

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT



Charles E. Reed & Associates, P.C.

Certified Public Accountants & Consultants

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Sabine Neches Navigation District – Jefferson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sabine Neches Navigation District – Jefferson County (the District), Texas as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the Sabine Neches Navigation District – Jefferson County, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sabine Neches Navigation District – Jefferson County, Texas, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Sabine Neches Navigation District – Jefferson County, Texas, 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 Sabine Neches Navigation District – Jefferson County, Texas' 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 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, 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 Sabine Neches Navigation District – Jefferson County, Texas’ 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 Sabine Neches Navigation District – Jefferson County, Texas’ 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 and supplementary information on pages 4 through 9 and 43 through 46 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 Texas Supplementary Information on pages 47 through 59 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.

Charles E. Reed & Associates, P.C.

Port Arthur, Texas

April 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

As management of the Sabine-Neches Navigation District, Jefferson County, Texas (the "District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements and notes thereto, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of the following: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information of all of the District's assets, and deferred outflows and deferred inflows of resources and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (i.e., uncollected property taxes).

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sabine-Neches Navigation District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the District's basic services are included in the governmental fund, which focus on how resources flow in and out with the balances remaining at the year-end that are available for spending. The governmental funds statements provide a detailed short-term view to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, we describe the relationship between governmental activities and governmental funds through the reconciliations and in the notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

FINANCIAL HIGHLIGHTS

- The net position for the District at September 30, 2023 was \$188,308,920.
- The District's net position increased by \$28,718,889 for the year ended September 30, 2023.
- The District continues to fund the Sabine-Neches Waterway Security Operations in conjunction with the Jefferson County Sherriff's Office. Upon request by the office of Homeland Security through the office of the U.S. Coast Guard Captain of the Port of Port Arthur, the Jefferson County Sherriff's Office and the Sabine-Neches Navigation District cooperate to provide and enhance services for the enforcement of maritime safety and security zones of the Sabine-Neches Waterway (SNWW). The District levies a security service fee on cargo-tonnage delivered to SNWW terminals to fund security operations.
- The District continues to act as non-Federal sponsor for the Sabine-Neches waterway to the U.S. Army Corps of Engineers (USACE). Under the Partner Cooperation Agreement, Congressionally authorized in 1962 between the District and USACE, the Sabine-Neches Navigation District funds 100% of dredge material placement area maintenance and acquisition of lands, as well as the local share of the federal ship channel project.
- The District anticipates issuing remaining bonds that were approved in November 2022 for the amount of \$57,420,000.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

FINANCIAL ANALYSIS

A portion of the District's total net position (7.39%) reflects its investment in capital assets (e.g., land, structures, and furniture and equipment) net of related debt. The District uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. The restricted portion of the District's total net position (78.62%) is restricted for debt service, special revenue (waterway security), capital projects, and promotion and development.

	<i>2023</i>	<i>2022</i>
<i>Assets</i>		
Current and other assets	\$ 387,397,827	\$ 151,644,411
Long-term assets	-	247,551
Capital assets, net	20,516,366	21,327,978
Leased assets, net	1,189,044	1,264,719
Total Assets	\$ 409,103,237	\$ 174,484,665
<i>Deferred Outflows of Resources</i>		
Deferred pension and other benefit related outflows	\$ 400,459	\$ 290,979
<i>Liabilities</i>		
Long-term liabilities	\$ 205,778,576	\$ 8,759,268
Other liabilities	14,953,900	5,556,899
Total Liabilities	\$ 220,732,476	\$ 14,316,167
<i>Deferred Inflows of Resources</i>		
Deferred pension and other benefit related inflows	\$ 462,300	\$ 869,446
<i>Net Position</i>		
Invested in capital assets	\$ 13,921,366	\$ 13,842,978
Restricted	148,041,450	121,178,426
Unrestricted	26,346,104	24,568,627
Total Net Position	188,308,920	159,590,031

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

FINANCIAL ANALYSIS (Continued)

The following provides a summary of the District's operations for the year ended September 30, 2023 with comparative totals for the year ended September 30, 2022.

	<u>2023</u>	<u>2022</u>
<i>Revenues</i>		
Property taxes	\$ 25,242,984	\$ 23,670,521
Investment earnings	14,687,800	303,329
Placement area usage	3,695,094	2,255,179
Waterway security fees	3,280,659	3,146,433
Waterway user fees	25,484,213	22,761,420
Other	3,557,236	4,542,144
Total Revenues	<u>75,947,986</u>	<u>56,679,026</u>
<i>Expenditures/Expenses</i>		
Service operations	37,178,491	35,400,016
Interest	9,147,611	158,993
Depreciation	871,162	874,231
Other	31,833	-
Total Expenses	<u>47,229,097</u>	<u>36,433,240</u>
Excess (Deficiency) of Revenue over Expenditures	\$ 28,718,889	\$ 20,245,786
<i>Other Financing Sources (Uses)</i>		
Proceeds from sale of capital assets	-	260,600
Change in Net Position	\$ 28,718,889	\$ 20,506,386
Net position - beginning of year	<u>159,590,031</u>	<u>139,083,645</u>
Net position - end of year	<u>\$ 188,308,920</u>	<u>\$ 159,590,031</u>

ANALYSIS OF INDIVIDUAL FUNDS

Debt Service Fund – Fund balance increased by \$576, due to investment earnings.

Special Revenue Fund – Revenues increased \$3,720,000 due to increases in waterway user fee collections. Expenses decreased by \$227,975 due to Marine Division expenditures. Fund balance increased by \$26,814,522, mainly due to waterway user fee collections.

Capital Projects - Fund balance increased by \$200,847,033 mainly due to an increase in other financing sources for the new bonds issued.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

ANALYSIS OF CHANGES IN CAPITAL ASSETS AND LONG-TERM DEBT

The District's investment in capital assets and leased assets as of September 30, 2023, amounts to \$21,781,085 (net of accumulated depreciation).

Major capital asset events during the current fiscal year included the following:

- Accumulated depreciation increased by \$871,162.
- Equipment was purchased for \$59,550.

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	<i>2023</i>	<i>2022</i>
Land and easements, net	\$ 7,444,530	\$ 7,455,154
Structures, net	12,906,364	13,711,153
Furniture and equipment, net	165,472	161,671
Total	\$ 20,516,366	\$ 21,327,978

The carrying value of leased assets amounts to \$1,189,044. Additional information on the District's capital assets and leased assets can be found in the notes to the financial statements.

On February 9, 2021, the board of directors passed a resolution to issue contract revenue bonds in the amount of \$9,120,000 to advance refund the "Refunded 2010-A Bonds" and the "Refunded 2011 Bonds" and to pay costs relating to the issuance of bonds. See Note 6 - Long-Term Debt for further detail.

On October 4, 2022, the board of directors passed a resolution to issue limited tax bonds in amount of \$192,580,000 to fund a portion of the District's local cost share associated with the deepening of and improvements to the Sabine Neches Waterway ship channel. Proceeds were used to pay legal fees, engineering fees, pipeline relocation expenses, and certain costs of the issuance of the Bonds.

At the end of the current fiscal year, the District had outstanding contract revenue refunding bonds of \$6,595,000 and limited tax bonds of \$192,580,000. Additional information on the District's long-term debt can be found in the notes to the financial statements.

**Outstanding Debt at Year-End
Notes Payable**

	<i>2023</i>	<i>2022</i>
Revenue bonds	\$ -	\$ -
Revenue refunding bonds	6,595,000	7,485,000
Limited tax bonds	192,580,000	-
Total	\$ 199,175,000	\$ 7,485,000

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

ANALYSIS OF CHANGES IN CAPITAL ASSETS AND LONG-TERM DEBT (Continued)

The District's Revenue Bond ratings are listed below:

	<i>Moody's Investor Service</i>	<i>Standard & Poor's</i>	<i>Fitch</i>
Revenue Bonds	Aaa	Not rated	AAA
Limited Tax Bonds	Aa2	Not rated	Not rated

THE BUDGET, ECONOMIC ENVIRONMENT, AND RATES

The original budget of the General Fund projected a \$159,176 net of transfers, decrease in fund balance. The original budget was amended with \$4,280,076 increase in expenditures related to materials and supplies, miscellaneous services, and repairs and maintenance. The final budget of the General Fund projected a \$4,435,580, net of transfers, decrease in fund balance.

The main differences between the final budget and actual results are briefly summarized as follows:

- Actual tax revenues were over budgeted by \$1,305,504, placement area usage revenues were under budgeted by \$893,212, and actual revenue exceeded budgeted revenue by \$1,051,397.
- Total expenditures were under budgeted amounts by \$4,374,321 mainly because the District's anticipation of completing placement area maintenance projects in the current fiscal year.
- The District set its 2023 tax rate at \$0.088000 per \$100 of appraised property value with a 20% homestead exemption.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the District's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Sabine-Neches Navigation District at 8180 Anchor Drive, Port Arthur, Texas, U.S.A. 77627, or call (409) 729-4588.

BASIC FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND
BALANCE SHEET -
ASSETS**

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND
BALANCE SHEET -
ASSETS**
September 30, 2023

	<i>General Fund</i>	<i>Debt Service Fund</i>
<i><u>Assets</u></i>		
<i>Cash</i>		
Checking accounts	\$ 26,688,160	\$ -
Restricted cash	4,500	576
<i>Accounts Receivable</i>		
Accounts receivable	2,003,812	-
Delinquent taxes, net	680,703	-
<i>Other Assets</i>		
Leased asset	-	-
<i>Capital Assets</i>		
Land and easements, net	-	-
Structures, net	-	-
Furniture and equipment, net	-	-
Total Assets	\$ 29,377,175	\$ 576
 <i><u>Deferred Outflows of Resources</u></i>		
<i>Deferred Outflows of Resources</i>		
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Net difference between projected and actual earnings	-	-
Contributions made subsequent to measurement date	-	-
Total Deferred Outflows of Resources	\$ -	\$ -
Total Assets and Deferred Outflows of Resources	\$ 29,377,175	\$ 576

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

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND
BALANCE SHEET -
ASSETS**
September 30, 2023

