



Please review all specifications and requirements carefully.

Addendum Description

Addendum #1 to respond to submitted questions.

Notice Modifications

Notice Information	From Value	To Value
No entries		

Category Modifications

Added Categories
No Categories Added

Removed Categories
No Categories Removed

Added Documents[A]

Document	Size	Uploaded Date	Language
Q&A Document 1.pdf [pdf]	11 Kb	10/07/2026 09:30 AM CDT	English
Required Communications - Retirement Plan audit.pdf [pdf]	174 Kb	10/07/2026 09:31 AM CDT	English
FY 2025 Retirement Plan FS.pdf [pdf]	2 Mb	10/07/2026 09:31 AM CDT	English
Required Communications - BND audit.pdf [pdf]	240 Kb	10/07/2026 09:31 AM CDT	English

Questions & Answers - 1

Solicitation

AFA-063026-08 - Request For Proposals For Professional Audit Services

Buying Organization

Port of Brownsville

No	Question/Answer	Question Date
Q1	Question: Clarification Reference: Section I, Subcontracting (p. 9); Section 7, Affirmation to Practice in Texas (p. 23); Mandatory Criteria (p. 25) Question: The Mandatory Criteria say the firm must be "properly licensed for public practice in the State of Texas." Section 7 asks for an affirmation that "the firm and all assigned key professional staff are properly licensed to practice in Texas." Do these licensing requirements apply to subcontracting firms that perform part of the audit work under a licensed Texas prime? Specifically: Must a subcontracting firm hold its own Texas firm license (Texas State Board of Public Accountancy registration)? Or does the prime's Texas license satisfy the requirement, so long as the subcontractor holds a valid CPA firm license in another state? Answer: Yes, the CPA performing the District's audit must be licensed by the Texas State Board of Public Accountancy.	09/22/2026
Q2	Question: Clarification Must a subcontractor's staff assigned to the engagement hold Texas CPA licenses? Or is a valid CPA license from another state acceptable under Texas practice privilege/mobility provisions? Answer: Yes, the CPA performing the District's audit must be licensed by the Texas State Board of Public Accountancy.	09/22/2026
Q3	Question: Clarification If a subcontractor is required to be Texas-licensed, should the Section 7 affirmation cover both the prime and each proposed subcontractor? Answer: Yes, the Section 7 affirmation must cover both the prime and each proposed subcontractor.	09/22/2026
Q4	Question: Background and Prior Auditor Have there been any significant issues or matters involving the current audit firm, including matters related to audit timing, communication, or proposed audit adjustments? Answer: There are no issues or matters involving the current audit firm.	09/29/2026
Q5	Question: Background and Prior Auditor During the past three fiscal years, has the current auditor provided additional services outside the scope of the original audit contract? If so, please describe the nature of those services. Answer: All services provided by the current auditor have been within the scope of the original audit contract.	09/29/2026
Q6	Question: Background and Prior Auditor Was a management letter issued for the prior fiscal year? If so, can the District provide a copy and provide the status of any identified issues? Answer: Refer to the Required Communications document. Attachments: Required Communications - BND audit.pdf	09/29/2026

No	Question/Answer	Question Date
Q7	Question: Financial Reporting Were any audit adjustments identified during the prior-year audit, including adjustments that were recorded or passed? If so, can the District provide a summary or copies of those adjustments? Answer: Please see attached documentation.	09/29/2026
Q8	Question: Financial Reporting During the past three fiscal years, have any known or suspected instances of fraud, significant deficiencies, or material weaknesses in internal control been identified? If so, please describe their nature, the period in which they were identified, and their current resolution status. Answer: Please see attached documentation.	09/29/2026
Q9	Question: Financial Reporting Are there any known contingencies, claims, or legal matters that could materially affect the District's future financial statements? If so, please provide a general description. Answer: At this time there are no known contingencies, claims, or legal matters that could materially affect the District's future financial statements.	09/29/2026
Q10	Question: Operations and Records Does the District engage a third party to perform arbitrage compliance monitoring? If so, please describe the services provided and the related deliverables. Answer: Arbitrage rebate and yield-restriction calculations; spending exception testing (6-mo/18-mo/2-year rules) and preparation/filing of IRS Forms (8038) is completed in collaboration with the District's bond counsel and finance advisors.	09/29/2026
Q11	Question: Operations and Records Does the District use debt-management software? If so, please identify the software and describe the functions it performs. Answer: The District does not use debt-management software.	09/29/2026
Q12	Question: Operations and Records Does the District have any expected software changes that would significantly impact operations, internal controls, or financial reporting? Answer: There are no expected software changes that would significantly impact operations, internal controls, or financial reporting.	09/29/2026
Q13	Question: AFA-063026-08 Questions 1. Does the certificate of insurance with BND Name as proof of insurance required on the submission or until vendor is awarded? 2. What are the non-attest/non-audit services that will be required by the District? Answer: The certificate of insurance with BND Name is not required until vendor is awarded. There are currently no non-attest/non-audit services contemplated. If necessary, the District may request technical guidance and training on new standards or recommendations/guidance on financial reporting of certain transactions.	09/29/2026

No	Question/Answer	Question Date
Q14	Question: Section 3.4 Can you clarify the clients and references needed for Section 3. Bullet point 4 asks for the most significant engagements performed in the last three years. Is this for the five references mentioned at the beginning of Section 3 or is this a separate client listing? Answer: The five references requested at the beginning of Section 3 should be distinct professional references who can speak to the proposer's qualifications and past performance. The listing of the most significant engagements performed in the last three years is a separate requirement intended to demonstrate relevant experience and should be specific to the office/staff that will be performing the audit services. These engagements may overlap with the references but do not have to be the same five clients.	09/29/2026
Q15	Question: Section 4.3 Section 4.3 asks for the use of subcontractors. Will points be deducted if subcontractors are not used? Answer: Points will not be awarded/deducted if subcontractors are used/not used. The District wants to understand the nature and extent of the use of subcontractors and to understand the experience and qualifications of the proposed subcontractors, if any.	09/29/2026
Q16	Question: Mandatory Rotation Is there a mandatory rotation requirement? Answer: There is no mandatory rotation requirement.	09/29/2026
Q17	Question: Current auditors How long have the current auditors been the auditors for the Port? Answer: The current auditors have served the Port for ten years (FYE 12/31/2015).	09/29/2026
Q18	Question: Creating value In what areas can your auditor create added value? Answer: The auditor can create added value by: • Communicating proactively regarding accounting standards and upcoming regulatory changes • Providing insights into best practices in internal controls and financial reporting • Offering recommendations to enhance operational efficiency and fiscal transparency • Identifying opportunities to strengthen compliance processes • Providing training opportunities to obtain CPE • Sharing industry trends and emerging risks relevant to port operations	09/29/2026
Q19	Question: Special Concern Are there any areas within the audit or the Port's operations that impact the audit that is of special concern to management? Answer: We remain focused on: • Ensuring accurate and timely financial reporting • Maintaining strong internal controls as operations expand • Monitoring compliance with grant requirements and debt covenants • Ensuring readiness for new accounting standards	09/29/2026

