



Request for Proposals

For

**Establishment, Administration, and Management
Services of a Section 115 Trust for Other Post-
Employment Benefits**

P004-23

Proposals due by 5:00 p.m. (Central Time), October 19, 2022

Brownsville Public Utilities Board
1425 Robinhood Drive, P.O. Box 3270
Brownsville, TX 78523-3270
<http://www.brownsville-pub.com>

**LEGAL
NOTICE AND
REQUEST FOR PROPOSALS
P#004-23**

The Brownsville Public Utilities Board (“BPUB”) is requesting Competitive Sealed Proposals (hereon styled “RFP”) for Establishment, Administration, and Management Services of a Section 115 Trust for Other Post-Employment Benefits. BPUB’s Purchasing Office located at 1155 FM 511, Olmito, TX, will accept RFP’s from qualified firms **until 5:00 PM, October 19, 2022. RFP’s received after this time will not be considered.**

RFP’s will be acknowledged by BPUB on October 20, 2022 at 10:00 AM (CST). Firms are invited to listen to the opening via conference call, (956) 214-6020, at 10:00 AM, October 20, 2022.

BPUB RFP documents may be obtained from the BPUB website at https://www.brownsville-pub.com/rfp_status/open/

Please mark on the **outside of the envelope and on any carrier’s envelope: “Sealed Proposal for Establishment, Administration, and Management Services of a Section 115 Trust for Other Post-Employment Benefits, P004-23, October 19, 2022, 5:00 PM”**, c/o Diane Solitaire, Purchasing Department, 1155 FM 511, Olmito, TX 78575.

BPUB will not be responsible in the event that the U.S. Postal Service or any other courier system fails to deliver the sealed proposal package to the BPUB Purchasing Office by the given RFP deadline above. **Electronic transmission or facsimile of RFP’s will not be acceptable.**

BPUB reserves the right to reject any or all responses and to waive irregularities contained therein and to accept any response deemed most advantageous to BPUB.

Diane Solitaire
Materials/Warehouse Manager
Brownsville Public Utilities Board
(956) 983-6366 - Phone

Please submit this page upon receipt

ACKNOWLEDGEMENT FORM

P#004-23

Establishment, Administration, and Management Services of a Section 115 Trust for Other
Post-Employment Benefits

For any clarifications, please contact Diane Solitaire at the BPUB Purchasing Department at (956) 983-6366 or via e-mail at dsolitaire@brownsville-pub.com.

Please email this page upon receipt of the RFP package or legal notice. If you only received the legal notice and you want the RFP package mailed please provide a method of shipment with account number in the space designated below.

Check one:

☐ **Yes, I will be able to send an RFP response and obtain the RFP package from website.**

☐ **Yes, I will be able to send an RFP response; please email the RFP package.**

Email: _____

☐ **Yes, I will be able to send an RFP response; please mail the RFP package using the carrier & account number listed below:**

Carrier: _____

Account: _____

☐ **No, I will not be able to send an RFP response for the following reason:**

If you are unable to send your RFP response, kindly indicate your reason above and return this form **via email to** dsolitaire@brownsville-pub.com. This will ensure you remain active on our vendor list.

Date _____

Company: _____

Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone: _____ Fax: _____

Email: _____

SECTION I – INTRODUCTION

The BPUB System and Organization

BPUB is an agency formed by the City of Brownsville, Texas, under Article VI of its Home Rule Charter. The Board is organized for the purpose of aiding and acting on behalf of the City to manage and control the City's municipally owned electric, water and wastewater systems.

BPUB is governed by the Board of Directors ("Board"), which has control and management supervision of all affairs of the agency as more detailed below. The Board holds a regular meeting once a month, usually on the second Monday, and occasionally holds special meetings and workshops.

The Brownsville Public Utilities Board (BPUB) is a component unit of the City of Brownsville, Texas and is 92.91% participant of the Southmost Regional Water Authority (Authority). The BPUB was formed in 1960 to provide electrical, water, and wastewater services to its customers in the Brownsville area, and the Authority provides treated water to various areas of the lower Cameron County. Pursuant to the City's Charter, management, operation, and control of the City's combined water, wastewater, and electric utilities system is delegated to the BPUB, and the Authority has a mutual agreement with the BPUB authorizing the BPUB to manage all accounting and reporting functions. The Authority is comprised of all of the territory contained within the City of Brownsville, the City of Los Fresnos, the Town of Indian Lake, Brownsville Navigation District of Cameron County, and Valley Municipal Utility District No. 2 of Cameron County.

BPUB executive administration includes a general manager/chief executive officer, an assistant general manager/chief operations officer and a chief financial officer that oversee specific divisions. BPUB employs approximately 602 employees. BPUB's fiscal year is a 12-month period ending September 30th of each year.

The BPUB Board is comprised of seven members, six of whom are appointed by the City Commission for four-year terms, and the seventh member being the City's Mayor serving ex-officio. The Board appoints a General Manager and Chief Executive Officer who is responsible for the management of all BPUB employees and for administering all affairs of the BPUB.

The **Electric System** provides retail electric service through its electric facilities to consumers inside and outside the city limits. The existing customer service area of the electric facilities encompasses approximately 133 square miles of Cameron County, including substantially the entire City (estimated by the Public Utilities Board at over 96%). The electric system serves a growing base of about 49,455 customers and serves a peak load of 300 MW. Current resources, mainly owned by the Public Utilities Board, are sufficient to cover peak demand.

The Public Utilities Board meets its power supply obligations through a combination of resources: (i) the operation of the Silas Ray Power Production Facilities owned and operated by the Public Utilities Board (composed of one conventional steam turbine unit and a re-powered steam turbine in Combined Cycle with a combustion turbine and a GE LM6000 gas turbine generator for an estimated gas fired capability of 115 MW), (ii) the operation of the Calpine/Hidalgo combined cycle Power Plant in which the Public Utilities Board has an ownership interest entitling it to 105 MW of capacity, (iii) a Power Purchase Agreement with Exelon Corporation entitling the Public

Utilities Board to purchase 78 MW of renewable energy, (iv) a Power Purchase Agreement with AEP Energy Partners, Inc entitling the Board to an estimated 65 MW of energy, and (v) economy energy purchases through an economy power interchange arrangement.

The Public Utilities Board currently has a gas transportation agreement with Texas Gas Services Company ("TGS"), a division of ONE Gas, Inc. and a gas supply agreement with Tenaska Marketing Ventures ("TMV") for service to its Silas Ray Generation units, and a gas supply agreement with Calpine Energy Services, LP for service to its Calpine/Hidalgo Plant.

Fuel and transportation contracts are in place, limiting the Public Utilities Board's exposure to the volatile fuel commodity markets.

The **Water System** draws raw water from the Rio Grande River and consists of a river rock weir, a river pump station, two reservoirs providing 187 million gallons total capacity, and a raw water transport system. Surface water treatment is achieved by two water treatment plants providing 40 million gallons per day (MGD) of total capacity (20 MGD treatment capacity each). Two clear wells provide 6.84 million gallons storage capacity, and three elevated storage tanks provide 5 million gallons of elevated storage capacity. Water is pumped by three high-service pumping stations into the distribution system which consists of 676 miles of transmission and distribution mains. The Public Utilities Board mainly sells to residential and commercial customers, but also sells treated water on a wholesale basis to three other water distribution companies that amount to approximately 5.64% of revenues. The Public Utilities Board partnered with the Southmost Regional Water Authority (the Authority) and built a 7.5 million gallon per day reverse osmosis water treatment plant of which the Public Utilities Board has 92.91% ownership. The Authority's plant completed an expansion in November 2015 to provide microfiltration pretreatment and a total production capacity up to 10 MGD. The Authority's plant includes a 7.5 million gallon storage tank.

The Public Utilities Board has an annual allocation of municipal priority water rights from the Texas Commission on Environmental Quality (TCEQ) in the amount of 31,442.381 acre-feet of water, which is dependent upon inflow to the Falcon and Amistad Reservoirs. In addition, the Public Utilities Board holds Permit No. 1838 entitling it the right to 40,000 acre-feet of surplus water.

The Public Utilities Board is subject to regulation of water quality by the TCEQ. The Public Utilities Board presently has a "Superior" water system as determined in accordance with current TCEQ regulations.

The Public Utilities Board's water utility service area is subject to the certification jurisdiction of the TCEQ. The Public Utilities Board has been certified singly to provide water service within the boundaries of the City. A large portion of the area, three and one-half miles surrounding the boundaries (the "extraterritorial jurisdiction") of the City, is dually certified. There is a small water utility system (El Jardin Water Supply Corporation) whose customers are situated adjacent to or within the System. All of its treated water is supplied by the Public Utilities Board's water system.

The **Wastewater System**, consisting of collection and treatment facilities, includes gravity wastewater collection lines, 178 pumping/lift stations and two treatment plants. Wastewater is transported by pumping stations and associated force mains to one of two wastewater treatment plants – the Robindale Plant or the South Plant. The Robindale Plant was designed to treat 5 MGD in 1980 and expanded to a capacity of 10 MGD in 1995. The Robindale renovation and expansion project completed in July 2014 increased the treatment capacity to 14.5 MGD. The Robindale Plant provides secondary waste treatment utilizing a Modified Ludzack-Ettinger (MLE) process (anoxic and aerobic with an internal nitrate cycle) of activated sludge, turbo blowers (with magnetic bearings) with auto dissolved oxygen control, secondary settling, ultra-violet light system (as alternate source of disinfection), effluent cascade aeration system, sludge thickening, aerobic digestion, mechanical sludge dewatering (via 2-meter belt filter press), a SCADA (Supervisory Control and Data Acquisition) system, and sludge disposal at a Dedicated Land Disposal (DLD) site of 137 Acres. The South Plant was originally constructed in 1952, with a trickling filter process and anaerobic digestion plant design with a treatment capacity of 5 MGD. South Plant was modified in 1974 with major modifications in 1978 when it was expanded to a capacity of 7.8 MGD and the treatment process design was changed to a variation of activated sludge identified as complete-mix process and anaerobic digesters were converted to aerobic digesters. In 2000, the plant was expanded to 12.8 MGD. The treatment process was changed to reflect the complete mix activated sludge treatment process we have today. It consists of a dual channel mechanical bar screening system, two grit classifiers, compactor washer, a four aerated grit chamber system, three complete mix aeration basins, RAS and WAS pumping stations, four final clarifiers, chlorine contact chamber, chemical feed station with scrubber system, two effluent river pump stations for offsite force main for pumping treated effluent to the Rio Grande River, two gravity thickeners, four aerobic digesters with mechanical sludge dewatering process (via 2-meter belt filter press unit that was added in July of 2010) and sludge disposal at a Dedicated Land Disposal (DLD) site of 137 Acres.