<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ -	\$ -	\$ 26,688,160	\$ -	\$ 26,688,160
63,209,494	292,779,759	355,994,329	-	355,994,329
2,030,823	-	4,034,635	-	4,034,635
-	-	680,703	-	680,703
-	-	-	1,189,044	1,189,044
-	-	-	7,444,530	7,444,530
-	-	-	12,906,364	12,906,364
-	-	-	165,472	165,472
<u>\$ 65,240,317</u>	<u>\$ 292,779,759</u>	<u>\$ 387,397,827</u>	<u>\$ 21,705,410</u>	<u>\$ 409,103,237</u>
-	-	-	99,410	99,410
-	-	-	120,564	120,564
-	-	-	92,193	92,193
-	-	-	88,292	88,292
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,459</u>	<u>\$ 400,459</u>
<u>\$ 65,240,317</u>	<u>\$ 292,779,759</u>	<u>\$ 387,397,827</u>	<u>\$ 22,105,869</u>	<u>\$ 409,503,696</u>

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND
BALANCE SHEET -
LIABILITIES AND FUND BALANCE/NET POSITION**

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND
BALANCE SHEET -
LIABILITIES AND FUND BALANCE/NET POSITION**
September 30, 2023

	<i>General Fund</i>	<i>Debt Service Fund</i>
<u>Liabilities</u>		
Accounts payable	\$ 477,362	\$ -
Accrued interest	-	-
Other current liabilities	28,669	-
Long-term liabilities		
Due within one year	-	-
Due after one year	-	-
Total Liabilities	506,031	-
<u>Deferred Inflows of Resources</u>		
<i>Deferred Inflows of Resources</i>		
Deferred revenue - delinquent taxes	680,703	-
Unearned revenue	1,885,277	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Total Deferred Inflows of Resources	2,565,980	-
<u>Fund Balances/Net Position</u>		
<i>Fund Balances</i>		
Restricted for special revenue	-	-
Restricted for promotion and development	4,500	-
Assigned for capital projects	-	-
Assigned for operating reserve	3,868,112	-
Unrestricted	22,432,552	576
Total Fund Balances	26,305,164	576
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,377,175	\$ 576
<u>Net Position</u>		
Invested in capital assets, net		
Restricted for operations		
Restricted for capital projects		
Restricted for promotion and development		
Unrestricted		
Total Net Position		

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

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND
BALANCE SHEET -
LIABILITIES AND FUND BALANCE/NET POSITION**
September 30, 2023

<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 888,091	\$ 8,373,661	\$ 9,739,114	\$ -	\$ 9,739,114
-	-	-	1,232,251	1,232,251
-	-	28,669	-	28,669
-	-	-	3,953,866	3,953,866
-	-	-	205,778,576	205,778,576
<u>888,091</u>	<u>8,373,661</u>	<u>9,767,783</u>	<u>210,964,693</u>	<u>220,732,476</u>
-	-	680,703	(680,703)	-
-	-	1,885,277	(1,885,277)	-
-	-	-	162,832	162,832
-	-	-	299,468	299,468
<u>-</u>	<u>-</u>	<u>2,565,980</u>	<u>(2,103,680)</u>	<u>462,300</u>
64,352,226	-	64,352,226	(64,352,226)	-
-	-	4,500	(4,500)	-
-	284,406,098	284,406,098	(291,976,775)	-
-	-	3,868,112	(3,868,112)	-
-	-	22,433,128	(26,284,432)	-
<u>64,352,226</u>	<u>284,406,098</u>	<u>375,064,064</u>	<u>(382,617,933)</u>	<u>-</u>
<u>\$ 65,240,317</u>	<u>\$ 292,779,759</u>	<u>\$ 387,397,827</u>		
			13,921,366	13,921,366
			64,352,226	64,352,226
			83,684,724	83,684,724
			4,500	4,500
			<u>26,346,104</u>	<u>26,346,104</u>
			<u>\$ 188,308,920</u>	<u>\$ 188,308,920</u>

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**
For Year Ended September 30, 2023

	<i>General Fund</i>	<i>Debt Service Fund</i>
Revenues		
Current taxes	\$ 24,893,178	\$ -
Delinquent taxes	275,309	-
Investment earnings	1,354,689	576
Placement area usage	2,893,212	-
Waterway security fees	-	-
Waterway user fees	-	-
Chenier LNG	1,263,000	-
Golden Pass	-	-
Other	6,000	-
Total Revenues	30,685,388	576
Expenditures/Expenses		
Service Operations:		
Salaries and wages	1,085,540	-
Fringe benefits	652,231	-
Bond issuance costs	-	-
Maintenance and repairs	365,808	-
Materials and supplies	94,356	-
Utilities	62,140	-
Miscellaneous services	989,876	-
Construction and maintenance	7,478,293	-
Marine Division expenditures	-	-
SNND administrative	-	-
Depreciation	-	-
Lease amortization	-	-
Lease interest	-	-
Debt Service:		
Principal	-	890,000
Interest	-	107,784
Bond Fees	-	528
Total Expenditures/Expenses	10,728,244	998,312
Excess (Deficiency) of Revenues Over Expenses	19,957,144	(997,736)
Other Financing Sources/Uses:		
Transfers - internal activities	(17,904,954)	998,312
Flow Through In - Corp of Engineers	1,386,000	-
Flow Through Out - Port of Beaumont	(1,386,000)	-
Proceeds from debt issuance	-	-
Bond discount	-	-
Bond premium	-	-
Excess (Deficiency) of Revenues and Other Transfers In Over Expenditures and Transfers Out	2,052,190	576
Change in Net Position	-	-
Fund Balances/Net Position		
Beginning of the year	24,252,974	-
End of the year	\$ 26,305,164	\$ 576

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

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**
For Year Ended September 30, 2023

<i>Special Revenue Fund</i>	<i>Capital Projects Fund</i>	<i>Total</i>	<i>Adjustments</i>	<i>Statement of Activities</i>
\$ -	\$ -	\$ 24,893,178	\$ -	\$ 24,893,178
-	-	275,309	74,497	349,806
919,871	12,412,664	14,687,800	-	14,687,800
-	-	2,893,212	801,882	3,695,094
3,280,659	-	3,280,659	-	3,280,659
25,484,213	-	25,484,213	-	25,484,213
-	-	1,263,000	-	1,263,000
-	2,200,000	2,200,000	-	2,200,000
(16,764)	105,000	94,236	-	94,236
<u>29,667,979</u>	<u>14,717,664</u>	<u>75,071,607</u>	<u>876,379</u>	<u>75,947,986</u>
-	-	1,085,540	-	1,085,540
-	-	652,231	(57,107)	595,124
-	693,759	693,759	-	693,759
-	-	365,808	-	365,808
-	-	94,356	(11,550)	82,806
-	-	62,140	-	62,140
-	-	989,876	(48,000)	941,876
-	23,019,688	30,497,981	-	30,497,981
2,781,457	-	2,781,457	-	2,781,457
72,000	-	72,000	-	72,000
-	-	-	871,162	871,162
-	-	-	31,305	31,305
-	-	-	40,340	40,340
-	-	890,000	(890,000)	-
-	7,785,200	7,892,984	1,214,287	9,107,271
-	-	528	-	528
<u>2,853,457</u>	<u>31,498,647</u>	<u>46,078,660</u>	<u>1,150,437</u>	<u>47,229,097</u>
26,814,522	(16,780,983)	28,992,947	-	-
-	16,906,642	-	-	-
-	-	1,386,000	-	1,386,000
-	-	(1,386,000)	-	(1,386,000)
-	192,580,000	192,580,000	(192,580,000)	-
-	(956,599)	(956,599)	956,599	-
-	9,097,973	9,097,973	(9,097,973)	-
26,814,522	200,847,033	229,714,321	(229,714,321)	-
-	-	-	28,718,889	28,718,889
<u>37,537,704</u>	<u>83,559,065</u>	<u>145,349,743</u>	<u>14,240,288</u>	<u>159,590,031</u>
<u>\$ 64,352,226</u>	<u>\$ 284,406,098</u>	<u>\$ 375,064,064</u>	<u>\$ (186,755,144)</u>	<u>\$ 188,308,920</u>

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**
For Year Ended September 30, 2023

Governmental fund balances as reported on the balance sheet for governmental funds	\$ 375,064,064
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When capital assets that are to be used in governmental funds are purchased or leased, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the District.

Cost of capital assets, net of accumulated depreciation	20,516,366
Leased assets, net of accumulated amortization	1,189,044

Long-term liabilities of the District's governmental activities are not due and payable in the current period, therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

General obligation bonds payable	(199,175,000)
Bond Payable Discount	956,599
Bond Payable Premium	(9,097,973)
Accrued interest expense	(1,232,251)
Pension Liability	(110,822)
Other post-employment benefits obligation	(1,045,618)
Lease liability	(1,259,628)

Deferred Outflows/Inflows of resources related to pension and other post-employment benefits are not due and payable in the current period, therefore are not reported in the funds. However, they are reported in the Statement of Net Position.

Pension related deferred outflows	382,933
Pension related deferred inflows	(49,640)
Other post-employment benefits deferred inflows	(412,660)
Other post-employment benefits deferred outflows	17,526

Deferred property tax revenue, waterway security fee revenue, and placement area usage revenue is recorded as a liability in the governmental funds. However, that revenue should have been recognized when reported using full accrual.

Unearned revenues	1,885,277
Deferred property tax revenues	680,703

Total net position as reported on the Statement of Net Position for governmental activities	\$ 188,308,920
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SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES**
For Year Ended September 30, 2023

Net change in fund balances for total governmental funds	\$ 229,714,321
<p>Certain pension contributions and changes in the pension plan net position are reported as deferred outflows of resources in the government-wide financial statements. Additional pension expense is reported in the government-wide financial statements as the deferred outflows are amortized and the net pension liability changes from year to year.</p>	
	86,440
<p>When capital assets that are to be used in governmental funds are purchased, those costs are reported as expenditures in the governmental funds. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives.</p>	
Current year capital asset purchase costs	59,550
Current year depreciation expense	(871,162)
Current year amortization on leased assets	(31,305)
<p>The issuance of debt provides current resources to governmental funds while, the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, the governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities</p>	
Principal paid	890,000
Debt Proceeds	(192,580,000)
Bond Discount	956,599
Bond Premium	(9,097,973)
<p>Other post-employee benefits are not due and payable in the current period and, accordingly, are not reported as current period expenditures.</p>	
	(29,333)
<p>Interest expense on long-term liabilities of governmental debt is not due and payable in the current period and accordingly is not reported as current period expenditures. However, interest expense on the long-term debt of the governmental activities is accrued in the Statement of Activities.</p>	
Accrued interest on bonds payable - prior year	17,964
Accrued interest on bonds payable - current year	(1,232,251)
Interest on lease liabilities	(40,030)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
Collections on prior year levies	(606,206)
Collections due from current levy	680,703
Unearned revenue	801,882
Unearned revenue	<u>801,882</u>
Change in net position of governmental activities	<u>\$ 28,718,889</u>

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity -

The District was created July 12, 1909, following a favorable election held July 3, 1909 pursuant to the provisions of Article 3, Section 52 of the Texas Constitution. The creation is recorded in Volume 5, Page 244, of Minutes of Commissioners' Court of Jefferson County. During 1987, the name of the District was changed from Beaumont Navigation District of Jefferson County to Jefferson County Navigation District. Pursuant to legislation passed in 2001, the District's name was changed to Jefferson County Waterway and Navigation District and following a favorable election, the district changed to an Article 16, Section 59 Texas Constitution District with boundaries co-extensive with Jefferson County, Texas, along with all powers given to such a district pursuant to Chapters 49, 60, and 62 of the Texas Water Code. Effective September 1, 2008, the District's name was changed to Sabine-Neches Navigation District of Jefferson County, Texas, pursuant to House Bill No. 3634 enacted by the Legislature of the State of Texas. At the times of the District's name changes, all debt documents of the District were also changed to reflect the new names.