No	Question/Answer	Question Date
Q20	Question: Transition concern Is the transition to a new auditor a concern? If so, why? What would lessen your concern? Answer: Transition to a new auditor is not a concern. Proposers are encouraged to describe and outline their proposed transition process.	09/29/2026
Q21	Question: FY25 IC Letter May we obtain a copy of the 2025 internal control letter (management letter), if available Answer: Please see attached documentation.	09/29/2026
Q22	Question: IC Letter alternative If an internal control letter is not available, were there any material weaknesses or significant deficiencies identified? If so, in what areas. Answer: Please see attached documentation.	09/29/2026
Q23	Question: IC Environment How would you describe the Port's internal control environment? Answer: The Port maintains a sound and well-structured internal control environment, characterized by: • Clear segregation of duties • Documented policies and procedures • Strong budgetary oversight • Regular monitoring and reconciliation processes • A culture of compliance and accountability Ongoing improvements continue as operations evolve.	09/29/2026
Q24	Question: Audit Adjustments What was the nature and magnitude of any audit adjustments for the FY 2025 audit? Answer: Please see attached documentation.	09/29/2026
Q25	Question: Challenges What are the most significant challenges faced during the FY 2025 audit, if any? Answer: The primary challenges related to FY 2025 included: • Managing audit timing • Coordinating documentation requests These challenges were addressed collaboratively and did not affect the audit outcomes or the completion of the audit.	09/29/2026

No	Question/Answer	Question Date
Q26	Question: Audit Fees What were the audit fees for FY 2025 and 2024? Does the audit fee amount include any overrun billings? Answer: The total combined (BND and Pension Plan) audit fee for FY 2025 was \$76,700, and the audit fee for FY 2024 was \$76,700. No overrun billings were incurred for either year.	09/29/2026
Q27	Question: Interim Timing Has interim work been performed for the audit? If so, how long were the auditors in the field for interim and final and how many people? Answer: Interim work has not been substantial enough to meet audit timeline. The amount of interim work is dependent on the personnel/resources available during the audit. Proposers are encouraged to describe and outline an audit approach that meets the Engagement Timeline, including any interim field work.	09/29/2026
Q28	Question: Audit Timing What is the expected timing of the audit, interim and final? Answer: Please refer to the Engagement Timeline included in the RFP.	09/29/2026
Q29	Question: Accounting changes Does the Port anticipate any changes in accounting systems during the period of the audit contract? Answer: No changes in accounting system are currently contemplated.	09/29/2026
Q30	Question: GASB 103 implementation What is the status of the Port's implementation of GASB 103? Answer: The Port is currently evaluating the requirements of GASB 103 and assessing necessary updates to financial reporting processes. The implementation is focused on revising MD&A, updating proprietary fund operating/nonoperating classifications, and aligning required RSI. Implementation is expected to be completed in accordance with the standard's effective date, and no significant challenges are anticipated.	09/29/2026
Q31	Question: Pension Plan FS Will you please provide a copy of the financial statements for the Retirement Plan for the Employees of the Brownsville Navigation District? Answer: Please see attached FS for the Retirement Plan for the Employees of the Brownsville Navigation District. Attachments: Required Communications - Retirement Plan audit.pdf, FY 2025 Retirement Plan FS.pdf	09/29/2026

The Retirement Plan for the Employees of Brownsville Navigation District

FINANCIAL STATEMENTS

December 31, 2025 and 2024

The Retirement Plan for the Employees of Brownsville Navigation District
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December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of Brownsville Navigation District and Plan Committee
and Management of the Retirement Plan for the Employees of Brownsville Navigation District
1000 Foust Road
Brownsville, Texas 78521

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Retirement Plan for the Employees of Brownsville Navigation District (the "Plan"), which comprise the statements of fiduciary net position as of December 31, 2025 and 2024, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, which collectively comprise the Plan'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 fiduciary net position of the Retirement Plan for the Employees of Brownsville Navigation District (the "Plan"), as of December 31, 2025 and 2024, and the respective changes in fiduciary net position for the years 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 Plan 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 Plan'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan'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 Plan'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 net pension liability (unaudited), schedule of changes in net pension liability and related ratios (unaudited), schedule of employer contributions (unaudited), schedule of investment returns (unaudited), and notes to required supplementary information (unaudited) 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of direct and indirect fees, commissions, and investment managers 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 8, 2026, on our consideration of the Plan'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 Plan'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 Plan's internal control over financial reporting and compliance.

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

Harlingen, Texas
June 8, 2026

The Retirement Plan for the Employees of Brownsville Navigation District Management's Discussion and Analysis

Our discussion and analysis of the Retirement Plan for the Employees of Brownsville Navigation District (the "Plan") provides an overview of the Plan's financial activities for the years ended December 31, 2025, 2024, and 2023. This management discussion and analysis (MD&A) is presented as a narrative overview and for the purpose of assisting the reader with interpreting key elements of the financial statements, notes to the financial statements and the required supplementary information. Please read this section in conjunction with the financial statements and related notes, which begin on page 9.

THE PLAN

The Plan is a single employer defined benefit cash pension plan sponsored and administered by the Brownsville Navigation District of Cameron County, Texas (the "District" or the "Plan Sponsor"). The Plan provides retirement, death and disability benefits to eligible employees of the District. The benefits are funded through participant contributions, employer contributions and earnings on the Plan's investments.

FINANCIAL HIGHLIGHTS FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

The following highlights are explained in greater detail later in this discussion.

- Total net position held in trust for pension benefits at December 31, 2025, 2024, and 2023 was \$15,950,163, \$13,420,409, and \$11,182,657, respectively. The Plan's net position is restricted for future payments of pension benefits. Overall, the financial position of the Plan increased for the fiscal year ended December 31, 2025.
- The Plan's net position increased by \$2,529,754 and \$2,237,752 during 2025 and 2024, respectively. The increase in net position during 2025 was due to continued additional employer contributions and gains on Plan investments.
- Investment returns consist of interest earnings, dividend income, and net appreciation or depreciation in fair value of investments. Plan investments experienced a net appreciation in fair value of \$1,353,419 during 2025, a net appreciation in fair value of \$1,043,004 during 2024, and a net depreciation in fair value of \$1,048,301 during 2023. The net increase and decrease in fair values were largely due to unrealized gains and losses, respectively, on equity investments.
- Additions to the Plan are made primarily through employer and participant/employee contributions. Total contributions to the Plan for the years ended December 31, 2025, 2024, and 2023 were \$1,718,260, \$1,745,675, and \$1,674,157, respectively. The \$27,415 decrease in contributions from 2025 to 2024 was due primarily to a decrease in overall salaries during 2025 compared to 2024.
- Retirement benefits paid during 2025 increased \$110,506 to \$848,118. Retirement benefits paid during 2024 increased \$150,293 to \$737,612. The increase during 2025 is due to plan members that became eligible for retirement benefit payments during 2025.