The wastewater system is subject to regulation by the EPA and the TCEQ with regards to operations of the facilities and the water quality of the wastewater plants' effluent.

The Public Utilities Board has the authority to provide wastewater service both inside and outside the city limits. The Brownsville Navigation District owns and operates its own wastewater treatment facilities. There is no competition between the Public Utilities Board's wastewater system and the Brownsville Navigation District since the Brownsville Navigation District operates in defined areas in which the System has no wastewater lines.

BPUB's Fiscal Years 2022-2026 Capital Improvements Plan Budget includes \$107.2 million in Electric spending requirements for transmission, distribution and power production improvements. Funding for the Electric plan is expected to be provided primarily from current revenue with some funding from commercial paper issuance followed by the issuance of long-term debt.

It is also anticipated that the Water and Wastewater System will require approximately \$163.2 million for system improvements. Such improvements will include treatment facility improvements, reservoir, pump station and lift station improvements, and major transmission, distribution and collection improvements. It is anticipated that such improvements will be

financed through a combination of current revenues, the issuance of commercial paper followed by the issuance of long-term debt, Impact Fees, and grants.

The BPUB has authorized commercial paper programs for the Combined Utility Systems of \$100 million in tax-exempt and taxable commercial paper.

I. INSTRUCTIONS TO PARTICIPATING FIRMS

The Brownsville Public Utilities Board of the City of Brownsville, Texas is requesting proposals from firms interested in providing Establishment, Administration, and Management Services of a Section 115 Trust for Other Post-Employment Benefits to the BPUB. Firms with relevant experience and qualifications are encouraged to submit their proposal. Preparation of submittals will be at the expense of the firm.

The agreement period will be for a period of no less than three years and no more than five years under the same terms and conditions of the contract contingent upon mutual agreement by both parties.

The following instructions should be followed:

1. RFP responses must include a statement that they are valid for a minimum period of ninety (90) days subsequent to the RFP Response closing date.
2. Please limit response to relevant material; additional information must be submitted in the form of an attachment or appendix.
3. Identify the question being answered in the introduction to each response.
4. After release of this solicitation, Proposer's contact regarding this RFP with members of the RFP evaluation, interview or selection panels, and employees of the BPUB or officials of the BPUB other than the Purchasing Manager or Purchasing Staff is prohibited and may result in disqualification from this procurement process. No officer, employee, agent or representative of the Proposer shall have any contact or discussion, verbal or written, with any members of the BPUB Board of Directors, members of the RFP evaluation, interview, or selection panels, BPUB staff, or directly or indirectly through others, seek to influence any BPUB Board member, BPUB staff regarding any matters pertaining to this solicitation, except as herein provided. If a representative of any Proposer violates the foregoing prohibition by contacting any of the above listed parties with whom contact is not authorized, such contact may result in the Proposer being disqualified from the procurement process.
5. The BPUB is not bound under any contract until it authorizes the General Manager to execute the contract and the contract is executed by both parties.

6. It is a policy of the BPUB to refuse to enter into a contract or other transaction with an individual, sole proprietorship, joint venture, Limited Liability Company or other entity indebted to BPUB.
7. The successful Firm agrees to send a personal representative with binding authority for the company to the BPUB upon request to make adjustments and/or assist with coordination of all transactions as needed.
8. The Brownsville PUB has implemented a payment service for vendors by depositing the payment directly to the vendor's bank account. Successful vendor(s) will be required to receive payments directly through Automated Clearing House (ACH) in lieu of a paper check. The awarded vendor must agree to receive payments via ACH (Direct Deposit).
9. In accordance with IRS Publication 1220, a W9 form, or a W8 form in cases of a foreign vendor, will be required of all vendors doing business with the Brownsville PUB. If a W9 or W8 form is not made available to Brownsville PUB, the first payment will be subject to income tax withholding at a rate of 28% or 30% depending on the U.S. status and the source of income as per IRS Publication 1220. The W9 or W8 form must be included with proposal response. Attached are sample forms.
10. The BPUB is exempt from Federal Excise Tax, State Sales Tax and Local taxes. Do not include tax in the proposal. If it is determined that tax was included in the proposal, it will not be included in the tabulation or any awards. Tax exemption certificates will be furnished upon request.
11. Failure to sign proposal will disqualify it. Person signing proposal should show title or authority to bind their firm to a contract.
12. During the performance of this contract, the Firm agrees not to discriminate against any employee or applicant for employment because of race, national origin, age, religion, gender, marital or veteran status or physically challenging condition.
13. On April 16, 2007, the BPUB Board of Directors approved a local "living wage" policy that requires all Contractors and Subcontractors performing 100% Non-Federally funded Work for the BPUB to pay not less than a minimum wage rate of \$8.00/hour. The BPUB requires that all Contractors and Subcontractors comply with this policy.
14. The BPUB will contact prospective firm's references by telephone or email. Complete the attached "Previous Customer Reference Worksheet" for each reference provided.

II. BPUB RIGHTS

1. If only one or no RFP response is received by "submission date", the BPUB has the right to reject, re-propose, accept and/or extend the RFP by up to an additional two (2) weeks from original submission date.
2. The right to reject any/or all RFPs and to make award as they may appear to be advantageous to the Brownsville Public Utilities Board.
3. The right to hold RFP for 90 days from submission date without action, and to waive all formalities in RFP.
4. The right to extend the total RFP beyond the original 90-day period prior to an award if agreed upon in writing by both parties and if RFP holds firm.
5. The right to terminate all or any part of the unfinished portion of the work resulting from this solicitation within thirty (30) days written notice; upon default by the firm, for delay or non-performance by the firm, or if it is deemed in the best interest of the Utilities for convenience.
6. The BPUB reserves the right to request additional information or to meet with representatives from responding organizations to discuss points in the RFP before and after submission, any and all of which may be used in forming a recommendation.
7. The BPUB reserves the right to reject any and all qualification statements, and to accept the RFP it considers in its best interest based upon the requirements and descriptions outlined in this RFP.

Any interpretation, correction, or change of the RFP will be made by ADDENDUM. Changes or corrections will be issued by the Brownsville PUB Purchasing Department. **Addenda will be emailed to all who have returned the RFP Acknowledgement Form.** Addenda will be issued as expeditiously as possible. It is the responsibility of the vendors to determine whether all addenda have been received. It will be the responsibility of all respondents to contact the Brownsville PUB prior to submitting a response to the RFP to ascertain if any addenda have been issued, and to obtain any and/ or all addenda, execute them, and return addenda with the response to the RFP. Addenda may also be posted on BPUB's webpage.

III. FEES

For services not directly associated with these services, provide either an hourly fee for each person who will provide these services to BPUB or retainer basis. State how out-of-pocket expenses will be billed.

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Exhibits

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Attachments

I. Purpose

The Brownsville Public Utilities Board (the "BPUB") is issuing this Request for Proposal ("RFP") to solicit proposals from eligible and qualified interested parties to provide comprehensive services for the establishment, administration, and management of an IRS-approved Section 115 Trust relating to BPUB's long-term obligations for Other Post-Employment Benefits (OPEB).

Any proposal submitted should be for a minimum term of three years. Terms in increments of one additional year will be considered up to a maximum of five years.

II. Overview of Other Post-Employment Benefits

POST-RETIREMENT HEALTH CARE BENEFITS

The Public Utilities Board provides post-retirement health care benefits for employees retiring and receiving annuities from the Texas Municipal Retirement System, through a single-employer plan, who are (1) at least age 60 and have completed 10 consecutive years of active service with the Public Utilities Board immediately prior to retirement, (2) at least age 55 and have completed 25 consecutive years of active service with the Public Utilities Board immediately prior to retirement, or (3) at any age having completed 30 consecutive years of active service with the Public Utilities Board immediately prior to retirement. Prior to age 65, the Public Utilities Board will pay 100% of the cost of the Group Health Insurance Program for the retirees. Spouses and dependents are also eligible for coverage, but the retiree must pay the premiums. No coverage is available after the retiree reaches age 65, including coverage for spouses and dependents.

The above eligibility and coverage requirements do not apply to retirees that retired under Retiree Package I (1999) and Retiree Package II (2005).

The Retiree Package I plan results from a special offer made in fiscal year 1999 to all employees with 25 years or more of credited service or eligible for retirement under TMRS guidelines who elected to voluntarily resign or retire during the offer period. The plan provides coverage for the employees and the employees' dependent (spouse) under the Public Utilities Board's group medical plan until such time as the employee becomes 65 years of age, dies, or elects to receive coverage from another source. Under Retiree Package I, 34 retirees met these eligibility requirements. The Retiree Package II plan provides post-retirement benefits to all employees who retire from the Public Utilities Board after attaining 10 years of service and 60 years of age, 25 years of service and 55 years of age or 30 years of service regardless of age.

Under the Retiree Package II plan, retirees may pay to provide spousal and dependent coverage. Under Retiree Package II, 24 retirees met these eligibility requirements. The Public Utilities Board provides 100% of the cost of retirees to participate in this plan. Expenses for post-retirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported. Expenses related to provision of these post-employment benefits cannot be reasonably estimated.

III. Scope of Services

BPUB is seeking a firm to provide the following scope of services:

1. Assist BPUB staff with the establishment and implementation of a Section 115 trust;
2. Provide a full-service program that includes trust administration, trustee, and investment management services;
3. Work with BPUB staff to develop and provide a written investment policy statement for the trust assets;
4. Work directly with BPUB staff to prepare asset allocation guidelines and funding strategies for the trust, based upon BPUB's investment objectives and risk tolerance.
 - a. BPUB intends to prefund the Trust with an initial contribution of \$13,306,413.
5. Provide periodic reports, including quarterly and annual comparative performance analyses and evaluation reports of the investments of the trust and statements;
6. Coordinate all contributions into the trust and process requests for distributions;
7. Provide education/presentations regarding the trust program to BPUB staff if requested;
8. Assist with GASB 74/75 reporting; and
9. Comply with all requirements specified in in this RFP and ensure compliance of the trust with all federal and state laws.