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the District are described below.

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units with the District reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether -

- the organization is legally separate (can sue and be sued in their own name).
- the District holds the corporate powers of the organization.
- the District appoints a voting majority of the organization's board.
- the District is able to impose its will on the organization.
- the organization has the potential to impose a financial benefit/burden on the District.
- there is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation -

The government-wide financial statements (the statement of net position and governmental funds balance sheet and statement of activities and governmental funds revenues, expenditures and changes in fund balance) report information on all of the activities of the District. They include all funds of the District.

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds.

General Fund - The general fund is the main operating fund of the District. This fund is used to account for all financial resources devoted to financing the general services that the District performs. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Special Revenue Fund - The special revenue fund is used to provide waterway security services for businesses along the Sabine-Neches Waterway. The District collects fees from the various businesses based on tonnage shipped each month. The District contracts the waterway security services out to the Jefferson County Sheriff's department.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the District. The fund balance of the debt service fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Projects Fund - The capital projects fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

C. Measurement Focus/Basis of Accounting -

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows and deferred inflows of resources, and liabilities (whether current or non-current) are included on the statement of net position and the statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred. As a rule, the effect of interfund activity has been eliminated.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting - (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally, 60 days is considered available. General property taxes and nontax revenues are recorded when received and investment earnings are recorded when earned. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures and expenditures related to compensated absences are recorded when paid for governmental funds.

D. Using Estimates -

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

E. Date of Management's Review -

Management has evaluated subsequent events through April 4, 2024, the date the financial statements were available to be issued.

F. Capital Assets -

Capital assets are defined by the District as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. Capital assets include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, drainage and similar items), and intangible assets (i.e., internally generated computer software) and are reported in the government-wide financial statements. Property and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the government-wide financial statements.

All capital assets are valued at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market values at the date of transfer. Depreciation has been calculated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life</u>
Structures	25 to 40 years
Furniture and equipment	5 to 20 years

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budgetary Control/Budget Basis of Accounting -

The District follows these procedures in establishing the budgetary data reflected in the financial statements -

1. During midsummer, the District prepares a proposed budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Any revisions of the budget that alter the expenditures of any funds must be approved by the District's Board of Commissioners.
3. Formal budgetary integration is employed as a management control device during the year for the General and Debt Service Funds.
4. The Budgetary Comparison Schedule - General Fund presents a comparison of budgetary data to actual results. The budget for the General Fund is prepared on the cash basis (budget basis). The differences between the cash basis and the modified accrual basis [generally accepted accounting principles (GAAP) basis] are that revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid (budget) as opposed to when incurred (GAAP).

Adjustments necessary to convert the results of operations and fund balance at the end of the year on the GAAP basis to the budget basis are as follows -

	<i>General Fund</i>	
	<i>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</i>	<i>Fund Balance At End of Year</i>
GAAP Basis	\$ 2,052,190	\$ 26,305,164
Increase (decrease) due to expenditures - Accounts payable	(264,156)	477,362
Budget Basis (Non-GAAP)	\$ 1,788,034	\$ 26,782,526

5. A budget has not been adopted for the special revenue fund because it is not legally required to do so.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Encumbrances -

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at year-end are provided for in the subsequent year's budget. There were no encumbrances outstanding at September 30, 2023.

I. Investments -

Investments are principally government securities. Government securities are stated at cost which approximates fair value at September 30, 2023. There were no investments as of September 30, 2023.

J. Allowance for Doubtful Accounts -

An allowance has been recorded for property taxes which are estimated to be uncollectible, as required by generally accepted accounting principles.

K. Interest Capitalization -

The District follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use.

L. Interfund Balances and Transfers -

Interfund receivables, payables, and transfers arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Generally, interfund transactions pertain to debt service and capital outlay.

M. Adjustments -

The main components of the adjustments to the statement of net position are as follows:

Capital assets - Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Long-term liabilities - Long-term liabilities that are not due and payable in the current period are not included in governmental funds.

Deferred Outflows/Inflows of Resources - Adjustments to net position are required for pension and other post-employment benefits. These adjustments are not included in governmental funds.

The main components of the adjustments to the statement of activities are as follows:

Capital assets - Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term liabilities - Governmental funds report principal payments and debt as expenditures. However, the payments should not be reported as expense in the statement of activities, but as a reduction of debt in the statement of net position. Change in compensated absences does not require, (or provide) the use of current financial resources and, therefore, is not reported as expenditure in governmental funds.

Deferred Outflows/Inflows of Resources - Change in compensated absences and OPEB obligations does not require (or provide) the use of current financial resources and, therefore, is not reported as expenditure in governmental funds.

N. Fund Balances/Net Position -

As of these financial statements, the District has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable -

Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted -

Amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or imposed by the laws or regulations of other governments.

Committed -

Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (District Board). To be reported as committed amounts cannot be used for any other purpose unless the District takes the highest level action to remove or change the constraint.

Assigned -

Amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned -

Amounts that have not been restricted, committed, or assigned to specific purposes or other funds.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution and formal action of the Board. This is done through adoption and amendment of the budget.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the government-wide financial statements, net position represents the difference between 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources. Net position invested in capital assets are reduced by accumulated depreciation and by outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use by the board of directors, designation, or through the enabling legislations adopted by the District or through external restriction imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

O. Retirement Plan and Other Post-Employment Benefits -

Financial reporting information pertaining to the District's participation in the Texas County and District Retirement System (TCDRS) was prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Financial reporting information pertaining to the District's post-retirement healthcare and death benefits were prepared in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 2 - CASH AND INVESTMENTS

The District invests funds that are not immediately needed in certificates of deposit or government securities. The Jefferson County Treasurer has been designated to make all investments for the District based on policies established by the District's Board of Commissioners. Deposits in financial institutions are required by statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and be held in safekeeping by the Federal Reserve Bank for the benefit of the District and the market value of the pledged securities or line of credit must total at all times the value of the deposits placed in the institutions less the amount protected by federal depository insurance. As of September 30, 2023, the deposits at Wells Fargo Bank and Stellar Bank were entirely insured by federal depository coverage and pledged securities.

A. Deposits -

At year-end, District's bank balances totaled \$383,250,084 and the carrying amount of these accounts was \$382,682,489.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Restricted Cash -

At year end, the District's General Fund had restricted cash in the amount of \$4,500. Cash was restricted for the use of promotions and development.

At year end, the District's Special Revenue Fund had restricted cash in the amount of \$63,209,494. Cash was restricted for the following:

Waterway use fee	\$ 56,305,744
Waterway security fee	6,903,750
Total	<u>\$ 63,209,494</u>

At year end, the District's Capital Projects Fund had restricted cash in the amount of \$292,779,759. Of this cash, \$17,917,628 was restricted for levee construction, \$129,470 was restricted for the District's Office Building, and \$66,163,238 was restricted for the Deepening project, and \$208,569,423 was restricted for bond deepening.

C. Investments -

The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below -

Category 1 - Insured or registered or securities held by the District or its agent in the District's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

As of September 30, 2023 all of the District's investments were classified as Category 1, as described above.

The District had no investments as of September 30, 2023.

Interest Rate Risk -

Fair value fluctuates with interest rates and increasing rates may cause fair value to decline below cost. In compliance with the District's Investment Policy, the District minimized interest rate risk by limiting the weighted average maturity of the portfolio to 1,096 days with a stated final maturity date not to exceed 3 years from the date of purchase. In addition, the portfolio is structured so that securities mature to meet cash flow requirements, thereby avoiding the need to sell securities prior to maturity and below the original cost.

Credit Risk -

In compliance with the District's investment policy, as of September 30, 2023, all of the District's purchased investments in U.S. Agency Securities were rated AA+ and Aaa by Standard & Poor's and Moody's, respectively.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 2 - CASH AND INVESTMENTS (Continued)

Concentration Risk -

The District's investment policy is to diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of investment.

NOTE 3 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by January 31 of the following year. Property values are assessed by the Jefferson County Appraisal District and taxes are collected by the County Tax Collector. The tax rate for 2022 was set at \$0.089005 per \$100 of appraised property value with a 20% homestead exemption and the tax rate for 2023 has been set at \$0.088000 per \$100 of appraised property value with a 20% homestead exemption. District property tax revenues are recognized when actually received. The amount of billed but uncollected taxes is included on the balance sheet with an offsetting "contra" account entitled "Deferred Revenue."

Property taxes receivable as of September 30, 2023, were comprised of the following -

<u>Year of Levy</u>	<u>General Fund</u>
2022	\$ 493,620
2021	296,571
2020	144,591
2019	125,929
2018	104,437
Before 2018	421,201
Total property taxes receivable	<u>1,586,350</u>
Less: Allowance for uncollectibles	<u>(905,647)</u>
	<u>\$ 680,703</u>

NOTE 4 - CAPITAL ASSETS

The District completed the Taylor's Bayou paving project and is in the preliminary engineering and development phase of the Deepening Project for the Sabine-Neches Waterway. Disposals consist of obsolete assets either salvaged or scrapped during the year.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 4 – CAPITAL ASSETS (Continued)

Activity for capital assets is summarized below -

	<i>Balance</i> <i>10/01/22</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <i>09/30/23</i>
Land and easements	\$ 7,567,121	\$ -	\$ -	\$ 7,567,121
Structures	28,729,532	-	-	28,729,532
Furniture and equipment	919,593	59,550	-	979,143
	<u>\$ 37,216,246</u>	<u>\$ 59,550</u>	<u>\$ -</u>	<u>\$ 37,275,796</u>
Accumulated depreciation	15,888,268	871,162	-	16,759,430
Capital assets, net	<u>\$ 21,327,978</u>	<u>\$ (811,612)</u>	<u>\$ -</u>	<u>\$ 20,516,366</u>

NOTE 5 - RETIREMENT PLAN

Plan Description -

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 700 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 10 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - RETIREMENT PLAN (Continued)

Funding Policy -

The employer has elected the annually determined contribution rate (variable-rate) plan under the provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The rate contributed for the months of the accounting years 2022 and 2023 was 11.84% and 10.82%, respectively. The deposit rate payable by the employee members for the months of the accounting year in both 2023 and 2022 was 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Contributions -

The required contribution was determined as part of the December 31, 2022 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2022 included (a) 7.50 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.7 percent. Both (a) and (b) included an inflation component of 2.5 percent.