The Retirement Plan for the Employees of Brownsville Navigation District Management's Discussion and Analysis

- Effective January 1, 2020, the actuarial recommended employer contribution ("ADC") method was changed to a level-dollar close amortization method. For 2025, the ADC was 2.78% of total 2025 annual expected participant payroll. For 2024, the ADC was 2.64% of total 2024 annual expected participant payroll. For 2023, the ADC was 3.61% of total 2023 annual expected participant payroll. Employees contributed at a rate of 4%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Plan's basic financial statements include the following:

Statements of Fiduciary Net Position – These statements report the Plan's assets, liabilities, and net position held in trust for pension benefits. These statements report the Plan's financial net position at a point in time – December 31, 2025, and 2024 (Assets – Liabilities = Net Position).

Statements of Changes in Fiduciary Net Position – These statements report the results of operations during the year. Additions to and deductions from the Plan's net position are reported in these statements. The net increase or decrease in plan assets and liabilities within the statements support the change in net position which is held in trust for pension benefits reported on the Statements of Fiduciary Net Position (Additions – Deductions = Net Change in Net Position).

Notes to the Financial Statements – The notes to the financial statements provide additional information and insight that are essential to gaining a full understanding of the data provided in the financial statements and the status of the Plan. The notes to the financial statements should be read in conjunction with the MD&A and the basic financial statements. The notes to the financial statements can be found on pages 11 - 22.

Required Supplementary Information – The Schedule of Employer Contributions (page 25) presents historical trend information about the actuarially determined employer contributions and the contributions made in relation to these amounts. The Schedule of Net Pension Liability (page 23), Schedule of Changes in Net Pension Liability and Related Ratios (page 24), and Schedule of Investment Returns (page 26) provide information that contributes to understanding the changes over time in the net pension liability and investment returns of the Plan.

The Retirement Plan for the Employees of Brownsville Navigation District

Management's Discussion and Analysis

FINANCIAL ANALYSIS

Fiduciary Net Position

Total net position held in trust for pension benefits at December 31, 2025, 2024, and 2023 was \$15,950,163, \$13,420,409, and \$11,182,657, respectively. The fiduciary net position held in trust for the Plan increased by \$2,529,754 during 2025. The increase is attributed primarily to the current year contributions of \$1,718,260 and the current year net appreciation in investment fair values of \$1,353,419 offset by current year payment of benefits and return of contributions totaling \$848,118. The fiduciary net position held in trust for the Plan increased by \$2,237,752 during 2024. The increase in 2024 is attributed primarily to contributions of \$1,745,675 and the net appreciation in investment fair values of \$1,043,004 offset by current year payment of benefits and return of contributions totaling \$737,612.

Retirement Plan Fiduciary Net Position Held in Trust for Pension Benefits

	2025	\$ Difference	% Difference	2024	\$ Difference	% Difference	2023
Cash	\$ 580,384	\$ (680,100)	-54%	\$ 1,260,484	\$ 274,611	28%	\$ 985,873
Investments	15,369,779	3,209,854	26%	12,159,925	1,963,141	19%	10,196,784
Total Assets	15,950,163	2,529,754	19%	13,420,409	2,237,752	20%	11,182,657
Fiduciary Net Position	\$ 15,950,163	\$ 2,529,754	19%	\$ 13,420,409	\$ 2,237,752	20%	\$ 11,182,657

Investments

The Plan's assets are invested in a trust fund overseen by individual co-trustees with Morgan Stanley serving as trust custodian and investment advisor. The investments are diversified and allocated in accordance with the Plan's investment policy. At December 31, 2025, 2024, and 2023, the Plan's investments at fair value totaled \$15,369,779, \$12,159,925, and \$10,196,784, respectively. The following is the allocation of investments by type for 2025, 2024, and 2023:

	Asset Allocation		
December 31,	2025	2024	2023
Money Market Funds	2%	2%	1%
Mutual Funds	6%	5%	5%
U.S. Treasury Notes	28%	20%	19%
Exchange-Traded and Closed-End Funds	8%	4%	4%
Common Stocks	56%	69%	71%
	100%	100%	100%

The Retirement Plan for the Employees of Brownsville Navigation District Management's Discussion and Analysis

Additions to Fiduciary Net Position

Additions to fiduciary net position held in trust for pension benefits include contributions from employees, the District, and net investment income earned during the year.

The District contributed \$1,437,665, \$1,458,501, and \$1,404,735 and participants/employees contributed \$280,595, \$287,174, and \$269,422 to the Plan during the years 2025, 2024, and 2023, respectively. The decrease in employer and employee contributions year over year is primarily due to an overall decrease in annual employee salaries.

Net investment income totaled \$1,648,263 in 2025. For 2025, net investment income consisted of interest and dividends earned of \$419,060, the net appreciation in fair value of investments of \$1,353,419 less investment expenses of \$124,216. Net investment income totaled \$1,200,367 in 2024. For 2024, net investment income consisted of interest and dividends earned of \$273,048, the net appreciation in the fair value of investments of \$1,043,004 less investment expenses of \$115,685. Net investment income totaled \$1,184,605 in 2023.

Deductions from Fiduciary Net Position

Deductions from fiduciary net position held in trust for pension benefits are comprised of retirement benefit payments to Plan retirees, survivors, and their beneficiaries and refunds of contributions. Direct administrative expenses of the Plan are paid by the District.

Benefit payments to retirees, survivors and their beneficiaries and refunds of contributions totaled \$848,118, \$737,612, and \$587,319 during 2025, 2024, and 2023, respectively.

