



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

# **Brownsville Navigation District**

## **of Cameron County, Texas**

### **Annual Comprehensive Financial Report**

#### **For the Fiscal Year Ended December 31, 2025**

**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 12, 2026

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

To Chairman Lopez, 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:

The Brownsville Navigation District Finance Department is pleased to present the Annual Comprehensive Financial Report ("ACFR") of the Brownsville Navigation District of Cameron County, Texas ("District") for the year ended December 31, 2025. 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 for ensuring 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, governs 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 143 operations and administrative staff as of December 31, 2025.

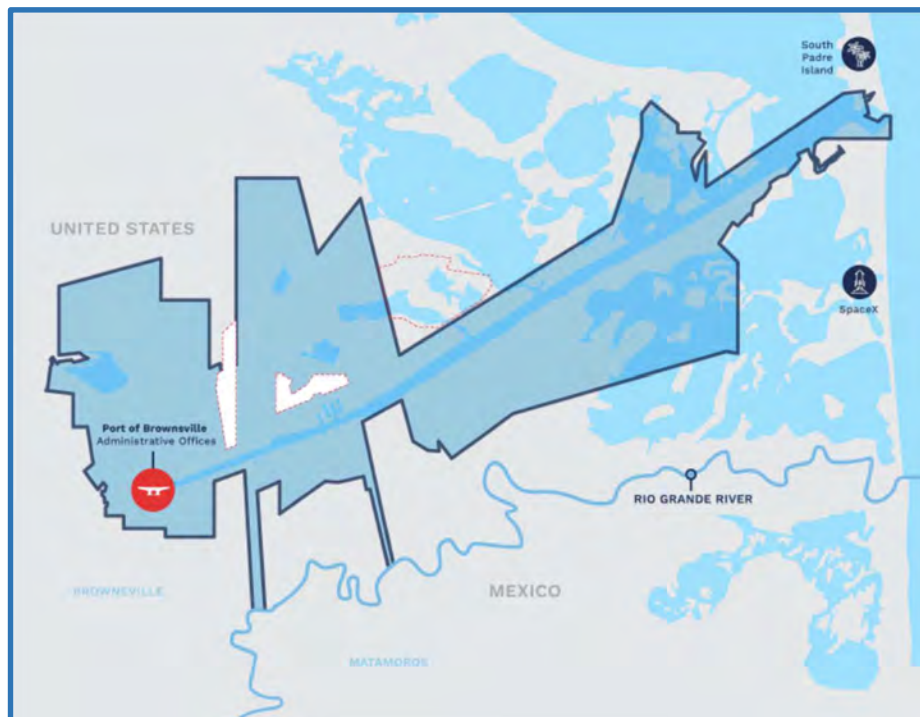
## Mission Statement

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

## 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 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.

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 has secured funding, including public/private partnerships and federal funds, to help defray the estimated project cost of \$306 million. The project commenced in 2024, with estimated completion in 2026.



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

Cameron County was created in 1848 and is the southernmost county in Texas. The County is approximately 1,200 square miles, including 300 square miles of rivers, estuaries, lagoons, bays, and ocean water. As of July 1, 2025, Census Bureau estimates, Cameron County's estimated population is 433,946, making it the thirteenth largest county in the State of Texas. The County has historically served as a key gateway for U.S./Mexico business. Cameron County is one of the few places in the country that offers highway connections to deepwater ports, airports, cargo service, and railways all with direct connections to international crossings. The County owns and operates three (3) international bridges which serve as major gateways for vehicle, pedestrian, and commercial traffic. In October 2025, Cameron County announced the acquisition of its fourth bridge, the Brownsville & Matamoros Bridge (B&M Bridge) from Union Pacific Railroad.

### ***City of Brownsville, Texas***

The City of Brownsville was founded in 1848 and later incorporated on February 7, 1853. The area of the City is approximately 146 square miles. The City, the county seat, is the largest city in Cameron County with a population of 192,957 as of July 1, 2025, Census Bureau estimates and ranks amongst the top 20 most populous cities in Texas. 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, and is connected by three international bridges. The City serves as a trade center for much of the lower Rio Grande Valley.

### ***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. 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 all types 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 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***

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.

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

| <b>Dock Number</b> | <b>Type of Cargo/Storage</b>   | <b>Vessels<br/>Accommodated</b> | <b>Location</b>          |
|--------------------|--------------------------------|---------------------------------|--------------------------|
| 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. The 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. The 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 offshore drilling platform and vessel construction facility are located in the Fishing Harbor.

### ***Terminal Operations***

As a bulk and break-bulk commodity port, the Port of Brownsville has developed a versatile marine terminal operation for both liquid and dry cargoes. Refined petroleum products such as natural gas, diesel, heavy naphtha and lubricants, steel bulk materials, ores, scrap, sand, limestone, grains, windmill components, space industry components, among other project cargo are some of the many commodities handled here.

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.

All General Cargo Sheds have hose stations and fire extinguishers suitable for the type of cargo normally handled through the 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 2025, the Port's Foreign Trade Zone ("FTZ") No. 62 celebrated its 45<sup>th</sup> anniversary and ranks among the top ten nationwide for the value of exported commodities. FTZ No. 62 served 113 users during the calendar year in general purpose warehousing and liquid bulk storage. A total of 2,300 acres are available for FTZ status at the Port of Brownsville, the Brownsville/South Padre Island International Airport, Valley International Airport, the Harlingen Industrial Park Airpark, the NAFTA Industrial Park and the FINSA Industrial Park at Los Indios.



One of the most significant impacts 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) and 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

| <b>Fiscal Year<sup>(2)</sup></b> | <b>Inbound Tonnage<br/>(Metric Tons)</b> | <b>Outbound Tonnage<br/>(Metric Tons)</b> | <b>Total Tonnage<br/>(Metric Tons)</b> | <b>Number of Vessels<sup>(1)</sup></b> | <b>Foreign Trade Zone Value(1,000's)<sup>(2)</sup></b> |
|----------------------------------|------------------------------------------|-------------------------------------------|----------------------------------------|----------------------------------------|--------------------------------------------------------|
| 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                                              |
| 2024                             | 9,320,677                                | 1,319,307                                 | 10,639,984                             | 2,322                                  | 4,077,656                                              |
| 2025                             | 7,604,865                                | 1,598,250                                 | 9,203,115                              | 1,936                                  | 2,045,424                                              |

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

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

<sup>(2)</sup> Fiscal year changed from a March 1 to December 31 year ending in 2008. The 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 energy sector projects, liquid terminals and steel fabrication projects. 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 debt issued to improve all Port facilities. The District had approximately 14,500 acres under lease or lease for fiscal year 2025.

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 2025, 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 short line 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 2025, the BRG handled 82,892 loaded railcars. Over the past ten years, the number of annual carloads handled in 2025 marked a one-hundred twenty (120) percent increase from the 37,750 railcar movements in 2016, 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 sales of overweight permits are remitted to TxDOT and are dedicated to the maintenance of the corridor. For fiscal year 2025, of the \$30 permit fee, TxDOT received 85% or \$25.50, a total of \$1,372,078 from the 53,807 permits sold, with the Port retaining the other \$4.50 for administrative costs, a total of \$242,131. 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 41<sup>st</sup> position in the country for the movement of waterborne cargo in 2023, a significant leap from 50<sup>th</sup> place in 2022. In 2025, there was approximately 25,948,902 metric tons of cargo being transported through the Port of Brownsville. 2025 Waterborne cargo of approximately 9,211,132 metric tons accounted for thirty-five (35) percent of 2025 total cargo volumes. The Port’s efforts 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 proximity to key markets allows the port to efficiently deliver goods and commodities to multinational manufacturing centers on both sides of the border, solidifying its role as a critical transshipment gateway. This helps the port stand out as the ideal location for nearshoring ventures, enabling companies to bring their manufacturing and logistics operations and close gaps in the supply chain.

Steel is a cornerstone at the Port of Brownsville. The logistical advantages of the port have catapulted the Port of Brownsville as the major gateway for steel into Mexico, moving 4.7 million tons of steel commodities in 2025, much of it for Ternium, a leading steel producer in the Americas. Ternium’s Pesqueria plant, located near the Monterrey metropolitan area, is one of the most modern industrial complexes in the world that supports the automotive, construction, and white appliances industries in Mexico. The company utilizes the Port of Brownsville for receiving, staging and shipping the steel slab processed at its plant. In June 2023, Ternium announced a \$7.2 billion investment to build a new steelworks and cold-rolling facility at its existing site in Pesquería. Featuring multiple steel furnaces, the expansion will significantly boost production capacity to meet global demand. This investment is expected to increase steel and metal throughput at the Port of Brownsville to more than 9 million tons annually.

Forza Steel represents another major success in the Port of Brownsville's growing nearshoring and industrial recruitment efforts. The Mexico-based steel manufacturer selected Brownsville as the site for its first U.S. manufacturing operation, investing approximately \$100 million in a 650,000-square-foot facility located on 23 acres along State Highway 48. The plant produces carbon steel pipes and tubes used in the automotive, construction, and oil and gas sectors, strengthening domestic supply chains while bringing production closer to U.S. markets. By sourcing steel primarily from U.S. mills, including suppliers in Pittsburgh, Forza Steel further reinforces cross-border manufacturing integration and American industrial competitiveness. The company has created more than 150

direct manufacturing jobs and supports over 450 indirect jobs, with average manufacturing salaries around \$80,000. The company plans to bring 260,000 metric tons of steel a year while outputting 240,000 tons annually.

The port is a major transshipment hub for liquid products such as premium gasoline, diesel, jet fuels, and lubricants, which are then distributed to South Texas and Mexico. As demand for refined products continues to grow, the port's capacity to handle large volumes offers customers valuable access to Mexico's interior—a crucial advantage in a competitive market. In 2025, over 13.7 million tons of liquid commodities were exported to Mexico via pipeline from the port's terminals. Additionally, storage tank farms for refined petroleum at the Port of Brownsville are expanding, with a current capacity of 8 million barrels and more under construction.

The Port of Brownsville continues to strengthen its position as a leading energy hub through several transformative projects that are advancing energy security, economic growth, and long-term investment in South Texas.

Among the most significant developments is the America First Refining project, announced in March 2026. The project, with a capital investment of \$3 billion, represents the first new oil refinery planned for the U.S. Gulf Coast in nearly 50 years and is expected to process up to 60 million barrels of domestically produced crude oil annually at full capacity. The refinery will produce gasoline, diesel, and jet fuel for domestic and international markets, supporting U.S. energy independence while enhancing the resilience of domestic supply chains. The project is expected to generate thousands of construction jobs and hundreds of permanent operational positions, delivering substantial economic benefits to the Rio Grande Valley and reinforcing the region's role in the nation's energy future.

Construction activity also continues on Rio Grande LNG, a \$36 billion investment located on 984 leased acres within the port. Five of the facility's eight liquefaction trains are currently under construction, with LNG exports anticipated to begin in 2027. Upon completion, the facility is expected to produce enough liquefied natural gas annually to meet the heating and cooling needs of more than 37 million U.S. households. The project continues to provide significant workforce opportunities, with approximately 73 percent of the more than 5,000 skilled workers currently on-site residing in the Rio Grande Valley. Additionally, Texas LNG has reached another important milestone with all major permits secured. The project is advancing toward a final investment decision anticipated in summer 2026, with commercial operations targeted to begin in 2028. Together, these projects represent billions of dollars in capital investment and underscore the Port of Brownsville's growing importance as a center for energy production, exports, and economic development.

Karpowership, the world's leading provider of floating power plant technology and mobile energy solutions, has established a significant presence at the Port of Brownsville through the acquisition of the former Seatrium AmFELS shipyard. The company is investing approximately \$1.5 billion to transform the facility into a strategic operations hub supporting its expanding activities across North America and global markets. The project includes the redevelopment and modernization of 137 leased acres, where Karpowership is currently retrofitting the former shipyard to support future operations. The facility will leverage the port's deep-water access, skilled workforce, and multimodal transportation network to support the construction, maintenance, and deployment of the company's fleet of floating power plants — the largest in the world. As operations continue to expand, the project is expected to support more than 1,500 long-term jobs, with additional employment opportunities anticipated as activities ramp up. Average annual salaries are projected to range from \$70,000 to \$80,000, creating high-quality career opportunities and generating substantial economic impact throughout the Rio Grande Valley.

Space Exploration Technologies (SpaceX), a private space exploration company, is located east of Brownsville, near Boca Chica Beach. Starbase, a rocket launch facility, is one of the world's first commercial spaceports designed for orbital missions. This facility is optimized for Starship, a fully reusable transportation system. Starship will also support satellite delivery, the development of a lunar base, and point-to-point transportation on Earth. The Port of Brownsville will serve as homeport for SpaceX for the movement space industry components. These components arrive at the port docks and are transloaded onto specialized trucks that transport the cargo via the Port's South Port Connector Road. This road provides direct access from the port to Starbase and to commercial lanes at Veterans International Bridge for southbound cargo. Economic activity generated by SpaceX supports thousands of jobs in Cameron County and the larger Rio Grande Valley.

The Texas A&M Advanced Manufacturing Training Hub represents a transformative investment in workforce development and the future of industrial growth at the Port of Brownsville. Currently under construction, the facility is designed to prepare students, job seekers, and incumbent workers for high-demand careers in advanced manufacturing, maritime operations, energy, logistics, and other technical industries that are driving economic expansion across South Texas. Supported by an initial investment of approximately \$30 million, the training hub will be located on 22 acres at the Port of Brownsville and is scheduled for completion in 2027.

### **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 2026, the District has budgeted operating revenues of \$45,969,719, representing a 6.2% increase compared to FY 2025 actual operating revenues of \$43,386,327. Nonoperating revenues are budgeted at \$8,523,884 for 2026. Total operating expenses, excluding depreciation, for 2026 are budgeted at \$25,277,121. The District projects net income, before capital contributions and grant revenues of approximately \$14,750,801 for 2026. Grant revenues are budgeted at \$1,641,234.

In 2025, the District expended approximately \$31.3 million in capital improvements, through the use of available cash, investments, and grants. For 2026, the District expects to expend \$63.0 million for various capital projects. Approximately, \$2.5 million is budgeted for the completion of the BIH Channel Deepening project, \$35 million relates to the cargo dock 3 reconstruction project and improvements at other docks, \$2.5 million is designated for dredging areas along docks, \$4.5 million is designated for water and wastewater infrastructure upgrades, and \$8.0 million is designated for the relocation of dredge material placement area 8 levee. The remaining 2026 capital budget funds are planned for purchases of equipment, improvements to various port owned facilities, 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 has contributed approximately \$63 million including in-kind contributions. The District was able to secure \$11.5 million in grant funding for the estimated \$45 million Bulk Cargo Dock 3 improvement project.

## **Major Initiatives and Accomplishments**

### ***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. 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.

### ***Cargo Dock 3 Reconstruction Project***

The reconstruction of Cargo Dock 3 is currently underway, representing an approximately \$40 million investment in one of the Port of Brownsville's most critical cargo-handling facilities. Supported by the Texas Department of Transportation Maritime Division, the project focuses on modernizing key port infrastructure to enhance operational safety, improve cargo-handling efficiency, and increase the port's capacity to accommodate larger vessels. Once completed, the upgraded dock will complement the port's newly deepened ship channel, strengthening its competitive position and supporting continued growth in regional and international trade.

### ***Business Park***

The District completed a 118-acre business park project which will serve as a magnet to businesses seeking to leverage the port's strategic location and multimodal connectivity. This new business park 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 business park 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.

## **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, 2025, 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, 2024. This was the fourteenth 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  
Port Director and CEO



Zeus Yanez  
Director of Finance

**Brownsville Navigation District of Cameron County, Texas**  
**DIRECTORY OF OFFICIALS**

**PORT COMMISSIONERS**

|                                |                      |
|--------------------------------|----------------------|
| <b>Sergio T. Lopez</b>         | <b>Chairman</b>      |
| <b>Ernesto Gutierrez</b>       | <b>Vice Chairman</b> |
| <b>John Reed</b>               | <b>Secretary</b>     |
| <b>David A. Garcia</b>         | <b>Commissioner</b>  |
| <b>Luis H. Villarreal, Jr.</b> | <b>Commissioner</b>  |

**ADMINISTRATION**

|                           |                                                         |
|---------------------------|---------------------------------------------------------|
| <b>William Dietrich</b>   | <b>Port Director and CEO</b>                            |
| <b>Arturo Gomez</b>       | <b>Deputy Port Director of Operations</b>               |
| <b>Zeus Yanez</b>         | <b>Director of Finance</b>                              |
| <b>Margarita S. Recio</b> | <b>Director of Administrative Services</b>              |
| <b>Manuel Martinez</b>    | <b>Director of Engineering Services</b>                 |
| <b>Michael Davis</b>      | <b>Harbor Master</b>                                    |
| <b>Vacant</b>             | <b>Chief of Police &amp; Security</b>                   |
| <b>Santos Barbosa</b>     | <b>Director of Facilities Maintenance</b>               |
| <b>Jorge I. Montero</b>   | <b>Director of Communications</b>                       |
| <b>Antonio Rodriguez</b>  | <b>Director of Cargo Services &amp; FTZ</b>             |
| <b>Guillermo Rico</b>     | <b>Director of Business Development &amp; Marketing</b> |
| <b>Yessenia Gonzalez</b>  | <b>Director of Human Resources</b>                      |
| <b>Janie Velasquez</b>    | <b>Director of Real Estate</b>                          |

**Certified Public Accountants**

**Carr, Riggs & Ingram, LLC**  
**Brownsville, Texas**

**Legal Counsel**

**Rentfro, Irwin & Irwin, PLLC**  
**Brownsville, Texas**

**Financial Advisor**

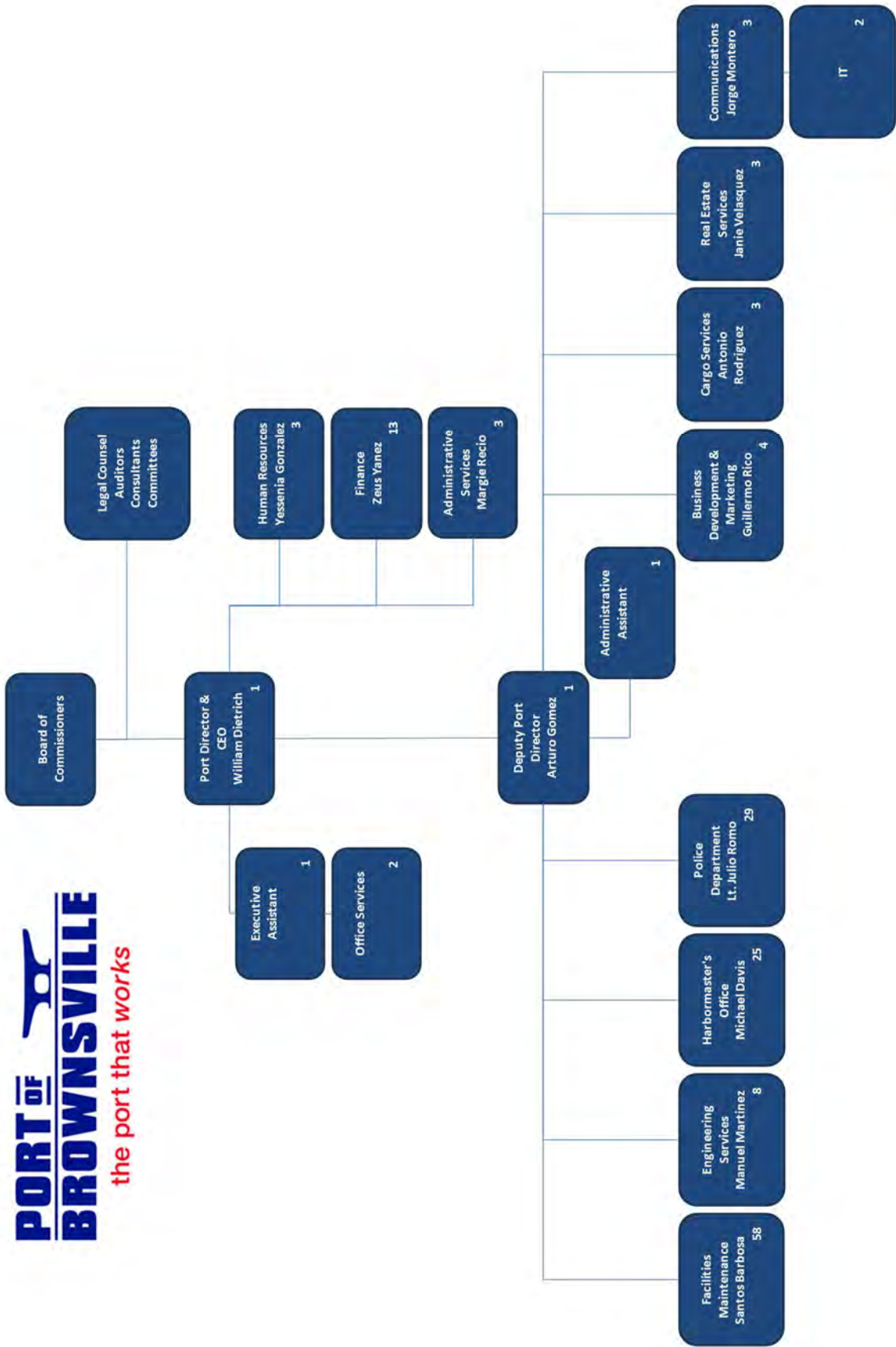
**TRB Capital Markets, LLC (d/b/a Estrada Hinojosa)**  
**Dallas, Texas**

**Bond Counsel**

**Winstead PC**  
**San Antonio, Texas**



Brownsville Navigation District Organizational Chart





Government Finance Officers Association

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

Presented to

**Brownsville Navigation District of Cameron County  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2024

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**



**Carr, Riggs & Ingram, L.L.C.**  
402 East Tyler Avenue  
Harlingen, TX 78550  
  
956.423.3765  
956.428.7520 (fax)  
CRIadv.com

## **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, 2025, 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, 2025, 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.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the employer's net pension liability/(asset) and related ratios, schedule of employer contributions, and schedule of annual money-weighted rate of return on pages 20-26 and 76-78 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.

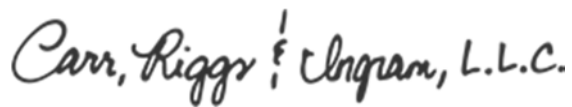
### ***Other Information***

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 12, 2026, 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.