For the employer's accounting year ended September 30, 2023, the annual pension contribution for the TCDRS plan by its employees was \$76,476 and the employer cost was \$121,030. Contributions payable at September 30, 2023 for the employer portion of the pension expense was \$10,205 and the employee portion was \$6,602.

Net Pension Liability/ (Asset) -

	<i>December 31, 2021</i>	<i>December 31, 2022</i>
Total pension liability	\$ 2,679,553	\$ 3,067,352
Fiduciary net position	2,927,110	2,956,530
Net pension liability/(asset)	(247,557)	110,822
Fiduciary net position as a % of total pension liability	109.24%	96.39%
Pensionable covered payroll ⁽¹⁾	\$ 959,844	\$ 1,027,059
Net pension liability/(asset) as a % of covered payroll	(25.79%)	10.79%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below:

Note: Rounding differences may exist above or in other tables in this report

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - RETIREMENT PLAN (Continued)

Discount Rate -

Discount rate ⁽²⁾	7.60%	7.60%
Long-term expected rate of return, net of investment expense ⁽²⁾	7.60%	7.60%
Municipal bond rate ⁽³⁾	N/A	N/A

⁽²⁾ This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

⁽³⁾ The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Actuarial Methods and Assumptions Used for GASB Calculations -

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2022 funding valuation, except as noted below and throughout this report. Please see the Sabine-Neches Navigation District of Jefferson County Texas December 31, 2022 Summary Valuation Report for further details.

Following are the key assumptions and methods used in this GASB analysis -

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry age (level percent of pay) ⁽¹⁾
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-line amortization over expected working life
Recognition of assumptions changes or inputs	Straight-line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%

⁽¹⁾ Individual entry age cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age cost method is used for the funding actuarial valuation.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions Used for GASB Calculations - (Continued)

Salary Increases	4.7%
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Jefferson County Sabine-Neches Navigation District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	60 and above
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	
Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Long-term Expected Rate of Return -

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10 year time horizon.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - RETIREMENT PLAN (Continued)

Long-term Expected Rate of Return - (Continued)

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

<i>Asset Class</i>	<i>Benchmark</i>	<i>Target Allocation⁽¹⁾</i>	<i>Geometric Real Rate of Return (Expected minus Inflationary)⁽²⁾</i>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities- Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities- Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan Trust Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-day U. S. Treasury	2.00%	0.20%

⁽¹⁾ Target asset allocation adopted at the March 2023 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.30%, per Cliffwater's 2023 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - RETIREMENT PLAN (Continued)

Changes in Net Pension Liability/ (Asset) -

	<i>Total Pension Liability (a)</i>	<i>Increases/ Decreases/ Fiduciary Net Position (b)</i>	<i>Net Pension Liability/ (Asset) (a) - (b)</i>
Balances as of December 31, 2021	\$ 2,679,553	\$ 2,927,110	\$ (247,557)
Changes for the year:			
Service cost	113,419	-	113,419
Interest on total pension liability ⁽¹⁾	212,127	-	212,127
Effect of economic/demographic gains or losses	65,987	-	65,987
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(3,734)	(3,734)	-
Administrative expenses	-	(1,733)	1,733
Member contributions	-	71,894	(71,894)
Net investment income	-	(187,774)	187,774
Employer contributions	-	121,604	(121,604)
Other ⁽²⁾	-	29,163	(29,163)
Balances as of December 31, 2022	\$ 3,067,352	\$ 2,956,530	\$ 110,822

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

Sensitivity Analysis -

The following presents the net pension liability of the county/district, calculated using the discount rate of 7.60%, as well as what the Jefferson County Sabine-Neches Navigation District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	<i>1% Decrease 6.60%</i>	<i>Current Discount Rate 7.60%</i>	<i>1% Increase 8.60%</i>
Total pension liability	\$ 3,521,254	\$ 3,067,532	\$ 2,688,380
Fiduciary net position	2,956,530	2,956,530	2,956,530
Net pension liability/(asset)	\$ 564,724	\$ 110,822	\$ (268,150)

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - RETIREMENT PLAN (Continued)

Pension Expense/Income -

	<u>January 1, 2022</u> <i>to</i> <u>December 31, 2022</u>
Service cost	\$ 113,419
Interest on total pension liability ⁽¹⁾	212,127
Administrative expenses	1,733
Member contributions	(71,894)
Expected investment return net of investment expenses	(230,563)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	4,212
Recognition of assumption changes or inputs	20,775
Recognition of investment gains or losses	13,944
Other ⁽²⁾	(29,163)
Pension expense/income	<u>\$ 34,589</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

Deferred Outflows of Resources -

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows</u> <u>of Resources</u>	<u>Deferred Outflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 40,702	\$ 99,140
Changes of assumptions	8,938	103,038
Net difference between projected and actual earnings	-	92,193
Contributions made subsequent to measurement date	N/A	88,292

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - RETIREMENT PLAN (Continued)

Deferred Outflows of Resources - (Continued)

Amounts currently reported as deferred outflows of resources and relate to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:

2023	\$	105,307
2024		38,957
2025		42,494
2026		112,320
2027		24,621
Thereafter ⁽¹⁾		9,324

⁽¹⁾ Total remaining balance to be recognized in future years, if any.

Note that additional future deferred inflows and outflows of resources may impact these numbers.

	<u>Year ended December 31, 2022</u>
Covered Employees -	
Inactive employees currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	3
Active employees	9

NOTE 6 - LONG-TERM DEBT

Transactions for the year ended September 30, 2023 are summarized as follows -

	<u>Beginning Balance</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 7,485,000	\$ 192,580,000	\$ (890,000)	\$ 199,175,000	\$ 3,910,000
Net Bond Premium	-	8,141,374	-	8,141,374	-
OPEB obligation	944,478	152,140	(51,000)	1,045,618	-
Net pension liability	(247,557)	581,040	(222,661)	110,822	-
Lease liability	1,263,658	-	(4,030)	1,259,628	43,866
	<u>\$ 9,445,579</u>	<u>\$ 201,454,554</u>	<u>\$ (1,167,691)</u>	<u>\$ 209,732,442</u>	<u>\$ 3,953,866</u>

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 - LONG-TERM DEBT (Continued)

Bonds payable at September 30, 2023, were comprised of the following -

Jefferson County Drainage District No. 6 issued contract revenue refunding bonds, Series 2021 in the amount of \$9,120,000 that were used to extinguish 2010A contract revenue bonds in the amount of \$3,470,000 and 2011 contract revenue bonds in the amount of \$5,590,000 along with fees and interest. Sabine Neches Navigation District is to pay Jefferson County Drainage District No. 6 the sum of all principal, interest, paying agent/registrar fees and expenses on the contract revenue bonds. Principal installments from \$755,000 to \$980,000 with an interest rate of 1.44% will be made from 2021 through 2030. The original bonds were issued for the District's 4-Gate and 11-Gate structure projects.

Sabine Neches Navigation District issued limited tax bonds, Series 2022 in the amount of \$192,580,000 that will be used to fund a portion of the District's local cost share associated with the deepening of and improvements to the Sabine Neches Waterway ship channel. Proceeds were used to pay legal, fiscal, and engineering fees in connection with the project, and to pay certain costs of issuance of the bonds. Principal installments from \$3,005,000 to \$12,335,000 with interest rates from 4.625% to 5.25% will be made from 2024 through 2052.

Debt service requirements to maturity at September 30, 2023, are as follows -

<i><u>Year Ending</u></i> <i><u>September 30,</u></i>	<i><u>Principal</u></i>	<i><u>Interest</u></i>	<i><u>Total</u></i>
2024	\$ 3,910,000	\$ 9,751,231	\$ 13,661,231
2025	4,070,000	9,584,199	13,654,199
2026	4,250,000	9,409,148	13,659,148
2027	4,435,000	9,225,506	13,660,506
2028	4,625,000	9,032,898	13,657,898
2029 - 2033	23,305,000	41,975,808	65,280,808
2034 - 2038	27,545,000	35,748,544	63,293,544
2039 - 2043	35,790,000	27,510,569	63,300,569
2044 - 2048	45,560,000	17,738,925	63,298,925
2049 - 2052	45,685,000	4,954,031	50,639,031
	<u>\$ 199,175,000</u>	<u>\$ 174,930,859</u>	<u>\$ 374,105,859</u>

In the event of default, a board member or members proceed against the District for the purpose of protecting and enforcing the rights of the Owners under this Bond Resolution by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

The District provides certain post-retirement health care benefits to eligible retired employees and their spouses. The plan is a single-employer defined benefit plan and is administered by the District. To be eligible for this benefit an employee must be at least 60 years of age and have at least 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more.

Covered Benefits -

The employer covers 100% of the participant premium and 80% of the spouse premium.

Medicare	Two Medicare options out of three covered: Medicare Parts B, D, or supplement F/G premium paid fully by the Plan. The Spouse Premium is covered 80%.
Spouse coverage	The spouse of an eligible retiree may continue health care benefits while the member is still alive.

At September 30, 2022, the following employees were covered by the benefit terms:

	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	13

Funding Policy -

The retiree medical plan is operated on a Pay-As-You-Go basis. There are no assets that have been segregated and restricted to provide for retiree medical benefits. For the year ended September 30, 2023, the cost of retiree health benefits, recorded on a pay-as-you-go basis was \$0.

Actuarial Methods and Assumptions -

Actuarial valuations for an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the District's actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

Dental and Vision coverage	Sabine-Neches Navigation District does not provide a subsidy for dental or vision coverage.	
Monthly premiums	Retiree Only - \$858.44	Retiree and Spouse - \$1,716.88
	Retiree and Children - \$1,716.88	Retiree and Family - \$2,575.32

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions - (Continued)

The District's total OPEB liability for health care benefits was measured as of September 30, 2022, and was determined by an actuarial valuation as of October 1, 2021. The valuation includes all active employees and current retirees and their spouses who are currently receiving benefits under the retiree medical plan. Historical changes in the OPEB liability were used to roll forward the OPEB liability to the reporting date September 30, 2023.