IV. Proposal Due Date

Proposals are due October 19, 2022 before 5:00 PM, delivered via mail or courier service, to the BPUB Purchasing Department, 1155 FM 511, Olmito, TX 78575. **Proposals received after the deadline will not be considered.**

Proposals will be acknowledged on October 20, 2022 at 10:00 AM.

V. Submission of Proposals

A. Request for Information

By submitting a proposal, the respondent agrees to furnish such information as the BPUB may reasonably require. This information includes, but is not limited to, information that indicates financial resources as well as the ability to provide services. To the extent there

are any revisions or additions to the information provided or requested in the RFP, an addendum to the RFP will be sent to all respondents that initially received the RFP. Any addenda so issued are to be considered part of the specifications of the RFP. The BPUB reserves the right to make investigations regarding the qualifications of the respondent.

B. Proposals Binding

Any proposal may be withdrawn in writing prior to the date and time set for receipt of proposals. As noted in Section V (B) Tentative Schedule, the BPUB anticipates negotiating and executing an agreement with selected respondent(s) by December, 2022. However, any proposal submitted and not withdrawn prior to the date and time set for receipt of proposals will be considered valid until the period ending January, 2023.

C. Incurred Expenses

The BPUB is not responsible for any costs incurred by a respondent to this RFP, including costs of participating in presentations or meetings with the BPUB.

D. Proprietary Information

All materials submitted to the BPUB in response to this RFP are, upon receipt by the BPUB, the property of the BPUB, may not be returned to the submitting party, and are subject to the Public Information Act, Chapter 522, Texas Government Code (the "Act"). Respondents should familiarize themselves with the provisions of the Act. In no event shall the BPUB, the City, or any of their agents, representatives, consultants, directors, officers or employees be liable to a respondent for the disclosure of all or a portion of the information submitted in response to this RFP.

If a respondent has special concerns about information which it desires to make available to the BPUB but which it believes constitutes a trade secret, proprietary information, or other information excepted from disclosure, such respondent should specifically and conspicuously designate that information by placing "CONFIDENTIAL" in the center header of each such page affected. Blanket, all-inclusive identifications by designation of whole pages or sections as containing proprietary information, trade secrets or confidential commercial or financial information are discouraged and may be deemed invalid.

If the BPUB receives a request for public disclosure of all or any portion of a response, the BPUB will use reasonable efforts to notify the applicable respondent of the request and give such respondent an opportunity to assert, in writing and at its sole expense, a claimed exception under the Act or other applicable law within the time period specified in the notice issued by the BPUB and allowed under the Act.

E. Acceptance/Rejection/Modification to Proposals

1. The BPUB reserves the right to negotiate modifications to the proposals, to reject any or all proposals, to request and consider additional information from any respondent, and to waive minor irregularities and technical defects. The BPUB will not waive non-compliance with the deadline to submit the response to the RFP.
2. The BPUB reserves the right to seek new proposals when it determines that it is in the BPUB's best interest to do so.
3. The BPUB reserves the right to accept the written proposal as an offer.
4. The BPUB reserves the right to award the contract to other qualified respondent(s) if the primary respondent chosen does not execute an agreement with the BPUB within thirty (30) days of being notified of selection.

VI. Evaluation Criteria and Selection Process

All proposals must be completed and convey all of the information requested in order to be considered responsive. If the proposal fails to conform to the essential requirements of the RFP, the Brownsville PUB alone will determine whether the variance is significant enough to consider the proposal susceptible to being made acceptable and therefore a candidate for further consideration, or not susceptible to being made acceptable and therefore not considered for award. Only the information provided with the proposal, subsequent discussions and clarifications provided in writing, and the proposer's written Best and Final Offer, is used in the evaluation process and award determination. Only these criteria will be considered on the award determination.

A BPUB committee will review the proposals submitted in response to this request and will make recommendations. The BPUB committee will review all proposals in light of the following major evaluation criteria.

A. Evaluation Criteria

1. The BPUB intends to select the responsive proposal(s) that it determines best meets the BPUB's needs, after consideration of business terms, timing and price. Weight: 10
2. All proposals must be complete and convey all of the information requested in order to be considered responsive. If the proposal fails to conform to the essential requirements of the RFP, the BPUB will determine, at its discretion, whether to reject or accept the proposal. Weight: 10

3. Proposal terms must comply with State Law and BPUB Bond Ordinance provisions. Weight: 5

Any questions regarding this RFP or requests for available materials should be directed in writing via e-mail to:

dsolitaire@brownsville-pub.com

Please understand that all fees (including respondent counsel fees, if any) that the BPUB is expected to pay are contingent upon the final approval by the BPUB Board of Directors, and that the laws of the State of Texas will govern the obligations of the BPUB.

Information submitted relative to this RFP will not be released by the BPUB during the evaluation process or prior to contract award, unless the BPUB is required to do so by law.

B. Tentative Schedule

1. RFP issued October 3, 2022.
2. Proposals due no later than 5:00 p.m., Central Time, on October 19, 2022.
3. Anticipated selection of preferred bidder(s) by December, 2022.
4. If applicable, execute an agreement by December, 2022

VII. Format and Content of RFP

This section of the RFP describes the required format and content for the respondent's proposal. This standardization will facilitate evaluation of all proposals. Failure to comply with the required organization outlined in this RFP may result in a lowered evaluation. Proposals that are substantially incomplete or lack key information may be rejected. A proposal will be considered incomplete if the response to requested information states that the respondent considers the information to be proprietary and as such the information is not disclosed.

Proposals should be prepared in a manner that is simple and straightforward, with a concise description of capabilities to satisfy requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

Proposals should be organized in the order in which the requirements are presented in this RFP. Each paragraph of the response should reference the section of the

corresponding section of the RFP. Respondent should respond to all information requested in this RFP or indicate why no response is given. It is also helpful to repeat the text of the requirements as it appears in the RFP prior to your answer to that question. Proposals that are not organized in this manner risk elimination for consideration if the evaluators cannot determine where the answer to a particular question is located within the response.

A. General Information

Please provide the following general information about the firm and contact information for the person who is authorized to answer questions and to negotiate final terms and conditions on behalf of the respondent:

Name of Respondent
Corporate Office Address
Names and Addresses of Authorized
Representatives Telephone Number
Facsimile
Number E-mail
Address

B. Disclosure Requirements

For all products, please list any offering documents or other types of disclosure requirements.

C. Legal Counsel Representative

For all products proposed, if an outside legal counsel for the proposer is anticipated, please provide the name of such counsel.

D. Ability to Meet the BPUB's Schedule

Please confirm that the respondent can meet the BPUB's expectations as disclosed in the "Tentative Schedule" found in Section V (B).

E. Conditions and Covenants

1. By acceptance of the respondent's proposal, the BPUB reserves the right to negotiate any proposed conditions and covenants.
2. Please provide any conditions and covenants that will affect your response to Section B above.

F. Information Relating to the Respondent

Please provide the following:

1. An electronic copy or website reference to the respondent's most recent audited financial statements.
2. Detail any criminal investigations or pertinent litigation against the respondent, either pending or concluded within the past three years. Specifically address any litigation or administrative proceedings involving the Department.
3. Disclose any possible conflicts of interest or circumstances that could create the appearance of a conflict of interest. Disclose all contractual or informal business arrangements or relationships, including fee arrangements and consulting agreements, as well as any personal relationships, between your firm, including professional staff, and any BPUB staff and/or members of the City.

VIII. Agreement Terms and Conditions

The BPUB reserves the right to reject any proposed form of agreement that does not conform to the RFP or any of the BPUB's requirements for agreements and contracts. The conclusion of any agreement resulting from the acceptance of a proposal must be approved by the City. In addition, the credit agreement must be approved by the Texas Attorney General.

IX. Specific Requirements of the Department

Exhibit B contains select legal provisions that are required by the BPUB. Among others, these include indemnification and sovereign immunity provisions that are required by the BPUB. Please indicate your acceptance of the provisions or proposed, if any, provisions.

X. Assignment and Interest

The respondent shall not assign any interest in the credit agreement and shall not transfer any interest in the same without prior written consent of the BPUB.

Attachments:

- (1) September 30, 2021 ACFR

EXHIBIT A

Required Legal Provisions

GOVERNING LAW; JURISDICTION: *This [Agreement] shall be governed by, and construed in accordance with, the laws of the State of Texas; provided, that the obligations of the [Provider] under this [Agreement] shall be governed by and construed in accordance with the internal laws of the State of____, without giving effect to conflict of law principles.*

SUITS AT LAW OR IN EQUITY AND MANDAMUS. *If any [Event of Default] shall occur, then and in every such case the [Provider] shall be entitled to proceed to protect and enforce its rights by such appropriate judicial proceeding as it may deem most effectual to protect and enforce any such right, either by suit, in equity, or by action at law, whether for the specific performance of any covenant or agreement contained in this [Agreement], in aid of the exercise of any power granted in this [Agreement], or to enforce any other legal or equitable right vested in [Provider] by this [Agreement] or by law. The provisions of this [Agreement] shall be a contract with the [Provider] and the duties of the Department shall be enforceable by the [Provider] by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.*

The City/BPUB does not have the ability to waive sovereign immunity with respect to its obligations under the operative document/s.

INDEMNIFICATION OF PROVIDER BY DEPARTMENT: Any provision relating to City or BPUB indemnification of the Provider must be qualified by including the phrase “to the extent permitted by law”. In addition, the City/BPUB cannot indemnify for the ordinary negligence of the [Provider].

VENUE: the City/BPUB cannot agree to any venue outside of Texas.