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

Harlingen, Texas  
June 12, 2026



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Brownsville Navigation District of Cameron County, Texas**  
**Management's Discussion and Analysis (MD&A)**  
**For the Fiscal Year Ended December 31, 2025**

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, 2025. 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, 2025, was \$390,436,010, increasing \$38,150,084 or 10.8% over the prior year.
- The District's total assets and deferred outflows of resources increased by \$84,819,200 or 13% during the fiscal year ended December 31, 2025. Current year lease activities increased the District's lease receivables by \$3,076,739. Additionally, there was an increase in investments of \$67,335,192, an increase in net pension asset of \$1,531,687, an increase in assets held for sale of \$87,283, an increase in taxes receivable of \$269,577, and an increase in total capital assets, net of \$18,386,144. These increases are offset by a decrease in cash and cash equivalents of \$4,017,065, a decrease in net accounts receivable of \$1,714,752, a decrease in notes receivable of \$130,293, and a decrease in deferred outflows related to pension of \$38,216.
- The District's total liabilities and deferred inflows of resources decreased by \$46,669,116 or 16%. The increase is primarily attributed to the execution of a loan agreement in the amount of \$43,000,000. Additionally, there was an increase in accounts payable of \$1,932,372, an increase in accrued liabilities of \$2,952,361, an increase in compensated absences of \$117,917, an increase in deferred inflows of resources related to pension of \$235,536, an increase in deferred inflows of resources related to leases of \$174,385, and an increase in deferred property tax revenue of \$456,952. These increases were offset by a decrease in customer deposits of \$193,929, a decrease in unearned lease rentals of \$477,758, in outstanding bonds and related premiums of \$1,501,042, and a decrease in the SBITA liability of \$26,864.
- Current assets exceeded current liabilities by \$146,456,739.
- For the fiscal year ended December 31, 2025, the District reported a net pension asset of \$1,704,634. In 2025, deferred outflows of resources related to pension decreased by \$38,216 and deferred inflows of resources related to pension increased by \$235,536.
- The District's operating income before depreciation totaled \$24,440,161 for 2025, decreasing to \$11,547,744 after a depreciation and amortization expense of \$12,892,417.
- The District's 2025 operating revenues totaled \$43,026,658, a decrease of \$359,669, or 1%, from 2024 operating revenues of \$43,386,327.
- The District's 2025 operating expenses before depreciation of \$18,586,497, decreased \$318,691 or 2% over 2024 operating expenses before depreciation of \$18,905,188.

## 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, 2025. 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 35-75.

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 2025 fiscal year were \$723,805,831, an increase of \$84,819,200, or 13.3%, over the 2024 fiscal year total of \$638,986,631. At December 31, 2025, total assets plus deferred outflows of resources exceeded total liabilities plus deferred inflows of resources by \$390,436,010. The District's total net position for the years ended December 31, 2025, and 2024 were \$390,436,010 and \$352,285,926, respectively. The largest component of the District's net position (\$237,154,584) or 60.7% and \$265,126,731 or 75.3% for fiscal years 2025 and 2024, 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 \$11,410,720 and \$7,162,191 for fiscal years 2025 and 2024, respectively, is subject to external restrictions on how it may be used. The remaining balances of unrestricted net position totaling \$141,870,706 and \$79,997,004 for fiscal years 2025 and 2024, 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, 2025 and 2024:

### Condensed Statements of Net Position December 31, 2025 and 2024

|                                                            | 2025                  | 2024                  |
|------------------------------------------------------------|-----------------------|-----------------------|
| Current assets                                             | \$ 162,983,688        | \$ 100,745,914        |
| Capital assets, net                                        | 315,127,713           | 296,741,569           |
| Other non-current assets                                   | 243,774,504           | 239,541,006           |
| Total assets                                               | 721,885,905           | 637,028,489           |
| Deferred outflows of resources                             | 1,919,926             | 1,958,142             |
| <b>Total assets and deferred outflows of resources</b>     | <b>\$ 723,805,831</b> | <b>\$ 638,986,631</b> |
| Current liabilities                                        | \$ 16,526,949         | \$ 12,164,372         |
| Non-current liabilities                                    | 69,558,358            | 28,118,692            |
| Total liabilities                                          | 86,085,307            | 40,283,064            |
| Deferred inflows of resources                              | 247,284,514           | 246,417,641           |
| <b>Total liabilities and deferred inflows of resources</b> | <b>333,369,821</b>    | <b>286,700,705</b>    |
| <b>Net Position:</b>                                       |                       |                       |
| Net investment in capital assets                           | 237,154,584           | 265,126,731           |
| Restricted                                                 | 11,410,720            | 7,162,191             |
| Unrestricted                                               | 141,870,706           | 79,997,004            |
| <b>Total net position</b>                                  | <b>\$ 390,436,010</b> | <b>\$ 352,285,926</b> |

## 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, 2025, increased by \$38,150,084 or 10.8% 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 2025, total operating revenues decreased by \$359,669 from \$43,386,327 in 2024 to \$43,026,658 in 2025. Vessel and cargo services revenue decreased by \$2,344,593 or 11.4% from \$20,575,407 in 2024 to \$18,230,814 in 2025. The decrease in vessel and cargo services revenue was driven by decreases in the volume of waterborne cargo due to the implementation of tariffs by the United States and other countries affecting imports and exports. The Port recorded total waterborne cargo of 9,211,132 metric tons for 2025, a decrease of 13.5% from the previous year. Liquid petroleum and steel products were the commodities most affected by the implementation of tariffs across the globe. Other operating revenues increased by \$550,606 or 13.8% primarily due to increases in franchise payments received in 2025.

Operating expenses, excluding depreciation, decreased by \$318,691 from \$18,905,188 in 2024 to \$18,586,497 in 2025, primarily due to decreases net pension expense, materials expenses, and services expense. The District also experienced a decrease in insurance premiums of \$151,082 compared to 2024. With a decrease in water required by District customers in 2025, utilities expenses decreased by \$193,169.

Total non-operating income was \$15,232,222 and \$14,507,153, for 2025 and 2024, respectively. The District reported \$7,883,660 of lease interest revenue for 2025 in accordance with the GASB Statement No. 87, *Leases* standard. In 2025, the District received \$3,789,602 in property tax, net of tax collection fees, discounts, and bad debt expense. The District also received \$97,027 in penalties and interest for a combined 2025 property tax revenues total of \$3,886,629. This represents an increase of \$428,729 from 2024 combined totals of \$3,457,900. The increase in tax revenue is attributed to increases in taxable property values. Interest income from deposits and investments totaled \$4,649,841, an increase of \$632,244 compared to 2024.

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The following table summarizes the changes in net position of the District for the fiscal years ended December 31, 2025 and 2024:

**Changes in Net Position**  
**For Fiscal Years Ended December 31, 2025 and 2024**

|                                                 | 2025           | 2024           | Variance       |
|-------------------------------------------------|----------------|----------------|----------------|
| <b>Revenues</b>                                 |                |                |                |
| Operating revenues:                             |                |                |                |
| Vessel and cargo services                       | \$ 18,230,814  | \$ 20,575,407  | \$ (2,344,593) |
| Lease rentals                                   | 20,264,888     | 18,830,570     | 1,434,318      |
| Other operating revenue                         | 4,530,956      | 3,980,350      | 550,606        |
| Total operating revenues                        | 43,026,658     | 43,386,327     | (359,669)      |
| Interest income                                 | 4,649,841      | 4,017,597      | 632,244        |
| Lease interest revenue                          | 7,883,660      | 6,743,563      | 1,140,097      |
| Amortization of debt premiums                   | 66,389         | 66,389         | -              |
| Gain (loss) on disposal of assets held for sale | (12,062)       | 448,456        | (460,518)      |
| Property taxes, net                             | 3,886,629      | 3,457,900      | 428,729        |
| Other non-operating income                      | -              | 857,695        | (857,695)      |
| <b>Total Revenues</b>                           | 59,501,115     | 58,977,927     | 523,188        |
| <b>Expenses</b>                                 |                |                |                |
| Operating expenses                              |                |                |                |
| Wages and employee expenses                     | 8,933,999      | 8,519,920      | 414,079        |
| Maintenance and operation of facilities         | 4,072,473      | 4,791,501      | (719,028)      |
| General and administrative expenses             | 5,580,025      | 5,593,767      | (13,742)       |
| Depreciation and amortization                   | 12,892,417     | 11,242,044     | 1,650,373      |
| Total operating expenses                        | 31,478,914     | 30,147,232     | 1,331,682      |
| Interest expense                                | 1,030,910      | 1,083,122      | (52,212)       |
| Costs of debt issuance                          | 210,000        | -              | 210,000        |
| Bond service fees                               | 1,325          | 1,325          | -              |
| <b>Total Expenses</b>                           | 32,721,149     | 31,231,679     | 1,489,470      |
| <b>Income before capital contributions</b>      | 26,779,966     | 27,746,248     | (966,282)      |
| Capital contributions                           | 1,230,705      | 5,740,500      | (4,509,795)    |
| Capital contributions from grants               | 10,139,413     | -              | 10,139,413     |
| <b>Change in net position</b>                   | 38,150,084     | 33,486,748     | 4,663,336      |
| Net position - beginning of year                | 352,285,926    | 318,799,178    | 33,486,748     |
| Net position - end of year                      | \$ 390,436,010 | \$ 352,285,926 | \$ 38,150,084  |

## CAPITAL ASSETS

During 2025, the District's total net capital assets reflected an increase of \$18,386,144 or 6.2% over the prior year. The following table summarizes the District's capital assets as of December 31, 2025 and 2024:

### December 31, 2025 and 2024

|                                               | 2025           | 2024           |
|-----------------------------------------------|----------------|----------------|
| 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                       | 122,982,051    | 120,334,484    |
| Water and sewer systems                       | 15,403,042     | 14,019,580     |
| Railroads                                     | 13,151,748     | 12,076,082     |
| Land improvements and roads                   | 122,653,104    | 112,035,712    |
| Administration building                       | 8,526,535      | 8,526,535      |
| Industrial equipment                          | 19,361,942     | 18,291,557     |
| Furniture and equipment                       | 1,974,156      | 1,958,448      |
| Subscription assets - SBITAs                  | 83,034         | 83,034         |
| Intangible assets                             | 5,895,274      | 5,895,274      |
| Construction in progress                      | 83,801,246     | 69,332,865     |
| Total capital assets                          | \$ 461,920,217 | \$ 430,641,656 |
| Less: Accumulated depreciation & amortization | (146,792,504)  | (133,900,087)  |
| Net capital assets                            | \$ 315,127,713 | \$ 296,741,569 |

The District's major construction-in-progress activity during 2025 includes the following:

|                                    |             |
|------------------------------------|-------------|
| • Channel deepening project        | \$2,398,524 |
| • Road improvement projects        | 505,185     |
| • Storage patio expansion projects | 2,669,820   |
| • Business Park project            | 4,632,129   |
| • Dock improvement projects        | 19,597,774  |

The construction-in-progress category experienced a net increase of \$14,468,381 during 2025. The increase is primarily attributed to the ongoing Brazos Island Harbor channel deepening project and the Cargo Dock 3 reconstruction project which began development in 2025. Other ongoing projects included in construction-in-progress category balance include the development of the Port's business park project, various dock improvement projects, waterline replacement projects, and improvements to Port roads.

During 2025, the land improvements and roads category increased by \$10,617,392 primarily due to the completion of road pavement projects, expansion of open patio storage areas, and upgrades to various port owned facilities.

During 2025, the industrial equipment category increased by \$1,070,385 due to the acquisition of a new police boat, new excavator, and the installation of a new generator at the Harbor Master's Office.



## CAPITAL ASSETS (Continued)

During 2025, the docks and appurtenances category increased by \$2,647,567 primarily due to the completion of a project along Dock 10.

During 2025, the railroad category increased by \$1,075,666 due to the reconstruction of various railroad crossings.

The water and sewer systems category increased by \$1,383,462 due to the completion of various water and sewer line replacement projects throughout the port.

At December 31, 2025, the District had remaining contractual obligations totaling approximately \$27,610,159 for improvement of port facilities, waterlines, and roads. Funding of these amounts will come from the available revenues of the District, as well as Federal and state grants.

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

## DEBT ADMINISTRATION

In prior years, the District 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. During 2025, the District executed a \$43 million loan agreement with the Texas Department of Transportation under the Ship Channel Improvement Revolving Fund. The proceeds from the \$43 million loan were used to reimburse previously expended qualified costs of the Brazos Island Harbor Channel Deepening project.

The following table summarizes the District's principal long-term debt outstanding as of December 31, 2025 and 2024:

|                                                 | 2025          | 2024          |
|-------------------------------------------------|---------------|---------------|
| Revenue bonds                                   | \$ 26,545,000 | \$ 27,970,000 |
| Ship Channel Improvement<br>Revolving Fund Loan | 43,000,000    | -             |
| Total long-term debt                            | \$ 69,545,000 | \$ 27,970,000 |

The District maintains an A2 rating from Moody's Investor Service and a positive 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.

## **BASIC FINANCIAL STATEMENTS**

## BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**STATEMENT OF NET POSITION**

December 31, 2025

**ASSETS**

## Current Assets - Unrestricted:

|                                                                  |                    |
|------------------------------------------------------------------|--------------------|
| Cash and cash equivalents                                        | \$ 13,080,638      |
| Investments                                                      | 123,726,357        |
| Accounts receivable, net of allowance for uncollectible accounts | 1,289,326          |
| Notes receivable, current                                        | 113,812            |
| Taxes receivable - M&O, net of estimated uncollectible taxes     | 1,521,027          |
| Lease receivable - current portion                               | 9,350,495          |
| Other receivables and accrued interest                           | 3,040,681          |
| Prepaid and other current assets                                 | 1,149,589          |
| <b>Total Current Assets - Unrestricted</b>                       | <b>153,271,925</b> |

## Current Assets - Restricted:

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| Cash - revenue bond fund                                      | 6,054,088        |
| Cash - general obligation bond fund                           | 133,878          |
| Cash - TRZ construction fund                                  | 3,412,236        |
| Cash - overweight permits                                     | 5,677            |
| Taxes receivable - G.O., net of estimated uncollectible taxes | 105,884          |
| <b>Total Current Assets - Restricted</b>                      | <b>9,711,763</b> |

|                             |                    |
|-----------------------------|--------------------|
| <b>Total Current Assets</b> | <b>162,983,688</b> |
|-----------------------------|--------------------|

## Non-current Assets:

|                                                 |                    |
|-------------------------------------------------|--------------------|
| Non-depreciable capital assets                  | 151,889,331        |
| Depreciable capital assets                      | 310,030,886        |
| Less: accumulated depreciation and amortization | (146,792,504)      |
| <b>Total Capital Assets, Net</b>                | <b>315,127,713</b> |

## Other Non-current Assets:

|                                       |                    |
|---------------------------------------|--------------------|
| Notes receivable, non-current         | 131,089            |
| Leases receivable                     | 240,681,105        |
| Other assets                          | 15,000             |
| Assets held for sale                  | 1,242,676          |
| Net pension asset                     | 1,704,634          |
| <b>Total Other Non-current Assets</b> | <b>243,774,504</b> |

|                                 |                    |
|---------------------------------|--------------------|
| <b>Total Non-current Assets</b> | <b>558,902,217</b> |
|---------------------------------|--------------------|

|                     |                    |
|---------------------|--------------------|
| <b>Total Assets</b> | <b>721,885,905</b> |
|---------------------|--------------------|

**DEFERRED OUTFLOWS OF RESOURCES**

|                                             |                  |
|---------------------------------------------|------------------|
| Deferred outflows related to pension        | 1,919,926        |
| <b>Total Deferred Outflows of Resources</b> | <b>1,919,926</b> |

|                                                        |                       |
|--------------------------------------------------------|-----------------------|
| <b>Total Assets and Deferred Outflows of Resources</b> | <b>\$ 723,805,831</b> |
|--------------------------------------------------------|-----------------------|

See accompanying notes to financial statements.

(continued)

**STATEMENT OF NET POSITION - CONTINUED**

December 31, 2025

**LIABILITIES**

## Current Liabilities:

|                                              |                   |
|----------------------------------------------|-------------------|
| Accounts payable                             | \$ 4,211,007      |
| Accrued liabilities                          | 4,463,275         |
| Interest payable                             | 338,587           |
| Customer deposits                            | 4,833,585         |
| Unearned lease rentals                       | 572,824           |
| Current compensated absences                 | 595,001           |
| Current SBITA liability                      | 27,670            |
| Current maturities of long-term debt - bonds | 1,485,000         |
| <b>Total Current Liabilities</b>             | <b>16,526,949</b> |

## Non-current Liabilities:

|                                           |                   |
|-------------------------------------------|-------------------|
| Compensated absences, non-current         | 345,041           |
| Revenue bonds, net of unamortized premium | 26,213,317        |
| Loan payable                              | 43,000,000        |
| <b>Total Non-current Liabilities</b>      | <b>69,558,358</b> |

|                          |                   |
|--------------------------|-------------------|
| <b>Total Liabilities</b> | <b>86,085,307</b> |
|--------------------------|-------------------|

**DEFERRED INFLOWS OF RESOURCES**

|                                                         |                    |
|---------------------------------------------------------|--------------------|
| Deferred inflows related to pension                     | 235,536            |
| Deferred inflows of resources related to leases         | 242,542,142        |
| Deferred inflows of resources related to property taxes | 4,506,836          |
| <b>Total Deferred Inflows of Resources</b>              | <b>247,284,514</b> |

|                                                            |                    |
|------------------------------------------------------------|--------------------|
| <b>Total Liabilities and Deferred Inflows of Resources</b> | <b>333,369,821</b> |
|------------------------------------------------------------|--------------------|

**NET POSITION**

|                                        |                    |
|----------------------------------------|--------------------|
| Net investment in capital assets       | 237,154,584        |
| Restricted for:                        |                    |
| Debt service and contingency           | 6,054,088          |
| General obligation bond debt service   | 239,762            |
| Transportation Reinvestment Zone (TRZ) | 3,412,236          |
| Pension obligations                    | 1,704,634          |
| Unrestricted                           | 141,870,706        |
| <b>Total Net Position</b>              | <b>390,436,010</b> |

|                                                                               |                       |
|-------------------------------------------------------------------------------|-----------------------|
| <b>Total Liabilities, Deferred Inflows of Resources,<br/>and Net Position</b> | <b>\$ 723,805,831</b> |
|-------------------------------------------------------------------------------|-----------------------|

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, 2025

**OPERATING REVENUES**

|                                 |                   |
|---------------------------------|-------------------|
| Vessel and cargo services       | \$ 18,230,814     |
| Lease revenues                  | 20,264,888        |
| Other operating revenue         | 4,530,956         |
| <b>Total Operating Revenues</b> | <b>43,026,658</b> |

**OPERATING EXPENSES, OTHER THAN  
DEPRECIATION**

|                                         |                   |
|-----------------------------------------|-------------------|
| Wages and employee expenses             | 8,933,999         |
| Maintenance and operation of facilities | 4,072,473         |
| General and administrative expenses     | 5,580,025         |
| <b>Total Operating Expenses</b>         | <b>18,586,497</b> |

|                                            |            |
|--------------------------------------------|------------|
| Income from operations before depreciation | 24,440,161 |
|--------------------------------------------|------------|

|                               |            |
|-------------------------------|------------|
| Depreciation and amortization | 12,892,417 |
|-------------------------------|------------|

|                         |                   |
|-------------------------|-------------------|
| <b>OPERATING INCOME</b> | <b>11,547,744</b> |
|-------------------------|-------------------|

**NON-OPERATING INCOME (EXPENSE)**

|                                                                     |                      |
|---------------------------------------------------------------------|----------------------|
| Interest income on deposits and investments                         | 4,649,841            |
| Lease interest revenue                                              | 7,883,660            |
| Loss on assets held for sale                                        | (12,062)             |
| Property taxes - net of discounts, bad debt and collection expenses |                      |
| Maintenance and operations                                          | 3,795,735            |
| General obligation bond debt service                                | (6,133)              |
| Penalties and interest                                              | 97,027               |
| Interest expense - bonds                                            | (965,438)            |
| Interest expense - notes                                            | (63,778)             |
| Interest expense - SBITA                                            | (1,694)              |
| Amortization of debt premiums and prepaid bond insurance            | 66,389               |
| Costs of debt issuance                                              | (210,000)            |
| Bond service fees                                                   | (1,325)              |
| <b>Total Non-Operating Income</b>                                   | <b>\$ 15,232,222</b> |

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, 2025

|                                     |                |
|-------------------------------------|----------------|
| Income Before Capital Contributions | \$ 26,779,966  |
| Capital contributions               | 1,230,705      |
| Capital contributions from grants   | 10,139,413     |
| <hr/>                               |                |
| Increase in net position            | 38,150,084     |
| Net position at beginning of year   | 352,285,926    |
| <hr/>                               |                |
| Net position at end of year         | \$ 390,436,010 |
| <hr/>                               |                |

See accompanying notes to the financial statements.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2025

**OPERATING ACTIVITIES**

|                                             |                   |
|---------------------------------------------|-------------------|
| Receipts from customers                     | \$ 41,727,671     |
| Payments to suppliers for goods or services | (5,372,198)       |
| Payments to employees                       | (10,030,879)      |
| Net cash provided by operating activities   | <u>26,324,594</u> |

**NONCAPITAL FINANCING ACTIVITIES**

|                                                                                |                  |
|--------------------------------------------------------------------------------|------------------|
| Collections of M&O taxes and interest, net of discounts and collection expense | 4,045,738        |
| Net cash provided by noncapital financing activities                           | <u>4,045,738</u> |

**CAPITAL AND RELATED FINANCING ACTIVITIES**

|                                                                                  |                   |
|----------------------------------------------------------------------------------|-------------------|
| Collections of G.O. taxes and interest, net of discounts and collection expenses | 28,266            |
| Interest payments from leases                                                    | 7,851,749         |
| Contributions received from grants                                               | 10,139,413        |
| Capital contributions                                                            | 1,131,360         |
| Acquisition and construction of capital assets                                   | (31,278,557)      |
| Proceeds from issuance of debt for capital related financing                     | 43,000,000        |
| Issuance costs for capital related financing                                     | (210,000)         |
| Principal paid on long-term debt                                                 | (1,451,864)       |
| Interest and fiscal charges paid on long-term debt                               | (1,042,695)       |
| Net cash used in capital and related financing activities                        | <u>28,167,672</u> |

**INVESTING ACTIVITIES**

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Investment income                                 | 814,638             |
| Principal received on notes receivable            | 130,293             |
| Proceeds from sales and maturities of investments | 2,500,000           |
| Purchase of investments                           | (66,000,000)        |
| Net cash provided by investing activities         | <u>(62,555,069)</u> |

|                                           |             |
|-------------------------------------------|-------------|
| Net increase in cash and cash equivalents | (4,017,065) |
|-------------------------------------------|-------------|

|                                                |            |
|------------------------------------------------|------------|
| Cash and cash equivalents at beginning of year | 26,703,582 |
|------------------------------------------------|------------|

|                                          |               |
|------------------------------------------|---------------|
| Cash and cash equivalents at end of year | \$ 22,686,517 |
|------------------------------------------|---------------|

|                                                               |                      |
|---------------------------------------------------------------|----------------------|
| Cash and cash equivalents - unrestricted                      | 13,080,638           |
| Cash - revenue bond fund - restricted                         | 6,054,088            |
| Cash - general obligation bond fund - restricted              | 133,878              |
| Cash - TRZ construction fund - restricted                     | 3,412,236            |
| Cash - overweight permits - restricted                        | 5,677                |
| Total cash and cash equivalents - restricted and unrestricted | <u>\$ 22,686,517</u> |

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, 2025

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

|                                                                                         |                      |
|-----------------------------------------------------------------------------------------|----------------------|
| Operating income                                                                        | \$ 11,547,744        |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                      |
| Depreciation                                                                            | 12,892,417           |
| Changes in assets and liabilities:                                                      |                      |
| (Increase) decrease in accounts receivable                                              | 1,714,752            |
| (Increase) decrease in other receivables and accrued interest                           | 69,407               |
| (Increase) decrease in prepaid and other current assets                                 | (70,400)             |
| (Increase) decrease in leases receivable                                                | (3,076,739)          |
| (Increase) decrease in deferred outflows related to pension                             | 38,216               |
| (Increase) decrease in net pension asset                                                | (1,531,687)          |
| Increase (decrease) in accounts payable                                                 | 1,932,372            |
| Increase (decrease) in accrued liabilities                                              | 2,952,361            |
| Increase (decrease) in customer deposits                                                | (193,929)            |
| Increase (decrease) in unearned lease rentals                                           | (477,758)            |
| Increase (decrease) in compensated absences                                             | 117,917              |
| Increase (decrease) in deferred inflows related to pension                              | 235,536              |
| Increase (decrease) in deferred inflows related to leases                               | 174,385              |
| <b>Net cash provided by operating activities</b>                                        | <b>\$ 26,324,594</b> |

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

|                                                          |              |
|----------------------------------------------------------|--------------|
| Amortization of debt premiums and prepaid bond insurance | \$ 66,389    |
| Acquisition of capital assets accrued but not paid       | \$ 7,247,142 |

See accompanying notes to the financial statements.



BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**STATEMENT OF FIDUCIARY NET POSITION**

December 31, 2025

**ASSETS**

|                           |    |            |
|---------------------------|----|------------|
| Cash and cash equivalents | \$ | 580,384    |
| Investments:              |    |            |
| Money market funds        |    | 343,230    |
| Fixed income              |    | 5,224,412  |
| Equity securities         |    | 9,802,137  |
| Total Assets              | \$ | 15,950,163 |

**FIDUCIARY NET POSITION**

|                                               |    |            |
|-----------------------------------------------|----|------------|
| Fiduciary net position restricted for pension | \$ | 15,950,163 |
|-----------------------------------------------|----|------------|

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, 2025

**ADDITIONS**

Contributions:

|                        |    |           |
|------------------------|----|-----------|
| Employer contributions | \$ | 1,437,665 |
| Employee contributions |    | 280,595   |
| Total contributions    |    | 1,718,260 |

Net Investment income (loss):

|                                                              |           |
|--------------------------------------------------------------|-----------|
| Interest and dividends                                       | 419,060   |
| Net appreciation/(depreciation) in fair value of investments | 1,353,419 |
| Less: investment expenses                                    | (124,216) |
| Total investment income, net                                 | 1,648,263 |

Other income:

|                    |        |
|--------------------|--------|
| Bank interest      | 11,349 |
| Total other income | 11,349 |

|                 |           |
|-----------------|-----------|
| Total Additions | 3,377,872 |
|-----------------|-----------|

**DEDUCTIONS**

|                              |         |
|------------------------------|---------|
| Benefit payments and refunds | 848,118 |
|------------------------------|---------|

|                  |         |
|------------------|---------|
| Total Deductions | 848,118 |
|------------------|---------|

|                                        |           |
|----------------------------------------|-----------|
| Net increase in fiduciary net position | 2,529,754 |
|----------------------------------------|-----------|

|                                                  |            |
|--------------------------------------------------|------------|
| <b>Fiduciary net position, beginning of year</b> | 13,420,409 |
|--------------------------------------------------|------------|

|                                            |               |
|--------------------------------------------|---------------|
| <b>Fiduciary net position, end of year</b> | \$ 15,950,163 |
|--------------------------------------------|---------------|

See accompanying notes to the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

| <u>Description</u>                                     | <u>Page Nos.</u> |
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**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**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, 2025

**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, 2025

**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.

*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.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

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

*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.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any extension that are deemed reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessees.

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

*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.



**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

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

*Capital Assets (continued)*

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   |

*Compensated Absences*

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – *vacation* and *sick leave*. The liability for compensated absences is reported as incurred. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation:

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.

Sick Leave:

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 to 30 days of sick leave to the following calendar year, any excess hours are paid following year-end, up to a maximum of 4 hours of their unused sick leave, at their current pay rate.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

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

*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.

*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 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 \$164,756 for the year 2025. As of December 31, 2025, 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, 2025

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

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

*Subscription-Based Information Technology Arrangements*

The District reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) in the financial statements for a subscription-based information technology arrangement ("SBITA"). The District's policy is to recognize subscription liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the SBITA commencement date, plus certain initial direct costs, including development costs. Subsequently, the subscription asset is amortized on a straight-line basis over the SBITA term.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and any extension that are deemed certain to be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments to the SBITA vendor.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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*.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

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

***Deferred Outflows/Inflows of Resources (continued)***

The 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

***Revenues and Expenses***

***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.

***Operating Revenues and Expenses***

The District distinguishes 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.

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, 2025, for the 2026 fiscal year. The amount will be recognized as revenue on January 1, 2026, when such property taxes are due and attach as an enforceable lien on the property.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

***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.

***Rounding Adjustments***

Throughout this annual comprehensive financial report, dollar amounts are rounded, thereby creating differences between the details and the totals.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 12, 2026. See Note 8 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***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. 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. There were no significant impacts of implementing this Statement.

As of December 31, 2025, 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. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

***Recently Issued and Implemented Accounting Pronouncements (continued)***

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.
- GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to enhance the consistency with which the standards for reporting subsequent events are applied, thereby better meeting the information needs of financial statement users. The Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued (that is, when the financial statements are complete in a form and format that complies with generally accepted accounting principles and approvals necessary for issuance have been obtained), rather than the date the financial statements are issued. The date through which subsequent events have been evaluated should be disclosed.

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

**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, 2025:

|                                           |                       |
|-------------------------------------------|-----------------------|
| Capital Assets                            | \$ 461,920,217        |
| Less:                                     |                       |
| Accumulated depreciation and amortization | (146,792,504)         |
| Capital related outstanding debt          | (69,572,670)          |
| Capital related liabilities               | (7,247,142)           |
| Premiums on debt                          | (1,153,317)           |
| Net investment in capital assets          | <u>\$ 237,154,584</u> |

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

It is the District's policy for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At December 31, 2025, 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, 2025:

|                                                     |           |                   |
|-----------------------------------------------------|-----------|-------------------|
| Cash on hand                                        | \$        | 1,800             |
| Demand deposits                                     |           | 13,078,838        |
| <b>Total Unrestricted Cash and Cash Equivalents</b> | <b>\$</b> | <b>13,080,638</b> |

Restricted cash and cash equivalents are comprised of the following at December 31, 2025:

|                                                   |           |                  |
|---------------------------------------------------|-----------|------------------|
| Demand deposits - Revenue bond funds              | \$        | 6,054,088        |
| Demand deposits - General obligation bond funds   |           | 133,878          |
| Demand deposits - TRZ construction funds          |           | 3,412,236        |
| Demand deposits - Overweight permits              |           | 5,677            |
| <b>Total Restricted Cash and Cash Equivalents</b> | <b>\$</b> | <b>9,605,879</b> |

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.

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 2025, 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").



**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

Investments are comprised of the following at December 31, 2025:

|                                                |                       |
|------------------------------------------------|-----------------------|
| Local Government Investment Pools              |                       |
| TexPool                                        | \$ 38,876,172         |
| Texas CLASS                                    | 36,285,011            |
| TexSTAR                                        | 5,091,532             |
| LOGIC                                          | 24,235,295            |
| TexasDaily                                     | 19,238,347            |
| <b>Total Local Government Investment Pools</b> | <b>\$ 123,726,357</b> |

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, 2025, 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

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

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, 2025, 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, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the District's access to 100 percent of their account value in the external investment pool.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

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

The Plan's investments are recorded at fair value. Investments at December 31, 2025, consist of the following:

|                         | <b>2025</b>       |                            |
|-------------------------|-------------------|----------------------------|
|                         | <b>Fair Value</b> | <b>Percentage of Total</b> |
| Money Market Funds      | \$ 343,230        | 2%                         |
| Fixed Income:           |                   |                            |
| U.S. Treasury Notes     | 4,257,807         | 28%                        |
| Mutual Funds            | 966,605           | 6%                         |
| Total Fixed Income      | 5,224,412         | 34%                        |
| Equity Securities:      |                   |                            |
| Common Stocks           | 8,552,776         | 56%                        |
| Exchange-Traded Fund    | 1,249,361         | 8%                         |
| Total Equity Securities | 9,802,137         | 64%                        |
| Total Investments       | \$ 15,369,779     | 100%                       |

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

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**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 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, 2025:

|                    | <b>2025</b>   | Level 1       | Level 2 | Level 3 |
|--------------------|---------------|---------------|---------|---------|
| Money Market Funds | \$ 343,230    | \$ 343,230    | \$ -    | \$ -    |
| Fixed Income       | 5,224,412     | 5,224,412     | -       | -       |
| Equity Securities  | 9,802,137     | 9,802,137     | -       | -       |
| Total              | \$ 15,369,779 | \$ 15,369,779 | \$ -    | \$ -    |

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**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, 2025, 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, 2025:

| <b>Investment Type</b>  | <b>Fair Value</b>   | <b>Duration<br/>in Years</b> |
|-------------------------|---------------------|------------------------------|
| U.S. Treasury Notes     | \$ 4,257,807        |                              |
| Mutual Funds            | 966,605             |                              |
| <b>Total Fair Value</b> | <b>\$ 5,224,412</b> | <b>3.73</b>                  |

*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, 2025

**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, 2025 were as follows:

| Investment Type     | Fair Value   | Percentage<br>of Holdings | 2025<br>Quality Rating |      |
|---------------------|--------------|---------------------------|------------------------|------|
|                     |              |                           | Moody's                | S&P  |
| U.S. Treasury Notes | \$ 4,257,807 | 28%                       | Aa1                    | AA+  |
| Mutual Funds        | 966,605      | 6%                        | Aaa-mf                 | AAAm |
| Total Fair Value    | \$ 5,224,412 | 34%                       |                        |      |

**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, 2025:

| Asset Class       | Percent of Total Fund Allocation |         |
|-------------------|----------------------------------|---------|
|                   | Minimum                          | Maximum |
| Alternatives      | 0%                               | 10%     |
| Fixed Income      | 25%                              | 60%     |
| Equity Securities | 30%                              | 70%     |

At December 31, 2025, 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, 2025, was 12.5%. 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, 2025, the District reported assets held for sale in the amount of \$1,242,676.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

Receivables of the District as of December 31, 2025, including the applicable allowances for uncollectible accounts are as follows:

|                                            |    |           |
|--------------------------------------------|----|-----------|
| Accounts receivable - trade                | \$ | 1,507,774 |
| Accounts receivable - utility              |    | 55,286    |
| Less: allowance for uncollectible accounts |    | (273,734) |
| Accounts receivable, net                   | \$ | 1,289,326 |

***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, 2025, consist of the following:

|                                 | <b>Maintenance &amp;<br/>Operation (M&amp;O)</b> | <b>Debt<br/>Service (G.O.)</b> |
|---------------------------------|--------------------------------------------------|--------------------------------|
| Taxes receivable                | \$ 1,575,398                                     | \$ 109,638                     |
| Reserve for uncollectible taxes | (54,371)                                         | (3,754)                        |
| Taxes receivable, net           | \$ 1,521,027                                     | \$ 105,884                     |

***Notes Receivable***

The notes receivable as of December 31, 2025, consists of the following:

|                                                   | <b>Interest<br/>Rate</b> | <b>Issue<br/>Date</b> | <b>Maturity<br/>Date</b> | <b>Original<br/>Issue</b> | <b>Unpaid<br/>Principal</b> |
|---------------------------------------------------|--------------------------|-----------------------|--------------------------|---------------------------|-----------------------------|
| Notes Receivable related to Assets Held for Sale: |                          |                       |                          |                           |                             |
| Longshoremen                                      | 0.00%                    | 5/1/2013              | 4/1/2033                 | \$ 51,600                 | \$ 19,135                   |
| Bluewing One, LLC                                 | 0.00%                    | 1/6/2021              | 12/6/2025                | 156,659                   | 379                         |
| International Shipbreaking                        | 0.00%                    | 8/17/2022             | 7/17/2027                | 115,923                   | 34,777                      |
| Jole Enterprise LLC                               | 0.00%                    | 6/1/2023              | 5/1/2028                 | 287,749                   | 157,162                     |
| Triple E                                          | 0.00%                    | 11/1/2023             | 10/1/2028                | 57,339                    | 33,448                      |
| Less: current maturities                          |                          |                       |                          |                           | (113,812)                   |
| Long-term notes receivable                        |                          |                       |                          |                           | \$ 131,089                  |

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

***Receivables (continued)***

*Notes Receivable (continued)*

Approximate maturities of the notes receivable subsequent to December 31, 2025, are as follows:

| <b>Year</b>  | <b>Principal<br/>Due</b> |
|--------------|--------------------------|
| 2026         | \$ 113,812               |
| 2027         | 82,790                   |
| 2028         | 36,904                   |
| 2029         | 2,580                    |
| 2030         | 2,580                    |
| 2031-2033    | 6,235                    |
| <b>Total</b> | <b>\$ 244,901</b>        |

***Restricted Assets***

*Debt Service Restrictions*

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

*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, 2025

**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, 2025, the following assets are restricted assets:

***Debt Service Funds (all cash accounts)***

|                                           |    |           |
|-------------------------------------------|----|-----------|
| Debt service fund                         | \$ | 2,260,744 |
| Debt reserve fund                         |    | 3,792,848 |
| Bond project fund                         |    | 496       |
| Total restricted debt service fund assets |    | 6,054,088 |

***General Obligation Bond Funds***

|                                                               |         |
|---------------------------------------------------------------|---------|
| Debt service fund                                             | 133,878 |
| Taxes receivable - G.O., net of estimated uncollectible taxes | 105,884 |
| Total restricted general obligation bond fund assets          | 239,762 |

***Overweight Permit Assets***

|      |       |
|------|-------|
| Cash | 5,677 |
|------|-------|

***Capital Projects Fund***

|                       |           |
|-----------------------|-----------|
| TRZ Construction fund | 3,412,236 |
|-----------------------|-----------|

***Pension Obligations***

|                   |           |
|-------------------|-----------|
| Net pension asset | 1,704,634 |
|-------------------|-----------|

|                         |    |            |
|-------------------------|----|------------|
| Total restricted assets | \$ | 11,416,397 |
|-------------------------|----|------------|

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

***Capital Assets***

Capital asset activity for the year ended December 31, 2025, was as follows:

|                                                     | Balance<br>January 1,<br>2025 | Additions     | Deletions | Reclassifications | Balance<br>December 31,<br>2025 |
|-----------------------------------------------------|-------------------------------|---------------|-----------|-------------------|---------------------------------|
| 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                            | 69,332,865                    | 30,831,445    | -         | (16,363,064)      | 83,801,246                      |
| Total capital assets, not being depreciated         | 137,420,950                   | 30,831,445    | -         | (16,363,064)      | 151,889,331                     |
| Capital assets, being depreciated/amortized:        |                               |               |           |                   |                                 |
| Docks and appurtenances                             | 120,334,484                   | -             | -         | 2,647,567         | 122,982,051                     |
| Water and sewer systems                             | 14,019,580                    | -             | -         | 1,383,462         | 15,403,042                      |
| Railroads                                           | 8,344,416                     | -             | -         | 1,075,666         | 9,420,082                       |
| Railway from component unit                         | 3,731,666                     | -             | -         | -                 | 3,731,666                       |
| Land improvements and roads                         | 112,035,712                   | -             | -         | 10,617,392        | 122,653,104                     |
| Administration building                             | 8,526,535                     | -             | -         | -                 | 8,526,535                       |
| Industrial equipment                                | 18,291,557                    | 447,116       | -         | 623,269           | 19,361,942                      |
| Furniture and equipment                             | 1,958,448                     | -             | -         | 15,708            | 1,974,156                       |
| Subscription assets - SBITAs                        | 83,034                        | -             | -         | -                 | 83,034                          |
| Intangible assets                                   | 5,895,274                     | -             | -         | -                 | 5,895,274                       |
| Total capital assets, being depreciated & amortized | 293,220,706                   | 447,116       | -         | 16,363,064        | 310,030,886                     |
| Less accumulated depreciation/amortization for:     |                               |               |           |                   |                                 |
| Docks and appurtenances                             | (48,504,918)                  | (2,595,851)   | -         | -                 | (51,100,769)                    |
| Water and sewer systems                             | (10,032,116)                  | (307,092)     | -         | -                 | (10,339,208)                    |
| Railroads                                           | (5,050,316)                   | (140,343)     | -         | -                 | (5,190,659)                     |
| Railway from component unit                         | (1,026,261)                   | (95,230)      | -         | -                 | (1,121,491)                     |
| Land improvements and roads                         | (49,982,329)                  | (8,095,111)   | -         | -                 | (58,077,440)                    |
| Administration building                             | (1,286,387)                   | (214,479)     | -         | -                 | (1,500,866)                     |
| Industrial equipment                                | (11,862,921)                  | (1,302,987)   | -         | -                 | (13,165,908)                    |
| Furniture and equipment                             | (1,712,916)                   | (113,646)     | -         | -                 | (1,826,562)                     |
| Subscription assets - SBITA                         | (1,923)                       | (27,678)      | -         | -                 | (29,601)                        |
| Intangible assets                                   | (4,440,000)                   | -             | -         | -                 | (4,440,000)                     |
| Total accumulated depreciation & amortization       | (133,900,087)                 | (12,892,417)  | -         | -                 | (146,792,504)                   |
| Total capital assets, being depreciated, net        | 159,320,619                   | (12,445,301)  | -         | 16,363,064        | 163,238,382                     |
| Capital assets, net                                 | \$ 296,741,569                | \$ 18,386,144 | \$ -      | \$ -              | \$ 315,127,713                  |

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**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 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. The Note Program was renewed for an additional two (2) years, effective November 8, 2025. The Note program senior lien obligations are 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.

Under the Note Program renewal terms, the District may issue either taxable or tax-exempt variable rate notes in an aggregate principal amount not to exceed \$40,000,000. Each taxable program note will bear interest based on the daily, one-, three-, or six-month Secured Overnight Financing Rate ("SOFR") plus an applicable margin and each tax-exempt program note will bear interest at the adjusted SOFR Rate plus an applicable margin. The District is obligated to pay Lender a fee on the unused total commitment. During 2025, the unused commitment fee totaled \$63,778.

As of December 31, 2025, there were no notes outstanding.

***Long-Term Debt***

Changes in long-term obligations for the year ended December 31, 2025, are as follows:

|                                                 | Balance<br>Outstanding<br>January 1, 2025 | Additions     | Deletions      | Balance<br>Outstanding<br>December 31, 2025 | Due Within<br>One Year |
|-------------------------------------------------|-------------------------------------------|---------------|----------------|---------------------------------------------|------------------------|
| Bonds Payable:                                  |                                           |               |                |                                             |                        |
| Revenue Bonds                                   | \$ 27,970,000                             | \$ -          | \$ (1,425,000) | \$ 26,545,000                               | \$ 1,485,000           |
| Plus: Unamortized Premium                       | 1,229,359                                 | -             | (76,042)       | 1,153,317                                   | -                      |
| Total bonds payable                             | 29,199,359                                | -             | (1,501,042)    | 27,698,317                                  | 1,485,000              |
| Ship Channel Improvement<br>Revolving Fund Loan | -                                         | 43,000,000    | -              | 43,000,000                                  | -                      |
| Accrued Compensated Absences                    | 822,125                                   | 693,439       | (575,522)      | 940,042                                     | 595,001                |
| SBITA Liability                                 | 54,534                                    | -             | (26,864)       | 27,670                                      | 27,670                 |
| Net Pension Liability/(Asset)                   | (172,947)                                 | -             | (1,531,687)    | (1,704,634)                                 | -                      |
| Total long-term liabilities                     | \$ 29,903,071                             | \$ 43,693,439 | \$ (3,635,115) | \$ 69,961,395                               | \$ 2,107,671           |

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

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.

Revenue Bonds outstanding at December 31, 2025, are summarized as follows:

| <b>Revenue Bonds</b>             | <b>Interest<br/>Rate</b> | <b>Issue<br/>Date</b> | <b>Maturity<br/>Date</b> | <b>Original<br/>Issue</b> | <b>Unpaid<br/>Principal</b> |
|----------------------------------|--------------------------|-----------------------|--------------------------|---------------------------|-----------------------------|
| Series 2016                      | 3.25% - 5.0%             | 2/9/2016              | 2040                     | \$ 27,580,000             | \$ 20,520,000               |
| Series 2022                      | 2.09%                    | 3/17/2022             | 2038                     | 7,425,000                 | 6,025,000                   |
| Total unpaid principal           |                          |                       |                          |                           | 26,545,000                  |
| Plus: Unamortized Premium        |                          |                       |                          |                           | 1,153,317                   |
| Less: current maturities         |                          |                       |                          |                           | (1,485,000)                 |
| Total revenues bonds outstanding |                          |                       |                          |                           | \$ 26,213,317               |

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**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, 2025, are as follows:

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

*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, 2025, the amount of defeased debt outstanding but removed from long-term debt amounted to \$6,025,000.

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**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

***Long-Term Debt (continued)***

***Ship Channel Improvement Revolving Fund Loan***

On March 5, 2025, the District executed a \$43,000,000 loan agreement (as a Senior Lien Obligation) with the Texas Transportation Commission under the Ship Channel Improvement Revolving Fund ("SCRIF"). Proceeds from the loan were used to reimburse previously expended qualified costs to develop the Brazos Island Harbor Channel Improvement Project to deepen the Port of Brownsville Ship Channel.

On April 11, 2025 (the "Deposit Date"), the Texas Department of Transportation ("Department") transferred \$43,000,000 from the SCRIF to the District. The SCRIF loan is to be repaid over a period of thirty (30) years from the Deposit Date with a final maturity date of March 1, 2054 (Loan Maturity Date). The net revenues of the District are pledged to the repayment of the loan. The pledge of net revenues is secured by a first and prior lien on District's pledged net revenues and on parity with the District's other outstanding Senior Lien Obligations.

Principal payments will begin on the First Payment Date (beginning on March 1, 2028) and on March 1 thereafter through the final maturity date. From the Deposit Date to the First Payment Date (i) no principal and (ii) no interest will accrue or be payable on the SCRIF Loan (Payment Deferral Period). The SCRIF Loan will not bear interest during the Payment Deferral Period. Beginning on the First Payment Date through the 5<sup>th</sup> anniversary from the Deposit Date (from April 11, 2028, to April 11, 2030), the SCRIF loan will bear interest at the rate of 2.80% per annum; from the 5<sup>th</sup> anniversary of the Deposit Date to the Loan Maturity Date (from April 11, 2030 to March 1, 2054), the SCRIF loan will bear interest at a rate of 3.33% per annum. Such interest is to be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest payments will be due annually beginning on April 11, 2028, and on each March 1 and September 1 thereafter (each an Interest Payment Date. Payments not received by the applicable Payment Date will bear interest at the Loan Rates (with overdue interest as well as overdue principal bearing interest) until paid. Such additional interest will be calculated by the Department on the basis of a 360-day year composed of twelve 30-day months.

Principal due on the SCRIF Loan and interest accrued at the Loan Rates through and including the date of prepayment may be prepaid by the District without penalty, in whole or in part, on any business day, prior to the Loan Maturity Date. However, should the Project or the SCRIF Loan agreement be terminated for any reason or should any amounts of disbursed SCRIF Loan Proceeds not be applied to pay Project costs, the District shall return any misapplied SCRIF Loan Proceeds or unexpended portion of the SCRIF Loan Proceeds to the Department as a prepayment. Upon receipt of a prepayment from the District of a portion (and not the whole) of the outstanding principal amount of the SCRIF Loan, the Department shall apply such prepayment to the outstanding principal due on the SCRIF Loan. Upon either voluntary or mandatory prepayment, the remaining principal due on the SCRIF Loan will be re-amortized over the term of the SCRIF Loan and the repayment schedule will be revised by the Department to reflect the remaining Principal Payments and the revised Interest Payments due.