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	20-year return on AA municipal bonds 4.40%
Mortality	
Active Members	135% of Pub-2010 Employee Tables for males and 120% of Pub-2010 Employee Tables for females, both projected with 100% of the ultimate rates of mortality improvement scale MP-2021.
Healthy Retirees	135% of Pub-2010 Healthy Retiree Tables for males and 120% of Pub-2010 Healthy Retiree Tables for females, both projected with 100% of the ultimate rates of mortality improvement scale MP-2021.
Disabled Retirees	160% of Pub-2010 Disabled Retiree Tables for males and 125% of Pub-2010 Disabled Retiree Tables for females, both projected with 100% of the ultimate rates of mortality improvement scale MP-2021.
Disability Rate	0.003% to 0.162% varying upon age and gender
Annual Retirement Rates	Age 40 to 49 - 5.25% - 8.75% Age 50 to 51 - 5.63% - 9.38% Age 52 to 53 - 6.00% - 10.00% Age 54 to 56 - 6.75% - 11.25% Age 57 to 59 - 7.50% - 12.50%

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions - (Continued)

Annual Retirement Rates	Age 60 to 61 - 9.00% - 15.00%
	Age 62 - 13.50% - 22.50%
	Age 63 to 64 - 11.25% - 18.75%
	Age 65 to 66 - 22.50% - 27.50%
	Age 67 - 21.60% - 26.40%
	Age 68 to 69 - 18.90% - 23.10%
	Age 70 to 74 - 20.70% - 25.30%
	Age 75 & over - 100%
	(Rates vary upon years of service)
Salary Increases	0.40% to 5.25%, not including wage inflation of 3%, varying by age and years of service
Health Cost Increases	2023 - 7.00% 2030 - 5.25%
	2024 - 6.75% 2031 - 5.00%
	2025 - 6.50% 2032 - 4.80%
	2026 - 6.25% 2033 - 4.60%
	2027 - 6.00% 2034 - 4.40%
	2028 - 5.75% 2035 - 4.20%
	2029 - 5.50% 2036 & later - 4.15%
Rate of Inflation	2.50% annually

Changes in Total OPEB Liability -

	<u><i>Total OPEB Liability</i></u>
Balances as of September 30, 2022	\$ 944,478
Changes for the year:	
Service cost	121,578
Interest	30,562
Changes of benefit terms	-
Differences between expected and actual experience	(51,000)
Changes of assumptions or other inputs	-
Benefit payments	-
Administrative expense	-
Net Changes	<u>101,140</u>
Balances as of September 30, 2023	<u>\$ 1,045,618</u>

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate -

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.40%, as well as what the Sabine-Neches Navigation District, Jefferson County, Texas total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
3.40%	4.40%	5.40%

Total OPEB liability	\$	898,125	\$	1,045,618	\$	1,226,787
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Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates -

The following presents the total OPEB liability of the employer, calculated keeping the healthcare cost trend rate at 4.40%, the impact of a 1% increase or decrease in healthcare cost trend rate would be as follows:

<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
6.0%	7.0%	8.0%

Total OPEB liability	\$	861,604	\$	1,045,618	\$	1,285,466
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OPEB Expense

	<i>October 1, 2022 to September 30, 2023</i>
Service cost	\$ 121,578
Interest	30,562
Administrative expense	
Recognition of Current Year Outflow (Inflow) due to Liabilities	(47,329)
Amortization of Prior Year Outflow (Inflow) due to Liabilities	(24,478)
OPEB expense	\$ 80,833

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Deferred Inflows and Outflows of Resources -

As of September 30, 2022, the deferred inflows and outflows of resources are as follows:

	<i>Deferred Inflows of Resources</i>	<i>Deferred Outflows of Resources</i>
Differences between expected and actual experience	\$ 122,130	\$ -
Changes of assumptions	290,530	17,526
Net difference between projected and actual earnings	-	-

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended September 30:

2024	\$	(71,813)
2025		(64,763)
2026		(63,513)
2027		(63,513)
2028		(63,513)
Thereafter		(68,019)

NOTE 8 - LEASES

The District serves as a lessee for the following leases:

Crain Brothers

The District leased a portion of land with a carrying value of \$271,652 at September 30, 2023 from Crain Brothers Ranch, Inc.. The lease term commenced on June 1, 2003 and terminates May 31, 2053. The total payment for the year ended September 30, 2023 was \$9,627, of which \$ 9,342 was recognized as lease interest expense.

Crain Lands

The District leased a portion of land with a carrying value of \$274,359 from Crain Lands, LLC. The lease term commenced on June 1, 2003 and terminates May 31, 2053. The total payment for the year ended September 30, 2023 was \$9,722, of which \$9,435 recognized as lease interest expense.

The District enters into agreements where the District requests the use of a party's land to deposit spoil and other excavated material removed as a result of the deepening, widening, and maintenance and use of the Sabine Neches Waterway. These spoil servitude agreements are written and are executed similarly to lease agreements. Therefore, the District accounts for spoil servitude agreements in the same manner. The District serves as a grantee for the following spoil servitude agreement:

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 8 – LEASES (Continued)

BP America

On October 17, 2006, the District entered into a spoil servitude agreement with BP America Production Company for the use of depositing spoilage. The carrying value of the underlying asset at September 30, 2023 was 643,033. The agreement terminates October 16, 2056. The total payment for the year ended September 30, 2023 was \$22,119, of which \$21,563 was recognized as lease interest expense.

The total value of leased assets at September 30, 2023 are \$1,264,719 with related accumulated amortization of \$75,675.

The discounted lease liabilities at September 30, 2023 are as follows:

	<i>Lease Payable / Outflow of Resources</i>
Crain Brothers	\$ 287,964
Crain Lands	290,833
BP America	680,832
	1,259,629
Less: Current Portion	(43,866)
	\$ 1,215,763

For the year ended September 30, 2023, interest expense was \$40,340.

The present value of lease liabilities for the remaining terms of the leases are as follows:

<u>Year Ending September 30,</u>	<i>Leases Payable</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024	\$ 4,049	\$ 40,321	\$ 44,370
2025	4,294	40,076	44,370
2026	4,434	39,936	44,370
2027	8,000	39,688	47,688
2028	11,524	39,501	51,025
2029 - 2033	75,876	190,720	266,596
2034 – 2038	132,598	173,988	306,586
2039 – 2043	205,734	146,839	352,573
2044 – 2048	299,080	106,379	405,459
2049 – 2053	365,442	49,368	414,810
2054 – 2057	148,600	5,025	153,625
	\$ 1,259,631	\$ 871,841	\$ 2,131,472

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 9 - FUND BALANCE/NET POSITION

Classification of fund balances for the governmental fund statements are summarized below.

A. Restricted for Promotion and Development -

A restriction of net position of \$4,500 will be used for District promotional and development efforts.

B. Restricted for Special Revenue -

This fund will be used for future waterway security expenses.

C. Assigned for Operating Reserve - (Governmental fund financials only)

An assignment of net position in the amount of 25% of the original, board-approved budget expenditures for the fiscal year will be used as an operating reserve for the operations of the Sabine-Neches Navigation District.

D. Assigned for Capital Projects - (Governmental fund financials only)

An assignment of net position in the capital projects fund will be used for the Deepening and Widening project of the Sabine-Neches Waterway District.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

In June of 2014, the President signed into law the Water Resources Reform and Development Act authorizing several projects across the country, including the Sabine-Neches Waterway Channel Improvement Project (“CIP”). The project will deepen the waterway to 48 feet allowing for increased capacity utilization of deep draft vessels into the Sabine-Neches Waterway (“Waterway”).

The United States Army Corps of Engineers (“USACE”) was funded \$18 million by Congressional Work Plan allocations for fiscal year 2019 in November 2018 to begin construction of the CIP. SNND and the Department of the Army subsequently signed a Project Partnership Agreement in July 2019 in which SNND committed to paying for 40% of the CIP cost as work-in-kind.

USACE has since received a total of roughly \$252 million through subsequent Congressional Work-Plan funding to continue the construction of their share of the project. To cover its financial obligation for its portion of construction, SNND has taken many steps including but not limited to implementing a User Fee on the Waterway as well as the sale of \$200 million in Bonds. SNND will continue exploring avenues to cover its total cost share commitment estimated to be approximately \$600 million.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Most of these risks are protected by insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 12 - INTERFUND TRANSFERS

The District transferred funds from the General Fund to the Capital Projects Fund to reserve monies for capital outlay expenditures in the amount of \$16,906,642 and to the Debt Service Fund for 2023 debt service payments in the amount of \$998,312.

NOTE 13 - WATERWAY USER FEES

The Sabine-Neches Navigation District (SNND) exercises jurisdiction over all vessels using the Sabine Neches Waterway (waterway). As the non-federal sponsor for the Sabine Neches Waterway Channel Improvement Project (project), SNND is authorized by 33 USC §2236 to levy fees to finance the non-Federal share of costs of the project.

SNND Board authorized that as of May 1, 2021, all vessels carrying cargo on the waterway whose design draft exceeds 20 feet will be subject to paying a user fee, the applicability of which is defined in the Federal Register notice published on January 28, 2021.

The User Fee Ordinance establishes an initial fee rate of \$0.20 per short ton for hydrocarbon cargo, and \$0.02 per short ton for non-hydrocarbon cargo. For the purposes of the user fee, hydrocarbon is defined as oil, gas, ethanol, methanol, a commodity or product made or manufactured - in whole or part - from oil or gas, and derivatives or byproducts or fractions of oil or gas all regardless of their physical form and including mixtures of any or all of the above. The fee rate will be reviewed by SNND at 12-month intervals and can be adjusted to a maximum fee rate of \$0.35 per short ton for hydrocarbon cargo, and \$0.035 per short ton for non-hydrocarbon cargo.

The user fee does not apply to:

- vessels owned, chartered, or operated by the United States government, a foreign country, a state, or a political subdivision of a country or state, unless engaged in commercial services
- vessels engaged in towing, dredging or channel maintenance activities
- vessels engaged in intra-port movements, or
- vessels with design drafts of 20 feet or less

The vessel and cargo owner are jointly responsible for the payment of user fees, which are due and payable upon the 15th of the month following the month in which the vessel and cargo used the waterway. User fee revenues were \$25,484,213 for the year ended September 30, 2023.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 14 - INTER-LOCAL AGREEMENT

Sabine Neches Navigation District (SNND), entered into an Inter-local agreement between the Port of Beaumont Navigation District of Jefferson County and the Port of Port Arthur Navigation District of Jefferson County.