Attachment 1



September 30, 2021

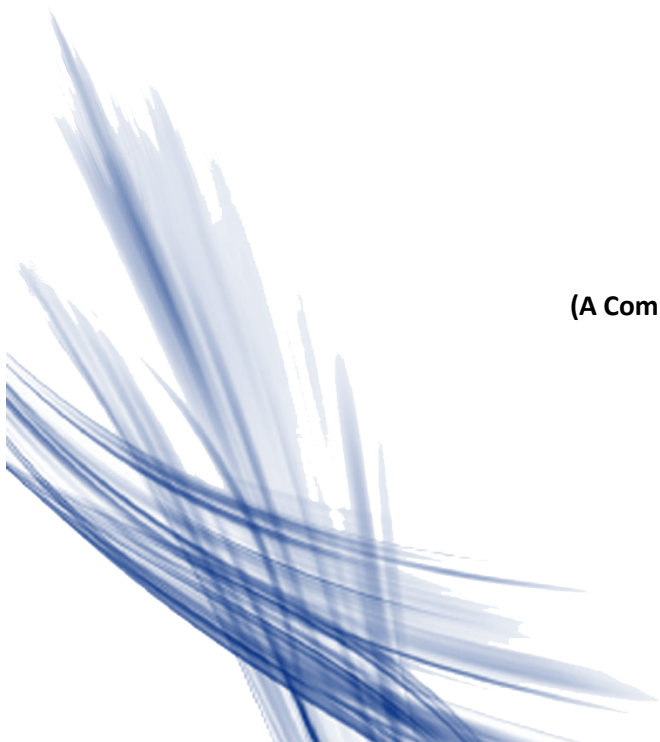
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B R O W N S V I L L E
PUBLIC UTILITIES BOARD

**Public Utilities Board
of the
City of Brownsville, Texas**
(A Component Unit of the City of Brownsville, Texas)

**Annual Comprehensive
Financial Report
For the Fiscal Years Ended
September 30, 2021 and 2020**





Public Utilities Board of the City of Brownsville, Texas
(A Component Unit of the City of Brownsville, Texas)



Annual Comprehensive Financial Report
For the Fiscal Years Ended September 30, 2021 and 2020

PREPARED BY: FINANCE DIVISION
MIGUEL A PEREZ
Chief Financial Officer

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PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS
(A Component Unit of the City of Brownsville, Texas)

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PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS
(A Component Unit of the City of Brownsville, Texas)

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INTRODUCTORY SECTION

- ❖ *Transmittal Letter*
- ❖ *GFOA Certificate of Achievement*
- ❖ *Principal Officials*
- ❖ *Organizational Chart*



January 20, 2022

Members of the Board of Directors
Public Utilities Board of the City of Brownsville, Texas

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Public Utilities Board of the City of Brownsville, Texas (Public Utilities Board) for the fiscal year ended September 30, 2021. As required by state law, the ACFR includes financial statements which have been audited by a firm of licensed certified public accountants. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by the licensed certified public accounting firm of Baker Tilly US, LLP.

The report consists of management's representation concerning the finances of the Public Utilities Board. As a result, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Public Utilities Board has established a comprehensive internal control framework that is designed both to protect the Public Utilities Board's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the Public Utilities Board's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Public Utilities Board's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The goal of the independent audit, conducted by Baker Tilly US, LLP, is to provide reasonable assurance that the financial statements of the Public Utilities Board for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Baker Tilly US, LLP concluded, based upon the audit, that there is a reasonable basis for rendering an unmodified opinion.

The Public Utilities Board's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Public Utilities Board's MD&A can be found immediately following the report of the independent auditors.

In accordance with standards established by the Governmental Accounting Standards Board's (GASB) Statement No. 61, the Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14, the Public Utilities Board meets the definition of a component unit of the City of Brownsville, Texas (City).

PROFILE

The Public Utilities Board was formed in 1960 to provide electric, water, and wastewater services to its customers in the Brownsville area. Pursuant to the City's Charter, management, operation, and control of the City's combined water, wastewater, and electric utilities system is delegated to the Public Utilities Board. The Public Utilities Board is comprised of seven members, six of whom are appointed by the City Commission for four-year terms, and the seventh member being the City's Mayor serving Ex-officio.

The **Electric System** provides retail electric service through its electric facilities to consumers inside and outside the city limits. The existing customer service area of the electric facilities encompasses approximately 133 square miles of Cameron County, including substantially the entire City (estimated by the Public Utilities Board at over 96%). The electric system serves a growing base of about 52,592 customers and serves a peak load of 282.68 MW. Current resources, mainly owned by the Public Utilities Board, are sufficient to cover peak demand.

The Public Utilities Board met its power supply obligations through a combination of resources: (i) the operation of the Silas Ray Power Production Facilities owned and operated by the Public Utilities Board (composed of one conventional steam turbine unit and a re-powered steam turbine in Combined Cycle with a combustion turbine and a GE LM6000 gas turbine generator for an estimated gas fired capability of 115 MW), (ii) the operation of the Calpine/Hidalgo combined cycle Power Plant in which the Public Utilities Board has an ownership interest entitling it to 105 MW of capacity, (iii) a Power Purchase Agreement with Exelon Corporation entitling the Public Utilities Board to purchase 78 MW of renewable energy, (iv) a Power Purchase Agreement with AEP Energy Partners, Inc entitling the Board to 50 MW of fixed energy, and (v) economy energy purchases through an economy power interchange arrangement.

The Public Utilities Board currently has a gas transportation agreement with Texas Gas Services Company ("TGS"), a division of ONE Gas, Inc. and a gas supply agreement with Tenaska Marketing Ventures ("TMV") for service to its Silas Ray Generation units, and a gas supply agreement with Calpine Energy Services, LP for service to its Calpine/Hidalgo Plant.

Fuel and transportation contracts are in place, limiting the Public Utilities Board's exposure to the volatile fuel commodity markets.

The **Water System** draws raw water from the Rio Grande River and consists of a river rock weir, a river pump station, two reservoirs providing 187 million gallons total capacity, and a raw water transport system. Surface water treatment is achieved by two water treatment plants providing 40 million gallons per day (MGD) of total capacity (20 MGD treatment capacity each). Two clear wells provide 6.85 million gallons storage capacity, and three elevated storage tanks provide 5 million gallons of elevated storage capacity. Water is pumped by three high-service pumping stations into the distribution system which consists of 701 miles of transmission and distribution mains. The Public Utilities Board mainly sells to residential and commercial customers, but also sells treated water on a wholesale basis to three other water distribution companies that amount to approximately 5.93% of sales. The Public Utilities Board partnered with the Southmost Regional Water Authority (the Authority) and built a 7.5 million gallon per day reverse osmosis water treatment plant of which the Public Utilities Board has 92.91% ownership. The Authority's plant completed an expansion in November 2015 to provide microfiltration pretreatment and a total production capacity up to 10 MGD. The Authority's plant includes a 7.5 million gallon storage tank.

The Public Utilities Board has an annual allocation of municipal priority water rights from the Texas Commission on Environmental Quality (TCEQ) in the amount of 31,522.46 acre-feet of water, which is dependent upon inflow to the Falcon and Amistad Reservoirs. In addition, the Public Utilities Board holds Permit No. 1838 entitling it the right to 40,000 acre-feet of surplus water.

The Public Utilities Board is subject to regulation of water quality by the TCEQ. The Public Utilities Board presently has a "Superior" water system as determined in accordance with current TCEQ regulations.

The Public Utilities Board's water utility service area is subject to the certification jurisdiction of the TCEQ. The Public Utilities Board has been certified singly to provide water service within the boundaries of the City. A large portion of the area, three and one-half miles surrounding the boundaries (the "extraterritorial jurisdiction") of the City, is dually certified. There is a small water utility system (El Jardin Water Supply Corporation) whose customers are situated adjacent to or within the System. All of its treated water is supplied by the Public Utilities Board's water system.

The **Wastewater System**, consisting of collection and treatment facilities, includes gravity wastewater collection lines, 178 pumping/lift stations and two treatment plants. Wastewater is transported by pumping stations and associated force mains to one of two wastewater treatment plants – the Robindale Plant or the South Plant. The Robindale Plant was designed to treat 5 MGD in 1980 and expanded to a capacity of 10 MGD in 1995. The Robindale renovation and expansion project completed in July 2014 increased the treatment capacity to 14.5 MGD. The Robindale Plant provides secondary waste treatment utilizing a Modified Ludzack-Ettinger (MLE) process (anoxic and aerobic with an internal nitrate cycle) of activated sludge, turbo blowers (with magnetic bearings) with auto dissolved oxygen control, secondary settling, ultra-violet light system (as alternate source of disinfection), effluent cascade aeration system, sludge thickening, aerobic digestion, mechanical sludge dewatering (via 2-meter belt filter press), a SCADA (Supervisory Control and Data Acquisition) system, and sludge disposal at a Dedicated Land Disposal (DLD) site of 137 Acres. The South Plant was originally constructed in 1952, with a trickling filter process and anaerobic digestion

plant design with a treatment capacity of 5 MGD. South Plant was modified in 1974 with major modifications in 1978 when it was expanded to a capacity of 7.8 MGD and the treatment process design was changed to a variation of activated sludge identified as complete-mix process and anaerobic digesters were converted to aerobic digesters. In 2000, the plant was expanded to 12.8 MGD. The treatment process was changed to reflect the complete mix activated sludge treatment process we have today. It consists of a dual channel mechanical bar screening system, two grit classifiers, compactor washer, a four aerated grit chamber system, three complete mix aeration basins, Return Activated Sludge (RAS) and Waste Activated Sludge (WAS) pumping stations, four final clarifiers, chlorine contact chamber, chemical feed station with scrubber system, two effluent river pump stations for offsite force main for pumping treated effluent to the Rio Grande River, two gravity thickeners, four aerobic digesters with mechanical sludge dewatering process (via 2-meter belt filter press unit that was added in July of 2010) and sludge disposal at a Dedicated Land Disposal (DLD) site of 137 Acres.

The wastewater system is subject to regulation by the EPA and the TCEQ with regards to operations of the facilities and the water quality of the wastewater plants' effluent.

