Total	\$ 38,761,416

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>
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
2022	2.1%	3.6%	3,009.70	3,957.80	722	94.90
2023	2.5%	3.6%	3,053.50	3,826.90	689	77.58

(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
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
2022	425,208	19,371	32.6	87,193	5.9%	37,861
2023	426,710	21,440	32.6	87,193	4.7%	37,861

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	2023 Estimated No. of Employees	% of Total Port of Brownsville Employment	2014 Estimated No. of Employees
1	Keppel AmFELS, Inc.	Manufacturing	1,849	35.99%	1,140
2	Rio Grande LNG (Subcontractors)	Constructing, Operating & Maintaining LNG Terminal	363	7.07%	-
3	Steel Coast/ SA Recycling	Ship Breaking/Scrap	245	4.77%	-
4	International Shipbreaking Limited	Ship Breaking/Scrap	237	4.61%	173
5	Gulf Stream Marine	Vessel/Rental Services	175	3.41%	110
6	Duro Standard Product Company	Paper Products	130	2.53%	110
7	Jonick Lopez International	Trucking	114	2.22%	-
8	Bedoli Group	Scrap Recycling	101	1.97%	440
9	Industrial Asset Leasing/ Forza Steel	Steel Manufacturing & Supply	96	1.87%	-
10	Seahorse Transportation	Transportation Yard	86	1.67%	66

Source: Brownsville Navigation District Real Estate Services Department

City of Brownsville Employers

No.	Employer	Type of Activity	2023 Estimated No. of Employees	% of Total Cameron County Employment	2014 Estimated No. of Employees
1	Brownsville ISD	Education	6,135	3.56%	7,708
2	Caring For You Home Health	Home Health Care	2,300	1.33%	2,635
3	Space X	Aerospace	2,100	1.22%	-
4	Cameron County	Government	1,800	1.04%	2,040
5	Southwest Key Programs	Non-Profit Organization	1,500	0.87%	-
6	Keppel Amfels	Manufacturing	1,450	0.84%	1,400
7	University of Texas Rio Grande Valley	Education	1,372	0.80%	1,625
8	City of Brownsville	Government	1,269	0.74%	1,193
9	Abundant Life Home Health	Home Health Care	1,064	0.62%	1,200
10	Wal-Mart Associates, Inc.	Retail	1,055	0.61%	1,055

Source: City Of Brownsville 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
(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	General Cargo	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	36	(2) Apron 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	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	39	38	
Dock No. 5		1100	220	16.6	39		
Dock No. 6		1345	324	16.6	39		
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		4 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

Reported in Metric Tons

Last Ten Years

(Unaudited)