SNND is the non-federal sponsor for the Sabine-Neches Waterway. As sponsor, the SNND receives the appropriated funds from the United States Army Corps of Engineers, Galveston District per Section 2106 of the Water Resources Reform and Development Act of 2014, subject to the availability of funds, to provide funds to donor ports to be used for certain purposes as defined in Section 210(f) of the Water Resources Development Act of 1986, as amended (33 U. S. C. 2238(f), or environmental remediation related to dredging of berths and federal navigation channels.

During the year ended September 30, 2023, SNND received \$1,386,000 from the United States Army Corps of Engineers, Galveston District under this agreement and transferred that amount to the Port of Beaumont Navigation District.

NOTE 15 - TAX ABATEMENT

Over the years, Sabine-Neches Navigation District has agreed to multiple tax abatements to provide incentive to owners of real property who propose a project to develop, redevelop, or improve eligible facilities. The incentives will consist of a limited special exemption from certain taxes provided the owner agrees to accept and abide by the policy and that the real property is located in a lawfully created reinvestment or enterprise zone. Most of the tax abatement agreements include provisions for default and recapture of abated tax. As a result of tax abatement agreements, the total value lost due to abatement for the year ended September 30, 2023 was \$3,438,889,723 with a reduction in tax revenues of \$3,060,784.

NOTE 16 - SUBSEQUENT EVENT

Events that occur after the statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statements of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the District through April 4, 2024 (the date the financial statements were available to be issued).

In accordance with the bond obligation for Sabine-Neches Navigation District Limited Tax Bonds, Series 2022, an annual estimate for arbitrage rebate was calculated. This amount totals \$341,628 but is not currently payable. This amount is derived from earnings on bond proceeds in excess of the allowable interest earnings at bond yield. Calculation will be performed at every fiscal year and payment will be due in the cumulative amount as of the year ended September 30, 2027.

During the next year ended September 30, 2024, the District anticipates issuing the remaining amount of bonds that were approved during the year ended September 30, 2023. The anticipated amount of bonds to be issued totals \$57,420,000.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 17 – PENDING LITIGATION

In December 2022, Sabine-Neches Navigation District received a letter from a group of companies acting cooperatively to remediate the Star Lake Canal Superfund Site. The letter states that the District is the potentially responsible party for a portion of remediation and other costs at the site. Additionally, the District has received a letter from the United States Environmental Protection Agency (the EPA) also claiming that the District is the potentially responsible party, demanding payment of the remediation costs at the site, and encouraging cooperation with the existing group of companies. The District has corresponded with the group of companies and responded to the EPA offering to negotiate an equitable contribution from the District. Discussions and exchanges of information are ongoing, but the liability associated with this threatened litigation is from \$10,000 to \$4,000,000. Discussions and exchanges continued throughout 2023 with the last exchange taking place in December 2023.

REQUIRED SUPPLEMENTARY INFORMATION

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND

For Year Ended September 30, 2023

	<i>Actual</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Variance Positive (Negative)</i>
Revenues				
Current taxes	\$ 24,893,178	\$ 26,263,991	\$ 26,263,991	\$ (1,370,813)
Delinquent taxes	275,309	210,000	210,000	65,309
Chenier LNG	1,263,000	1,000,000	1,000,000	263,000
Interest from investments	1,354,689	150,000	150,000	1,204,689
Placement area usage	2,893,212	2,000,000	2,000,000	893,212
Other	6,000	10,000	10,000	(4,000)
Total Revenues	30,685,388	29,633,991	29,633,991	1,051,397
Expenditures				
Salaries and wages	1,186,696	1,265,076	1,265,076	78,380
Fringe benefits	639,749	574,300	647,718	7,969
Materials and supplies	63,459	58,700	63,700	241
Utilities and technology	61,789	54,200	63,614	1,825
Miscellaneous services	1,345,718	1,176,853	2,629,919	1,284,201
Repairs and maintenance	7,380,784	7,430,574	10,169,752	2,788,968
Capital outlay	314,205	526,942	526,942	212,737
Total Expenditures	10,992,400	11,086,645	15,366,721	4,374,321
Excess (Deficiency) of Revenues over Expenditures	19,692,988	18,547,346	14,267,270	5,425,718
Other Financing Sources (Uses)				
Operating transfers	(17,904,954)	(18,706,522)	(18,702,850)	797,896
Flow Through In - Corp of Engineers	1,386,000	-	-	1,386,000
Flow Through Out - Port of Beaumont	(1,386,000)	-	-	(1,386,000)
Proceeds from sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	(17,904,954)	(18,706,522)	(18,702,850)	797,896
Excess (Deficiency) of Revenues over Expenditures & Other Sources (Uses)	\$ 1,788,034	\$ (159,176)	(4,435,580)	\$ 6,223,614
Fund Balance/ Net Position				
Beginning of the year	24,994,492			
End of the year	\$ 26,782,526			

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ending December 31

	2022	2021	2020
<i>Total Pension Liability</i>			
Service cost	\$ 113,419	\$ 141,994	\$ 122,450
Interest on total pension liability	212,127	194,796	168,947
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	(11,918)	161,830
Effect of economic/demographic (gains) or losses	65,987	(45,511)	26,621
Benefit payments/refunds of contributions	(3,734)	(41,074)	(3,733)
Net change in total pension liability	387,799	238,287	476,115
Total pension liability, beginning	2,679,553	2,441,266	1,965,151
Total pension liability, ending (a)	\$ 3,067,352	\$ 2,679,553	\$ 2,441,266
<i>Fiduciary Net Position</i>			
Employer contributions	121,604	89,170	89,043
Member contributions	71,894	67,189	64,725
Investment income net of investment expenses	(187,774)	516,838	200,625
Benefit payments/refunds of contributions	(3,734)	(41,074)	(3,733)
Administrative expenses	(1,733)	(1,584)	(1,678)
Other	29,163	3,898	4,631
Net change in fiduciary net position	29,420	634,437	353,613
Fiduciary net position, beginning	2,927,110	2,292,673	1,939,060
Fiduciary net position, ending (b)	2,956,530	2,927,110	2,292,673
Net pension liability/(asset), ending = (a) - (b)	\$ 110,822	\$ (247,557)	\$ 148,593
Fiduciary net position as a % of a total pension liability	96.39%	109.24%	93.91%
Pensionable covered payroll	1,027,059	\$ 959,844	\$ 924,637
Net pension liability as a % of covered payroll	10.79%	(25.79%)	16.07%

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ending December 31

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 101,742	\$ 91,235	\$ 88,600	\$ 76,963	\$ 82,238	\$ 78,733	\$ N/A
144,978	129,134	111,535	92,148	85,532	72,603	N/A
-	-	-	-	(15,993)	-	N/A
-	-	7,571	-	8,726	-	N/A
32,228	(17,525)	24,148	23,102	(75,380)	17,246	N/A
<u>(3,733)</u>	<u>(31,240)</u>	<u>(3,733)</u>	<u>(3,733)</u>	<u>(5,075)</u>	<u>(9,096)</u>	<u>N/A</u>
275,215	171,604	228,121	188,480	80,048	159,486	N/A
<u>1,689,936</u>	<u>1,518,332</u>	<u>1,290,211</u>	<u>1,101,731</u>	<u>1,021,683</u>	<u>862,197</u>	<u>N/A</u>
\$ <u>1,965,151</u>	\$ <u>1,689,936</u>	\$ <u>1,518,332</u>	\$ <u>1,290,211</u>	\$ <u>1,101,731</u>	\$ <u>1,021,683</u>	\$ <u>N/A</u>
\$ 81,387	\$ 71,689	\$ 58,515	\$ 57,487	\$ 52,327	\$ 52,734	\$ N/A
59,844	51,719	45,012	42,093	38,314	38,134	N/A
253,507	(26,491)	176,804	76,066	(18,942)	57,431	N/A
(3,733)	(31,240)	(3,733)	(3,733)	(5,075)	(9,096)	N/A
(1,478)	(1,241)	(982)	(827)	(727)	(709)	N/A
<u>4,977</u>	<u>2,895</u>	<u>1,328</u>	<u>6,499</u>	<u>(29,793)</u>	<u>614</u>	<u>N/A</u>
<u>394,504</u>	<u>67,331</u>	<u>276,944</u>	<u>177,585</u>	<u>36,104</u>	<u>139,108</u>	<u>N/A</u>
<u>1,544,556</u>	<u>1,477,225</u>	<u>1,200,281</u>	<u>1,022,697</u>	<u>986,593</u>	<u>847,485</u>	<u>N/A</u>
<u>1,939,060</u>	<u>1,544,556</u>	<u>1,477,225</u>	<u>1,200,282</u>	<u>1,022,697</u>	<u>986,593</u>	<u>N/A</u>
\$ <u>26,091</u>	\$ <u>145,380</u>	\$ <u>41,107</u>	\$ <u>89,929</u>	\$ <u>79,034</u>	\$ <u>35,090</u>	\$ <u>N/A</u>
98.67%	91.40%	97.29%	93.03%	92.83%	96.57%	N/A
\$ 854,914	\$ 738,847	\$ 643,025	\$ 601,324	\$ 547,339	\$ 544,771	\$ N/A
3.05%	19.68%	6.39%	14.96%	14.44%	6.44%	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending December 31

<u><i>Year Ending December 31</i></u>	<u><i>Actuarially Determined Contribution</i></u>	<u><i>Actual Employer Contribution</i></u>	<u><i>Contribution Deficiency (Excess)</i></u>	<u><i>Pensionable Covered Payroll ⁽¹⁾</i></u>	<u><i>Actual Contribution as a % of Covered Payroll</i></u>
2013	50,603	50,603	-	520,611	9.7%
2014	52,734	52,734	-	544,771	9.7%
2015	52,326	52,326	-	547,339	9.6%
2016	57,487	57,487	-	601,324	9.6%
2017	58,515	58,515	-	643,025	9.1%
2018	71,689	71,689	-	738,847	9.7%
2019	81,387	81,387	-	854,914	9.5%
2020	89,043	89,043	-	924,637	9.6%
2021	89,170	89,170	-	959,844	9.3%
2022	121,604	121,604	-	1,027,059	11.8%

⁽¹⁾ Payroll is calculated based on contributions as reported to TCDRS.