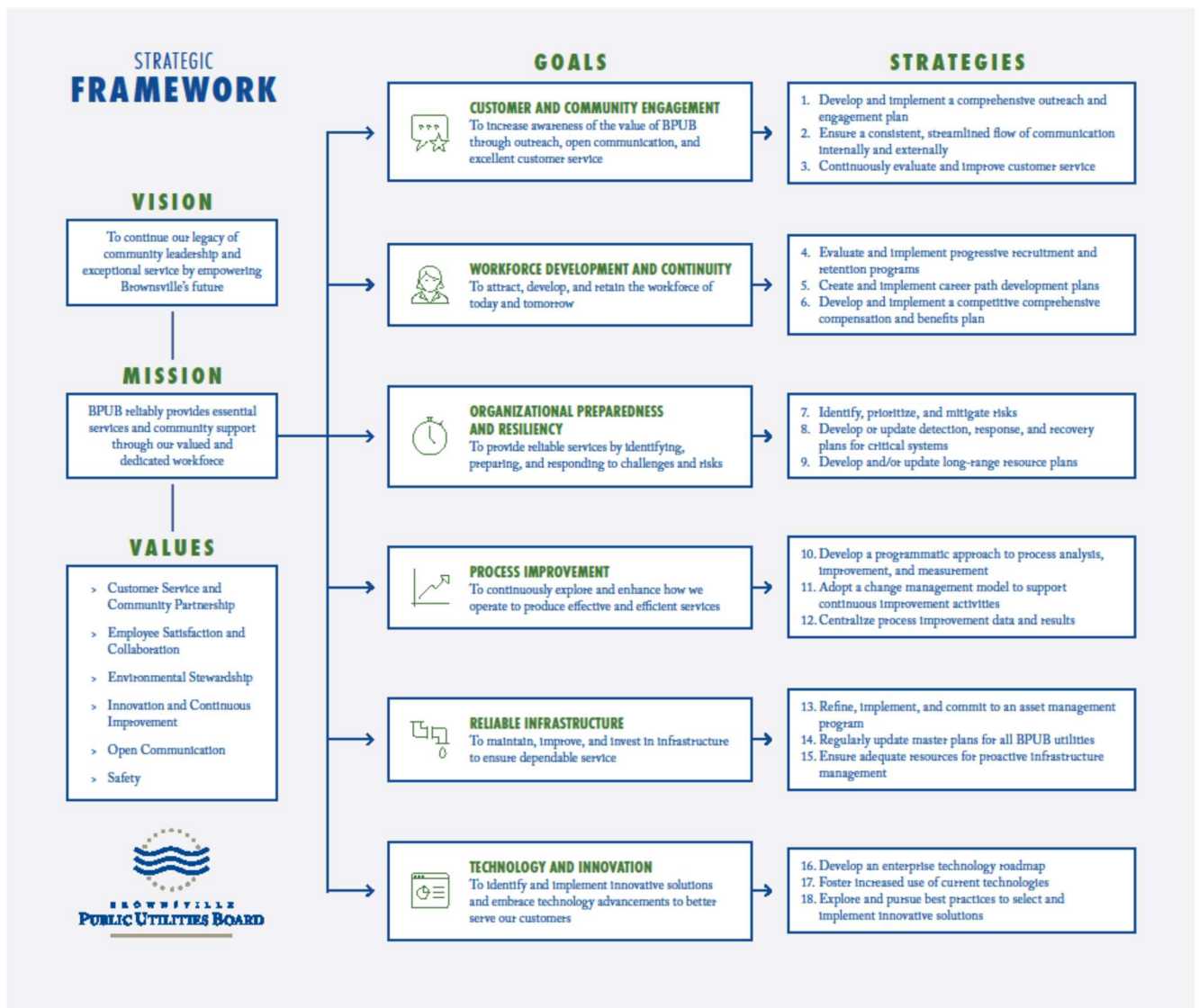
The Public Utilities Board has the authority to provide wastewater service both inside and outside the city limits. The Brownsville Navigation District owns and operates its own wastewater treatment facilities. There is no competition between the Public Utilities Board's wastewater system and the Brownsville Navigation District since the Brownsville Navigation District operates in defined areas in which the System has no wastewater lines.

Strategic Plan

During 2019, Brownsville PUB developed its 2019-2024 Strategic Plan to identify the key issues that would influence the utility's efforts over the next five years. The plan supports the Public Utilities Board's legacy of community leadership and exceptional service.

The Public Utilities Board's Strategic Plan continues to promote strategies regarding our customers and community, the workforce, process improvements and reliable infrastructure that continue to be important areas in which to focus the utility's efforts. The issues identified in the 2019-2024 Strategic Plan will support the Public Utilities Board's Mission Statement to reliably provide essential services and community support through our valued and dedicated workforce.

The following table summarizes each of Brownsville PUB's six priority goals and the strategies to accomplish these goals as identified in the Strategic Plan for implementation.



ECONOMIC CONDITIONS AND OUTLOOK

The City is the county seat of Cameron County. It is the southernmost city in Texas and the largest city in the Lower Rio Grande Valley. In Texas, Brownsville is second only to San Antonio in historical significance. Its location is attractive, since it is the closest to the major tourism and business travel attractions of the area: South Padre Island, Mexico, and the Gladys Porter Zoo, rated as one of the ten best zoos in the United States. Brownsville is also one of the top five cities in Texas as a destination location.

The City is located about 25 miles inland from the Gulf of Mexico on the north bank of the Rio Grande River directly across from Matamoros, Mexico, which it joins by three international bridges. The City serves as a trade center for much of the Lower Rio Grande Valley.

Based on U.S. Census Bureau historical data, Brownsville's estimated population for 2021 was 188,045. The demographics of Brownsville's population can be summed up as young and fast growing. The median age is 31.1 years versus a national average of 38.5 years. About 30.4% of all persons in the City are younger than 18 years of age.

Reporting Entity

A basis for preparing the CAFR for the Public Utilities Board was the identification of the reporting entity. A component unit was considered to be part of the Public Utilities Board's reporting entity when it was concluded that the Public Utilities Board was financially accountable for the entity or the nature and significance of the relationship between the Public Utilities Board and the entity was such that exclusion would cause the Public Utilities Board's financial statements to be misleading or incomplete.

The reporting entity of the Public Utilities Board consists of the primary government and a blended component unit, Southmost Regional Water Authority. The Authority is a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution and the Act of June 12, 1981, 67th Leg., Ch. 511, 1981 Tex. Gen. Laws 2196. The Authority provides treated water to various areas of Cameron County.

Major Initiatives

Annex Building

The Public Utilities Board broke ground in September 2019 on a new Administration Building Annex adjacent to the existing Administration Building. The new building houses the following departments: Accounting, Electric Engineering, Energy Control Center Operations, Energy Efficiency & Conservation, Finance, Geographic Information Systems (GIS), Information Technology, Internal Audit, Key Accounts Marketing, SCADA & Electrical Support Services, and Water & Wastewater Engineering.

Airport Substation Upgrade

A portion of the existing Airport Substation is currently operating with 69kV equipment that was not replaced during the 2006-2007 69kV-138kV Public Utilities Board's Conversion Project. Maintenance of this substation is challenging due to the difficulty in acquiring parts for obsolete equipment and thus, reliability is affected. The consultant, ESC Engineering, is working with the Engineering Department on finalizing the specifications, design, and procurement packages. This upgrade will improve the reliability and maintenance of the station. The tentative construction schedule is the fourth quarter of FY 2022.

Loma Alta Substation Interconnection with Sharyland Stillman Station

On February 13, 2020, the 138kV transmission line to interconnect the Public Utilities Board's Loma Alta Substation with Sharyland Utilities Stillman Station was energized. The Sharyland / Public Utilities Board's interconnection at the Stillman Substation will provide the Public Utilities Board's Electric System with increased reliability and switching options via the Stillman Station's new transmission bus (breaker and a half), modern protection relays, and associated equipment. Furthermore, the 138kV transmission lines between the Public Utilities Board's Price Road and Water Port Substations will also interconnect with the Stillman Station. These additional interconnections are tentatively scheduled to be completed in the third quarter of FY 2022.

Water Port and Palo Alto Substation Upgrades

BPUB is working with an engineering firm to increase the power capacity for the Water Port and Palo Alto Substations. The engineering plans will be completed by the 3Q of FY 2022, with tentative construction planned for the third quarter of 2023.

New Two Million Gallon Elevated Storage Tank to Replace the Southmost and University of Texas Rio Grande Valley (UTRGV) Elevated Storage Tanks

The existing one-million gallon elevated storage tanks on Southmost Road and at UTRGV, constructed in 1969, are in poor structural condition and beyond their useful life. The Southmost tank was demolished during fiscal year 2018, and the UTRGV tank will be demolished in fiscal year 2022. The Public Utilities Board is currently constructing a new two-million-gallon composite elevated storage tank to replace the two tanks and maintain adequate water system capacity, as well as pressure in the water distribution system. The contractor for this project is Landmark Structures, Inc. with a contract amount of \$ 5,782,000.00 and a completion date of December 2022.

Raw Water Pump Station Improvements

The existing Raw Water Pump Station was built circa 1930 with much of the original equipment remaining in use. This pump station serves as the main raw water source for the Public Utilities Board, by pumping raw water from the Rio Grande and discharges into the storage reservoir behind Water Treatment Plant No. 1. The Brownsville Public Utilities Board proposes to commence engineering design services for a new raw water pump station in FY 2021 with construction to commence in FY 2024.

Resaca Restoration Project

Resacas are former distributaries of the Rio Grande River. They now serve as urban waterways throughout the City of Brownsville. The central focus of the Resaca Restoration Project involves the removal of accumulated bottom sediments through dredging, which will increase both the depths and storage capacity of the resacas. It is anticipated that the depths of most resacas will be restored from less than two (2) feet in some areas up to eight (8) feet in others. Plans for dredging the resacas have been designed to improve water quality, promote erosion control and bank stabilization, while also improving habitat conditions for fish and other aquatic wildlife. During rainy seasons or hurricanes, the dredged resacas will provide better flood control by storing flood waters that otherwise could inundate adjacent developments.

The project scope was implemented in phases. Phase I included dredging several segments of the Town Resaca system. These segments included the City Cemetery resaca, Dean Porter Park resaca, the Gladys Porter Zoo resaca, and the Resaca Boulevard resaca. Phase I work began on March 2013 and was completed on September 2016. The Public Utilities Board contributed \$14.35 million in equipment and other costs and O&M funding for staff, engineering and other services for the dredging of the Phase I resacas. Phase II site dredging began on September 2017 and is currently underway. The Public Utilities Board has contributed a total of \$18.83 million to the restoration effort through September 2021.

In August 2015, the Public Utilities Board partnered with the U.S. Army Corps of Engineers on a City-wide ecosystem restoration feasibility study of the three resaca systems within the City of Brownsville. The feasibility study and environmental assessment was completed on August 2018.

The study findings are recommending resaca improvements totaling \$207,164,000 over a 16-year period at a 65/35 (federal/non-federal) cost share.