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

***Long-Term Debt (continued)***

***Ship Channel Improvement Revolving Fund Loan (continued)***

The SCIRF Loan will be considered in default if the District fails to repay the SCIRF Loan (the Principal Payments and the Interest Payments) or otherwise fails to comply with any term of the loan agreement which includes the funding of the SCIRF Debt Service Reserve Fund Requirement as specified in the agreement.

The outstanding SCIRF Loan at December 31, 2025, is summarized as follows:

|                                                 | <b>Interest<br/>Rate</b> | <b>Issue<br/>Date</b> | <b>Maturity<br/>Date</b> | <b>Original<br/>Issue</b> | <b>Unpaid<br/>Principal</b> |
|-------------------------------------------------|--------------------------|-----------------------|--------------------------|---------------------------|-----------------------------|
| Ship Channel Improvement<br>Revolving Fund Loan | 0% - 3.33%               | 4/11/2025             | 2054                     | \$ 43,000,000             | \$ 43,000,000               |
| Total unpaid principal                          |                          |                       |                          |                           | 43,000,000                  |
| Less: current maturities                        |                          |                       |                          |                           | -                           |
| Total SCIRF loan outstanding                    |                          |                       |                          |                           | \$ 43,000,000               |

Annual maturities of debt subsequent to December 31, 2025, are as follows:

| <b>Year Ending<br/>December 31,</b> | <b>Revenue Bonds</b> |                 | <b>SCIRF Loan</b> |                 |
|-------------------------------------|----------------------|-----------------|-------------------|-----------------|
|                                     | <b>Principal</b>     | <b>Interest</b> | <b>Principal</b>  | <b>Interest</b> |
| 2026                                | \$ 1,485,000         | \$ 925,798      | \$ -              | \$ -            |
| 2027                                | 1,440,000            | 865,404         | -                 | -               |
| 2028                                | 1,500,000            | 803,326         | 1,311,950         | 453,937         |
| 2029                                | 1,570,000            | 738,289         | 1,032,040         | 1,152,817       |
| 2030                                | 1,645,000            | 670,063         | 1,064,040         | 1,205,075       |
| 2031-2035                           | 9,140,000            | 2,501,588       | 5,880,310         | 6,115,446       |
| 2036-2040                           | 9,765,000            | 891,590         | 6,935,300         | 5,050,863       |
| 2041-2045                           | -                    | -               | 8,179,590         | 3,795,283       |
| 2046-2050                           | -                    | -               | 9,647,090         | 2,314,436       |
| 2051-2054                           | -                    | -               | 8,949,680         | 608,340         |
| <b>Total</b>                        | \$ 26,545,000        | \$ 7,396,058    | \$ 43,000,000     | \$ 20,696,197   |

At December 31, 2025, the District reported interest expense as follows:

|                         |            |
|-------------------------|------------|
| <b>Interest Expense</b> |            |
| Revenue bonds           | \$ 965,438 |

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

Pledged revenues and principal and interest payments are as follows:

| <b>Pledged Revenue</b> | <b>Debt Issue</b> | <b>Maturity Date</b> | <b>Future Principal and Interest</b> | <b>Current Pledged Net Revenue</b> | <b>Current Principal and Interest</b> | <b>Current Percentage of Revenue</b> |
|------------------------|-------------------|----------------------|--------------------------------------|------------------------------------|---------------------------------------|--------------------------------------|
| Net Revenues           | Series 2016       | 2040                 | \$ 27,057,434                        | \$ 40,892,354                      | \$ 1,803,694                          | 4%                                   |
| Net Revenues           | Series 2022       | 2038                 | \$ 6,883,624                         | \$ 40,892,354                      | \$ 605,886                            | 1%                                   |
| Net Revenues           | SCIRF Loan        | 2054                 | \$ 63,696,197                        | \$ 40,892,354                      | \$ -                                  | 0%                                   |

***Subscriptions***

For the year ended December 31, 2025, the financial statements include recognition of a subscription liability under 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. The District has imputed an interest rate of 3% to determine the present value of the right to use asset and subscription liability. As of December 31, 2025, the value of the subscription liability is \$27,670. The value of the right to use asset as of December 31, 2025, of \$83,034 with accumulated amortization of \$29,601 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 non-cancellable subscription terms:

| <b>Year Ending December 31,</b> | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|---------------------------------|------------------|-----------------|--------------|
| 2026                            | \$ 27,670        | \$ 830          | \$ 28,500    |

***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 2026 and 2075. As of December 31, 2025, the total combined value of the lease receivable is \$250,031,600 and the combined value of the deferred inflow of resources is \$242,542,142. The District recognized \$7,883,660 of lease interest revenue for the year ended December 31, 2025.



**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

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:

| <b>Year Ending December 31,</b> | <b>Principal Payments</b> | <b>Interest Payments</b> | <b>Total Payments</b> |
|---------------------------------|---------------------------|--------------------------|-----------------------|
| 2026                            | \$ 9,350,495              | \$ 7,341,761             | \$ 16,692,256         |
| 2027                            | 8,938,681                 | 7,163,169                | 16,101,850            |
| 2028                            | 9,448,920                 | 6,844,921                | 16,293,841            |
| 2029                            | 9,456,982                 | 6,561,494                | 16,018,476            |
| 2030                            | 9,127,581                 | 6,282,990                | 15,410,571            |
| 2031 - 2035                     | 41,389,216                | 27,568,592               | 68,957,808            |
| 2036 - 2040                     | 42,028,936                | 21,395,729               | 63,424,665            |
| 2041 - 2045                     | 42,178,448                | 14,931,847               | 57,110,295            |
| 2046 - 2050                     | 39,435,482                | 8,918,490                | 48,353,972            |
| 2051 - 2055                     | 23,744,311                | 3,441,962                | 27,186,273            |
| 2056 - 2060                     | 4,379,335                 | 1,937,112                | 6,316,447             |
| 2061 - 2065                     | 4,639,308                 | 1,269,623                | 5,908,931             |
| 2066 - 2070                     | 3,631,737                 | 614,464                  | 4,246,201             |
| 2071 - 2075                     | 2,282,168                 | 119,018                  | 2,401,186             |
|                                 | <u>\$ 250,031,600</u>     | <u>\$ 114,391,172</u>    | <u>\$ 364,422,772</u> |

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).

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

***Plan Description (continued)***

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.

***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 14<sup>th</sup> anniversary of full-time employment with the Employer prior to January 1, 2010, shall have a Conversion Retirement Supplement Subaccount. Only participants of the prior Plan and employed by the Employer on December 31, 2009 shall have a Beginning Balance Subaccount. Normal retirement for participants is age 65 with 5 years of service. Participants with 10 years of service are eligible to retire at age 55. Death and Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction. An employee who leaves the employer's service may withdraw his or her contributions, plus any accumulated interest.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

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

As of January 1, 2025, the following numbers of employees were covered by the benefit terms:

|                                                                  |            |
|------------------------------------------------------------------|------------|
| Inactive employees or beneficiaries currently receiving benefits | 54         |
| Inactive employees entitled to but not yet receiving benefits    | 73         |
| Active employees                                                 | 113        |
| <b>Total</b>                                                     | <b>240</b> |

***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, 2025, 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 2.78% 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 2025 was determined by the actuary to be \$180,261, based upon census and asset information provided by the District.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**NOTE 3: PENSION PLAN (Continued)*****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 12.5% for the 12 months ended December 31, 2025.

***Discount Rate***

The discount rate used to measure the total pension liability was 6.0% based on the January 1, 2025, 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, 2025, are summarized in the following table:

| <b>Asset Class</b> | <b>Target<br/>Allocation</b> | <b>Long-term<br/>Expected Real<br/>Rate of Return</b> |
|--------------------|------------------------------|-------------------------------------------------------|
| Fixed income       | 40.0%                        | 4.80%                                                 |
| Equity securities  | 50.0%                        | 7.10%                                                 |
| Alternatives       | 10.0%                        | 6.40%                                                 |
|                    | 100.0%                       |                                                       |

Long-term expected rate of return is 6.00%

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**NOTE 3: PENSION PLAN (Continued)*****Net Pension Liability***

The Employer's net pension liability reported for the fiscal year ending December 31, 2025, was measured as of December 31, 2024, 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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability/(Asset)<br>(a) - (b) |
| Balance at December 31, 2024 <sup>1</sup>                     | \$ 11,009,710                     | \$ 11,182,657                         | \$ (172,947)                                  |
| Changes for the year:                                         |                                   |                                       |                                               |
| Service cost                                                  | 381,559                           | -                                     | 381,559                                       |
| Interest                                                      | 661,348                           | -                                     | 661,348                                       |
| Changes of benefit terms                                      | -                                 | -                                     | -                                             |
| Differences between expected and actual experience            | 400,771                           | -                                     | 400,771                                       |
| Contributions - employer                                      | -                                 | 1,458,501                             | (1,458,501)                                   |
| Contributions - employee                                      | -                                 | 287,174                               | (287,174)                                     |
| Net investment income                                         | -                                 | 1,229,690                             | (1,229,690)                                   |
| Benefit payments, including refunds of employee contributions | (737,612)                         | (737,612)                             | -                                             |
| Assumption changes                                            | -                                 | -                                     | -                                             |
| Net changes                                                   | 706,066                           | 2,237,753                             | (1,531,687)                                   |
| Balances at December 31, 2025 <sup>2</sup>                    | \$ 11,715,776                     | \$ 13,420,410                         | \$ (1,704,634)                                |

<sup>1</sup> - Information for the fiscal year ended December 31, 2024 was taken as of the measurement date of December 31, 2023 as permitted by GASB Cod. Sec. 1500.

<sup>2</sup> - Information for the fiscal year ended December 31, 2025 was taken as of the measurement date of December 31, 2024 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/(asset) of the District, calculated using an effective discount rate of 6.00% and the January 1, 2025, 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<br>(5.00%) | Current<br>Discount<br>Rate (6.00%) | 1% Increase<br>(7.00%) |
|------------------------------------------|------------------------|-------------------------------------|------------------------|
| Employer's Net Pension Liability/(Asset) | \$ (153,655)           | \$ (1,704,634)                      | \$ (2,955,427)         |

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**NOTE 3: PENSION PLAN (Continued)*****Pension Expense***

For the year ended December 31, 2025, the District recognized pension expense of \$179,729.

***1. Components of Pension Expense for the Fiscal Year Ended December 31, 2025***

|                                                                                                   |           |                |
|---------------------------------------------------------------------------------------------------|-----------|----------------|
| Service cost                                                                                      | \$        | 381,559        |
| Interest on the total pension liability                                                           |           | 661,348        |
| Projected earnings on pension plan investments                                                    |           | (701,201)      |
| Employee contributions                                                                            |           | (287,174)      |
| Amortization of differences between expected and actual experience <sup>1</sup>                   |           | 225,075        |
| Amortization of differences between expected and actual earnings on plan investments <sup>2</sup> |           | (99,878)       |
| <b>Total pension expense</b>                                                                      | <b>\$</b> | <b>179,729</b> |

<sup>1</sup> - GASB Cod. Sec. 1500. amortized over a straight-line closed period equal to the average remaining service period for all employees (active and inactive) who are provided with benefits through the pension plan. (4.0 years as of December 31, 2023, 4.0 years as of December 31, 2024 and 4.0 years as of December 31, 2025).

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

At December 31, 2025, 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, 2025***

|                                                                                     | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|-------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience                                  | \$ 482,261                                    | \$ -                                         |
| Net difference between projected and actual earnings<br>on pension plan investments | -                                             | 235,536                                      |
| <b>Total excluding post-measurement date contributions</b>                          | <b>482,261</b>                                | <b>235,536</b>                               |
| Contributions made between the measurement date<br>and end of reporting period      | 1,437,665                                     | -                                            |
| <b>Total including post-measurement date contributions</b>                          | <b>\$ 1,919,926</b>                           | <b>\$ 235,536</b>                            |

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**NOTE 3: PENSION PLAN (Continued)*****Pension Expense (continued)***

Contributions made after the measurement date of December 31, 2024, and before the fiscal year end of December 31, 2025, totaled \$1,437,665. This amount will be recognized as a reduction of the net pension liability for the year ending December 31, 2025. Other amounts reported as Deferred Outflows/(Inflows) of resources related to pension will be recognized in pension expense as follows:

| <b>Year Ending<br/>December 31,</b> | <b>Amount</b> |
|-------------------------------------|---------------|
| 2026                                | \$ 215,000    |
| 2027                                | 269,731       |
| 2028                                | (132,309)     |
| 2029                                | (105,697)     |
| 2030                                | -             |
| Thereafter                          | -             |

***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:

| <b>Source of Amortization Layers</b> | <b>Amortization Period</b> |
|--------------------------------------|----------------------------|
| Actuarial Experience Gain/Loss       | 20 years                   |
| Assumption and 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, 2025

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

The actuarial assumptions used in the January 1, 2025, valuation were based on the results of an actuarial experience study for the period 2006-2014. The total pension liability in the January 1, 2025, 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, 2025                          |
| Interest Rate         | 6.00%                                                               |
| Inflation             | 3.00%                                                               |
| Measurement Date      | December 31, 2024 used for GASB reporting date of December 31, 2025 |
| 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:

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**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:

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

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**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:

| <b>Attained Age</b> | <b>Withdrawal Rate</b> |
|---------------------|------------------------|
| 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.

***Payable to the Pension Plan***

At December 31, 2025, the Employer does not have any required contributions payable to the pension plan for the 2025 plan year.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2025

**NOTE 4: RELATED PARTY TRANSACTIONS**

The District is a member of the Southmost Regional Water Authority (the "Authority"). The Authority is a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution and the Act of June 12, 1981, 67<sup>th</sup> Leg., Ch. 511, 1981 Tex. Gen. Laws 2196. The Authority was established to investigate the feasibility of developing a source of water from brackish groundwater. The District is under contractual obligation with the Authority to receive 2.1% of the monthly treated potable water production. On October 15, 2003, the District's Board approved a Memorandum of Understanding with the Authority whereas the District's percentage participation was set at 2.1%. Billings from the Authority in the amount of \$163,815 for expenses for the fiscal year ended September 30, 2025, 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, 2025, were \$16,215,000.

**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, 2025

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

At December 31, 2025, the District had remaining unpaid contractual commitments of \$27,610,159 for services, construction, and improvement of facilities. These commitments are being financed through operating revenues and grant funds.

**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: SUBSEQUENT EVENTS**

Subsequent to year end, the District entered into certain lease terminations. Accordingly, in fiscal year 2026, the District will derecognize lease related balances, including lease receivables of approximately \$4.32 million and deferred inflows of resources related to leases of approximately \$4.31 million.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

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

|                                                                               | 2025              | 2024            | 2023            | 2022            | 2021            | 2020            | 2019            | 2018            | 2017            | 2016            | 2015            |
|-------------------------------------------------------------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>1 Total Pension Liability</b>                                              |                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| a. Service cost                                                               | \$ 382            | \$ 334          | \$ 269          | \$ 263          | \$ 268          | \$ 370          | \$ 366          | \$ 315          | \$ 324          | \$ 243          | \$ 205          |
| b. Interest                                                                   | 661               | 627             | 591             | 565             | 540             | 565             | 565             | 541             | 528             | 517             | 496             |
| c. Changes in benefit terms                                                   | -                 | -               | -               | -               | -               | (533)           | -               | -               | -               | -               | -               |
| d. Differences between expected and actual experience                         | 401               | 227             | 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              | (738)             | (587)           | (592)           | (559)           | (794)           | (625)           | (596)           | (632)           | (483)           | (330)           | (375)           |
| <b>g. Net Change in Total Pension Liability</b>                               | <b>706</b>        | <b>601</b>      | <b>540</b>      | <b>436</b>      | <b>316</b>      | <b>(10)</b>     | <b>15</b>       | <b>358</b>      | <b>312</b>      | <b>598</b>      | <b>551</b>      |
| <b>h. Total Pension Liability - Beginning</b>                                 | <b>11,011</b>     | <b>10,410</b>   | <b>9,870</b>    | <b>9,434</b>    | <b>9,118</b>    | <b>9,128</b>    | <b>9,113</b>    | <b>8,755</b>    | <b>8,443</b>    | <b>7,845</b>    | <b>7,294</b>    |
| <b>i. Total Pension Liability - Ending</b>                                    | <b>11,717</b>     | <b>11,011</b>   | <b>10,410</b>   | <b>9,870</b>    | <b>9,434</b>    | <b>9,118</b>    | <b>9,128</b>    | <b>9,113</b>    | <b>8,755</b>    | <b>8,443</b>    | <b>7,845</b>    |
| <b>2 Plan Fiduciary Net Position</b>                                          |                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| a. Contributions - employer                                                   | 1,459             | 1,405           | 1,251           | 1,169           | 1,139           | 780             | 525             | 456             | 472             | 443             | 408             |
| b. Contributions - employee                                                   | 287               | 269             | 218             | 191             | 180             | 184             | 186             | 178             | 174             | 161             | 148             |
| c. Net investment income                                                      | 1,230             | 1,200           | (1,150)         | 1,076           | 822             | 717             | (308)           | 736             | 161             | (18)            | 102             |
| d. Benefit payments, including refunds of employee contributions              | (738)             | (587)           | (592)           | (559)           | (794)           | (625)           | (596)           | (632)           | (483)           | (330)           | (375)           |
| <b>g. Net Change in Plan Fiduciary Net Position</b>                           | <b>2,238</b>      | <b>2,287</b>    | <b>(273)</b>    | <b>1,877</b>    | <b>1,347</b>    | <b>1,056</b>    | <b>(193)</b>    | <b>738</b>      | <b>324</b>      | <b>256</b>      | <b>283</b>      |
| <b>h. Plan Fiduciary Net Position - Beginning</b>                             | <b>11,183</b>     | <b>8,896</b>    | <b>9,169</b>    | <b>7,293</b>    | <b>5,946</b>    | <b>4,890</b>    | <b>5,083</b>    | <b>4,345</b>    | <b>4,021</b>    | <b>3,765</b>    | <b>3,482</b>    |
| <b>i. Plan Fiduciary Net Position - Ending</b>                                | <b>13,421</b>     | <b>11,183</b>   | <b>8,896</b>    | <b>9,170</b>    | <b>7,293</b>    | <b>5,946</b>    | <b>4,890</b>    | <b>5,083</b>    | <b>4,345</b>    | <b>4,021</b>    | <b>3,765</b>    |
| <b>3 Employer's Net Pension Liability/(Asset) - Ending [Item 1(i) - 2(i)]</b> | <b>\$ (1,704)</b> | <b>\$ (172)</b> | <b>\$ 1,514</b> | <b>\$ 700</b>   | <b>\$ 2,141</b> | <b>\$ 3,172</b> | <b>\$ 4,238</b> | <b>\$ 4,030</b> | <b>\$ 4,410</b> | <b>\$ 4,422</b> | <b>\$ 4,080</b> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension</b>       |                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>4 Liability</b>                                                            | <b>114.55%</b>    | <b>101.57%</b>  | <b>85.46%</b>   | <b>92.90%</b>   | <b>77.31%</b>   | <b>65.21%</b>   | <b>53.57%</b>   | <b>55.78%</b>   | <b>49.63%</b>   | <b>47.63%</b>   | <b>47.99%</b>   |
| <b>5 Covered Payroll</b>                                                      | <b>\$ 6,490</b>   | <b>\$ 6,195</b> | <b>\$ 5,654</b> | <b>\$ 4,339</b> | <b>\$ 4,428</b> | <b>\$ 4,075</b> | <b>\$ 4,343</b> | <b>\$ 4,368</b> | <b>\$ 4,018</b> | <b>\$ 4,289</b> | <b>\$ 3,789</b> |
| <b>Employer's Net Pension Liability as a Percentage of Covered</b>            |                   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>6 Payroll</b>                                                              | <b>N/A</b>        | <b>N/A</b>      | <b>26.77%</b>   | <b>16.15%</b>   | <b>48.35%</b>   | <b>77.85%</b>   | <b>97.58%</b>   | <b>92.26%</b>   | <b>109.76%</b>  | <b>103.10%</b>  | <b>107.68%</b>  |

BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEXAS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**Last 10 Fiscal Years**

*(Dollar amounts in thousands)*

|                                                             | FYE<br>2025 | FYE<br>2024 | FYE<br>2023 | FYE<br>2022 | FYE<br>2021 | FYE<br>2020 | FYE<br>2019 | FYE<br>2018 | FYE<br>2017 | FYE<br>2016 |
|-------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 Actuarially determined contribution                       | \$ 180      | \$ 164      | \$ 204      | \$ 276      | \$ 374      | \$ 444      | \$ 504      | \$ 471      | \$ 455      | \$ 468      |
| 2 Contributions in Relation to the Actuarially Contribution | 1,438       | 1,459       | 1,405       | 1,251       | 1,169       | 1,139       | 780         | 525         | 456         | 472         |
| 3 Contribution Deficiency/(Excess)                          | (1,258)     | (1,295)     | (1,201)     | (975)       | (795)       | (695)       | (276)       | (54)        | (1)         | (4)         |
| 4 Covered Payroll                                           | \$ 7,088    | \$ 7,080    | \$ 6,787    | \$ 5,446    | \$ 5,161    | \$ 4,409    | \$ 4,913    | \$ 4,600    | \$ 4,438    | \$ 4,569    |
| 5 Contributions as a Percentage of Covered Payroll          | 20.29%      | 20.61%      | 20.70%      | 22.97%      | 22.65%      | 25.83%      | 15.88%      | 11.41%      | 10.27%      | 10.33%      |

**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, 2025:

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                | January 1, 2025                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 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.<br>Post-Retirement: RP-2014 Blue Collar Healthy Annuitant Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2021 mortality improvement rates.<br>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**

| <b>Fiscal Year</b>      | <b>Annual Money Weighted</b> |
|-------------------------|------------------------------|
| <b>Ending December,</b> | <b>Net Rate of Return</b>    |
| 2025                    | 12.5%                        |
| 2024                    | 11.3%                        |
| 2023                    | 13.4%                        |
| 2022                    | -12.5%                       |
| 2021                    | 14.4%                        |
| 2020                    | 6.0%                         |
| 2019                    | 14.2%                        |
| 2018                    | -6.0%                        |
| 2017                    | 17.0%                        |
| 2016                    | 3.9%                         |

## **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, 2025**

|                          |    |            |
|--------------------------|----|------------|
| Wages                    | \$ | 7,642,636  |
| Payroll taxes            |    | 617,078    |
| Net pension expense      |    | 179,729    |
| Services                 |    | 936,592    |
| Materials                |    | 1,805,022  |
| Utilities                |    | 1,330,859  |
| Insurance                |    | 2,136,194  |
| Dues                     |    | 145,852    |
| Legal and auditing       |    | 467,237    |
| Consulting fees          |    | 449,472    |
| Supplies                 |    | 129,467    |
| Computer expense         |    | 525,144    |
| Employee expense         |    | 494,556    |
| Other expense            |    | 454,615    |
| Travel                   |    | 218,734    |
| Advertising              |    | 328,598    |
| Safety                   |    | 59,973     |
| Doubtful accounts        |    | 194,349    |
| Damages                  |    | 103,694    |
| Land lease               |    | 19,827     |
| Promotional expenses     |    | 346,869    |
| Total Operating Expenses | \$ | 18,586,497 |

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**STATISTICAL SECTION**  
**(Unaudited)**

## Statistical Section

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

| CONTENTS                                                                                                                                                                                                                   | PAGE     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>Financial Trends</b>                                                                                                                                                                                                    | 81 – 82  |
| These schedules contain trend information to help the reader understand how the District's financial performance has changed over a period of time.                                                                        |          |
| <b>Revenue Capacity</b>                                                                                                                                                                                                    | 83 – 89  |
| These schedules contain information to help the reader assess the District's local revenue source.                                                                                                                         |          |
| <b>Debt Capacity</b>                                                                                                                                                                                                       | 90 – 93  |
| These schedules present information to help the reader assess the District's debt burden and its ability to issue additional debt in the future.                                                                           |          |
| <b>Demographic and Economic Information</b>                                                                                                                                                                                | 94 – 96  |
| These schedules offer demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place.                                                           |          |
| <b>Operating Information</b>                                                                                                                                                                                               | 97 – 101 |
| 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 thirteenth year the Brownsville Navigation District has prepared an Annual Comprehensive Financial Report that includes statistical information.