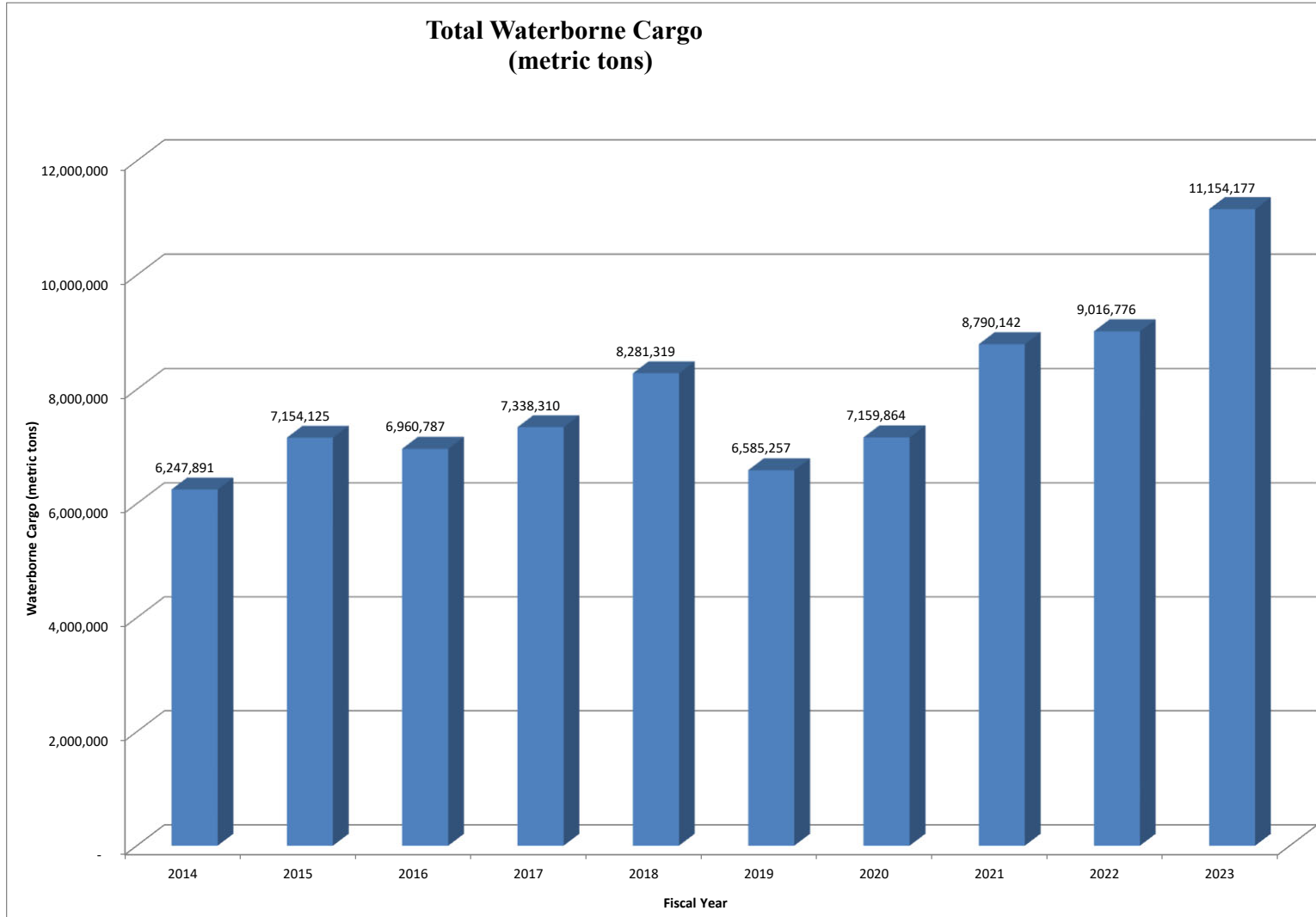
Breakdown of Waterborne Cargo by Product Classification (metric tons)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Farm Products	-	-	-	-	1,841	2,776	128,750	30,189	9,908	32,976
Forest Products	-	20	-	-	-	-	-	-	-	-
Metallic Ores	66,876	20,754	5,980	6,063	5,908	22,830	32,647	39,552	90,803	30,082
Nonmetallic Minerals, Except Fuels	457,538	933,470	653,142	534,921	333,977	560,430	545,660	608,893	246,077	505,005
Food and Kindred Products	-	-	-	68,420	96,130	7,203	37,130	1,500	18,036	58,555
Chemicals and Allied Products	29,705	23,679	63,554	6,032	13,934	-	6,280	22,034	34,714	1,102
Petroleum and Coal Products	3,220,882	3,823,846	3,906,192	4,330,383	4,729,332	3,482,989	3,416,047	3,887,485	3,809,483	4,821,643
Stone, Clay and Concrete Products	-	-	252	14,001	71,569	99,530	179,925	195,223	213,209	226,105
Primary Metal Products	2,333,491	2,256,784	2,237,335	2,174,706	2,843,217	2,224,208	2,544,213	3,902,236	4,518,369	5,413,237
Fabricated Metal Products	11,977	37,545	43,309	46,608	39,485	82,682	198,377	9,050	51,348	24,773
Lumber and Wood Products	-	-	372	79,158	-	-	-	-	-	-
Machinery	4,472	1,004	252	-	296	100	891	-	-	-
Special Items	3,270	3,127	8,112	818	1,290	10,528	31,344	36,117	2,097	2,263
Transportation Equipment	222	586	535	81	474	49	352	8,333	525	67
Waste and Scrap Materials	115,192	48,221	35,962	71,316	135,771	86,075	30,703	34,763	11,783	19,246
Water	4,264	5,089	5,790	5,803	8,095	5,858	7,546	14,765	10,424	19,123
Total	6,247,889	7,154,125	6,960,787	7,338,310	8,281,319	6,585,258	7,159,865	8,790,140	9,016,776	11,154,177