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

Year Ending September 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Total OPEB Liability</i>			
Service cost	\$ 121,578	\$ 121,578	\$ 126,676
Interest	30,562	30,562	28,412
Administrative expense	-	-	-
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(51,000)	(51,000)	-
Changes of assumptions or other inputs	-	(364,018)	-
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	101,140	(262,878)	155,088
Total OPEB liability, beginning	<u>944,478</u>	<u>1,207,356</u>	<u>1,052,268</u>
Total OPEB liability, ending (a)	<u><u>\$ 1,045,618</u></u>	<u><u>\$ 944,478</u></u>	<u><u>\$ 1,207,356</u></u>
Covered payroll	\$ 1,027,059	\$ 748,659	\$ 924,637
Total OPEB liability as a % of covered payroll	101.81%	126.16%	131%

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

Year Ending September 30

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 122,986	\$ 81,409	\$ 81,409	\$ N/A	\$ N/A	\$ N/A	\$ N/A
43,610	32,325	32,325	N/A	N/A	N/A	N/A
8,743	-	-	N/A	N/A	N/A	N/A
-	-	-	N/A	N/A	N/A	N/A
(164,906)	-	-	N/A	N/A	N/A	N/A
34,922	-	(59,284)	N/A	N/A	N/A	N/A
-	(2,280)	(2,280)				
45,355	111,454	52,170	N/A	N/A	N/A	N/A
1,006,913	895,459	843,289	N/A	N/A	N/A	N/A
\$ 1,052,268	\$ 1,006,913	\$ 895,459	\$ N/A	\$ N/A	\$ N/A	\$ N/A
\$ 796,836	\$ 738,847	\$ 626,631	\$ N/A	\$ N/A	\$ N/A	\$ N/A
132%	136%	143%	N/A	N/A	N/A	N/A

No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4, to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 75, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

TEXAS SUPPLEMENTARY INFORMATION

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

**TEXAS SUPPLEMENTARY INFORMATION
SERVICES AND RATES**
September 30, 2023

1. Services provided by the District:

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input checked="" type="checkbox"/> Drainage
<input type="checkbox"/> Retail Wastewater	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input checked="" type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input checked="" type="checkbox"/> Flood Control	<input type="checkbox"/> Roads
<input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency Interconnect)		
<input checked="" type="checkbox"/> Other (Specify): <u>Navigation Maintenance</u>		

2. Retail service provides N/A

a. Retail Rates for a on 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons Over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ _____	_____	_____	\$ _____	_____ to _____
WASTEWATER:	\$ _____	_____	_____	\$ _____	_____ to _____
SURCHARGE:	\$ _____	_____	_____	\$ _____	_____ to _____

District employs winter averaging for wastewater usage? Yes _____ No _____

Total water and wastewater charges per 10,000 gallons usage (including surcharges).

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ 3/4"			x 1.0	
1"			x 2.5	
1 1/2"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total water				
Total wastewater				x 1.0

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
SERVICES AND RATES
September 30, 2023

3. Total water consumption during the fiscal year (rounded to the nearest 1,000):

Gallons pumped into system: N/A
Gallons billed to customers: N/A

4. Standby Fees (authorized only under TWC Section 49.231): **Not applicable**

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes No

If yes, date of the most recent Commission Order: _____

5. Location of District:

County in which District is located. Jefferson County, Texas

Is the District located entirely within one county? Yes No

Is the District located within a city? Entirely Partly Not at all

City in which District is located. Beaumont, China, Nome, Port Neches, Groves, Nederland and Port Arthur

Is the District located within a city's extra territorial jurisdiction (ETJ)? Entirely Partly Not at all

ETJs in which District is located. Beaumont, China, Nome, Port Neches, Groves, Bevil Oaks, Nederland and Port Arthur

Are Board members appointed by an office outside the District? Yes No

If yes, by whom? Jefferson County Commissioners Court

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
GENERAL FUND EXPENDITURES
For Year Ended September 30, 2023

<i>Personnel expenditures (including benefits)*</i>	\$ 1,819,757
<i>Professional fees -</i>	
Auditing	13,000
Engineering	467,588
Legal	63,470
<i>Contracted services -</i>	
Accounting	37,200
Appraisal district	240,847
Tax collector	250
Other contracted services	889,460
<i>Utilities</i>	84,351
<i>Repairs and maintenance</i>	
Levee operations and maintenance	6,420,573
Other repairs and maintenance	360,992
<i>Administrative expenditures -</i>	
Directors' fees	24,000
Office supplies	39,472
Insurance	79,446
Other administrative expenditures	101,846
<i>Capital outlay -</i>	
Capitalized assets	59,550
Expenditures not capitalized	26,443
	10,728,244
Total Expenditures	\$ 10,728,244

<i>* Number of persons employed by the District</i>	9 Full-Time
	5 Directors

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
TAXES LEVIED AND RECEIVABLE
For Year Ended September 30, 2023

	<u>General Fund</u>			
<i>Taxes Receivable, Beginning of Year</i>	\$ 1,385,612			
2021 Original tax levy	25,403,410			
Adjustments	(255,829)			
Total to be Accounted For	<u>26,533,193</u>			
Tax collections -				
Current year	24,774,109			
Prior years, (net of refunds)	172,735			
Total Collections	<u>24,946,844</u>			
<i>Taxes Receivable, End of Year</i>	<u>\$ 1,586,849</u>			
<i>Taxes Receivable by Years</i>				
2022	\$ 493,620			
2021	296,571			
2020	144,591			
2019	125,929			
2018	104,437			
Before 2018	<u>421,201</u>			
<i>Taxes Receivable, End of Year</i>	<u>\$ 1,586,349</u>			
<i>Property Valuations</i>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 28,527,041,390	\$ 25,757,393,794	\$ 23,986,023,973	\$ 23,852,138,766
<i>Tax Rates Per \$100 Valuation</i>				
General Fund	\$.089005	\$.092067	\$.090426	\$.092067
<i>Original Levy</i>	\$ 25,403,410	\$ 23,732,996	\$ 21,703,018	\$ 21,972,189
<i>Percent of Taxes Collected to Taxes Levied</i>	<u>97.51%</u>	<u>97.52%</u>	<u>98.04%</u>	<u>97.88%</u>

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
LONG-TERM DEBT SERVICE REQUIREMENTS
For Year Ended September 30, 2023

<i><u>Year Ending September 30,</u></i>	<i><u>Contract Revenue Refunding Bonds, Series 2022</u></i>		
	<i><u>Principal Due 09/01</u></i>	<i><u>Interest Due 3/01, 09/01</u></i>	<i><u>Total</u></i>
2024	905,000	94,968	999,968
2025	915,000	81,936	996,936
2026	930,000	68,760	998,760
2027	945,000	55,368	1,000,368
2028	955,000	41,760	996,760
2029	965,000	28,008	993,008
2030	980,000	14,112	994,112
	<u>\$ 6,595,000</u>	<u>\$ 384,912</u>	<u>\$ 6,979,912</u>

*This bond series was issued for advanced refunding of contract revenue bonds series 2010A and 2011.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
LONG-TERM DEBT SERVICE REQUIREMENTS
For Year Ended September 30, 2023

<u>Year Ending</u> <u>September 30,</u>	<i>Limited Tax Bonds, Series 2022</i>		
	<u>Principal</u> <u>Due</u> <u>08/15</u>	<u>Interest</u> <u>Due</u> <u>02/15, 08/15</u>	<u>Total</u>
2024	3,005,000	9,656,262	12,661,262
2025	3,155,000	9,502,263	12,657,263
2026	3,320,000	9,340,387	12,660,387
2027	3,490,000	9,170,138	12,660,138
2028	3,670,000	8,991,137	12,661,137
2029	3,855,000	8,803,013	12,658,013
2030	4,055,000	8,605,262	12,660,262
2031	4,260,000	8,397,388	12,657,388
2032	4,480,000	8,178,887	12,658,887
2033	4,710,000	7,949,138	12,659,138
2034	4,950,000	7,707,637	12,657,637
2035	5,210,000	7,447,125	12,657,125
2036	5,495,000	7,166,119	12,661,119
2037	5,790,000	6,869,887	12,659,888
2038	6,100,000	6,557,775	12,657,775
2039	6,430,000	6,228,862	12,658,862
2040	6,775,000	5,882,231	12,657,231
2041	7,145,000	5,516,831	12,661,831
2042	7,530,000	5,131,613	12,661,613
2043	7,910,000	4,751,031	12,661,031
2044	8,285,000	4,376,522	12,661,522
2045	8,675,000	3,984,322	12,659,322
2046	9,085,000	3,573,622	12,658,622
2047	9,515,000	3,143,497	12,658,497
2048	10,000,000	2,660,962	12,660,962
2049	10,540,000	2,121,788	12,661,788
2050	11,105,000	1,553,606	12,658,606
2051	11,705,000	954,844	12,659,844
2052	12,335,000	323,794	12,658,794
	<u>\$ 192,580,000</u>	<u>\$ 174,545,944</u>	<u>\$ 367,125,944</u>

*This bond series was issued for the deepening and widening of the Waterway Project.