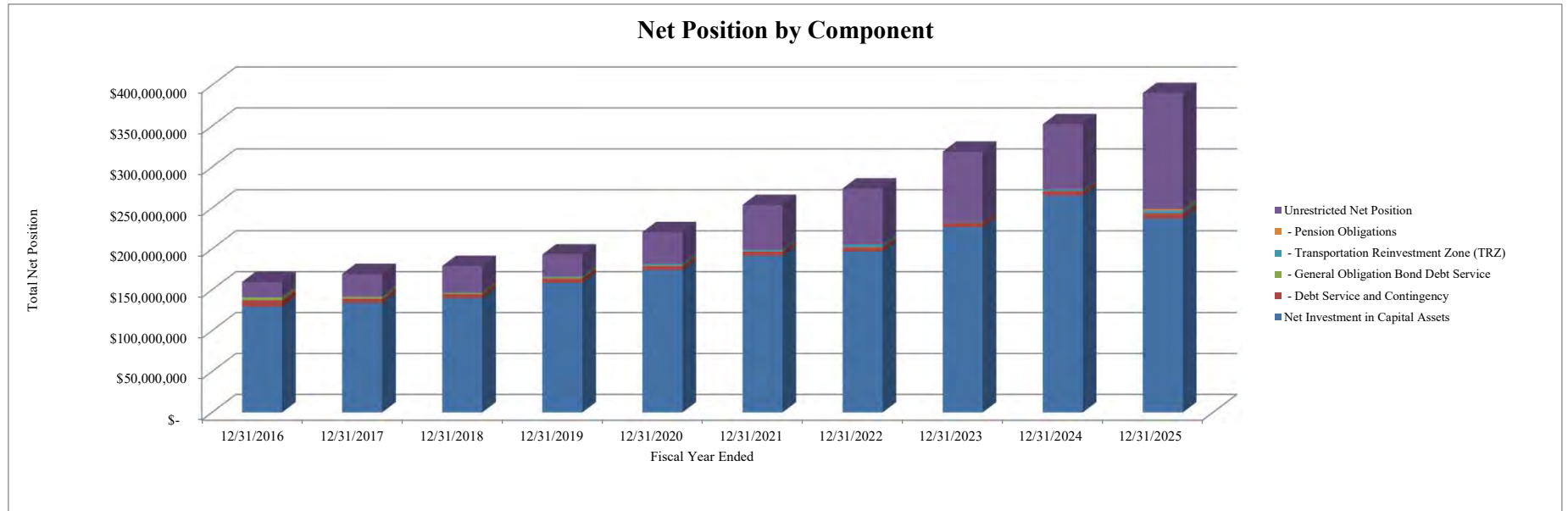
## Financial Trends



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

|                                           | 12/31/2016            | 12/31/2017            | 12/31/2018            | 12/31/2019            | 12/31/2020            | 12/31/2021            | 12/31/2022            | 12/31/2023            | 12/31/2024            | 12/31/2025            |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Enterprise Fund</b>                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net Investment in Capital Assets          | \$ 129,439,065        | \$ 134,087,674        | \$ 139,686,649        | \$ 158,475,706        | \$ 173,966,181        | \$ 191,785,572        | \$ 197,054,976        | \$ 226,783,061        | \$ 265,126,731        | \$ 237,154,584        |
| Restricted Net Position for:              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| - Debt Service and Contingency            | 7,660,369             | 5,088,002             | 5,194,254             | 5,293,227             | 5,112,883             | 4,921,665             | 4,796,591             | 4,937,420             | 5,315,130             | 6,054,088             |
| - General Obligation Bond Debt Service    | 3,565,749             | 2,106,020             | 1,362,484             | 1,376,094             | 818,967               | 675,298               | 584,684               | 219,697               | 226,235               | 239,762               |
| - Transportation Reinvestment Zone (TRZ)  | 191,734               | 394,711               | 400,453               | 1,031,664             | 1,554,444             | 2,054,073             | 2,853,918             | 294,359               | 1,620,826             | 3,412,236             |
| - Pension Obligations                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 1,704,634             |
| Unrestricted Net Position                 | 18,753,841            | 27,708,357            | 32,475,750            | 27,027,593            | 39,081,432            | 54,355,373            | 68,523,540            | 86,564,641            | 79,997,004            | 141,870,706           |
| <b>Total Enterprise Fund Net Position</b> | <b>\$ 159,610,758</b> | <b>\$ 169,384,764</b> | <b>\$ 179,119,590</b> | <b>\$ 193,204,284</b> | <b>\$ 220,533,907</b> | <b>\$ 253,791,981</b> | <b>\$ 273,813,709</b> | <b>\$ 318,799,178</b> | <b>\$ 352,285,926</b> | <b>\$ 390,436,010</b> |



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

|                                                                       | <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>     | <u>12/31/2024</u>     | <u>12/31/2025</u>     |
|-----------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Operating Revenues</b>                                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Vessel and cargo services                                             | \$ 9,058,547          | \$ 10,728,929         | \$ 12,160,646         | \$ 10,827,761         | \$ 14,675,300         | \$ 13,614,199         | \$ 16,714,619         | \$ 20,179,422         | \$ 20,575,407         | \$ 18,230,814         |
| Lease revenues                                                        | 9,034,797             | 11,687,720            | 10,607,560            | 13,027,229            | 18,385,245            | 17,821,776            | 18,517,912            | 18,309,817            | 18,830,570            | 20,264,888            |
| Other operating revenue                                               | 1,502,170             | 1,245,984             | 1,441,561             | 1,581,517             | 4,296,356             | 2,652,451             | 2,932,950             | 3,488,606             | 3,980,350             | 4,530,956             |
| <b>Total Operating Revenues</b>                                       | <b>19,595,514</b>     | <b>23,662,633</b>     | <b>24,209,767</b>     | <b>25,436,507</b>     | <b>37,356,901</b>     | <b>34,088,426</b>     | <b>38,165,481</b>     | <b>41,977,845</b>     | <b>43,386,327</b>     | <b>43,026,658</b>     |
| <b>Operating Expenses, Other Than Depreciation &amp; Amortization</b> | <b>11,145,456</b>     | <b>12,376,807</b>     | <b>12,360,740</b>     | <b>12,715,207</b>     | <b>11,892,141</b>     | <b>14,737,320</b>     | <b>17,485,255</b>     | <b>19,203,839</b>     | <b>18,905,188</b>     | <b>18,586,497</b>     |
| <b>Income from Operations Before Depreciation &amp; Amortization</b>  | <b>8,450,058</b>      | <b>11,285,826</b>     | <b>11,849,027</b>     | <b>12,721,300</b>     | <b>25,464,760</b>     | <b>19,351,106</b>     | <b>20,680,226</b>     | <b>22,774,006</b>     | <b>24,481,139</b>     | <b>24,440,161</b>     |
| Depreciation & amortization                                           | 5,193,028             | 5,474,008             | 5,489,601             | 6,359,105             | 7,592,185             | 8,298,492             | 9,532,177             | 10,986,388            | 11,242,044            | 12,892,417            |
| <b>Operating Income</b>                                               | <b>3,257,030</b>      | <b>5,811,818</b>      | <b>6,359,426</b>      | <b>6,362,195</b>      | <b>17,872,575</b>     | <b>11,052,614</b>     | <b>11,148,049</b>     | <b>11,787,618</b>     | <b>13,239,095</b>     | <b>11,547,744</b>     |
| <b>Non-Operating Income (Expense)</b>                                 |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Interest income on deposits and investments                           | 192,575               | 420,106               | 894,582               | 805,316               | 310,045               | 300,489               | 1,066,926             | 3,817,982             | 4,017,597             | 4,649,841             |
| Lease interest revenue                                                | -                     | -                     | -                     | -                     | -                     | -                     | 2,887,234             | 5,209,553             | 6,743,563             | 7,883,660             |
| Interest income on notes and direct financing leases                  | 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)             | 421,857               | (12,062)              |
| Property Tax - net of discounts, bad debt and collection expenses     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Penalties and Interest                                                | 107,227               | 101,673               | 96,330                | 85,193                | 86,403                | 80,530                | 83,705                | 73,996                | 83,424                | 97,027                |
| Maintenance and Operations                                            | 455,446               | 475,770               | 1,933,141             | 3,050,647             | 2,237,473             | 2,312,438             | 2,653,659             | 2,800,105             | 3,397,047             | 3,795,735             |
| General Obligation Debt Service                                       | 2,522,306             | 2,371,149             | 894,619               | (32,472)              | 1,024,860             | 399,416               | 361,276               | 409,700               | (22,571)              | (6,133)               |
| Interest expense                                                      | (580,386)             | (604,983)             | (1,546,417)           | (1,448,441)           | (1,361,946)           | (1,286,248)           | (1,163,179)           | (1,139,009)           | (1,083,122)           | (1,030,910)           |
| Debt costs & amort. of premiums & prepaid bond ins.                   | (478,841)             | 67,458                | 66,389                | 66,389                | 66,389                | 66,389                | (251,685)             | 66,389                | 66,389                | (143,611)             |
| Bond service fees                                                     | (4,400)               | (4,650)               | (4,650)               | (4,450)               | (3,700)               | (2,950)               | (750)                 | (1,250)               | (1,325)               | (1,325)               |
| Other non-operating income                                            | 25,234                | 24,343                | 67,448                | 58,991                | 27,151                | 113,981               | (67,080)              | 22,571,395            | 884,294               | -                     |
| <b>Total Non-Operating Income</b>                                     | <b>2,368,326</b>      | <b>2,959,489</b>      | <b>2,488,472</b>      | <b>2,645,502</b>      | <b>2,283,184</b>      | <b>2,000,331</b>      | <b>5,570,768</b>      | <b>33,157,351</b>     | <b>14,507,153</b>     | <b>15,232,222</b>     |
| <b>Income Before Contributions and Special Items</b>                  | <b>5,625,356</b>      | <b>8,771,307</b>      | <b>8,847,898</b>      | <b>9,007,697</b>      | <b>20,155,759</b>     | <b>13,052,945</b>     | <b>16,718,817</b>     | <b>44,944,969</b>     | <b>27,746,248</b>     | <b>26,779,966</b>     |
| Capital contributions                                                 | -                     | 379,041               | 1,225,404             | 2,409,459             | 2,853,900             | 268,743               | 2,693,772             | 40,500                | 5,740,500             | 1,230,705             |
| Capital contributions from grants                                     | 374,201               | 148,302               | 18,602                | 2,667,538             | 4,319,964             | 19,936,386            | 609,139               | -                     | -                     | 10,139,413            |
| <b>Increase in net position</b>                                       | <b>5,999,557</b>      | <b>9,298,650</b>      | <b>10,091,904</b>     | <b>14,084,694</b>     | <b>27,329,623</b>     | <b>33,258,074</b>     | <b>20,021,728</b>     | <b>44,985,469</b>     | <b>33,486,748</b>     | <b>38,150,084</b>     |
| <b>Net position at beginning of year</b>                              | <b>153,611,201</b>    | <b>159,610,758</b>    | <b>169,384,764</b>    | <b>179,119,590</b>    | <b>193,204,284</b>    | <b>220,533,907</b>    | <b>253,791,981</b>    | <b>273,813,709</b>    | <b>318,799,178</b>    | <b>352,285,926</b>    |
| Prior period adjustments                                              | -                     | 475,356               | (357,078)             | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| <b>Net position at beginning of year - as restated</b>                | <b>153,611,201</b>    | <b>160,086,114</b>    | <b>169,027,686</b>    | <b>179,119,590</b>    | <b>193,204,284</b>    | <b>220,533,907</b>    | <b>253,791,981</b>    | <b>273,813,709</b>    | <b>318,799,178</b>    | <b>352,285,926</b>    |
| <b>Net position at end of year</b>                                    | <b>\$ 159,610,758</b> | <b>\$ 169,384,764</b> | <b>\$ 179,119,590</b> | <b>\$ 193,204,284</b> | <b>\$ 220,533,907</b> | <b>\$ 253,791,981</b> | <b>\$ 273,813,709</b> | <b>\$ 318,799,178</b> | <b>\$ 352,285,926</b> | <b>\$ 390,436,010</b> |

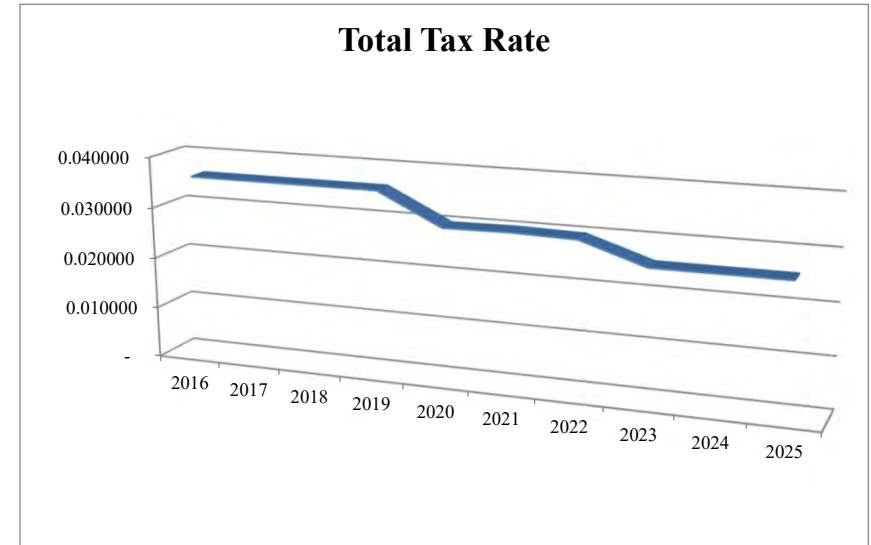
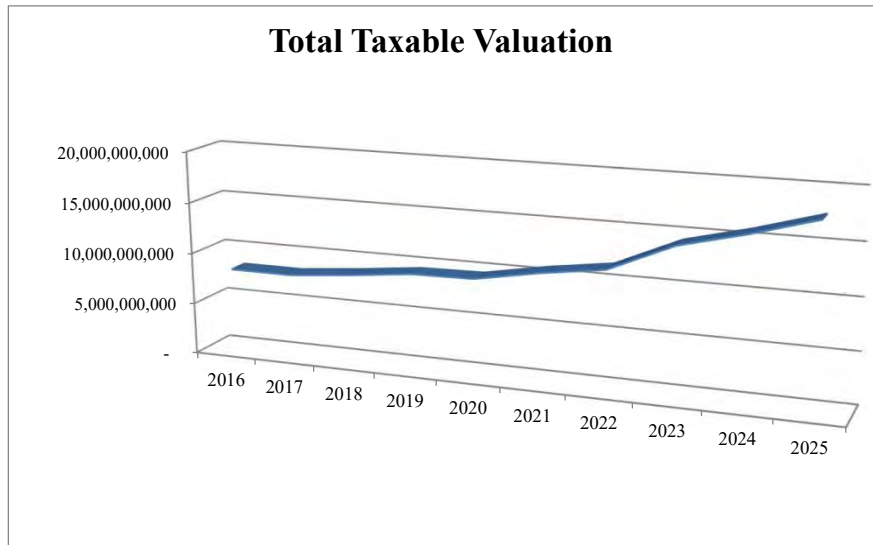
## **Revenue Capacity**

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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&amp;O Rate</u>      | <u>G.O. Rate</u> | <u>Total Rate</u> | <u>M&amp;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> |
| 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%                    | 873,247                                | 2,953,819                        | 99.64%                    |
| 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%                    | 834,463                                | 2,947,328                        | 99.61%                    |
| 2018     | 9,954,458,488             | 8,795,447,856        | 0.035920                 | -                | 0.035920          | 3,159,328            | -                | 3,159,328         | 2,317,517                                      | 73.35%                    | 828,778                                | 3,146,295                        | 99.59%                    |
| 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%                    | 886,163                                | 3,381,591                        | 99.52%                    |
| 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%                    | 726,589                                | 2,835,156                        | 99.50%                    |
| 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%                    | 685,310                                | 3,179,193                        | 99.38%                    |
| 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%                    | 689,320                                | 3,398,199                        | 99.16%                    |
| 2023     | 18,639,545,224            | 14,287,397,384       | 0.025589                 | -                | 0.025589          | 3,656,002            | -                | 3,656,002         | 2,748,239                                      | 75.17%                    | 858,270                                | 3,606,509                        | 98.65%                    |
| 2024     | 21,039,285,461            | 15,826,653,475       | 0.025589                 | -                | 0.025589          | 4,049,884            | -                | 4,049,884         | 3,015,566                                      | 74.46%                    | 925,528                                | 3,941,094                        | 97.31%                    |
| 2025     | 22,480,812,388            | 17,612,395,449       | 0.025589                 | -                | 0.025589          | 4,506,836            | -                | 4,506,836         | 3,196,290                                      | 70.92%                    | -                                      | 3,196,290                        | 70.92%                    |

- 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 2025</u> |             | <u>Percentage</u>                     | <u>Fiscal Year 2016</u> |             | <u>Percentage</u>                     |
|----|--------------------------------------|-------------------------|-------------------------|-------------|---------------------------------------|-------------------------|-------------|---------------------------------------|
|    |                                      |                         | <u>Taxable Value*</u>   | <u>Rank</u> | <u>of Taxable</u><br><u>Valuation</u> | <u>Taxable Value*</u>   | <u>Rank</u> | <u>of Taxable</u><br><u>Valuation</u> |
| 1  | Space Exploration Tech Corp          | Manufacturing           | \$ 740,706,170          | 1           | 4.21%                                 | \$ -                    |             | 0.00%                                 |
| 2  | Rio Grande LNG                       | LNG Terminal            | 410,475,550             | 2           | 2.33%                                 | -                       |             | 0.00%                                 |
| 3  | Valley Crossing Pipeline LLC         | Natural Gas Pipeline    | 133,951,540             | 3           | 0.76%                                 | -                       |             | 0.00%                                 |
| 4  | La Chalupa LLC                       | Wind Farm               | 90,203,160              | 4           | 0.51%                                 | -                       |             | 0.00%                                 |
| 5  | Wal-Mart Inc.                        | Retail                  | 83,618,482              | 5           | 0.47%                                 | -                       |             | 0.00%                                 |
| 6  | AEP Texas Inc.                       | Utility                 | 77,189,768              | 6           | 0.44%                                 | 36,470,551              | 3           | 0.44%                                 |
| 7  | Sharyland Utilities                  | Utility                 | 64,409,150              | 7           | 0.37%                                 | -                       |             | 0.00%                                 |
| 8  | Trico Products Corp                  | Manufacturing           | 63,672,159              | 8           | 0.36%                                 | -                       |             | 0.00%                                 |
| 9  | Cameron Wind I LLC                   | Wind Farm               | 62,953,400              | 9           | 0.36%                                 | 280,000,000             | 1           | 3.39%                                 |
| 10 | Union Pacific Railroad               | Railcar                 | 59,940,999              | 10          | 0.34%                                 | 26,657,160              | 6           | 0.32%                                 |
|    | CBL Sunrise Mall                     | Retail                  | -                       |             | 0.00%                                 | 43,425,055              | 2           | 0.53%                                 |
|    | Columbia Valley Healthcare System    | Health Care             | -                       |             | 0.00%                                 | 30,109,914              | 4           | 0.36%                                 |
|    | VHS Brownsville Hospital Company LLC | Health Care             | -                       |             | 0.00%                                 | 28,303,866              | 5           | 0.34%                                 |
|    | Transmontaigne Product Services      | Liquid Terminal         | -                       |             | 0.00%                                 | 25,098,910              | 7           | 0.30%                                 |
|    | Cross Valley Project Entity          | Utility                 | -                       |             | 0.00%                                 | 22,351,360              | 8           | 0.27%                                 |
|    | Keppel Amfels                        | Manufacturing           | -                       |             | 0.00%                                 | 22,218,899              | 9           | 0.27%                                 |
|    | Wal-Mart Real Estate Business        | Real Estate             | -                       |             | 0.00%                                 | 19,757,533              | 10          | 0.24%                                 |
|    | <b>Total Assessed Valuation</b>      |                         | <b>\$ 1,787,120,378</b> |             | <b>10.15%</b>                         | <b>\$ 534,393,248</b>   |             | <b>6.46%</b>                          |