Retirement Plan							
Fiduciary Net Position Held in Trust for Pension Benefits							
	2025	\$ Difference	% Difference	2024	\$ Difference	% Difference	2023
Additions:							
Employer Contributions	\$ 1,437,665	\$ (20,836)	-1%	\$ 1,458,501	\$ 53,766	4%	\$ 1,404,735
Employee Contributions	280,595	(6,579)	-2%	287,174	17,752	7%	269,422
Investment Income (Loss)	1,772,479	456,427	35%	1,316,052	31,266	2%	1,284,786
Less: Investment Expenses	(124,216)	(8,531)	7%	(115,685)	(15,504)	15%	(100,181)
Other Income	11,349	(17,973)	-61%	29,322	13,575	86%	15,747
Total Additions	3,377,872	402,508	14%	2,975,364	100,855	4%	2,874,509
Deductions:							
Benefits Paid and Refunds	848,118	110,506	15%	737,612	150,293	26%	587,319
Changes in Fiduciary Net Position	2,529,754	292,002	13%	2,237,752	(49,438)	-2%	2,287,190
Fiduciary Net Position, Beginning of Year	13,420,409	2,237,752	20%	11,182,657	2,287,190	26%	8,895,467
Fiduciary Net Position, End of Year	\$ 15,950,163	\$ 2,529,754	19%	\$ 13,420,409	\$ 2,237,752	20%	\$ 11,182,657

The Retirement Plan for the Employees of Brownsville Navigation District Management's Discussion and Analysis

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Plan's financial activities for those readers with an interest in the Plan's finances.

Questions concerning any of the information provided or requests for additional financial information should be addressed to the Finance Department, at 1000 Foust Rd., Brownsville, Texas 78521.

The Retirement Plan for the Employees of Brownsville Navigation District

Statements of Fiduciary Net Position

<i>December 31,</i>	2025	2024
ASSETS		
Cash and cash equivalents	\$ 580,384	\$ 1,260,484
Investments	15,369,779	12,159,925
Total assets	\$ 15,950,163	\$ 13,420,409
FIDUCIARY NET POSITION		
Fiduciary net position restricted for pension	\$ 15,950,163	\$ 13,420,409

The accompanying notes are an integral part of these financial statements.

The Retirement Plan for the Employees of Brownsville Navigation District

Statements of Changes in Fiduciary Net Position

<i>For the years ended December 31,</i>	2025	2024
ADDITIONS		
Contributions		
Employer contributions	\$ 1,437,665	\$ 1,458,501
Employee contributions	280,595	287,174
Total contributions	1,718,260	1,745,675
Investment income		
Interest and dividends	419,060	273,048
Net appreciation in fair value of investments	1,353,419	1,043,004
Less: investment expenses	(124,216)	(115,685)
Total investment income, net	1,648,263	1,200,367
Other income		
Bank interest	11,349	29,322
Total other income	11,349	29,322
Total additions	3,377,872	2,975,364
DEDUCTIONS		
Retirement benefits and refunds	848,118	737,612
Total deductions	848,118	737,612
Net increase in fiduciary net position	2,529,754	2,237,752
Fiduciary net position, beginning of year	13,420,409	11,182,657
Fiduciary net position, end of year	\$ 15,950,163	\$ 13,420,409

The accompanying notes are an integral part of these financial statements.

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 1: PLAN DESCRIPTION

The following brief description of the Retirement Plan for the Employees of Brownsville Navigation District (the "Plan") is provided for general informational purposes only. Reference should be made to the Plan document for more complete information.

General

The Plan is a single-employer defined benefit cash balance pension plan sponsored and administered by the Brownsville Navigation District of Cameron County, TX (the "District" or the "Plan Sponsor"). As a governmental plan, the Plan is not subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). The Board of Commissioners of Brownsville Navigation District has sole authority to amend the Plan provisions, the investment policy as necessary and the participants' and the employer's obligations to contribute to the Plan. One member of the Board of Commissioners and four District staff serve as trustees of the Plan (the "Plan Trustee Committee" or the "Plan Administrator"). As fiduciaries, Commissioners and Plan trustees shall act solely in the interest of the participants and beneficiaries of the Plan. The Plan's assets are invested in a trust fund overseen by individual co-trustees with Morgan Stanley serving as trust custodian and investment advisor.

The accompanying financial statements present only the operations of the Plan and are not intended to present the financial position and results of the District.

Commencing on July 1, 2020, the District desired to incentivize participant deferrals to its 457(b) Voluntary Deferred Compensation Plan by making a 100% match on the first 3% of salary participant deferrals. The District, a governmental entity under Article 16, Section 67(a)(2) of the Texas Constitution, is limited to the number of retirement plans that it may sponsor and could not establish a new defined contribution plan for this purpose. Therefore, the Plan was amended to allow for the creation of a new defined contribution component housed in the plan trust to receive the match. At December 31, 2025, this defined contribution plan component had accumulated balances of \$905,322 not otherwise reported in the Plan Fiduciary Net Position. The plan also received employer matching contributions of \$164,756 for the year associated with this defined contribution component, which were 100% of the required contribution, and are not reflected in the Changes in Fiduciary Net Position. These balances are not included in the Plan's financial statements since the Plan cannot use these assets to finance its pension benefits.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). 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. Participant contributions are recognized in the period for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding the reported amounts of assets, liabilities, and changes in fiduciary net position. Actual results may differ from these estimated amounts.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Cash and Cash Equivalents

Cash and short-term investments with original maturities of three months or less when purchased are considered cash equivalents.

Investment Valuation and Income Recognition

The assets of the Plan are invested in various fixed income, equity and short-term money market funds managed by individual co-trustees and Morgan Stanley. The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the District. Investments are reported at fair value. Quoted market prices are used in determining the fair value of Plan assets.

The following is the Plan's adopted asset allocation policy as of December 31, 2025:

Asset Class	Preferred Allocation
Fixed Income	40%
Equity Securities	50%
Alternatives	10%

Dividend income is recognized based on the dividend date and interest income is recognized on the accrual basis as earned. Fair value changes are recorded as net appreciation (depreciation) in fair value of investments. Purchases and sales of investments are recorded as of the trade date.

Payment of Benefits and Refunds of Contributions

Benefit payments and refunds are recorded when paid.

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative Expenses

Certain administrative functions are performed by employees of the District. No such employee receives compensation from the Plan. Direct administrative expenses of the Plan are paid by the District.

NOTE 3: DESCRIPTION OF THE PLAN

Contributions

The Board of Commissioners of Brownsville Navigation District has the sole authority to establish and amend the contribution requirements of participants/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 years ended December 31, 2025 and December 31, 2024, the active employee contribution rate was 4.00% of annual pay, and the employer's actuarially-determined contribution rate of total expected District payroll was 2.78% and 2.64%, respectively.

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

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

The 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 and 2024 were determined by the actuary to be \$180,261 and \$163,816, respectively, based upon census and asset information provided by the District.