Summary of Waterborne Cargo by Movement Type (metric tons)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Foreign										
Imports	2,912,016	3,651,992	3,069,005	3,148,009	4,053,342	3,176,426	3,521,217	4,842,374	5,159,021	6,313,270
Exports	247,007	687,250	495,349	798,782	805,210	760,521	1,026,663	993,084	1,049,691	953,159
Total Foreign	3,159,023	4,339,242	3,564,354	3,946,791	4,858,552	3,936,947	4,547,880	5,835,458	6,208,712	7,266,429
Coastwise										
Receipts	1,237,280	1,238,634	1,690,879	1,589,505	1,474,048	854,620	501,457	351,593	247,171	460,664
Shipments	622,411	426,847	544,982	115,522	63,234	39,479	166,368	78,622	92,019	112,874
Total Coastwise	1,859,691	1,665,481	2,235,861	1,705,027	1,537,282	894,099	667,825	430,215	339,190	573,538
Intercoastal										
Receipts	716,173	761,379	959,848	1,457,353	1,655,435	1,584,289	1,714,260	2,326,500	2,282,564	3,066,079
Shipments	513,004	388,024	200,724	229,139	230,050	169,922	229,899	197,969	186,310	248,131
Total Intercoastal	1,229,177	1,149,403	1,160,572	1,686,492	1,885,485	1,754,211	1,944,159	2,524,469	2,468,874	3,314,210
Total Imports	2,912,016	3,651,992	3,069,005	3,148,009	4,053,342	3,176,426	3,521,217	4,842,374	5,159,021	6,313,270
Total Exports	247,007	687,250	495,349	798,782	805,210	760,521	1,026,663	993,084	1,049,691	953,159
Total Receipts	1,953,453	2,000,012	2,650,727	3,046,858	3,129,483	2,438,908	2,215,717	2,678,093	2,529,735	3,526,743
Total Shipments	1,135,415	814,871	745,706	344,661	293,284	209,402	396,267	276,591	278,329	361,005
Total	6,247,891	7,154,125	6,960,787	7,338,310	8,281,319	6,585,257	7,159,864	8,790,142	9,016,776	11,154,177

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



Brownsville Navigation District of Cameron County, Texas
Vessel Calls by Type of Vessel
 Last Ten Fiscal Years
 (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Barges	653	632	525	741	803	870	891	1,018	1,015	1,413
Cargo Vessels	118	131	29	44	67	30	53	27	10	14
Deck Barges	-	3	-	1	-	1	1	2	4	2
Drilling Rig	3	19	12	6	5	7	0	2	4	12
Fishing vessels	-	-	-	-	-	294	309	381	67	5
Miscellaneous	-	13	123	98	109	134	198	169	168	205
Ocean Barges	51	51	123	92	46	50	63	40	34	54
Scrap Vessels / Barges	15	9	6	7	12	7	10	10	14	11
Tugs	127	164	199	242	158	112	98	143	385	809
Tankers	92	118	74	86	106	61	48	62	53	36
Total	1,059	1,140	1,091	1,317	1,306	1,566	1,671	1,854	1,754	2,561

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Hourly/Salaried Employees										
Hourly Employees (Non-Exempt)	75	74	74	76	76	70	79	88	98	102
Salaried Employees (Exempt)	<u>21</u>	<u>24</u>	<u>25</u>	<u>25</u>	<u>28</u>	<u>31</u>	<u>30</u>	<u>32</u>	<u>31</u>	<u>35</u>
	96	98	99	101	104	101	109	120	129	137
Operations Employees										
Hourly Employees (Non-Exempt)	58	56	58	58	59	55	65	75	82	90
Salaried Employees (Exempt)	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>11</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>9</u>	<u>9</u>
	68	65	67	67	70	64	75	86	91	99
Administrative Employees										
Hourly Employees (Non-Exempt)	17	18	16	18	17	15	14	13	16	12
Salaried Employees (Exempt)	<u>11</u>	<u>15</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>22</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>26</u>
	28	33	32	34	34	37	34	34	38	38

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COMPLIANCE SECTION

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

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, 2023, 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 3, 2024.

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 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

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

Brownsville, Texas
June 3, 2024



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