*\*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)

|                                                                     | 12/31/2016           | 12/31/2017           | 12/31/2018           | 12/31/2019           | 12/31/2020           | 12/31/2021           | 12/31/2022           | 12/31/2023           | 12/31/2024           | 12/31/2025           |
|---------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Operating Revenues</b>                                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Vessel and Cargo Services                                           | \$ 9,058,547         | \$ 10,728,929        | \$ 12,160,646        | \$ 10,827,761        | \$ 14,675,300        | \$ 13,614,199        | \$ 16,714,619        | \$ 20,179,422        | \$ 20,575,407        | \$ 18,230,814        |
| Lease Revenues                                                      | 9,034,797            | 11,687,720           | 10,607,560           | 13,027,229           | 18,385,245           | 17,821,776           | 18,517,912           | 18,309,817           | 18,830,570           | 20,264,888           |
| Other Operating Revenue                                             | 1,502,170            | 1,245,984            | 1,441,561            | 1,581,517            | 4,296,356            | 2,652,451            | 2,932,950            | 3,488,606            | 3,980,350            | 4,530,956            |
| <b>Total Operating Revenues</b>                                     | <b>19,595,514</b>    | <b>23,662,633</b>    | <b>24,209,767</b>    | <b>25,436,507</b>    | <b>37,356,901</b>    | <b>34,088,426</b>    | <b>38,165,481</b>    | <b>41,977,845</b>    | <b>43,386,327</b>    | <b>43,026,658</b>    |
| <b>Operating Expenses, Other Than Depreciation and Amortization</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Wages                                                               | 4,218,815            | 4,536,140            | 4,670,636            | 4,561,288            | 4,960,561            | 5,733,478            | 6,169,586            | 7,368,211            | 7,235,581            | 7,642,636            |
| Payroll Taxes                                                       | 341,754              | 342,292              | 367,691              | 351,720              | 393,659              | 489,218              | 516,139              | 599,710              | 621,205              | 617,078              |
| Net Pension Expense                                                 | 528,471              | 595,763              | 526,792              | 535,814              | (79,074)             | 257,168              | 67,605               | 530,783              | 236,214              | 179,729              |
| Services                                                            | 397,296              | 365,201              | 426,812              | 260,706              | 354,776              | 728,134              | 426,030              | 934,796              | 1,126,616            | 936,592              |
| Materials                                                           | 813,761              | 829,442              | 1,258,775            | 981,594              | 788,445              | 1,938,235            | 3,934,566            | 2,176,496            | 2,119,513            | 1,805,022            |
| Utilities                                                           | 794,425              | 916,411              | 913,120              | 917,294              | 952,067              | 966,267              | 1,156,487            | 1,403,150            | 1,524,028            | 1,330,859            |
| Insurance                                                           | 1,268,947            | 1,370,712            | 1,334,478            | 1,605,493            | 1,745,576            | 1,840,739            | 2,055,254            | 2,243,060            | 2,287,276            | 2,136,194            |
| Dues                                                                | 67,152               | 65,108               | 105,784              | 120,479              | 119,929              | 115,722              | 125,309              | 121,538              | 87,233               | 145,852              |
| Legal & Auditing                                                    | 288,459              | 508,004              | 406,251              | 623,607              | 538,848              | 430,105              | 469,315              | 441,791              | 521,758              | 467,237              |
| Consultant Fees                                                     | 605,990              | 690,283              | 735,783              | 815,134              | 670,035              | 635,473              | 570,174              | 672,852              | 177,521              | 449,472              |
| Supplies                                                            | 73,734               | 75,099               | 110,379              | 90,415               | 50,313               | 94,917               | 122,306              | 105,440              | 116,847              | 129,467              |
| Computer Expense                                                    | 375,280              | 494,385              | 431,359              | 377,931              | 359,165              | 346,050              | 371,356              | 505,222              | 913,539              | 525,144              |
| Employee Expense                                                    | 115,118              | 118,848              | 137,538              | 106,600              | 152,994              | 238,333              | 368,283              | 783,975              | 426,922              | 494,556              |
| Other Expense                                                       | 262,696              | 70,936               | 187,469              | 686,190              | 412,255              | 296,515              | 338,883              | 431,284              | 550,858              | 454,615              |
| Travel                                                              | 170,115              | 191,537              | 226,088              | 208,961              | 32,118               | 63,521               | 194,073              | 185,250              | 168,527              | 218,734              |
| Advertising                                                         | 140,000              | 109,356              | 143,189              | 151,840              | 206,165              | 178,712              | 171,333              | 260,075              | 317,594              | 328,598              |
| Safety                                                              | 25,383               | 13,910               | 32,854               | 14,026               | 21,915               | 38,150               | 56,749               | 58,843               | 62,047               | 59,973               |
| Doubtful Accounts                                                   | 311,113              | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 194,349              |
| Damages                                                             | 214,913              | 42,729               | 45,536               | 65,931               | 70,864               | 71,887               | 99,548               | 113,664              | 125,221              | 103,694              |
| Land Lease and Rental Rebate                                        | 18,225               | 936,226              | 158,393              | 83,936               | 45,263               | 19,827               | 19,827               | 19,827               | 19,827               | 19,827               |
| Promotional                                                         | 113,809              | 104,425              | 141,813              | 156,248              | 96,267               | 254,868              | 252,432              | 247,872              | 266,861              | 346,869              |
| <b>Total Operating Expenses</b>                                     | <b>11,145,456</b>    | <b>12,376,807</b>    | <b>12,360,740</b>    | <b>12,715,207</b>    | <b>11,892,141</b>    | <b>14,737,320</b>    | <b>17,485,255</b>    | <b>19,203,839</b>    | <b>18,905,188</b>    | <b>18,586,497</b>    |
| <b>Income from Operations before Depreciation and Amortization</b>  | <b>8,450,058</b>     | <b>11,285,825</b>    | <b>11,849,027</b>    | <b>12,721,300</b>    | <b>25,464,760</b>    | <b>19,351,107</b>    | <b>20,680,226</b>    | <b>22,774,006</b>    | <b>24,481,139</b>    | <b>24,440,161</b>    |
| <b>Non-Operating Income (Expense)</b>                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Interest income on deposits and investments                         | 192,575              | 420,106              | 894,582              | 805,316              | 310,045              | 300,489              | 1,066,926            | 3,817,982            | 4,017,597            | 4,649,841            |
| Lease interest revenue                                              | -                    | -                    | -                    | -                    | -                    | -                    | 2,887,234            | 5,209,553            | 6,743,563            | 7,883,660            |
| Interest income on notes and direct financing leases                | 129,165              | 108,623              | 87,030               | 64,329               | 40,464               | 15,318               | -                    | -                    | -                    | -                    |
| Grant Revenue                                                       | 374,201              | 148,302              | 18,602               | 2,667,538            | 4,319,964            | 19,936,386           | 609,139              | -                    | -                    | 10,139,413           |
| Gain (Loss) on disposal of assets held for sale                     | -                    | -                    | -                    | -                    | (143,955)            | 968                  | 662                  | (651,510)            | 421,857              | (12,062)             |
| Property Tax - net of discounts, bad debt and collection exp.       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Penalty and interest                                                | 107,227              | 101,673              | 96,330               | 85,193               | 86,403               | 80,530               | 83,705               | 73,996               | 83,424               | 97,027               |
| Maintenance and operations                                          | 455,446              | 475,770              | 1,933,141            | 3,050,647            | 2,237,473            | 2,312,438            | 2,653,659            | 2,800,105            | 3,397,047            | 3,795,735            |
| General obligation bond debt service                                | 2,522,306            | 2,371,149            | 894,619              | (32,472)             | 1,024,860            | 399,416              | 361,276              | 409,700              | (22,571)             | (6,133)              |
| Interest Expense                                                    | (580,386)            | (604,983)            | (1,546,417)          | (1,448,441)          | (1,361,946)          | (1,286,248)          | (1,163,180)          | (1,139,009)          | (1,083,122)          | (1,030,910)          |
| Capital contributions                                               | -                    | 379,041              | 1,225,404            | 2,409,459            | 2,853,900            | 268,743              | 2,693,772            | 40,500               | 5,740,500            | 1,230,705            |
| Debt costs & amort. premiums and prepaid bond ins.                  | (478,841)            | 67,458               | 66,389               | 66,389               | 66,389               | 66,389               | (251,685)            | 66,389               | 66,389               | (143,611)            |
| Bond service fees                                                   | (4,400)              | (4,650)              | (4,650)              | (4,450)              | (3,700)              | (2,950)              | (750)                | (1,250)              | (1,325)              | (1,325)              |
| Other Non-Operating Income                                          | 25,234               | 24,343               | 67,448               | 58,991               | 27,151               | 113,981              | (67,080)             | 22,571,395           | 884,294              | -                    |
| <b>Total Non-Operating Income</b>                                   | <b>2,742,527</b>     | <b>3,486,832</b>     | <b>3,732,478</b>     | <b>7,722,499</b>     | <b>9,457,048</b>     | <b>22,205,460</b>    | <b>8,873,678</b>     | <b>33,197,851</b>    | <b>20,247,653</b>    | <b>26,602,340</b>    |
| <b>Net Income before Depreciation and Amortization</b>              | <b>\$ 11,192,585</b> | <b>\$ 14,772,658</b> | <b>\$ 15,581,505</b> | <b>\$ 20,443,799</b> | <b>\$ 34,921,808</b> | <b>\$ 41,556,567</b> | <b>\$ 29,553,904</b> | <b>\$ 55,971,857</b> | <b>\$ 44,728,792</b> | <b>\$ 51,042,501</b> |



**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>12/31/2016</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> | <u>12/31/2024</u> | <u>12/31/2025</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| <b>Port Calls by Vessel Type</b>                                                                                                                                                                                                                                                                                                                                                                                |                   |                   |                   |                   |                   |                   |                    |                   |                   |                   |
| Deep Sea Vessels                                                                                                                                                                                                                                                                                                                                                                                                | 566               | 576               | 503               | 696               | 780               | 836               | 739                | 1,148             | 1,025             | 827               |
| River Barges                                                                                                                                                                                                                                                                                                                                                                                                    | 525               | 741               | 803               | 870               | 891               | 1,018             | 1,015              | 1,413             | 1,297             | 1,109             |
|                                                                                                                                                                                                                                                                                                                                                                                                                 | 1,091             | 1,317             | 1,306             | 1,566             | 1,671             | 1,854             | 1,754              | 2,561             | 2,322             | 1,936             |
| <b>Waterborne Cargo Traffic (metric tons)</b>                                                                                                                                                                                                                                                                                                                                                                   |                   |                   |                   |                   |                   |                   |                    |                   |                   |                   |
| Petroleum and Coal Products                                                                                                                                                                                                                                                                                                                                                                                     | 3,969,746         | 4,336,415         | 4,743,266         | 3,482,989         | 3,422,327         | 3,909,519         | 3,844,196          | 4,822,745         | 4,074,371         | 3,618,833         |
| Primary Metal Products                                                                                                                                                                                                                                                                                                                                                                                          | 2,243,315         | 2,180,770         | 2,849,125         | 2,247,038         | 2,576,860         | 3,941,788         | 4,609,172          | 5,443,320         | 5,505,189         | 4,710,808         |
| Non-Metallic Minerals                                                                                                                                                                                                                                                                                                                                                                                           | 653,142           | 534,921           | 333,977           | 560,430           | 545,660           | 608,893           | 246,077            | 505,005           | 447,727           | 297,397           |
| Waste and Scrap Materials                                                                                                                                                                                                                                                                                                                                                                                       | 35,962            | 71,316            | 135,771           | 86,075            | 30,703            | 34,763            | 11,783             | 19,246            | 63,916            | 68,404            |
| Other Cargos                                                                                                                                                                                                                                                                                                                                                                                                    | 58,622            | 214,888           | 219,179           | 208,725           | 584,314           | 295,179           | 305,548            | 363,861           | 562,257           | 515,689           |
| Total Cargo Traffic                                                                                                                                                                                                                                                                                                                                                                                             | 6,960,787         | 7,338,310         | 8,281,319         | 6,585,257         | 7,159,864         | 8,790,142         | 9,016,777          | 11,154,177        | 10,653,460        | 9,211,132         |
| <i>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.</i> |                   |                   |                   |                   |                   |                   |                    |                   |                   |                   |
| <b>Harbor Fees (per Port Call)</b>                                                                                                                                                                                                                                                                                                                                                                              |                   |                   |                   |                   |                   |                   |                    |                   |                   |                   |
| 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           | \$ 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              | 0.02              | 0.02              |
| River Barges                                                                                                                                                                                                                                                                                                                                                                                                    | 100.00            | 100.00            | 100.00            | 100.00            | 100.00            | 100.00            | 150.00             | 150.00            | 150.00            | 150.00            |
| Ocean-Going Tug and River Tugs                                                                                                                                                                                                                                                                                                                                                                                  | -                 | -                 | -                 | -                 | -                 | -                 | 150.00             | 150.00            | 150.00            | 150.00            |
| Mexican Fishing Vessels                                                                                                                                                                                                                                                                                                                                                                                         | 65.00             | 65.00             | 65.00             | 65.00             | 65.00             | 65.00             | 65.00              | 65.00             | 65.00             | 65.00             |
| <b>Dockage (rate for Gross Registered Ton/day)</b>                                                                                                                                                                                                                                                                                                                                                              |                   |                   |                   |                   |                   |                   |                    |                   |                   |                   |
| Dockage - General Cargo Docks                                                                                                                                                                                                                                                                                                                                                                                   | 0.15              | 0.16              | 0.17              | 0.18              | 0.18              | 0.18              | 0.18               | 0.18              | 0.18              | 0.18              |
| Dockage - Bulk Cargo Dock                                                                                                                                                                                                                                                                                                                                                                                       | 0.15              | 0.25              | 0.25              | 0.25              | 0.25              | 0.25              | 0.25               | 0.25              | 0.25              | 0.25              |
| Dockage - Oil Docks/Liquid Cargo Docks/Express Dock                                                                                                                                                                                                                                                                                                                                                             | 0.15              | 0.16              | 0.17              | 0.18              | 0.18              | 0.18              | 0.18               | 0.18              | 0.18              | 0.18              |
| Dockage - Fitting for grain                                                                                                                                                                                                                                                                                                                                                                                     | 0.05              | 0.05              | 0.05              | 0.05              | 0.05              | 0.05              | 0.18               | 0.18              | 0.18              | 0.18              |
| Dockage - Layberth (in excess of 30 days)                                                                                                                                                                                                                                                                                                                                                                       | 0.09              | 0.09              | 0.09              | 0.09              | 0.09              | 0.09              | Negotiated Rate    | Negotiated Rate   | Negotiated Rate   | Negotiated Rate   |
| Dockage - Layberth (less than 30 days)                                                                                                                                                                                                                                                                                                                                                                          | 0.09              | 0.09              | 0.09              | 0.09              | 0.09              | 0.09              | 0.18               | 0.18              | 0.18              | 0.18              |
| Dockage - Scrap vessels and Drilling Rigs                                                                                                                                                                                                                                                                                                                                                                       | 0.09              | 0.09              | 0.09              | 0.09              | 0.09              | 0.09              | 0.18               | 0.18              | 0.18              | 0.18              |
| Dockage - River Barges (per day)                                                                                                                                                                                                                                                                                                                                                                                | 75.00             | 80.00             | 85.00             | 90.00             | 90.00             | 90.00             | 125.00             | 125.00            | 125.00            | 125.00            |
| Dockage - Ocean Going Tugs, Harbor Tugs, and River Tugs(per day)                                                                                                                                                                                                                                                                                                                                                | -                 | -                 | -                 | -                 | -                 | -                 | 100.00             | 100.00            | 100.00            | 100.00            |
| <b>Wharfrage - Major Commodities</b>                                                                                                                                                                                                                                                                                                                                                                            |                   |                   |                   |                   |                   |                   |                    |                   |                   |                   |
| Petroleum and Coal Products (per barrel)                                                                                                                                                                                                                                                                                                                                                                        | 0.050             | 0.07              | 0.08              | 0.10              | 0.10              | 0.10              | 0.10               | 0.10              | 0.10              | 0.10              |
| Primary Metal Products (per metric ton)                                                                                                                                                                                                                                                                                                                                                                         | 1.00              | 1.00              | 1.00              | 1.00              | 1.00              | 1.00              | 1.00               | 1.00              | 1.00              | 1.00              |
| Primary Metal Products - Volume Incentive (per metric ton)                                                                                                                                                                                                                                                                                                                                                      | Negotiated Rate   | Negotiated Rate   | Negotiated Rate   | Negotiated Rate   | Negotiated Rate   | Negotiated Rate   | Negotiated Rate    | Negotiated Rate   | Negotiated Rate   | Negotiated Rate   |
| Non-Metallic Minerals - Aggregates (per metric ton)                                                                                                                                                                                                                                                                                                                                                             | 0.35              | 0.35              | 0.35              | 0.35              | 0.35              | 0.35              | 0.35               | 0.35              | 0.35              | 0.35              |
| Non-Metallic Minerals - Covered Storage (per metric ton)                                                                                                                                                                                                                                                                                                                                                        | 1.37              | 1.37              | 1.37              | 1.37              | 1.37              | 1.37              | 1.37               | 1.37              | 1.37              | 1.37              |
| Non-Metallic Minerals - Open Storage (per metric ton)                                                                                                                                                                                                                                                                                                                                                           | 1.09              | 1.09              | 1.09              | 1.09              | 1.09              | 1.09              | 1.09               | 1.09              | 1.09              | 1.09              |
| Waste and Scrap Materials (per metric ton)                                                                                                                                                                                                                                                                                                                                                                      | 1.00              | 1.00              | 1.00              | 1.00              | 1.00              | 1.00              | 1.00               | 1.00              | 1.00              | 1.00              |
| Miscellaneous Cargos - Not Otherwise Specified                                                                                                                                                                                                                                                                                                                                                                  | 1.37              | 1.37              | 1.37              | 1.37              | 1.37              | 1.37              | 1.37               | 1.37              | 1.37              | 1.37              |
| <b>Free Time and Penalty Storage (per metric ton/day)</b>                                                                                                                                                                                                                                                                                                                                                       |                   |                   |                   |                   |                   |                   |                    |                   |                   |                   |
| Covered Storage - General Cargo Sheds                                                                                                                                                                                                                                                                                                                                                                           | 0.1103            | 0.1103            | 0.1103            | 0.1103            | 0.1103            | 0.1103            | 0.1103             | 0.1103            | 0.1103            | 0.1103            |
| Open Docks and Patios                                                                                                                                                                                                                                                                                                                                                                                           | 0.0221            | 0.0221            | 0.0221            | 0.0221            | 0.0221            | 0.0221            | 0.0221             | 0.0221            | 0.0221            | 0.0221            |

\* - Tariff rates shown as of December 31, 2022, are based on updates to Brownsville Navigation District's published tariffs effective July 1, 2022.

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

Table 6 continued

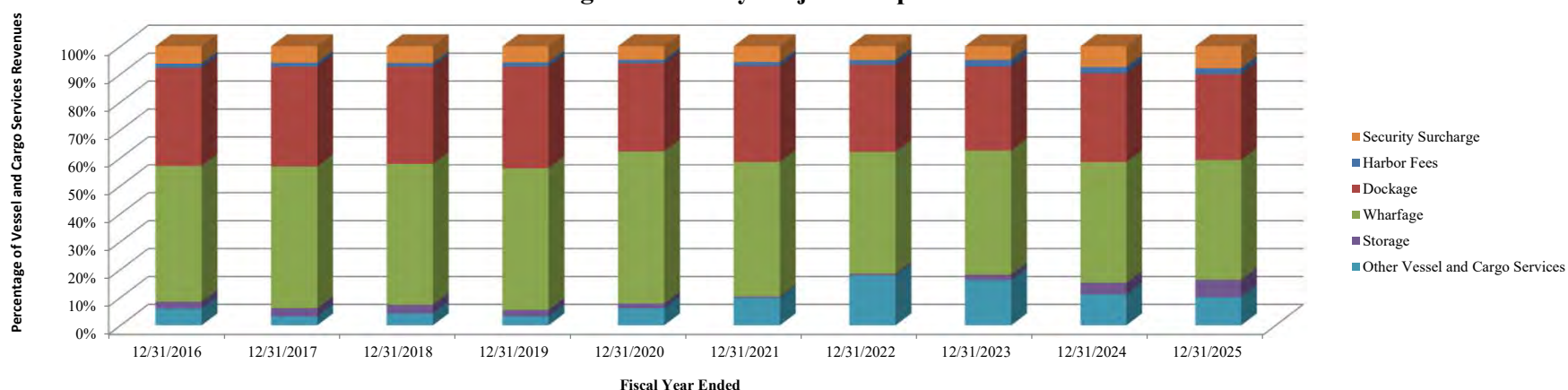
Last Ten Fiscal Years

(Unaudited)

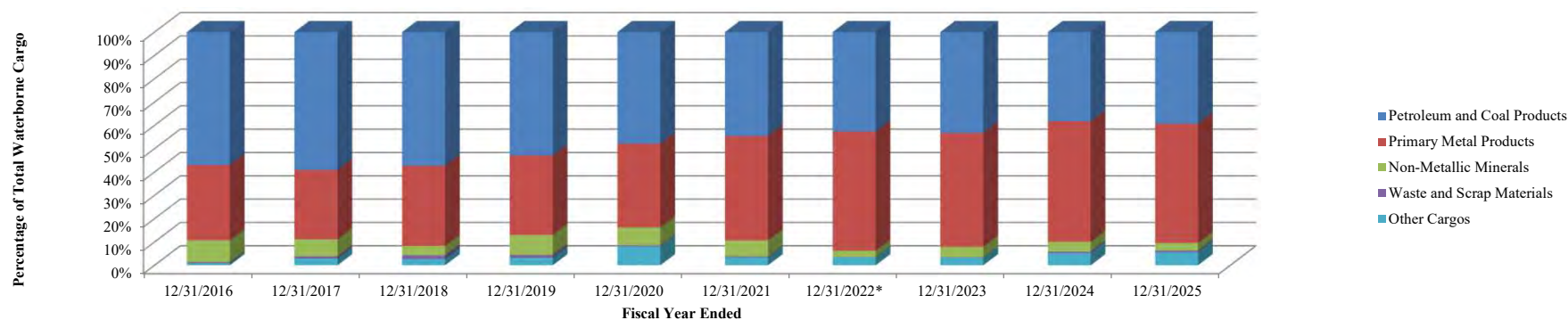
**Vessel and Cargo Revenue by Major Component**

|                                        | <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>    | <u>12/31/2024</u>    | <u>12/31/2025</u>    |
|----------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Harbor Fees                            | \$ 133,100          | \$ 153,250           | \$ 154,900           | \$ 168,195           | \$ 176,480           | \$ 186,210           | \$ 280,598           | \$ 495,050           | \$ 463,987           | \$ 392,824           |
| Dockage                                | 3,189,883           | 3,831,793            | 4,238,338            | 3,946,002            | 4,647,405            | 4,679,816            | 5,217,836            | 6,063,939            | 6,539,244            | 5,607,224            |
| Wharfage                               | 4,407,624           | 5,446,130            | 6,137,069            | 5,490,494            | 7,990,707            | 6,563,873            | 7,301,501            | 8,971,862            | 8,894,952            | 7,821,652            |
| Security Surcharge                     | 563,981             | 634,628              | 732,310              | 623,245              | 716,063              | 775,310              | 830,199              | 981,924              | 1,533,216            | 1,436,685            |
| Storage                                | 219,957             | 318,552              | 379,719              | 254,405              | 245,012              | 75,814               | 103,510              | 406,491              | 859,465              | 1,124,334            |
| Other Vessel and Cargo Services        | 544,001             | 344,576              | 518,310              | 345,420              | 899,633              | 1,333,176            | 2,980,975            | 3,260,156            | 2,284,543            | 1,848,095            |
| <b>Total Vessel and Cargo Services</b> | <b>\$ 9,058,546</b> | <b>\$ 10,728,929</b> | <b>\$ 12,160,646</b> | <b>\$ 10,827,761</b> | <b>\$ 14,675,300</b> | <b>\$ 13,614,199</b> | <b>\$ 16,714,619</b> | <b>\$ 20,179,422</b> | <b>\$ 20,575,407</b> | <b>\$ 18,230,814</b> |

**Vessel and Cargo Revenue by Major Component**



**Major Waterborne Cargoes**



**Brownsville Navigation District of Cameron County, Texas**  
**Principal Customers for Vessel Services at the Port of Brownsville**  
Current Year and Nine Years Ago

| Customer                             | Fiscal Year Ending   |      |                             |                     |      |                             |
|--------------------------------------|----------------------|------|-----------------------------|---------------------|------|-----------------------------|
|                                      | 2025                 |      |                             | 2016                |      |                             |
|                                      | 2025 Revenues        | Rank | Total<br>Percentage<br>2025 | 2016 Revenues       | Rank | Total<br>Percentage<br>2016 |
| Gulf Stream Marine                   | \$ 4,492,398         | 1    | 25%                         | \$ 1,949,928        | 1    | 23%                         |
| Dix Industries, Inc.                 | 2,785,136            | 2    | 15%                         |                     |      |                             |
| Dix Agency Brownsville, LLP          | 2,333,440            | 3    | 13%                         | 1,881,511           | 2    | 22%                         |
| Schaefer Stevedoring                 | 1,477,028            | 4    | 8%                          | 573,244             | 5    | 7%                          |
| Norton Lilly International           | 1,333,402            | 5    | 7%                          | 92,706              | 13   | 1%                          |
| Host Agency, LLC                     | 1,219,355            | 6    | 7%                          |                     |      |                             |
| Motus T2, LLC                        | 1,050,692            | 7    | 6%                          |                     |      |                             |
| Bluewing One, LLC                    | 622,890              | 8    | 3%                          |                     |      |                             |
| Frontera Brownsville, LLC            | 309,866              | 9    | 2%                          | 1,509,637           | 3    | 18%                         |
| Bluewing Royal, LLC                  | 253,367              | 10   | 1%                          |                     |      |                             |
| Christian Bay Shipping               | 252,942              | 11   | 1%                          |                     |      |                             |
| Admiral Steamship Agency             | 220,512              | 12   | 1%                          | 605,865             | 4    | 7%                          |
| Moran Shipping Agency of Texas, Inc. | 195,945              | 13   | 1%                          | 248,258             | 7    | 3%                          |
| American Commercial Barge            | 191,943              | 14   | 1%                          |                     |      |                             |
| Transmontaigne Operating Co. LP      | 155,797              | 15   | 1%                          | 126,175             | 12   | 1%                          |
| T. Parker Host Gulf, Inc.            |                      |      |                             | 359,272             | 6    | 4%                          |
| Maverick Fuel Oil Terminal, LLC      |                      |      |                             | 232,246             | 8    | 3%                          |
| Gulf Harbor Shipping, LLC            |                      |      |                             | 165,860             | 10   | 2%                          |
| ISS Marine Services, Inc.            |                      |      |                             | 211,589             | 9    | 2%                          |
| Kirby Inland Marine, Inc.            |                      |      |                             | 92,650              | 14   | 1%                          |
| Vulcan Construction Materials        |                      |      |                             | 160,738             | 11   | 2%                          |
| Interlube Corp., Inc.                |                      |      |                             | 63,160              | 15   | 1%                          |
| <b>Total Vessel Revenues</b>         | <b>\$ 18,230,814</b> |      | <b>93%</b>                  | <b>\$ 8,489,466</b> |      | <b>97%</b>                  |