LONG-TERM FINANCIAL PLANNING

The Public Utilities Board's current electric, water, and wastewater capital improvement plan identifies projects for a five-year period ending September 30, 2026. The electric capital improvement plan identifies approximately \$107.2 million in generation, transmission, distribution, general and facilities projects of which \$30.3 million are projected to be debt financed. The water capital improvement plan identifies approximately \$94.9 million in projects, of which approximately 38.2% are projected to be debt financed while the wastewater capital improvement plan identifies approximately \$68.4 million in projects, of which approximately 80.6% are projected to be debt financed.

CASH MANAGEMENT POLICIES AND PRACTICES

As required by the provisions of Chapter 2256 of the Texas Government Code, the Public Utilities Board updates its Investment Policy annually. A primary objective of the Public Utilities Board's Cash and Investment Program is the safety and preservation of the principal. The Investment Policy authorizes the Public Utilities Board to invest in treasury notes, agencies and instrumentalities, and other investments guaranteed by the U.S. Treasury or the State of Texas, or investments rated by a national rating company at "A" or better. The Investment Policy also authorizes investments in local government investment pools and in certificates of deposit issued by banks across the United States that are FDIC insured. Investments are made only with certified brokers/dealers as required by the Investment Policy.

During FY 2021, the Public Utilities Board's cash portfolio earned an average yield of 0.15%. The Public Utilities Board's cash deposits at September 30, 2021, were entirely covered by the Federal Deposit Insurance Corporation or were secured by collateral held by the Bank of New York Mellon in the Public Utilities Board's name, pursuant to the Public Utilities Board's Investment Policy and its Depository Agreement.

AWARDS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public Utilities Board for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the fourteenth consecutive year that the Public Utilities Board has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated services of the entire staff of the Public Utilities Board's Finance Division. Each member of this division has our sincere appreciation for the contributions made in the preparation of this report.

We would also like to acknowledge the support of the Board for its continuing interest in the development of a strong financial system to serve the customers of the Public Utilities Board.

Respectfully submitted,

Miguel A. Perez

Miguel A. Perez
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Public Utilities Board of the City of Brownsville
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

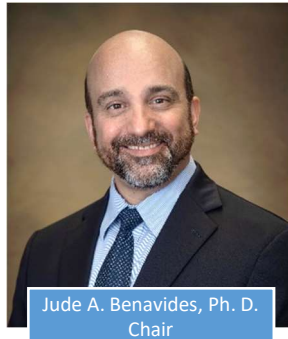
Executive Director/CEO

PRINCIPAL OFFICIALS

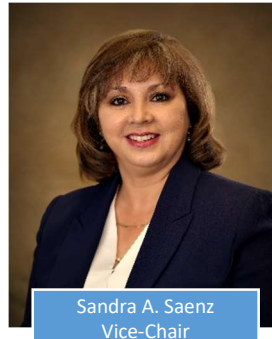
~ Board Members ~



Juan "Trey" Mendez
Ex-Officio Member



Jude A. Benavides, Ph. D.
Chair



Sandra A. Saenz
Vice-Chair



Sandra Lopez-Langley
Secretary/Treasurer



Anna E. Oquin
Member



Patricio Sampayo
Member



Arthur "Art" Rendon
Member

~ Board Administration ~



John S. Bruciak
General Manager & CEO



Fernando Saenz
Assistant GM & COO



Miguel A. Perez
Chief Financial Officer

~ Consultants and Advisors ~

Davidson Troilo Ream & Garza, PC
San Antonio, Texas

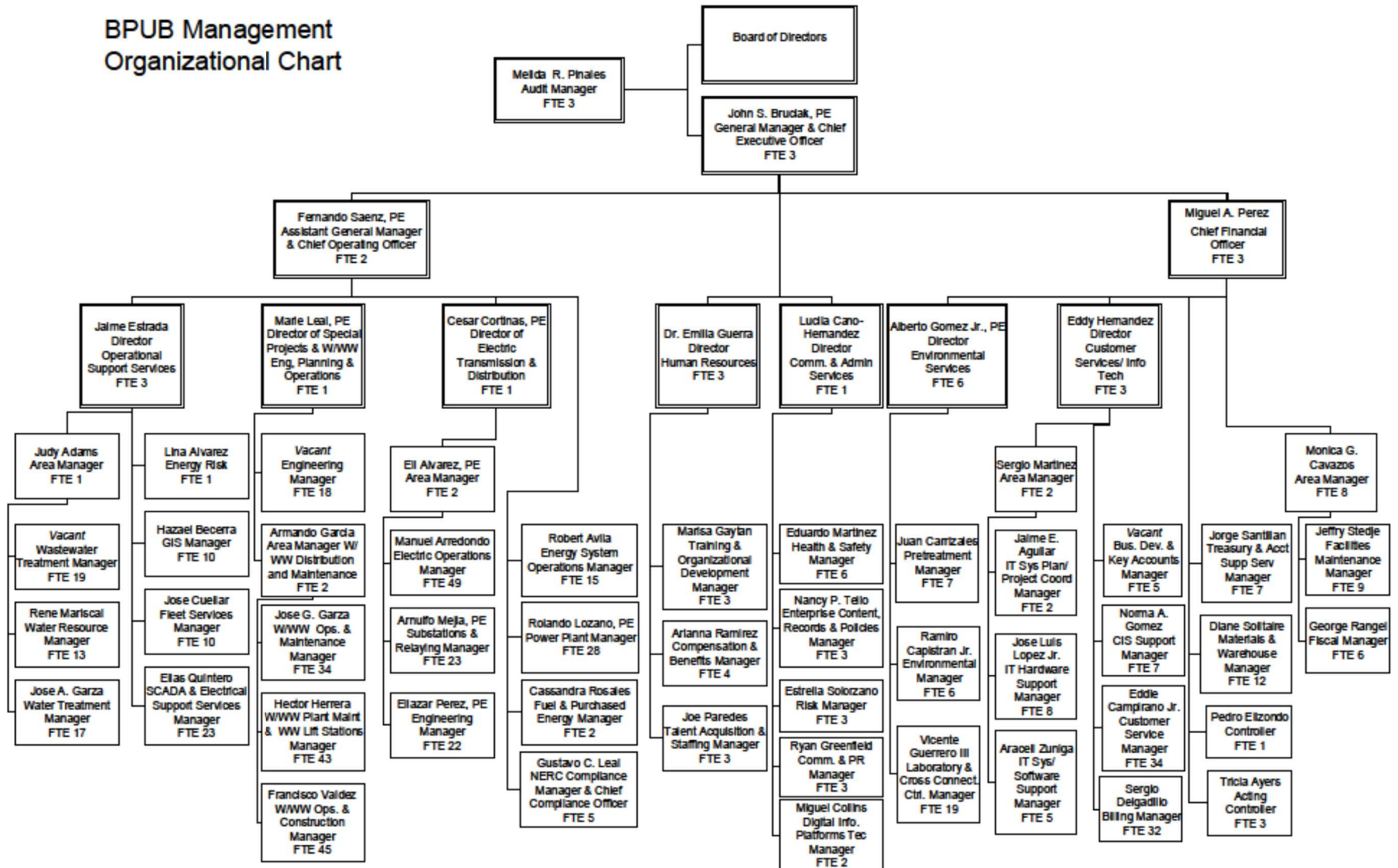
Orrick, Herrington & Sutcliffe, LLP
Houston, Texas

Baker Tilly US, LLP
Austin, Texas

Estrada Hinojosa & Company, Inc.
Dallas, Texas

BPUB Management Organizational Chart

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FINANCIAL SECTION

- ❖ *Independent Auditors' Report*
- ❖ *Management's Discussion and Analysis (Unaudited)*
- ❖ *Financial Statements*
- ❖ *Notes to the Financial Statements*
- ❖ *Required Supplementary Information*

Independent Auditors' Report

To the Board of Directors of
Brownsville Public Utilities Board

Report on the Financial Statements

We have audited the accompanying financial statements of the Brownsville Public Utilities Board, a component unit of the City of Brownsville, Texas, as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Brownsville Public Utilities Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the Brownsville Public Utilities Board's preparation and fair presentation of the financial statements 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 Brownsville Public Utilities Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Brownsville Public Utilities Board as of September 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The introductory and statistical information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated January 20, 2022 on our consideration of the Brownsville Public Utilities Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Brownsville Public Utilities Board internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Brownsville Public Utilities Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Austin, Texas
January 20, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Public Utilities Board of the City of Brownsville, Texas’ (Public Utilities Board) annual financial report presents management’s analysis of its financial performance during the fiscal years that ended on September 30, 2021 and 2020. Please read it in conjunction with the financial statements that follow this section.

Overview of Annual Financial Report

The financial statements report information about the Public Utilities Board using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, and the notes to the financial statements.

The Statements of Net Position present the financial position of the Public Utilities Board on a full accrual, historical cost basis. The Statements of Net Position present information on all of the Public Utilities Board’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the Public Utilities Board is improving or deteriorating.

While the Statements of Net Position provide information about the nature and amount of resources and obligations at year-end, the Statements of Revenues, Expenses, and Changes in Net Position present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the 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 the related cash flows. This statement also provides certain information about the Public Utilities Board’s recovery of its costs.

The Statements of Cash Flows present changes in cash and cash equivalents, resulting from operating, non-capital financing, and capital and related financing, and investing activities. These statements present cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Public Utilities Board’s accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events.

Financial Analysis

The following condensed financial information and other selected information serve as the key financial data and indicators for management monitoring and planning.

Financial Condition

One of the most important questions asked about the Public Utilities Board’s finances is, “Is the Public Utilities Board, as a whole, better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Public Utilities Board’s activities in a way that will help answer this question. These two statements report the net position of the Public Utilities Board and changes in them. Increases or decreases in net position over time is a useful indicator of whether the Public Utilities Board’s financial health is improving or deteriorating.

The Public Utilities Board’s assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$430.7 million at the close of fiscal year 2021. Although total net position decreased by \$49.4 million or 10.3% compared to the previous fiscal year, the total net position is a good indicator of the Public Utilities

Board's overall financial health. Much of the decrease can be attributed to an increase in short-term borrowings that were necessary after Winter Storm Uri, a loss on disposition of capital assets, and a net operating loss reflected in total net position. The results of Winter Storm Uri will be discussed later in the narrative.

Net position in investment in capital assets totaled \$260.9 million and \$298.3 million for fiscal years 2021 and 2020, respectively. The restricted net position of \$157.7 million and \$153.8 million for fiscal years 2021 and 2020, respectively, is subject to external restrictions on how it may be used. The remaining balances of unrestricted net position, totaling \$12.1 million and \$28.0 million for fiscal years 2021 and 2020, respectively, may be used to meet the Public Utilities Board's ongoing obligations. The Public Utilities Board's changes in net position are further analyzed in Table A-1 and Table A-2.