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
LONG-TERM DEBT SERVICE REQUIREMENTS
For Year Ended September 30, 2023

<i>Year Ending September 30,</i>	<i>Combined, series 2021 & 2022</i>		
	<i>Principal Due</i>	<i>Interest Due</i>	<i>Total</i>
2024	3,910,000	9,751,230	13,661,230
2025	4,070,000	9,584,199	13,654,199
2026	4,250,000	9,409,147	13,659,147
2027	4,435,000	9,225,506	13,660,506
2028	4,625,000	9,032,897	13,657,897
2029	4,820,000	8,831,021	13,651,021
2030	5,035,000	8,619,374	13,654,374
2031	4,260,000	8,397,388	12,657,388
2032	4,480,000	8,178,887	12,658,887
2033	4,710,000	7,949,138	12,659,138
2034	4,950,000	7,707,637	12,657,637
2035	5,210,000	7,447,125	12,657,125
2036	5,495,000	7,166,119	12,661,119
2037	5,790,000	6,869,888	12,659,888
2038	6,100,000	6,557,775	12,657,775
2039	6,430,000	6,228,862	12,658,862
2040	6,775,000	5,882,231	12,657,231
2041	7,145,000	5,516,831	12,661,831
2042	7,530,000	5,131,613	12,661,613
2043	7,910,000	4,751,031	12,661,031
2044	8,285,000	4,376,522	12,661,522
2045	8,675,000	3,984,322	12,659,322
2046	9,085,000	3,573,622	12,658,622
2047	9,515,000	3,143,497	12,658,497
2048	10,000,000	2,660,962	12,660,962
2049	10,540,000	2,121,788	12,661,788
2050	11,105,000	1,553,606	12,658,606
2051	11,705,000	954,844	12,659,844
2052	12,335,000	323,794	12,658,794
	<u>\$ 199,175,000</u>	<u>\$ 174,930,856</u>	<u>\$ 374,105,856</u>

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
ANALYSIS OF CHANGES IN LONG-TERM DEBT
For Year Ended September 30, 2023

	<u>Bond Issue Series 2022</u>	<u>Bond Issue Series 2021</u>	<u>Total</u>
Interest rates	4.625 – 5.25%	1.44%	
Dates interest payable	Feb 15, Aug 15	Feb 1, Aug 1	
Maturity dates	Feb 15, 2024 to Feb 15, 2052	Aug 1, 2024 to Aug 1, 2030	
Beginning bonds, outstanding	-	\$ 7,485,000	\$ 7,485,000
Bonds purchased during fiscal year	192,580,000	-	192,580,000
Bonds sold during fiscal year	-	-	-
Bonds retired during fiscal year	-	(890,000)	(890,000)
Ending bonds, outstanding	<u>\$ 192,580,000</u>	<u>\$ 6,595,000</u>	<u>\$ 199,175,000</u>
Interest paid during fiscal year	\$ 7,785,200	\$ 107,990	\$ 7,893,190

Paying agent's name and city -

Series 2021 Wells Fargo Bank Texas, NA

Bond Authority:

Refunding
Bonds

Amount authorized by Board	9,120,000
Amount issued	9,120,000
Remaining to be issued	-

Includes all bonds secured with tax receipts. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and temporary investment balances as of September 30, 2023 \$ 576

Average annual debt service payment (principal and interest) for remaining term of
refunding bonds \$ 997,130

**TEXAS SUPPLEMENTARY INFORMATION
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND AND DEBT SERVICE FUND**

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND AND DEBT SERVICE FUND

For Five Years Ended September 30, 2023

	<u>General Fund</u>	<i>Amounts</i>		
		<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues				
Property taxes		\$ 25,168,487	\$ 23,563,218	\$ 21,711,817
Interest		1,354,689	303,329	143,449
Placement area usage		2,893,212	1,979,520	5,563,478
Chenier LNG		1,263,000	1,212,000	1,023,000
Pipeline easement		-	-	-
Grant revenue		-	-	-
Other		6,000	564,309	9,610
Total Revenues		<u>30,685,388</u>	<u>27,622,376</u>	<u>28,451,354</u>
Expenditures				
Salaries and wages		1,085,540	1,003,606	1,025,900
Fringe benefits		652,231	601,157	541,368
Materials and supplies		94,356	93,604	90,844
Maintenance and repairs		365,808	319,638	176,027
Utilities		62,140	65,939	51,009
Miscellaneous services		989,876	944,650	904,876
Construction and maintenance		7,478,293	3,558,423	5,702,715
Total Expenditures		<u>10,728,244</u>	<u>6,587,017</u>	<u>8,492,739</u>
Excess Revenues (Expenditures)		19,957,144	21,035,539	19,958,615
Proceeds from sale of capital assets		-	260,600	-
Operating transfers		<u>(17,904,954)</u>	<u>(16,424,055)</u>	<u>(17,269,201)</u>
Excess Revenues (Expenditures)		<u>\$ 2,052,190</u>	<u>\$ 4,871,904</u>	<u>\$ 2,689,414</u>
<u>Debt Service Fund</u>				
Revenues				
Interest from investments		\$ 576	-	-
Total Revenues		<u>576</u>	<u>-</u>	<u>-</u>
Expenditures				
Dept service -				
Principal		890,000	880,000	755,000
Interest and fees		<u>108,312</u>	<u>120,698</u>	<u>356,386</u>
Total Expenditures		<u>998,312</u>	<u>1,000,698</u>	<u>1,111,386</u>
Excess Revenues (Expenditures)		(997,736)	(1,000,698)	(1,111,386)
Operating transfers		998,312	1,000,698	1,051,386
Proceeds from debt refunding		-	-	9,120,000
Bond principal retirement		-	-	(9,060,000)
		<u>998,312</u>	<u>1,000,698</u>	<u>1,111,386</u>
Excess Revenues (Expenditures)		<u>\$ 576</u>	<u>\$ -</u>	<u>\$ -</u>

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES -
GENERAL FUND AND DEBT SERVICE FUND
For Five Years Ended September 30, 2023

		<i>Percent of Funds Total Revenues</i>				
<u>2020</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
\$ 22,643,594	\$ 20,129,159	82.02	85.30	76.31	81.19	76.10
837,389	432,590	4.41	1.10	.51	3.00	1.64
3,621,057	4,916,369	9.43	7.17	19.55	12.98	18.59
786,000	957,000	4.12	4.39	3.60	2.82	3.62
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,465	13,531	.02	2.04	.03	.01	.05
<u>27,890,505</u>	<u>26,448,649</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
983,021	869,231	3.54	3.63	3.61	3.52	3.29
513,431	498,531	2.13	2.18	1.90	1.84	1.88
67,822	79,836	.31	.34	.32	.24	.30
240,300	500,023	1.19	1.16	.62	.86	1.89
46,452	45,886	.20	.24	.17	.17	.17
702,734	764,538	3.23	3.42	3.18	2.52	2.89
8,385,201	3,798,405	24.37	12.88	20.04	30.06	14.36
<u>10,938,961</u>	<u>6,556,450</u>	<u>34.97</u>	<u>23.85</u>	<u>29.84</u>	<u>39.21</u>	<u>24.78</u>
16,951,544	19,892,199	65.03	76.15	70.16	60.79	75.22
-	-	-	.94	-	-	-
<u>(13,748,038)</u>	<u>(14,260,661)</u>	<u>(58.35)</u>	<u>(59.46)</u>	<u>(60.70)</u>	<u>(49.29)</u>	<u>(53.92)</u>
<u>\$ 3,203,506</u>	<u>\$ 5,631,538</u>	<u>6.68</u>	<u>17.63</u>	<u>9.46</u>	<u>11.50</u>	<u>21.30</u>
-	-	100.00	100.00	100.00	100.00	100.00
<u>\$ -</u>	<u>\$ -</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
665,000	640,000	N/A	N/A	N/A	N/A	N/A
421,987	443,074	N/A	N/A	N/A	N/A	N/A
<u>1,086,987</u>	<u>1,083,074</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
(1,086,987)	(1,083,074)	N/A	N/A	N/A	N/A	N/A
1,086,987	1,083,074	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
-	-	N/A	N/A	N/A	N/A	N/A
<u>1,086,987</u>	<u>1,083,074</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
September 30, 2023

Complete District mailing address: 8180 Anchor Drive, Port Arthur, Texas 77642

District business telephone number: (409) 729-4588

<u>Name and Address</u>	<u>Term of Office Date Elected or Date Hired</u>	<u>Fee and Expense Reimbursements September 30, 2023</u>	<u>Title at Year End</u>	<u>Resident of District</u>
Board Members				
Kenneth Duhon 8174 N. Boyt Road Beaumont, Texas 77713	(Appointed) 01/21 - 01/23	\$ 5,378	Chairman	Yes
Joseph Johnson 5027 Lakeside Drive Port Arthur, Texas 77642	(Appointed) 01/21 - 01/23	\$ 5,131	Vice Chairman	Yes
Richard Lewis 1503 S. Hwy 69 Nederland, Texas 77627	(Appointed) 01/21 - 01/23	\$ 4,800	Treasurer	Yes
Larry Grantham 6090 Natchez Trace Beaumont, Texas 77706	(Appointed) 06/22 - 06/24	\$ 5,125	Secretary	Yes
Sheri Arnold 1 Acadiana Ct Beaumont, Texas 77706	(Appointed) 02/21 - 02/23	\$ 5,125	Commissioner	Yes

Note: No commissioner is disqualified from serving on this board under the Texas Water Code.

Key Personnel

Randall Reese 29 Bellchase Gardens Beaumont, Texas 77706		\$ 298,224	General Manager	Yes
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SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
September 30, 2023

- Continued -

<i>Name and Address</i>	<i>Fee and Expense Reimbursements September 30, 2023</i>	<i>Title at Year End</i>
<i>Consultants</i>		
FMW, P.C. 1150 North Eleventh Street Beaumont, Texas 77702	\$ 118,000	Accounting/Collections
Charles Reed and Associates, P.C. 6850 Phelan Blvd. Beaumont, Texas 77706	\$ 13,000	Auditor
Hubert Oxford Benckenstein & Oxford, LLLP 3535 Calder Beaumont, Texas 77706	\$ 16,000	Consultant - Legal Counsel
DeWayne Layfield Law Office of L. DeWayne Layfield, PLLC P O Box 3829 Beaumont, TX 77704	\$ 89,219	Consultant - Legal Counsel
Ben Barnes Group 98 San Jacinto Blvd., Suite 1400 Austin, Texas 78701	\$ 300,000	Consultant
Harris, Deville & Associates 521 Laurel Street Baton Rouge, Louisiana 70801	\$ 65,285	Consultant
Beatty, Navarre, Strama, P.C. 901 S. MoPac Expressway Building 1, Suite 200 Austin, Texas 78746	\$ 145,788	Consultant
Mabry Public Affairs 111 Congress Ave., Suite 2300 Austin, Texas 78701-4061	\$ 367,024	Consultant

SABINE-NECHES NAVIGATION DISTRICT
Jefferson County, Texas

TEXAS SUPPLEMENTARY INFORMATION
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
September 30, 2023

- Continued -

<i>Name and Address</i>	<i>Fee and Expense Reimbursements September 30, 2023</i>	<i>Title at Year End</i>
Consultants		
David Miller & Associates 410 Pine Street, Suite 210 Vienna, Virginia 22180	\$ 1,003,861	Consultant
Burrow Global 350 Pine Street, Suite 1100 Beaumont, Texas 77701	\$ 250,692	Engineering Consultants
HDR Engineering 1917 S. 67th Street Omaha, NE 68106-2973	\$ 985,654	Engineering Consultant
Tolunay-Wong Engineers, Inc. 10710 S Sam Houston Pkwy W #100 Houston, Texas 77031	\$ 7,478	Engineering Consultant
Vinson & Elkins, LLP P O Box 301019 Dallas, Texas 75303-1019	\$ 580,390	Consultant - Legal Counsel