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

Current Year and Nine Years Ago  
(Unaudited)

| Customer                                        | Fiscal Year          |      |                             |                     |      |                             |
|-------------------------------------------------|----------------------|------|-----------------------------|---------------------|------|-----------------------------|
|                                                 | 2025                 |      |                             | 2016                |      |                             |
|                                                 | 2025 Revenues        | Rank | Total<br>Percentage<br>2025 | 2016 Revenues       | Rank | Total<br>Percentage<br>2016 |
| Rio Grande LNG, LLC                             | 7,361,379            | 1    | 36%                         |                     |      |                             |
| Brownsville & Rio Grande International Railroad | 2,194,848            | 2    | 11%                         | 324,451             | 8    | 3%                          |
| Transmontaigne Operating Co. LP                 | 1,059,467            | 3    | 5%                          | 978,412             | 1    | 11%                         |
| Ternium USA, Inc.                               | 1,075,803            | 4    | 5%                          |                     |      |                             |
| Texas LNG Brownsville, LLC                      | 1,000,000            | 5    | 5%                          | 365,250             | 6    | 4%                          |
| Gulf Stream Marine                              | 721,481              | 6    | 4%                          |                     |      |                             |
| Element Fuels / ARX Energy, LLC                 | 629,755              | 7    | 3%                          |                     |      |                             |
| Vestas American Wind Technology, Inc            | 629,000              | 8    | 3%                          |                     |      |                             |
| International Shipbreaking LTD                  | 617,700              | 9    | 3%                          | 362,224             | 7    | 4%                          |
| Bedoli Group, Inc.                              | 683,629              | 10   | 3%                          | 515,967             | 4    | 6%                          |
| Bay Bridge Texas, LLC                           |                      |      |                             | 227,324             | 10   | 2%                          |
| Esco Marine, Inc.                               |                      |      |                             | 631,428             | 2    | 7%                          |
| Annova LNG LLC                                  |                      |      |                             | 393,871             | 5    | 4%                          |
| Next Decade, LLC                                |                      |      |                             | 584,400             | 3    | 6%                          |
| Citgo Petroleum Corporation                     |                      |      |                             | 239,545             | 9    | 3%                          |
| <b>Total Lease Revenues</b>                     | <b>\$ 20,264,888</b> |      | <b>78%</b>                  | <b>\$ 9,309,699</b> |      | <b>50%</b>                  |

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## **Debt Capacity**

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

| <b>Fiscal Year</b> | <b>General Obligation Bonds</b> | <b>Revenue Bonds</b> | <b>Ship Channel Improvement Revolving Fund</b> | <b>Subscriptions</b> | <b>Total Debt Outstanding</b> | <b>Assets Restricted for Debt Service</b> | <b>Total Net Outstanding Debt</b> |
|--------------------|---------------------------------|----------------------|------------------------------------------------|----------------------|-------------------------------|-------------------------------------------|-----------------------------------|
| 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                       | 37,054,572           | -                                              | -                    | 39,159,572                    | 6,669,321                                 | 32,490,251                        |
| 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                         | 32,041,444           | -                                              | -                    | 32,456,444                    | 5,381,275                                 | 27,075,169                        |
| 2023               | -                               | 30,645,401           | -                                              | 50,516               | 30,695,917                    | 5,157,117                                 | 25,538,800                        |
| 2024               | -                               | 29,199,359           | -                                              | 54,534               | 29,253,893                    | 5,541,365                                 | 23,712,528                        |
| 2025               | -                               | 27,698,317           | 43,000,000                                     | 27,670               | 70,725,987                    | 6,293,850                                 | 64,432,137                        |

| <b>Fiscal Year</b> | <b>Taxable Property Valuation</b> | <b>Outstanding Debt as a Percentage of Taxable Property Value</b> | <b>Cameron County Population<sup>1</sup></b> | <b>Outstanding Debt Per Capita</b> | <b>Personal Income<sup>1</sup></b> | <b>Outstanding Debt as a Percentage of Personal Income</b> |
|--------------------|-----------------------------------|-------------------------------------------------------------------|----------------------------------------------|------------------------------------|------------------------------------|------------------------------------------------------------|
| 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                    | 0.28%                                                             | 425,208                                      | 76                                 | 37,861                             | 0.20%                                                      |
| 2023               | 14,287,397,384                    | 0.21%                                                             | 426,710                                      | 72                                 | 37,861                             | 0.19%                                                      |
| 2024               | 15,826,653,475                    | 0.18%                                                             | 431,874                                      | 68                                 | 38,523                             | 0.18%                                                      |
| 2025               | 17,612,395,449                    | 0.40%                                                             | 433,946                                      | 163                                | 39,990                             | 0.41%                                                      |

<sup>1</sup> Data from the Cameron County 2025 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 14

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

|                                                                                     | 12/31/2016          | 12/31/2017           | 12/31/2018           | 12/31/2019           | 12/31/2020           | 12/31/2021           | 12/31/2022           | 12/31/2023           | 12/31/2024           | 12/31/2025           |
|-------------------------------------------------------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>First Lien Revenue Bond - Series 2002A</b>                                       |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal Maturity                                                                  | \$ 105,000          | \$ 110,000           | \$ 115,000           | \$ 120,000           | \$ 125,000           | \$ 130,000           | \$ 135,000           | -                    | -                    | -                    |
| Interest Payments                                                                   | 10,064              | 11,117               | 11,659               | 9,245                | 6,728                | 4,109                | 1,387                | -                    | -                    | -                    |
| Total Outstanding Debt                                                              | 115,064             | 121,117              | 126,659              | 129,245              | 131,728              | 134,109              | 136,387              | -                    | -                    | -                    |
| <b>First Lien Revenue Bond - Series 2002B</b>                                       |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal Maturity                                                                  | 110,000             | 115,000              | 120,000              | 125,000              | 130,000              | 135,000              | 140,000              | -                    | -                    | -                    |
| Interest Payments                                                                   | 10,480              | 11,565               | 12,121               | 9,604                | 6,985                | 4,263                | 1,438                | -                    | -                    | -                    |
| Total Outstanding Debt                                                              | 120,480             | 126,565              | 132,121              | 134,604              | 136,985              | 139,263              | 141,438              | -                    | -                    | -                    |
| <b>First Lien Revenue Bond - Series 2011</b>                                        |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal Maturity                                                                  | 255,000             | 260,000              | 270,000              | 285,000              | 290,000              | 295,000              | -                    | -                    | -                    | -                    |
| Interest Payments                                                                   | 45,978              | 38,227               | 30,251               | 21,898               | 13,244               | 4,440                | -                    | -                    | -                    | -                    |
| Total Outstanding Debt                                                              | 300,978             | 298,227              | 300,251              | 306,898              | 303,244              | 299,440              | -                    | -                    | -                    | -                    |
| <b>First Lien Revenue Bond - Series 2012</b>                                        |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal Maturity                                                                  | 335,000             | 345,000              | 355,000              | 370,000              | 380,000              | 390,000              | 405,000              | -                    | -                    | -                    |
| Interest Payments                                                                   | 310,467             | 299,407              | 288,456              | 276,892              | 264,930              | 257,858              | 117,692              | -                    | -                    | -                    |
| Total Outstanding Debt                                                              | 645,467             | 644,407              | 643,456              | 646,892              | 644,930              | 647,858              | 522,692              | -                    | -                    | -                    |
| <b>First Lien Revenue Bond - Series 2016</b>                                        |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal Maturity                                                                  | -                   | 635,000              | 670,000              | 705,000              | 740,000              | 780,000              | 815,000              | 860,000              | 905,000              | 950,000              |
| Interest Payments                                                                   | 588,186             | 1,167,069            | 1,134,444            | 1,100,069            | 1,063,944            | 1,025,944            | 986,069              | 944,194              | 900,069              | 853,694              |
| Total Outstanding Debt                                                              | 588,186             | 1,802,069            | 1,804,444            | 1,805,069            | 1,803,944            | 1,805,944            | 1,801,069            | 1,804,194            | 1,805,069            | 1,803,694            |
| <b>Senior Lien Revenue Bond- Series 2022</b>                                        |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal Maturity                                                                  | -                   | -                    | -                    | -                    | -                    | -                    | -                    | 460,000              | 465,000              | 475,000              |
| Interest Payments                                                                   | -                   | -                    | -                    | -                    | -                    | -                    | 70,694               | 150,376              | 140,709              | 130,886              |
| Total Outstanding Debt                                                              | -                   | -                    | -                    | -                    | -                    | -                    | 70,694               | 610,376              | 605,709              | 605,886              |
| <b>Annual Outstanding Debt Service</b>                                              |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Principal Maturity                                                                  | 805,000             | 1,465,000            | 1,530,000            | 1,605,000            | 1,665,000            | 1,730,000            | 1,495,000            | 1,320,000            | 1,370,000            | 1,425,000            |
| Interest Payments                                                                   | 965,175             | 1,527,385            | 1,476,931            | 1,417,708            | 1,355,831            | 1,296,614            | 1,177,280            | 1,094,570            | 1,040,779            | 984,581              |
| <b>Tota; Annual Outstanding Debt Service</b>                                        | <b>\$ 1,770,175</b> | <b>\$ 2,992,385</b>  | <b>\$ 3,006,931</b>  | <b>\$ 3,022,708</b>  | <b>\$ 3,020,831</b>  | <b>\$ 3,026,614</b>  | <b>\$ 2,672,280</b>  | <b>\$ 2,414,570</b>  | <b>\$ 2,410,779</b>  | <b>\$ 2,409,581</b>  |
| <b>Net Revenues Available for Debt Service (See Table 11)</b>                       | <b>\$ 8,907,670</b> | <b>\$ 12,295,899</b> | <b>\$ 14,706,586</b> | <b>\$ 17,833,333</b> | <b>\$ 29,573,071</b> | <b>\$ 21,152,280</b> | <b>\$ 28,288,852</b> | <b>\$ 55,604,122</b> | <b>\$ 44,799,126</b> | <b>\$ 40,892,354</b> |
| <b>Coverage Ratio (Net Revenues Available for Debt Service/Annual Debt Service)</b> |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|                                                                                     | 3.59                | 5.22                 | 6.04                 | 7.41                 | 12.45                | 9.03                 | 12.37                | 24.39                | 19.72                | 12.15                |

**All of the net revenues of the District are pledged for the payment of the principal and interest of the First Lien Outstanding Debt**  
- See Notes to the Financial Statements



Table 11

**Brownsville Navigation District of Cameron County, Texas**  
**Net Revenues Available for Debt Service**

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

|                                                                       | 12/31/2016          | 12/31/2017           | 12/31/2018           | 12/31/2019           | 12/31/2020           | 12/31/2021           | 12/31/2022           | 12/31/2023           | 12/31/2024           | 12/31/2025           |
|-----------------------------------------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Gross Revenues</b>                                                 |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Operating Revenues</b>                                             |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Wharf Operations                                                      | \$ 8,296,515        | \$ 10,588,550        | \$ 11,619,061        | \$ 10,698,211        | \$ 14,519,172        | \$ 12,045,410        | \$ 14,378,133        | \$ 17,771,241        | \$ 19,048,658        | \$ 17,086,035        |
| Industrial Development                                                | 8,709,256           | 10,890,045           | 10,012,998           | 12,375,541           | 19,984,244           | 18,426,701           | 18,470,553           | 18,129,333           | 18,500,369           | 20,808,940           |
| Foreign Trade Zone                                                    | 430,387             | 452,708              | 488,355              | 49,792               | 77,274               | 81,458               | 80,833               | 77,917               | 87,500               | 704,935              |
| Administrative Services /Permits                                      | -                   | -                    | -                    | 483,725              | 515,701              | 499,395              | 459,306              | 706,307              | 698,516              | -                    |
| Facilities Maintenance                                                | 239,041             | 63,112               | 52,762               | 87,658               | 85,794               | 134,334              | 155,990              | 162,175              | 176,725              | 151,630              |
| Mobile Harbor Crane                                                   | 499,537             | 304,281              | 466,776              | 312,545              | 859,133              | 1,286,201            | 2,875,257            | 3,133,677            | 2,123,493            | 1,784,565            |
| Security                                                              | 656,067             | 724,360              | 811,422              | 708,268              | 798,804              | 858,776              | 912,813              | 1,068,127            | 1,617,081            | 1,517,104            |
| Communications & Public Relation                                      | -                   | 34,556               | 46,245               | 50,710               | 27,385               | 34,340               | 28,235               | 24,900               | 24,080               | 21,935               |
| Utilities Services                                                    | 647,808             | 480,479              | 583,901              | 540,144              | 360,794              | 604,858              | 685,995              | 759,408              | 962,254              | 807,197              |
| Water Plant & Distribution System                                     | 116,903             | 124,542              | 128,247              | 129,913              | 128,600              | 116,953              | 118,366              | 144,760              | 147,651              | 144,315              |
| Total                                                                 | 19,595,514          | 23,662,633           | 24,209,767           | 25,436,507           | 37,356,901           | 34,088,426           | 38,165,481           | 41,977,845           | 43,386,327           | 43,026,658           |
| <b>Non-Operating Revenues</b>                                         |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Interest on Investments                                               | 321,740             | 528,729              | 981,612              | 869,644              | 350,509              | 315,807              | 1,066,926            | 3,817,982            | 4,017,597            | 4,649,840            |
| Lease Interest Revenue                                                | -                   | -                    | -                    | -                    | -                    | -                    | 2,887,234            | 5,209,553            | 6,743,563            | 7,883,660            |
| Other                                                                 | 534,719             | 1,043,070            | 3,437,781            | 5,763,063            | 5,237,270            | 2,773,800            | 5,403,506            | 25,725,443           | 10,429,550           | 5,436,789            |
| Total                                                                 | 856,459             | 1,571,799            | 4,419,393            | 6,632,707            | 5,587,779            | 3,089,607            | 9,357,666            | 34,752,978           | 21,190,710           | 17,970,288           |
| <b>Total Gross Revenues</b>                                           | <b>20,451,973</b>   | <b>25,234,432</b>    | <b>28,629,160</b>    | <b>32,069,214</b>    | <b>42,944,680</b>    | <b>37,178,033</b>    | <b>47,523,147</b>    | <b>76,730,823</b>    | <b>64,577,037</b>    | <b>60,996,947</b>    |
| <b>Operating Expenses, Other than Depreciation &amp; Amortization</b> |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Maintenance and Operation of Facilities                               |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Wharf Operations                                                      | 654,467             | 676,739              | 692,611              | 1,263,550            | 859,908              | 911,640              | 944,355              | 1,420,090            | 1,321,812            | 1,340,885            |
| Industrial Development                                                | 224,962             | 1,192,156            | 259,279              | 249,296              | 125,546              | 126,597              | 75,995               | 139,871              | 139,064              | 243,089              |
| Foreign Trade Zone                                                    | 224,799             | 260,632              | 250,243              | 128,347              | 126,566              | 168,253              | 4,434                | 39,184               | 52,606               | 333,821              |
| Facilities Maintenance                                                | 2,129,819           | 2,168,024            | 2,689,567            | 2,393,847            | 2,167,289            | 3,600,820            | 5,248,981            | 3,794,631            | 4,084,151            | 4,007,956            |
| Utility Services                                                      | -                   | 41,146               | 156,369              | 1,014,020            | 1,033,409            | 1,141,248            | 1,474,228            | 1,707,616            | 2,000,243            | 1,502,799            |
| Harbor Mobile Crane                                                   | 407,787             | 351,379              | 413,465              | 375,051              | 523,129              | 898,037              | 1,374,858            | 1,898,882            | 1,509,990            | 1,266,645            |
| Security                                                              | 1,313,392           | 1,470,316            | 1,477,297            | 1,433,296            | 1,455,997            | 1,461,854            | 1,587,341            | 1,948,540            | 1,915,202            | 1,868,230            |
| Communications & Public Relation                                      | -                   | 24,555               | 28,061               | 41,838               | 20,102               | 33,646               | 24,783               | 18,029               | 687,547              | 744,644              |
| Engineering & Utilities                                               | 1,463,137           | 1,514,183            | 1,400,003            | 532,261              | 425,956              | 690,357              | 473,492              | 577,662              | 501,320              | 637,942              |
| Water Plant & Distribution System                                     | 89,524              | 142,411              | 145,250              | 145,062              | 144,888              | 124,789              | 141,178              | 169,909              | 164,043              | 163,815              |
| Total                                                                 | 6,507,887           | 7,841,541            | 7,512,145            | 7,576,568            | 6,882,790            | 9,157,241            | 11,349,645           | 11,714,414           | 12,375,978           | 12,109,826           |
| General and Administrative Expenses                                   | 4,637,569           | 4,535,266            | 4,848,595            | 5,138,641            | 5,009,351            | 5,580,079            | 6,135,610            | 7,489,425            | 6,529,210            | 6,476,671            |
| <b>Total Operating Expenses</b>                                       | <b>11,145,456</b>   | <b>12,376,807</b>    | <b>12,360,740</b>    | <b>12,715,209</b>    | <b>11,892,141</b>    | <b>14,737,320</b>    | <b>17,485,255</b>    | <b>19,203,839</b>    | <b>18,905,188</b>    | <b>18,586,497</b>    |
| <b>Non-Operating Expenses</b>                                         |                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Interest                                                              | 369,952             | 483,595              | 1,457,670            | 1,397,700            | 1,334,801            | 1,270,000            | 1,144,991            | 1,078,546            | 1,024,084            | 1,030,909            |
| Other                                                                 | 28,895              | 78,131               | 104,164              | 122,972              | 144,667              | 18,433               | 604,049              | 844,316              | (151,361)            | 487,189              |
| <b>Total Non-Operating Expense</b>                                    | <b>398,847</b>      | <b>561,726</b>       | <b>1,561,834</b>     | <b>1,520,672</b>     | <b>1,479,468</b>     | <b>1,288,433</b>     | <b>1,749,040</b>     | <b>1,922,862</b>     | <b>872,723</b>       | <b>1,518,098</b>     |
| <b>Total Expenses</b>                                                 | <b>11,544,303</b>   | <b>12,938,533</b>    | <b>13,922,574</b>    | <b>14,235,881</b>    | <b>13,371,609</b>    | <b>16,025,753</b>    | <b>19,234,295</b>    | <b>21,126,701</b>    | <b>19,777,911</b>    | <b>20,104,595</b>    |
| <b>Net Revenues Available For Debt Service</b>                        | <b>\$ 8,907,670</b> | <b>\$ 12,295,899</b> | <b>\$ 14,706,586</b> | <b>\$ 17,833,333</b> | <b>\$ 29,573,071</b> | <b>\$ 21,152,280</b> | <b>\$ 28,288,852</b> | <b>\$ 55,604,122</b> | <b>\$ 44,799,126</b> | <b>\$ 40,892,354</b> |
| <b>Average Annual Debt Service</b>                                    | <b>\$ 2,481,562</b> | <b>\$ 2,356,870</b>  | <b>\$ 2,434,452</b>  | <b>\$ 2,406,440</b>  | <b>\$ 2,375,721</b>  | <b>\$ 2,341,738</b>  | <b>\$ 2,287,555</b>  | <b>\$ 2,280,083</b>  | <b>\$ 2,271,915</b>  | <b>\$ 3,366,802</b>  |
| <b>Coverage by Net Revenues</b>                                       | <b>3.59</b>         | <b>5.22</b>          | <b>6.04</b>          | <b>7.41</b>          | <b>12.45</b>         | <b>9.03</b>          | <b>12.37</b>         | <b>24.39</b>         | <b>19.72</b>         | <b>12.15</b>         |

**Brownsville Navigation District of Cameron County, Texas**  
**Debt Service Requirements**

(Unaudited)

*This table sets forth the annual debt service requirements on the District's outstanding debt as of  
December 31, 2025, excluding bonds that have been refunded and defeased.*

| <b>Fiscal Year Ending<br/>December 31</b> | <b>Revenue Bonds</b> | <b>Ship Channel<br/>Improvement<br/>Revolving Fund<br/>Loan</b> | <b>Total</b>      |
|-------------------------------------------|----------------------|-----------------------------------------------------------------|-------------------|
| 2026                                      | 2,410,798            | -                                                               | 2,410,798         |
| 2027                                      | 2,305,404            | -                                                               | 2,305,404         |
| 2028                                      | 2,303,326            | 1,765,887                                                       | 4,069,213         |
| 2029                                      | 2,308,289            | 2,184,857                                                       | 4,493,146         |
| 2030                                      | 2,315,063            | 2,269,115                                                       | 4,584,178         |
| 2031                                      | 2,314,938            | 2,399,842                                                       | 4,714,780         |
| 2032                                      | 2,327,810            | 2,399,516                                                       | 4,727,326         |
| 2033                                      | 2,333,003            | 2,399,161                                                       | 4,732,164         |
| 2034                                      | 2,330,538            | 2,398,804                                                       | 4,729,342         |
| 2035                                      | 2,335,299            | 2,398,433                                                       | 4,733,732         |
| 2036                                      | 2,341,966            | 2,398,052                                                       | 4,740,018         |
| 2037                                      | 2,352,329            | 2,397,656                                                       | 4,749,985         |
| 2038                                      | 2,352,095            | 2,397,246                                                       | 4,749,341         |
| 2039                                      | 1,804,800            | 2,396,823                                                       | 4,201,623         |
| 2040                                      | 1,805,400            | 2,396,386                                                       | 4,201,786         |
| 2041                                      | -                    | 2,395,942                                                       | 2,395,942         |
| 2042                                      | -                    | 2,395,467                                                       | 2,395,467         |
| 2043                                      | -                    | 2,394,993                                                       | 2,394,993         |
| 2044                                      | -                    | 2,394,494                                                       | 2,394,494         |
| 2045                                      | -                    | 2,393,977                                                       | 2,393,977         |
| 2046                                      | -                    | 2,393,442                                                       | 2,393,442         |
| 2047                                      | -                    | 2,392,894                                                       | 2,392,894         |
| 2048                                      | -                    | 2,392,326                                                       | 2,392,326         |
| 2049                                      | -                    | 2,391,740                                                       | 2,391,740         |
| 2050                                      | -                    | 2,391,124                                                       | 2,391,124         |
| 2051                                      | -                    | 2,390,505                                                       | 2,390,505         |
| 2052                                      | -                    | 2,389,847                                                       | 2,389,847         |
| 2053                                      | -                    | 2,389,181                                                       | 2,389,181         |
| 2054                                      | -                    | 2,388,487                                                       | 2,388,487         |
| <b>Total</b>                              | <b>\$ 33,941,058</b> | <b>\$ 63,696,197</b>                                            | <b>97,637,256</b> |