While affordability is always a concern, the rate increases implemented will allow the Public Utilities Board to continue investing in core service areas including energy reliability, water quality, and wastewater treatment services.

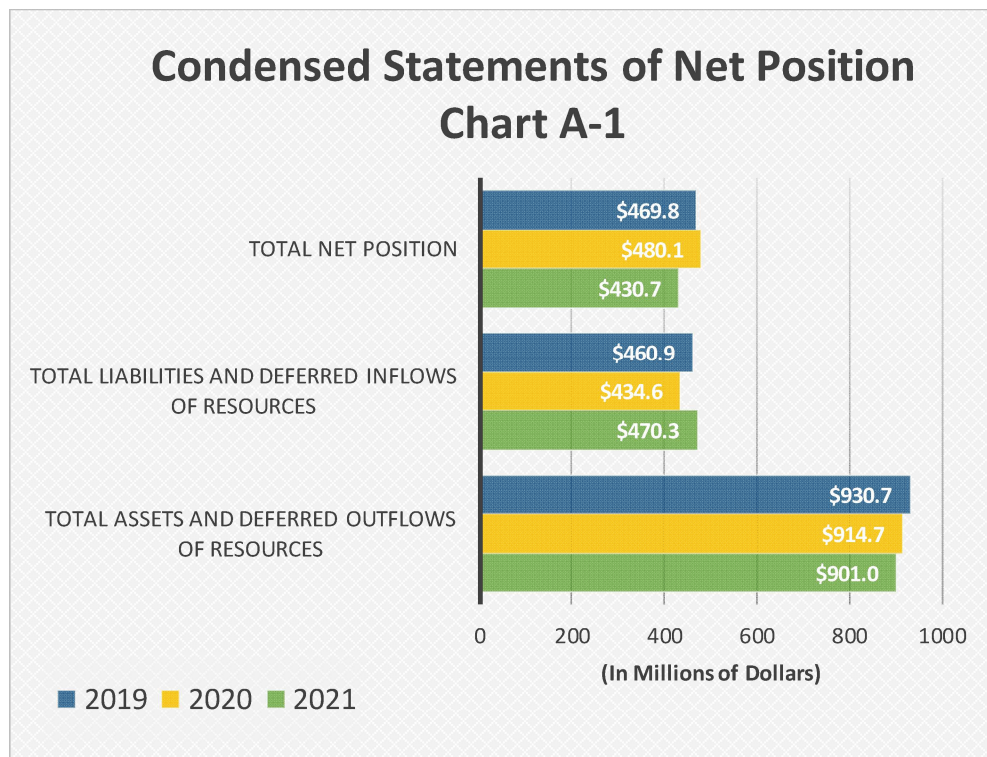
Net Position

A condensed summary of the Public Utilities Board's Statements of Net Position is presented in Table A-1.

TABLE A-1
CONDENSED STATEMENTS OF NET POSITION
September 30, 2021, 2020 and 2019
(In millions of dollars)

	2021	2020	2019	<u>Change</u>		<u>Change</u>	
				2021 vs. 2020		2020 vs. 2019	
Current assets	\$ 136.9	\$ 147.5	\$ 134.9	\$ (10.6)	-7.2%	\$ 12.6	9.3%
Non-current assets	137.1	148.2	145.8	(11.1)	-7.5%	2.4	1.6%
Capital assets	598.6	587.6	617.0	11.0	1.9%	(29.4)	-4.8%
Total assets	<u>872.6</u>	<u>883.3</u>	<u>897.7</u>	<u>(10.7)</u>	-1.2%	<u>(14.4)</u>	-1.6%
Deferred outflows of resources	28.4	31.4	33.0	(3.0)	-9.6%	(1.6)	-4.9%
Total assets plus deferred outflows of resources	<u>901.0</u>	<u>914.7</u>	<u>930.7</u>	<u>(13.8)</u>	-1.5%	<u>(16.0)</u>	-1.7%
Current liabilities	114.5	56.7	91.2	57.8	102.0%	(34.5)	-37.8%
Long-term liabilities	342.1	366.4	345.3	(24.4)	-6.7%	21.1	6.1%
Total liabilities	<u>456.6</u>	<u>423.1</u>	<u>436.5</u>	<u>33.4</u>	7.9%	<u>(13.4)</u>	-3.1%
Deferred inflows of resources	13.7	11.5	24.4	2.3	19.6%	(12.9)	-52.9%
Total liabilities plus deferred inflows of resources	<u>470.3</u>	<u>434.6</u>	<u>460.9</u>	<u>35.6</u>	8.2%	<u>(26.3)</u>	-5.7%
Net position:							
Investment in capital assets	260.9	298.3	301.9	(37.4)	-12.5%	(3.6)	-1.2%
Restricted	157.7	153.8	154.4	3.9	2.6%	(0.6)	-0.4%
Unrestricted	12.1	28.0	13.5	(15.9)	-56.9%	14.5	107.4%
Total net position	<u>\$ 430.7</u>	<u>\$ 480.1</u>	<u>\$ 469.8</u>	<u>\$ (49.4)</u>	-10.3%	<u>\$ 10.3</u>	2.2%

A graphic summary of the Public Utilities Board's Statements of Net Position is presented in Chart A-1 below.



The Public Utilities Board's net position as of September 30, 2021, decreased by \$49.4 million or 10.3% from FY 2020. The decrease in FY 2021 from prior year is primarily attributed to an increase in current liabilities due to incurring short-term debt after Winter Storm Uri and a decrease in the Investment in capital assets and Unrestricted categories of net position due to losses incurred by large purchased power and fuel expenses related to the storm and the loss on retirement of assets due to the closure of the Oklaunion Power Plant. Net position for FY 2020 increased by \$10.3 million or 2.2% from FY 2019. The increase in FY 2020 from prior year is primarily attributed to recognition of the gain on retirement of assets, although the Public Utilities Board did record accelerated depreciation on the Oklaunion Plant of \$17.1 million.

The following is a condensed, tabular summarization of the Statement of Revenues, Expenses, and Changes in Net Position.

TABLE A-2
CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For Fiscal Years Ended September 30, 2021, 2020 and 2019
(In millions of dollars)

	2021	2020	2019	Change 2021 vs. 2020		Change 2020 vs. 2019	
Operating revenues:							
Operating revenues - sales (net)	\$ 313.0	\$ 198.5	\$ 206.3	\$ 114.5	57.7%	\$ (7.8)	-3.8%
Total operating revenues	313.0	198.5	206.3	114.5	57.7%	(7.8)	-3.8%
Non-operating revenues:							
Investment and interest income	0.3	2.6	5.2	(2.3)	-88.3%	(2.56)	-50.0%
Gain on retirement of assets	-	17.3	-	(17.3)	-100.0%	17.3	100.0%
Non-operating revenue	2.2	-	2.1	2.2	100.0%	(2.1)	-100.0%
Total non-operating revenues	2.5	19.9	7.3	(17.4)	-87.6%	12.6	172.5%
Total revenues	315.5	218.4	213.6	97.0	44.4%	4.8	2.2%
Operating expenses:							
Purchased power and fuel	209.1	66.0	70.4	143.1	216.8%	(4.4)	-6.3%
Personnel services	41.0	42.6	45.1	(1.6)	-3.8%	(2.5)	-5.5%
Materials and supplies	7.5	7.5	7.6	(0.1)	-1.1%	(0.1)	-1.3%
Repairs and maintenance	3.6	3.9	3.8	(0.3)	-6.9%	0.1	2.6%
Contractual and other services	22.5	21.8	21.0	0.7	3.2%	0.8	3.8%
Depreciation expense	28.5	47.0	48.9	(18.5)	-39.3%	(1.9)	-3.9%
Total operating expenses	312.2	188.8	196.8	123.4	65.4%	(7.9)	-4.0%
Non-operating expenses:							
Interest expense	11.1	12.0	12.8	(0.9)	-7.1%	(0.8)	-6.3%
Loss on disposition of capital assets	26.4	0.1	0.9	26.3	25311.0%	(0.8)	-88.9%
Non-operating expense	-	0.5	-	(0.5)	-100.0%	0.5	0.0%
Project abandonment	-	-	9.3	-	0.0%	(9.3)	-100.0%
Other payments to the City of Brownsville	-	2.3	-	(2.3)	-100.0%	2.3	100.0%
Payments to the City of Brownsville	20.5	11.2	11.9	9.4	83.7%	(0.7)	-5.9%
Total non-operating expenses	58.0	26.0	34.9	32.0	123.2%	(8.9)	-5.9%
Total expenses	370.3	214.8	231.7	155.4	72.4%	(16.8)	-7.3%
Changes in net position before capital contributions	(54.8)	3.6	(18.1)	(58.4)	-1623.6%	21.7	-119.9%
Capital contributions	5.4	6.7	4.4	(1.3)	-19.9%	2.3	52.3%
Change in net position	(49.4)	10.3	(13.7)	(59.7)	-579.6%	24.0	-175.2%
Beginning net position	480.1	469.8	483.5	10.3	2.2%	(13.7)	-2.8%
Ending net position	\$ 430.7	\$ 480.1	\$ 469.8	\$ (49.4)	-10.3%	\$ 10.3	2.2%

While the Statements of Net Position show the yearly change in financial position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. For fiscal year 2021, the Public Utilities Board experienced an increase in operating revenues from prior year of \$114.5 million due primarily to an increase in off-system electric sales, while water and wastewater revenues increased only slightly from prior year. The unusually high fiscal year 2021 electric revenues are a result of the Winter Storm Uri event in February 2021. Investment earnings decreased \$2.3 million from fiscal year 2020. Capital

contributions decreased by \$1.3 million from the prior year. Loss on retirement of assets resulted in \$26.4 million. Nearly all of the loss on retirement of assets is due to the Oklaunion Power Plant closure.

Operating expenses increased overall from fiscal year 2020 by \$123.4 million. Purchased power and fuel expenses increased from prior year by \$143.1 million. The unusually high fuel and purchased energy costs in fiscal year 2021 are a result of the Winter Storm Uri event in February 2021. Depreciation expense decreased in fiscal year 2021 due to the write-off of Oklaunion Power Plant assets. In fiscal year 2020, the Public Utilities Board had accelerated depreciation of Oklaunion assets due to the upcoming closure. Other operating expense changes from prior year were minimal. Overall, the Public Utilities Boards net position decreased by \$49.4 million in 2021.