Actual employer contributions made for the years ended December 31, 2025 and December 31, 2024 were \$1,437,665 and \$1,458,501, respectively. Employee contributions for the years ended December 31, 2025 and 2024 were \$280,595 and \$287,174, respectively.

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 3: DESCRIPTION OF THE PLAN (Continued)

Eligibility Requirements

Prior to August 7, 2019, all District permanent full-time employees were eligible to participate in the Plan, however on August 7, 2019, a plan amendment was adopted, which added a 12-month waiting period to plan entry for eligible employees hired on or after August 7, 2019.

Retirement Benefits

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 District on December 31, 2009, and had attained their 14th anniversary of full-time employment with the District prior to January 1, 2010 shall have a Conversion Retirement Supplement Subaccount. Only participants of the prior Plan and employed by the District 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 for early retirement at age 55. Death and disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately with an actuarial reduction.

An employee who leaves the employer's service may withdraw his or her contributions, plus any accumulated interest.

On August 7, 2019, a plan amendment was adopted, which (1) changes the cash balance interest crediting rate for periods beginning on or after January 1, 2020 to a fixed rate of 5% per year, (2) adds a 12-month waiting period to plan entry for eligible employees hired on or after August 7, 2019, and (3) introduces a 7-year vesting service schedule for participants hired on or after August 7, 2019. In addition, it is anticipated that the discount rate for all purposes will be revised to 6.0% to reflect the investment allocation outlined in the Plan's updated Investment Policy Statement, adopted on December 18, 2019, which eliminates the Annuity Financing Investment Subaccount and invests all funds with the same target asset allocation presently applied to the Cash Balance Investment Subaccount.

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 3: DESCRIPTION OF THE PLAN (Continued)

Plan Membership

Membership in the Plan at January 1, 2025, and January 1, 2024, the dates of the most recent actuarial valuations, is comprised of the following:

	2025	2024
Active Plan members	113	114
Inactive Plan members entitled to but not yet receiving benefits	73	66
Inactive Plan members (or their beneficiaries) currently receiving benefits	54	51
Total	240	231

Plan Termination

The District has the right under the Plan to discontinue its contributions at any time and to terminate the Plan.

NOTE 4: CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Funding for the Plan is determined under its funding policy which uses the entry age normal actuarial cost method. Under this method, the contribution consists of the normal cost, which is that portion of future benefits allocated to the current plan year based on current and expected compensation levels and an amount needed to amortize the unfunded actuarial accrued liability. Funding for the years ended December 31, 2025, and December 31, 2024, was determined based on actuarial information determined as of the January 1, 2025, and January 1, 2024, valuation dates, respectively.

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 5: INVESTMENTS

The Plan's investments are recorded at fair value. Investments at December 31, 2025, and December 31, 2024, consist of the following:

Investment Type	2025		2024	
	Fair Value	Percentage of Total	Fair Value	Percentage of Total
Money Market Funds	\$ 343,230	2%	\$ 201,952	2%
Fixed Income:				
U.S. Treasury Notes	4,257,807	28%	2,396,860	20%
Mutual Funds	966,605	6%	586,179	5%
Total Fixed Income	5,224,412	34%	2,983,039	25%
Equity Securities:				
Common Stocks	8,552,776	56%	8,427,760	69%
Exchange-Traded Fund	1,249,361	8%	547,174	4%
Total Equity Securities	9,802,137	64%	8,974,934	74%
Total Investments	\$ 15,369,779	100%	\$ 12,159,925	100%

Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Plan has the following fair value measurements as of December 31, 2025:

Investment Type	2025	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	\$ -	\$ -

The Plan has the following fair value measurements as of December 31, 2024:

Investment Type	2024	Level 1	Level 2	Level 3
Money Market Funds	\$ 201,952	\$ 201,952	\$ -	\$ -
Fixed Income	2,983,039	2,983,039	-	-
Equity Securities	8,974,934	8,974,934	-	-
Total	\$ 12,159,925	\$ 12,159,925	\$ -	\$ -

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 5: INVESTMENTS (Continued)

Money market mutual funds are valued at daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the SEC and are deemed to be actively traded.

Fixed income securities classified in level 1 of the fair value hierarchy are government securities valued using prices quoted in active markets. Fixed income securities classified in level 2 are also government securities, however, these securities are valued using a matrix pricing technique based on their relationship to benchmark quoted prices.

Equity securities classified in level 1 of the fair value hierarchy are valued using prices in active markets for those securities and consist of common stocks.

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, and 2024, 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. Duration is a measure of interest rate risk and measures an investment's price sensitivity to a 100-basis-point change in interest rates. The greater the duration of a portfolio, the greater its price volatility will be in response to a change in 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, and 2024:

2025			2024		
Investment Type	Fair Value	Duration In Years	Investment Type	Fair Value	Duration In Years
U.S. Treasury Notes	\$ 4,257,807		U.S. Treasury Notes	\$ 2,396,860	
Mututal Funds	966,605		Mutual Funds	586,179	
Total Fair Value	\$ 5,224,412	3.73	Total Fair Value	\$ 2,983,039	6.55

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 5: INVESTMENTS (Continued)

Credit Risk

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

The Plan's exposure to investment credit risk in fixed income securities as of December 31, 2025, and 2024, were as follows:

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

2024				
Investment Type	Fair Value	Percentage of Holdings	Quality Rating	
			Moody's	S&P
U.S. Treasury Notes	2,396,860	20%	Aaa	AA+
Mutual Funds	586,179	5%	Aaa-mf	AAAm
	\$ 2,983,039	25%		

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 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 and December 31, 2024:

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

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 5: INVESTMENTS (Continued)

At December 31, 2025, and December 31, 2024, 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 investments as of December 31, 2025. 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 investment expense, for the years ended December 31, 2025, and 2024 was 12.5% and 11.3%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 6: NET PENSION LIABILITY

The Sponsor's net pension liability is to be measured as the total pension liability less the amount of the Plan's fiduciary net position. The components of the net pension liability of the Plan at December 31, 2025, and December 31, 2024 were as follows:

	2025	2024
Total pension liability	\$ 11,981,334	\$ 11,315,005
Plan's fiduciary net position	(15,950,163)	(13,420,409)
Sponsor's net pension (asset)/liability	\$ (3,968,829)	\$ (2,105,404)

Plan fiduciary net position as a percentage
of the total pension liability

133.13%

118.61%

For the current year, the total pension liability reported as of the measurement date is based on an Actuarial Valuation as of January 1, 2025 with results rolled forward to December 31, 2025. For the prior year, the total pension liability reported as of the measurement date is based on an Actuarial Valuation as of January 1, 2024 with results rolled forward to December 31, 2024. These liability roll-forwards use standard actuarial techniques that conform with Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 6: NET PENSION LIABILITY (Continued)