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## **Demographic and Economic Information**

**Brownsville Navigation District of Cameron County, Texas**  
**Miscellaneous Statistical Data**

Last Ten Years  
(Unaudited)

**Brownsville Navigation District Facts:**

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

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| <u>Year</u> | <u>GDP (a)</u> | <u>National<br/>Unemployment (b)</u> | <u>Total U.S.<br/>Exports (c)</u> | <u>Total U.S.<br/>Imports (c)</u> | <u>U.S. Rig<br/>Count (d)</u> | <u>Oil Price<br/>\$/Bbl (e)</u> |
|-------------|----------------|--------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|---------------------------------|
| 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                           |
| 2024        | 2.8%           | 4.0%                                 | 3,191.60                          | 4,110.00                          | 599                           | 76.63                           |
| 2025        | 2.2%           | 4.3%                                 | 3,432.30                          | 4,333.80                          | 562                           | 65.39                           |

(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)

| <b>Fiscal<br/>Year</b> | <b>Population (a)</b> | <b>Per Capita<br/>Income (a)</b> | <b>Median Age (b)</b> | <b>School<br/>Enrollment (c)</b> | <b>Unemployment<br/>Rate (d)</b> | <b>Personal<br/>Income (e)</b> |
|------------------------|-----------------------|----------------------------------|-----------------------|----------------------------------|----------------------------------|--------------------------------|
| 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                      |
| 2024                   | 431,874               | \$ 23,142                        | 33.4                  | 85,752                           | 5.1%                             | \$ 38,523                      |
| 2025                   | 433,946               | \$ 24,089                        | 33.4                  | 84,131                           | 6.4%                             | \$ 39,990                      |

*Source: U.S. Census*

*(a) U.S. Census - Population estimates, Census V2025, Census 2020*

*(b) U.S. Census - Cameron County, Texas - Census Bureau Profile, 2024 American Community Survey*

*(c) Region One Education Service Center*

*(d) U.S. Department of Labor - Beta.bls.gov*

*(e) U.S. Department of Commerce - Bea.gov*

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

**Port of Brownsville Employers**

| <b>No.</b> | <b>Employer</b>                          | <b>Type of Activity</b>         | <b>2025<br/>Estimated No.<br/>of Employees</b> | <b>% of Total Port<br/>of Brownsville<br/>Employment</b> | <b>2016<br/>Estimated No.<br/>of Employees</b> |
|------------|------------------------------------------|---------------------------------|------------------------------------------------|----------------------------------------------------------|------------------------------------------------|
| 1          | Bechtel Energy, Inc.                     | Laydown Yard                    | 4,564                                          | 57.71%                                                   | -                                              |
| 2          | International Shipbreaking Limited       | Ship Breaking/Scrap             | 225                                            | 2.85%                                                    | 250                                            |
| 3          | Construction Delivery Group L.L.C.       | General Construction            | 205                                            | 2.59%                                                    | -                                              |
| 4          | Gulf Stream Marine, Inc.                 | Vessel/Rental Services          | 182                                            | 2.30%                                                    | 110                                            |
| 5          | Next Decade                              | Liquidfied Natural Gas Facility | 157                                            | 1.99%                                                    | -                                              |
| 6          | Steelcoast/SA Recycling                  | Shipbreaking/Recycling          | 154                                            | 1.95%                                                    | -                                              |
| 7          | Brownsville Navigation District          | Vessel/Rental Services          | 141                                            | 1.78%                                                    | 100                                            |
| 8          | Triple E Coating Services                | Welding                         | 125                                            | 1.58%                                                    | -                                              |
| 9          | Cowen Group, LTD                         | Warehousing                     | 116                                            | 1.47%                                                    | -                                              |
| 10         | Jonick-Lopez International Transport LLC | Trucking                        | 114                                            | 1.44%                                                    | -                                              |

Source: Brownsville Navigation District Real Estate Services Department

**City of Brownsville Employers**

| <b>No.</b> | <b>Employer</b>                | <b>Type of Activity</b>          | <b>2025<br/>Estimated No.<br/>of Employees</b> | <b>% of Total City<br/>Employment</b> | <b>2016<br/>Estimated No.<br/>of Employees</b> |
|------------|--------------------------------|----------------------------------|------------------------------------------------|---------------------------------------|------------------------------------------------|
| 1          | Brownsville ISD                | Education                        | 6,641                                          | 3.59%                                 | 7,214                                          |
| 2          | Bechtel                        | Engineering/Construction Company | 5,080                                          | 2.75%                                 | -                                              |
| 3          | Space X                        | Aerospace                        | 4,000                                          | 2.16%                                 | -                                              |
| 4          | Cameron County                 | Government                       | 1,750                                          | 0.95%                                 | 1,950                                          |
| 5          | City of Brownsville            | Government                       | 1,247                                          | 0.67%                                 | 1,203                                          |
| 6          | Wal-Mart                       | Retail                           | 1,206                                          | 0.65%                                 | 1,413                                          |
| 7          | Maximus                        | Customer Service                 | 1,100                                          | 0.59%                                 | 950                                            |
| 8          | Valley Regional Medical Center | Health Care                      | 950                                            | 0.51%                                 | -                                              |
| 9          | Brownsville PUB                | Utilities                        | 609                                            | 0.33%                                 | -                                              |
| 10         | Teleperformance                | Customer Service                 | 490                                            | 0.26%                                 | -                                              |

Source: City Of Brownsville ACFR

## **Operating Information**



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

|                                                                                                                                        |                                       | Berth<br>Length<br>(feet)                                                  | Berth<br>Width<br>(feet) | Height<br>(feet) | Vessel<br>Draft<br>(feet) | 10ft. Off<br>Dock<br>Special<br>Fendering<br>(feet) | Available Rail                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------|--------------------------|------------------|---------------------------|-----------------------------------------------------|--------------------------------------------------------------------|
| <b>General Cargo Docks</b>                                                                                                             |                                       |                                                                            |                          |                  |                           |                                                     |                                                                    |
| 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                         | 420                                                                        | 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               | 32                        | 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<br>apron; Double depressed track |
| Dock No. 13                                                                                                                            | General Cargo                         | 550                                                                        | 280                      | 12               | 34                        | 34                                                  | Double railroad track on shipside<br>apron; Double depressed track |
| Dock No. 15                                                                                                                            | Heavy Duty/Multi<br>purpose Open Dock | 600                                                                        | 145                      | 12               | 40                        |                                                     | Two-rail siding along warehouse                                    |
| Dock No. 16                                                                                                                            | Heavy Duty/Multi<br>purpose Open Dock | 600                                                                        | 145                      | 12               | 40                        |                                                     | Two-rail siding behind patio                                       |
| Bulk Cargo (Grain Elevator) Dock                                                                                                       |                                       | 400                                                                        | 43                       | 12               | 40                        | 39                                                  |                                                                    |
| <b>Liquid Cargo Docks</b>                                                                                                              |                                       |                                                                            |                          |                  |                           |                                                     |                                                                    |
| Liquid Cargo Dock                                                                                                                      |                                       | 30                                                                         | 60                       |                  | 40                        | 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             | 40                        |                                                     |                                                                    |
| Dock No. 6                                                                                                                             |                                       | 1345                                                                       | 324                      | 16.6             | 40                        |                                                     |                                                                    |
| <b>Cargo Storage Facilities</b>                                                                                                        |                                       |                                                                            |                          |                  |                           |                                                     |                                                                    |
| Covered Storage Areas                                                                                                                  |                                       | 1 million square feet                                                      |                          |                  |                           |                                                     |                                                                    |
| Open Storage Areas                                                                                                                     |                                       | 3 million square feet                                                      |                          |                  |                           |                                                     |                                                                    |
| <b>Cargo Handling Equipment</b>                                                                                                        |                                       |                                                                            |                          |                  |                           |                                                     |                                                                    |
| (3) Mobile Harbor Cranes                                                                                                               |                                       | Two 138- short ton and one 110- short ton Gottwald<br>mobile harbor cranes |                          |                  |                           |                                                     |                                                                    |
| Additional cargo-handling equipment are owned by the licensed stevedores and freight handlers<br>operating at the Port of Brownsville. |                                       |                                                                            |                          |                  |                           |                                                     |                                                                    |
| <b>Fishing Harbor</b>                                                                                                                  |                                       |                                                                            |                          |                  |                           |                                                     |                                                                    |
| Location                                                                                                                               |                                       | 4 miles east of Turning Basin on Ship Channel                              |                          |                  |                           |                                                     |                                                                    |
| Vessel Draft                                                                                                                           |                                       | 14 ft                                                                      |                          |                  |                           |                                                     |                                                                    |
| Docks                                                                                                                                  |                                       | 8,657 linear ft of marginal docks<br>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)

|                                    | 2016             | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             | 2023              | 2024              | 2025             |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|
| Farm Products                      | -                | -                | 1,841            | 2,776            | 128,750          | 30,189           | 9,908            | 32,976            | -                 | 1,464            |
| Forest Products                    | -                | -                | -                | -                | -                | -                | -                | -                 | -                 | -                |
| Metallic Ores                      | 5,980            | 6,063            | 5,908            | 22,830           | 32,647           | 39,552           | 90,803           | 30,082            | 44,611            | 39,503           |
| Nonmetallic Minerals, Except Fuels | 653,142          | 534,921          | 333,977          | 560,430          | 545,660          | 608,893          | 246,077          | 505,005           | 447,727           | 297,397          |
| Food and Kindred Products          | -                | 68,420           | 96,130           | 7,203            | 37,130           | 1,500            | 18,036           | 58,555            | 15,524            | 2,203            |
| Chemicals and Allied Products      | 63,554           | 6,032            | 13,934           | -                | 6,280            | 22,034           | 34,714           | 1,102             | 898               | 12,572           |
| Petroleum and Coal Products        | 3,906,192        | 4,330,383        | 4,729,332        | 3,482,989        | 3,416,047        | 3,887,485        | 3,809,483        | 4,821,643         | 4,073,473         | 3,606,261        |
| Stone, Clay and Concrete Products  | 252              | 14,001           | 71,569           | 99,530           | 179,925          | 195,223          | 213,209          | 226,105           | 481,936           | 438,768          |
| Primary Metal Products             | 2,237,335        | 2,174,706        | 2,843,217        | 2,224,208        | 2,544,213        | 3,902,236        | 4,518,369        | 5,413,237         | 5,460,578         | 4,671,306        |
| Fabricated Metal Products          | 43,309           | 46,608           | 39,485           | 82,682           | 198,377          | 9,050            | 51,348           | 24,773            | 48,072            | 63,978           |
| Lumber and Wood Products           | 372              | 79,158           | -                | -                | -                | -                | -                | -                 | -                 | -                |
| Machinery                          | 252              | -                | 296              | 100              | 891              | -                | -                | -                 | -                 | -                |
| Special Items                      | 8,112            | 818              | 1,290            | 10,528           | 31,344           | 36,117           | 2,097            | 2,263             | 2,562             | 1,154            |
| Transportation Equipment           | 535              | 81               | 474              | 49               | 352              | 8,333            | 525              | 67                | 687               | 104              |
| Waste and Scrap Materials          | 35,962           | 71,316           | 135,771          | 86,075           | 30,703           | 34,763           | 11,783           | 19,246            | 63,916            | 68,404           |
| Water                              | 5,790            | 5,803            | 8,095            | 5,858            | 7,546            | 14,765           | 10,424           | 19,123            | 13,476            | 8,018            |
| <b>Total</b>                       | <b>6,960,787</b> | <b>7,338,310</b> | <b>8,281,319</b> | <b>6,585,258</b> | <b>7,159,865</b> | <b>8,790,140</b> | <b>9,016,776</b> | <b>11,154,177</b> | <b>10,653,460</b> | <b>9,211,132</b> |

## Summary of Waterborne Cargo by Movement Type (metric tons)

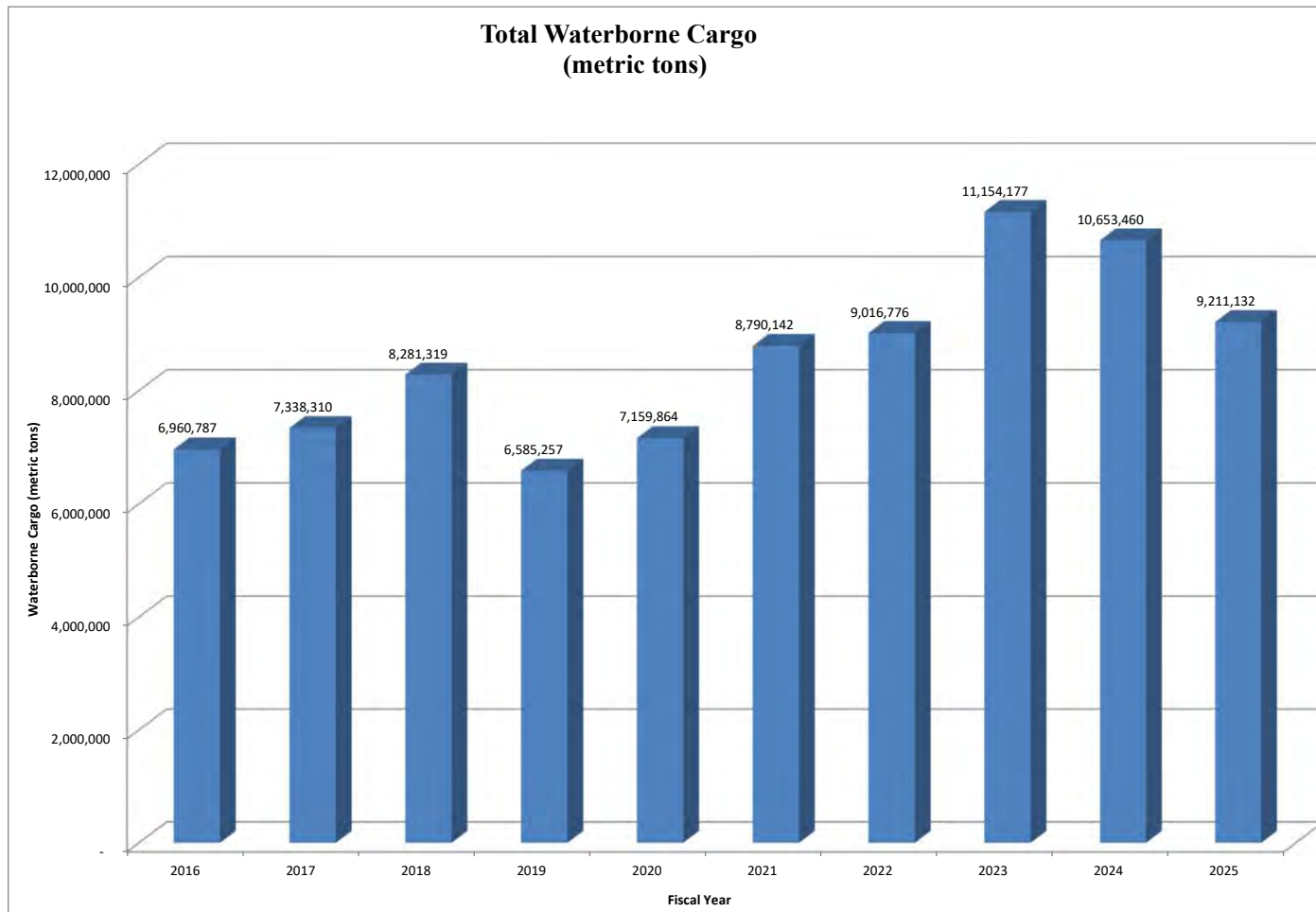
|                           | 2016             | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             | 2023              | 2024              | 2025             |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|
| <b>Foreign</b>            |                  |                  |                  |                  |                  |                  |                  |                   |                   |                  |
| Imports                   | 3,069,005        | 3,148,009        | 4,053,342        | 3,176,426        | 3,521,217        | 4,842,374        | 5,159,021        | 6,313,270         | 6,471,673         | 5,479,337        |
| Exports                   | 495,349          | 798,782          | 805,210          | 760,521          | 1,026,663        | 993,084          | 1,049,691        | 953,159           | 1,214,400         | 1,307,184        |
| <b>Total Foreign</b>      | <b>3,564,354</b> | <b>3,946,791</b> | <b>4,858,552</b> | <b>3,936,947</b> | <b>4,547,880</b> | <b>5,835,458</b> | <b>6,208,712</b> | <b>7,266,429</b>  | <b>7,686,073</b>  | <b>6,786,521</b> |
| <b>Coastwise</b>          |                  |                  |                  |                  |                  |                  |                  |                   |                   |                  |
| Receipts                  | 1,690,879        | 1,589,505        | 1,474,048        | 854,620          | 501,457          | 351,593          | 247,171          | 460,664           | 159,066           | 40,212           |
| Shipments                 | 544,982          | 115,522          | 63,234           | 39,479           | 166,368          | 78,622           | 92,019           | 112,874           | -                 | 98,047           |
| <b>Total Coastwise</b>    | <b>2,235,861</b> | <b>1,705,027</b> | <b>1,537,282</b> | <b>894,099</b>   | <b>667,825</b>   | <b>430,215</b>   | <b>339,190</b>   | <b>573,538</b>    | <b>159,066</b>    | <b>138,259</b>   |
| <b>Intercoastal</b>       |                  |                  |                  |                  |                  |                  |                  |                   |                   |                  |
| Receipts                  | 959,848          | 1,457,353        | 1,655,435        | 1,584,289        | 1,714,260        | 2,326,500        | 2,282,564        | 3,066,079         | 2,689,939         | 2,085,315        |
| Shipments                 | 200,724          | 229,139          | 230,050          | 169,922          | 229,899          | 197,969          | 186,310          | 248,131           | 118,382           | 201,036          |
| <b>Total Intercoastal</b> | <b>1,160,572</b> | <b>1,686,492</b> | <b>1,885,485</b> | <b>1,754,211</b> | <b>1,944,159</b> | <b>2,524,469</b> | <b>2,468,874</b> | <b>3,314,210</b>  | <b>2,808,321</b>  | <b>2,286,351</b> |
| Total Imports             | 3,069,005        | 3,148,009        | 4,053,342        | 3,176,426        | 3,521,217        | 4,842,374        | 5,159,021        | 6,313,270         | 6,471,673         | 5,479,337        |
| Total Exports             | 495,349          | 798,782          | 805,210          | 760,521          | 1,026,663        | 993,084          | 1,049,691        | 953,159           | 1,214,400         | 1,307,184        |
| Total Receipts            | 2,650,727        | 3,046,858        | 3,129,483        | 2,438,908        | 2,215,717        | 2,678,093        | 2,529,735        | 3,526,743         | 2,849,005         | 2,125,528        |
| Total Shipments           | 745,706          | 344,661          | 293,284          | 209,402          | 396,267          | 276,591          | 278,329          | 361,005           | 118,382           | 299,083          |
| <b>Total</b>              | <b>6,960,787</b> | <b>7,338,310</b> | <b>8,281,319</b> | <b>6,585,257</b> | <b>7,159,864</b> | <b>8,790,142</b> | <b>9,016,776</b> | <b>11,154,177</b> | <b>10,653,460</b> | <b>9,211,132</b> |

**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)

|                        | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Barges                 | 525   | 741   | 803   | 870   | 891   | 1,018 | 1,015 | 1,413 | 1,297 | 1,109 |
| Cargo Vessels          | 29    | 44    | 67    | 30    | 53    | 27    | 10    | 14    | 26    | 42    |
| Deck Barges            | -     | 1     | -     | 1     | 1     | 2     | 4     | 2     | -     | -     |
| Drilling Rig           | 12    | 6     | 5     | 7     | 0     | 2     | 4     | 12    | 10    | 2     |
| Fishing vessels        | -     | -     | -     | 294   | 309   | 381   | 67    | 5     | 5     | 27    |
| Miscellaneous          | 123   | 98    | 109   | 134   | 198   | 169   | 168   | 205   | 223   | 199   |
| Ocean Barges           | 123   | 92    | 46    | 50    | 63    | 40    | 34    | 54    | 20    | 6     |
| Scrap Vessels / Barges | 6     | 7     | 12    | 7     | 10    | 10    | 14    | 11    | 4     | 2     |
| Tugs                   | 199   | 242   | 158   | 112   | 98    | 143   | 385   | 809   | 703   | 517   |
| Tankers                | 74    | 86    | 106   | 61    | 48    | 62    | 53    | 36    | 34    | 32    |
| Total                  | 1,091 | 1,317 | 1,306 | 1,566 | 1,671 | 1,854 | 1,754 | 2,561 | 2,322 | 1,936 |

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

|                                  | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Hourly/Salaried Employees</b> |             |             |             |             |             |             |             |             |             |             |
| Hourly Employees (Non-Exempt)    | 74          | 76          | 76          | 70          | 79          | 88          | 98          | 102         | 96          | 105         |
| Salaried Employees (Exempt)      | <u>25</u>   | <u>25</u>   | <u>28</u>   | <u>31</u>   | <u>30</u>   | <u>32</u>   | <u>31</u>   | <u>35</u>   | <u>34</u>   | <u>38</u>   |
|                                  | 99          | 101         | 104         | 101         | 109         | 120         | 129         | 137         | 130         | 143         |
| <b>Operations Employees</b>      |             |             |             |             |             |             |             |             |             |             |
| Hourly Employees (Non-Exempt)    | 58          | 58          | 59          | 55          | 65          | 75          | 82          | 90          | 82          | 89          |
| Salaried Employees (Exempt)      | <u>9</u>    | <u>9</u>    | <u>11</u>   | <u>9</u>    | <u>10</u>   | <u>11</u>   | <u>9</u>    | <u>9</u>    | <u>8</u>    | <u>8</u>    |
|                                  | 67          | 67          | 70          | 64          | 75          | 86          | 91          | 99          | 90          | 97          |
| <b>Administrative Employees</b>  |             |             |             |             |             |             |             |             |             |             |
| Hourly Employees (Non-Exempt)    | 16          | 18          | 17          | 15          | 14          | 13          | 16          | 12          | 14          | 16          |
| Salaried Employees (Exempt)      | <u>16</u>   | <u>16</u>   | <u>17</u>   | <u>22</u>   | <u>20</u>   | <u>21</u>   | <u>22</u>   | <u>26</u>   | <u>26</u>   | <u>30</u>   |
|                                  | 32          | 34          | 34          | 37          | 34          | 34          | 38          | 38          | 40          | 46          |

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## **COMPLIANCE SECTION**



**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, 2025, 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 12, 2026.

**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.

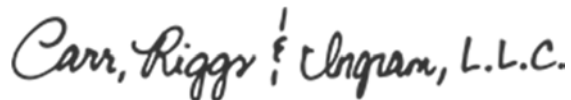
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Harlingen, Texas  
June 12, 2026



1000 Foust Road  
Brownsville, Texas 78521

(956) 831-4592  
1-800-378-5395  
[www.portofbrownsville.com](http://www.portofbrownsville.com)