Actuarial Assumptions

The actuarial assumptions used by the actuary for the calculations are as follows:

	2025	2024
Valuation date	January 1, 2025	January 1, 2024
Measurement date	December 31, 2025	December 31, 2024
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level-dollar basis, close	Level-dollar basis, close
Amortization period	15 years	15 years
Asset valuation method	5-year Smoothed Market Value	5-year Smoothed Market Value
Investment rate return net of investment expenses:	6.00%	6.00%
Projected salary increases	Graded scale, from 6.0% at age 20 to 3.0% at age 60 +	Graded scale, from 6.0% at age 20 to 3.0% at age 60 +
Inflation	3.00%	3.00%
Cost of living adjustment	None	None
Mortality	a. Pre-retirement Mortality: RP-2014 Blue Collar Employee Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2021 mortality improvement rates b. Post-retirement Mortality: RP-2014 Blue Collar Healthy Annuitant Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2021 mortality improvement rates c. Post-disability Mortality: RP-2014 Disabled Annuitant Sex Distinct Tables adjusted to 2006 and projected using Scale MP-2021 mortality improvement rates	a. Pre-retirement Mortality: RP-2014 Blue Collar Employee Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2021 mortality improvement rates b. Post-retirement Mortality: RP-2014 Blue Collar Healthy Annuitant Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2021 mortality improvement rates c. Post-disability Mortality: RP-2014 Disabled Annuitant Sex Distinct Tables adjusted to 2006 and projected using Scale MP-2021 mortality improvement rates

The actuarial assumptions used in the January 1, 2025 and January 1, 2024 valuation were based on the results of an actuarial experience study for the period 2006-2014.

Long-Term Expected Rate of Plan Returns

The long-term expected rate of return on 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 weighing 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:

Asset class	Target allocation	Long-term expected rate of return
Equity Securities	50%	7.10%
Fixed Income	40%	4.80%
Alternatives	10%	6.40%
Total:	100%	
Long-term expected (weighted) rate of return:		6.00%

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 6: NET PENSION LIABILITY (Continued)

Discount Rate

The discount rate used to measure the total pension liability as of the December 31, 2025 measurement date was an effective discount rate of 6.0% based on the January 1, 2025 Plan census and actuarial assumptions.

The discount rate used to measure the total pension liability as of the December 31, 2024 measurement date was an effective discount rate of 6.0% based on the January 1, 2024 Plan census and actuarial assumptions.

The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and participant rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the December 31, 2025, net pension (asset)/liability of the District, calculated using an effective discount rate of 6.0% and the January 1, 2025 Plan census and actuarial assumptions, as well as what the District's net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.0%) or 1-percentage point higher (7.0%) than the current rate:

December 31, 2025				
	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%	
Net pension liability (asset)	\$ (2,355,996)	\$ (3,968,829)	\$ (5,267,275)	

The following presents the December 31, 2024 net pension liability of the District, calculated using an effective discount rate of 6.0% and the January 1, 2024 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 (5.0%) or 1-percentage point higher (7.0%) than the current rate:

December 31, 2024				
	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%	
Net pension liability (asset)	\$ (622,229)	\$ (2,105,404)	\$ (3,303,385)	

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Financial Statements

NOTE 7: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2025, through June 8, 2026, the date the current year's financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

The Retirement Plan for the Employees of Brownsville Navigation District
Schedule of Net Pension Liability (Unaudited)
Last 9 Years

<i>For the Years Ended December 31,</i>	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability/(Asset)	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Employee Payroll	Net Pension Liability (Asset) as a % of Covered Payroll
2025	\$ 11,981,334	\$ 15,950,163	\$ (3,968,829)	133.13%	\$ 6,490,229	-61.15%
2024	11,315,005	13,420,409	(2,105,404)	118.61%	6,194,812	-33.99%
2023	10,782,500	11,182,657	(400,157)	103.71%	5,653,993	-7.08%
2022	10,136,503	8,895,468	1,241,035	87.76%	4,338,705	28.60%
2021	9,703,134	9,168,937	534,197	94.49%	4,428,078	12.06%
2020	9,131,494	7,292,575	1,838,919	79.86%	4,074,509	45.13%
2019	8,511,666	5,946,210	2,565,456	69.86%	4,342,902	59.07%
2018	9,448,160	4,890,148	4,558,012	51.76%	4,368,477	104.34%
2017	8,978,847	5,082,504	3,896,343	56.61%	4,018,196	96.97%

Note to Schedule

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

The Retirement Plan for the Employees of Brownsville Navigation District

Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)

Last 9 Years

For the Fiscal Years Ended December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability									
Service cost	\$ 381,559	\$ 334,048	\$ 268,667	\$ 262,879	\$ 268,207	\$ 233,408	\$ 369,886	\$ 366,125	\$ 315,160
Interest on total pension liability	676,350	644,865	606,691	580,194	547,221	563,485	565,190	564,909	540,430
Differences between expected and actual experience	456,538	291,204	357,958	165,312	383,842	(82,361)	(320,001)	190,029	(57,185)
Plan amendments	-	-	-	-	-	-	(371,470)	-	-
Changes of assumptions	-	-	-	17,200	(68,929)	699,602	(554,847)	(56,153)	-
Benefit payments, including refunds of employee contributions	(848,118)	(737,612)	(587,319)	(592,216)	(558,701)	(794,306)	(625,252)	(595,597)	(631,710)
Net change in total pension liability	666,329	532,505	645,997	433,369	571,640	619,828	(936,494)	469,313	166,695
Total pension liability, beginning	11,315,005	10,782,500	10,136,503	9,703,134	9,131,494	8,511,666	9,448,160	8,978,847	8,812,152
Total pension liability, ending (a)	\$ 11,981,334	\$ 11,315,005	\$ 10,782,500	\$ 10,136,503	\$ 9,703,134	\$ 9,131,494	\$ 8,511,666	\$ 9,448,160	\$ 8,978,847
Plan Fiduciary Net Position									
Contributions - employer	\$ 1,437,665	\$ 1,458,501	\$ 1,404,735	\$ 1,250,567	\$ 1,168,828	\$ 1,138,862	\$ 779,847	\$ 524,680	\$ 455,766
Contributions - employee	280,595	287,174	269,422	217,953	190,602	180,258	183,979	185,964	177,956
Net Investment income (loss), including bank interest	1,783,828	1,345,374	1,300,533	(1,059,283)	1,164,191	885,109	768,551	(254,533)	783,291
Benefit payments, including refunds of employee contributions	(848,118)	(737,612)	(587,319)	(592,216)	(558,701)	(794,306)	(625,252)	(595,597)	(631,710)
Investment expenses	(124,216)	(115,685)	(100,181)	(90,491)	(88,558)	(63,558)	(51,063)	(52,870)	(47,444)
Net change in plan fiduciary net position	2,529,754	2,237,752	2,287,190	(273,470)	1,876,362	1,346,365	1,056,062	(192,356)	737,859
Plan fiduciary net position, beginning	13,420,409	11,182,657	8,895,467	9,168,937	7,292,575	5,946,210	4,890,148	5,082,504	4,344,645
Plan fiduciary net position, ending (b)	\$ 15,950,163	\$ 13,420,409	\$ 11,182,657	\$ 8,895,467	\$ 9,168,937	\$ 7,292,575	\$ 5,946,210	\$ 4,890,148	\$ 5,082,504
Net pension liability, ending = (a) - (b)	\$ (3,968,829)	\$ (2,105,404)	\$ (400,157)	\$ 1,241,036	\$ 534,197	\$ 1,838,919	\$ 2,565,456	\$ 4,558,012	\$ 3,896,343
Plan fiduciary net position as a % of total pension liability	133.13%	118.61%	103.71%	87.76%	94.49%	79.86%	69.86%	51.76%	56.61%
Covered employee payroll	\$ 6,490,229	\$ 6,194,812	\$ 5,653,993	\$ 4,338,705	\$ 4,428,078	\$ 4,074,509	\$ 4,342,902	\$ 4,368,477	\$ 4,018,196
Net pension liability as a % of covered payroll	-61.15%	-33.99%	-7.08%	28.60%	12.06%	45.13%	59.07%	104.34%	96.97%

Note to Schedule

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

The Retirement Plan for the Employees of Brownsville Navigation District
Schedule of Employer Contributions (Unaudited)
Last 9 Years

Plan Years Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Payroll
2025	\$ 180,261	\$ 1,437,665	\$ (1,257,404)	\$ 7,088,416	20.28%
2024	163,816	1,458,501	(1,294,685)	7,080,086	20.60%
2023	204,382	1,404,735	(1,200,353)	6,787,239	20.70%
2022	275,534	1,250,567	(975,033)	5,445,745	22.96%
2021	374,105	1,168,828	(794,723)	5,160,966	22.65%
2020	443,749	1,138,862	(695,113)	4,409,474	25.83%
2019	503,633	779,847	(276,214)	4,913,495	15.87%
2018	471,473	524,680	(53,207)	4,599,736	11.41%
2017	454,914	455,766	(852)	4,438,188	10.27%

Note to Schedule

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

The Retirement Plan for the Employees of Brownsville Navigation District
Schedule of Investment Returns (Unaudited)
Last 10 Years

Plan Years Ended December 31,	Net Annual Money-Weighted Rate of Return
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%

The Retirement Plan for the Employees of Brownsville Navigation District

Notes to Required Supplementary Plan Information

Factors that significantly affect trends in amounts reported

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.

Methods and assumptions used in calculations of actuarially determined contributions

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	Level-dollar basis, close
Remaining Amortization Period	15 years
Asset Valuation Method	5-year Smoothed Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.0% (net of investment expenses)
Projected Salary Increases	Graded scale, from 6.0% at age 20 to 3.0% at age 60
Inflation Rate	3%
Mortality	Pre-retirement Mortality: RP-2014 Blue Collar Employee Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2021 mortality improvement rates.
	Post-retirement Mortality: RP-2014 Blue Collar Healthy Annuitant Sex Distinct Tables adjusted to 2006 and projected using the Scale MP-2021 mortality improvement rates.
	Post-disability Mortality: RP-2014 Disabled Annuitant Sex Distinct Tables adjusted to 2006 and projected using Scale MP-2021 mortality improvement rates.

**The Retirement Plan for the Employees of Brownsville Navigation District
Schedule of Direct and Indirect Fees, Commissions, and Investment Managers
(Unaudited)**

Senate Bill No. 322, passed on June 10, 2019, by the 86th Texas Legislature, amended the Texas Government Code, Chapter 802, to require public retirement systems to include in their annual financial report a listing, by asset class, of all direct and indirect commissions and fees paid by the retirement system for the sale, purchase, or management of its assets, and to provide the names of the investment managers engaged by the retirement system.

Information for management fees paid from returns is provided by the Plan's investment advisor, Morgan Stanley, for the fiscal year ended December 31, 2025. No other direct administrative expenses are provided as these are paid by the Brownsville Navigation District (the "Plan Sponsor").

Below are the investment expenses for the fiscal year ended December 31, 2025:

Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	MANAGEMENT FEES NETTED FROM RETURNS	TOTAL INVESTMENT MANAGEMENT FEES (Management Fees Netted from Returns + Management Fees Paid From Trust)	BROKERAGE FEES/COMMISSIONS	PROFIT SHARE/CARRIED INTEREST	TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS (Management Fees + Brokerage Fees/Commissions + Profit Share)
Cash	\$ 9,937	\$ -	\$ 9,937	\$ -	\$ -	\$ 9,937
Public Equity	\$ 79,498	\$ -	\$ 79,498	\$ -	\$ -	\$ 79,498
Fixed Income	\$ 34,780	\$ -	\$ 34,780	\$ -	\$ -	\$ 34,780
Real Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Alternative/Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 124,216	\$ -	\$ 124,216	\$ -	\$ -	\$ 124,216

Alternative/Other

[illegible]

Investment Managers

List of Investment Manager Names
Jennison Associates, LLC
Boston Partners
Federated Hermes, Inc
Chartwell Investment Partners
Fuller & Thaler Asset Management, Inc
Cambiar Investors, LLC
Lazard Asset Management, LLC
Western Asset Management
Abrdn, Inc
Vanguard

Total Investment Expenses

Total Direct and Indirect Fees and Commissions	\$ 124,216
Investment Services	
Custodial	\$ -
Research	\$ -
Investment Consulting	\$ -
Legal	\$ -
Total	\$ -
Total Investment Expenses (Total Direct and Indirect Fees and Commissions + Investment Services)	\$ 124,216



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

To the Board of Commissioners of Brownsville Navigation District and Plan Committee
and Management of the Retirement Plan for the Employees of Brownsville Navigation District
1000 Foust Road
Brownsville, Texas 78521

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 Retirement Plan for the Employees of Brownsville Navigation District (the "Plan"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated June 8, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Harlingen, Texas

June 8, 2026



BROWNSVILLE NAVIGATION DISTRICT

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Brownsville Navigation District

REQUIRED COMMUNICATIONS

December 31, 2025





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June 12, 2026

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

We are pleased to present the results of our audit of the 2025 financial statements of the Brownsville Navigation District of Cameron County, Texas (the "District").

This report to Board of Directors and management of the "District" summarizes our audit, the report issued and various analyses and observations related to the District's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the District's 2025 financial statements. We considered the District's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the District's personnel.

At Carr, Riggs & Ingram, L.L.C. (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 956-660-7084 or mmontemayor@criadv.com.

Very truly yours,

Matthew Montemayor, CPA
Partner



We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Brownsville Navigation District of Cameron County, Texas (the "District") for the year ended December 31, 2025, and have issued our report thereon dated June 12, 2026. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Auditor's responsibility under Generally Accepted Auditing Standards / Government Auditing Standards	As stated in our engagement letter dated January 21, 2026, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
Client's responsibility	Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.
Planned scope and timing of the audit	Our initial audit plan was not significantly altered during our fieldwork.
Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i>	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."
Potential effect on the financial statements of any significant risks and exposures <i>Major risks and exposures facing the District and how they are disclosed.</i>	No such risks or exposures were noted.



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Disagreements with management <i>Disagreements, whether or not subsequently resolved, about matters significant to the financial accounting, reporting, or auditing matter, that could be significant to the financial statements or the auditor's report. This does not include those that came about based on incomplete facts or preliminary information.</i>	We are pleased to report that no such disagreements arose during the course of our audit.
Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance, including any circumstances that could affect the form or content of the report. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i>	None noted.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i>	None noted.
Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the District, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board of Commissioners about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i>	See "Summary of Audit Adjustments" section.
Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i>	Discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.
Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i>	To our knowledge, there were no such consultations with other accountants.



MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Required Supplementary Information <i>The auditor's responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i>	We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.
Other information accompanying the financial statements. <i>The auditor's responsibility for other information accompanying the financial statements.</i>	We were not engaged to report on the other information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Accounting Policies, Judgments and Sensitive Estimates
& Carr, Riggs & Ingram, L.L.C. Comments on Quality**

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITOR'S CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Defined benefit pension plan	The District participates in the Retirement Plan for the Employees of Brownsville Navigation District (the "Plan"). The Plan utilizes an independent actuary to provide an actuarial valuation report. This report provides the District with estimates of the total pension liability, fiduciary net position, related deferred outflows/inflows and actuarially required contributions in accordance with the provisions of GASB 68.	X	Key assumptions utilized by the actuary in making the estimates in accordance with GASB 68. The total pension liability was determined by an actuarial valuation.	We evaluated the assumptions used by the actuary in estimating the District's total pension liability, the fiduciary net position, and the related deferred outflows/inflows and found them to be in accordance with the provisions of GASB 68 and reasonable in relation to the financial statements taken as a whole.
Compensated absences	Liabilities for compensated absences attributable to services already rendered are accrued as employees earn the rights to those benefits. The District follows the provisions of Section C60: <i>Compensated Absences</i>, of the GASB Codification when reporting these liabilities.	X	The District estimates the accrued liabilities for compensated absences using leave and sick balances accrued at the end of the fiscal year multiplied by the pay rate in effect for each employee as of the end of the fiscal year.	The District's policies are in accordance with all applicable accounting guidelines and GASB.

**Accounting Policies, Judgments and Sensitive Estimates
& Carr, Riggs & Ingram, L.L.C. Comments on Quality**

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	AUDITOR'S CONCLUSIONS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Amortization of right-to-use SBITA assets, determination of discount rate for the SBITA liabilities and fair value of underlying assets.	The District amortizes right-to-use SBITA assets using the straight-line method and has utilized the incremental borrowing rate to determine the SBITA liability and the fair value of the underlying assets.	X	The District amortizes right-to-use lease and SBITA assets over the shorter period of the subscription term or the useful life of the assets which is based on the experience with similar assets and guidance provided by GASB 96, Subscription-Based Information Technology Arrangements. Similarly, using past experience with similar assets and the guidance provided by GASB Statement No. 96, Subscription-Based Information Technology Arrangements, the District has utilized the incremental borrowing rate to determine the measurement of the SBITA liability, interest payments and fair value of the underlying asset.	We evaluated the key factors and assumptions used to develop the estimated useful lives, incremental borrowing rate and fair value of assets in determining that they are reasonable in relation to the financial statements taken as a whole.



The Retirement Plan for the Employees of the Brownsville Navigation District

REQUIRED COMMUNICATIONS

December 31, 2025





CARR, RIGGS & INGRAM, L.L.C.

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June 8, 2026

To the Board of Trustees of Brownsville Navigation District,
and Plan Committee and Management for The Retirement Plan
for the Employees of the Brownsville Navigation District
Brownsville, Texas

We are pleased to present the results of our audit of the 2025 financial statements of The Retirement Plan for the Employees of the Brownsville Navigation District.

This report to the Board of Trustees of Brownsville Navigation District (the "Board") summarizes our audit, the report issued and various analyses and observations related to the Plan's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the Plan's 2025 financial statements. We considered the Plan's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the Plan's personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the use of the Board and management of the Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 956-660-7084 or mmontemayor@criadv.com.

Very truly yours,

Matthew Montemayor, CPA Partner

Required Communications



We have audited the financial statements of the Plan for the year ended December 31, 2025, and have issued our report thereon dated June 8, 2026. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Auditor's responsibility under Generally Accepted Auditing Standards (and if applicable, Government Auditing Standards)	As stated in our engagement letter dated January 21, 2026, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we considered the internal control of the Plan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
Client's responsibility	Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection of appropriate accounting policies and practices and the quality of application of accounting principles; and for the fair presentation in the financial statements of net assets available for benefits and changes in net assets available for benefits in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud.
Planned scope and timing of the audit	Our initial audit plan was not significantly altered during our fieldwork.
Management judgments and accounting estimates <i>The process used by management in forming particularly sensitive accounting estimates and the basis for the auditor's conclusion regarding the reasonableness of those estimates.</i>	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Other findings or issues <i>Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.</i>	None noted.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management <i>Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.</i>	None noted.
Corrected and uncorrected misstatements <i>All significant audit adjustments arising from the audit, whether or not recorded by the Plan, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board of Directors about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.</i>	See "Summary of Audit Adjustments" section.
Major issues discussed with management prior to retention <i>Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.</i>	Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Consultations with other accountants <i>When management has consulted with other accountants about significant accounting or auditing matters.</i>	To our knowledge, there were no such consultations with other accountants.
Written representations <i>A description of the written representations the auditor requested (or a copy of the representation letter).</i>	See "Management Representation Letter" section.

Required Communications

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
Supplementary Information in relation to the financial statements as a whole <i>The auditor's responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i>	We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.
Required Supplementary Information <i>The auditor's responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.</i>	We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.