For fiscal year 2020, the Public Utilities Board experienced a decrease in operating revenues from prior year of \$7.8 million due primarily to a decrease in wholesale electric sales, while water and wastewater revenues increased only slightly from prior year. Investment earnings decreased \$2.6 million from fiscal year 2019. Capital contributions increased by \$2.3 million from the prior year. The retirement of assets resulted in \$17.3 million gain.

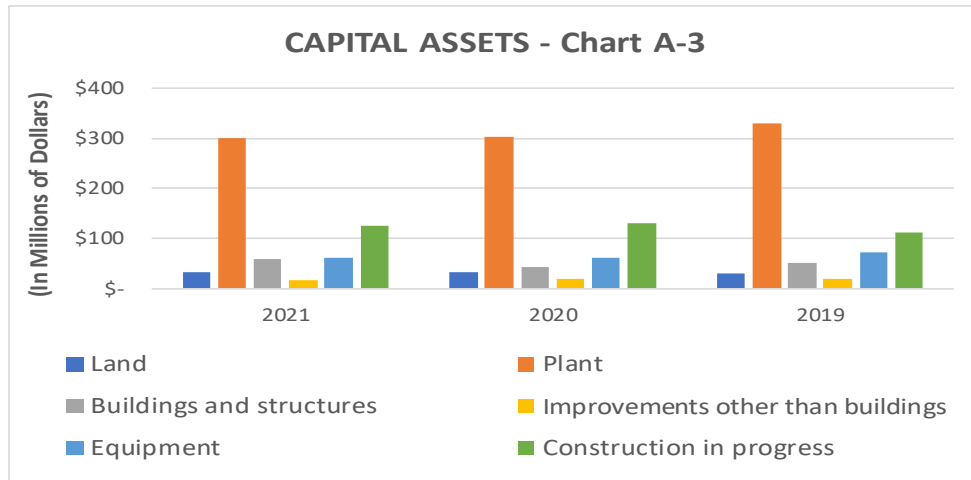
Operating expenses decreased overall from fiscal year 2019 by \$8.0 million. Repairs and maintenance and Contractual and other services were the only two categories with increases from 2019 by \$0.1 million and \$0.8 million, respectively. Purchased power and fuel expenses decreased from prior year by \$4.4 million. Personnel services decreased by \$2.5 million. Other operating expense changes from prior year were minimal. Overall, the Public Utilities Boards net position increased by \$10.3 million in 2020.

Capital Assets

At the end of 2021 and 2020, the Public Utilities Board's net capital assets in Table A-3 of \$598.6 million and \$587.6 million, respectively. This represents a 1.9% or an \$11.0 million increase for fiscal year 2021 as compared to fiscal year 2020. In fiscal year 2021, a new Service Center was completed, causing the increase in Buildings and structures. Also, in fiscal year 2021, several lift stations were rehabilitated with Odor Control Systems installed, some new wastewater infrastructure was added, and other Plant improvements were completed. In fiscal year 2020, there was a 4.8% or a \$29.4 million decrease as compared to fiscal year 2019 because of the upcoming Oklaunion Plant closure. The Public Utilities Board segregated \$22.7 million of capital assets on the Statement of Net Position as Assets held for sale. For more details on the Oklaunion Plant closure, see Note 5 – Joint Operations.

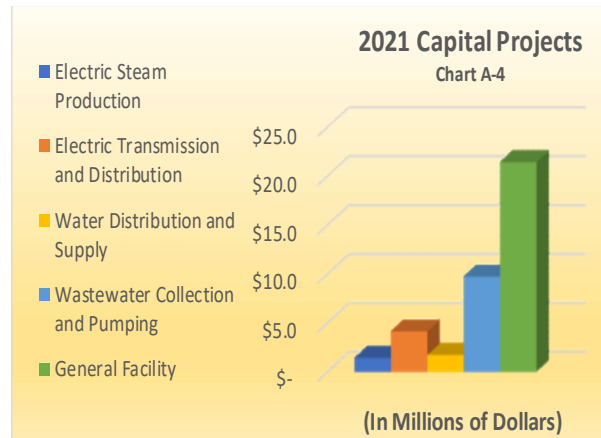
TABLE A-3
CAPITAL ASSETS
September 30, 2021, 2020 and 2019
(In millions of dollars)

	2021	2020	2019	Change		Change	
				2021 vs. 2020		2020 vs. 2019	
Land	\$ 32.9	\$ 31.4	\$ 30.6	\$ 1.4	4.6%	\$ 0.8	2.6%
Plant	697.7	681.6	765.4	16.1	2.4%	(83.8)	-10.9%
Buildings and structures	99.1	78.9	94.9	20.2	25.6%	(16.0)	-16.8%
Improvements other than buildings	47.9	48.0	48.1	(0.1)	-0.1%	(0.1)	-0.2%
Equipment	140.8	140.0	144.8	0.8	0.6%	(4.8)	-3.3%
Construction in progress	126.4	129.9	112.7	(3.5)	-2.7%	17.2	15.3%
Subtotal	1,144.8	1,109.8	1,196.5	35.0	3.2%	(86.7)	-7.2%
Less accumulated depreciation	(546.2)	(522.2)	(579.5)	(24.0)	4.6%	57.3	-9.9%
Net capital assets	<u>\$ 598.6</u>	<u>\$ 587.6</u>	<u>\$ 617.0</u>	<u>\$ 11.0</u>	1.9%	<u>\$ (29.4)</u>	-4.8%

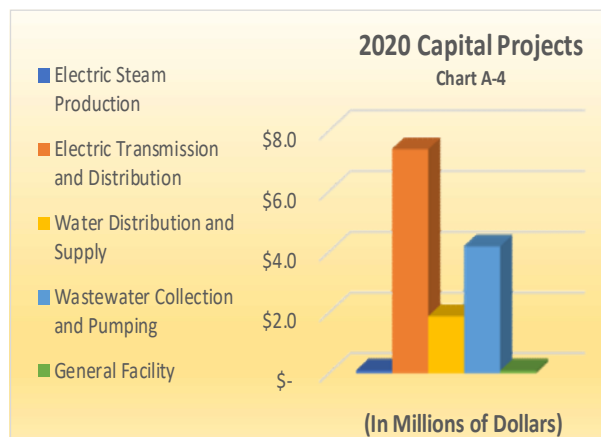


The following is a summary of some of the major improvements to the utility system during each fiscal year:

<u>Project Category:</u>	<u>2021</u>
Electric Steam Production	\$ 1.5
Electric Transmission and Distribution	4.2
Electric General	-
Water Distribution and Supply	1.8
Wastewater Collection and Pumping	9.8
General Facility	21.5
(Reported in millions of dollars)	



<u>Project Category:</u>	<u>2020</u>
Electric Steam Production	\$ 0.1
Electric Transmission and Distribution	7.4
Electric General	-
Water Distribution and Supply	1.9
Wastewater Collection and Pumping	4.2
General Facility	0.1
(Reported in millions of dollars)	



At September 30, 2021 and 2020, the Public Utilities Board had contractual obligations totaling approximately \$12,856,518 and \$23,848,868, respectively, for utility plant expansion and improvements. Funding of these amounts will come from available revenues of the Public Utilities Board and restricted funds. Additional information on the Public Utilities Board's capital assets can be found in Note 4 to the financial statements.

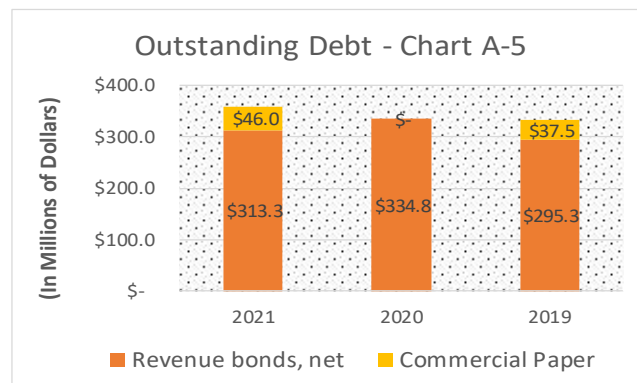
Debt Administration

The Public Utilities Board's outstanding debt is summarized as follows:

TABLE A-4
OUTSTANDING DEBT

September 30, 2021, 2020 and 2019
(In millions of dollars)

	2021	2020	2019
Revenue bonds, net	\$ 313.3	\$ 334.8	\$ 295.3
Commercial Paper	46.0	-	37.5
Total	<u>\$ 359.3</u>	<u>\$ 334.8</u>	<u>\$ 332.8</u>



Additional information on the Public Utilities Board's debt can be found in Notes 6 and 7 of this report.

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., has assigned short term insured ratings of AA. The Public Utilities Board underlying ratings on its senior lien debt are "A2", "A-" and "A+" by Moody's, Standard & Poor's, and Fitch Ratings, respectively.

Revenue bonds outstanding at September 30, 2021 and 2020 were \$278,045,000 and \$296,400,000, respectively. Interest on bonds is due semi-annually on March 1 and September 1, and the principal is due annually on September 1. Revenue bond debt service coverage for the Public Utilities Board's priority and second lien obligations was calculated at 6.28 and 2.94 times at September 30, 2020 and 2019, respectively.

On January 15, 2003, the Public Utilities Board sold \$76,400,000 variable rate demand bonds as series 2002A and 2002B Utility System Subordinate Lien Revenue and Refunding Bonds. The bonds' variable rate was synthetically fixed at 2.576% until 2008 utilizing a swap financing strategy. The City Commission of the City of Brownsville, Texas, authorized the execution of a Rate Cap Agreement effective September 1, 2006, through September 1, 2011, to give an insurance against increasing short term rates. The Public Utilities Board executed an agreement with an eligible provider for a notional amount of \$41,880,000 with an interest rate cap of 4.50%. The notional amount of the original swap decreased to \$10,830,000 effective September 1, 2006, provided a synthetic fixed rate of 2.576%. Proceeds from the sale of the bonds were used to retire currently outstanding revenue bonds, to build, improve, extend, enlarge, and repair the system, and to pay costs of issuance of the bonds. On August 24, 2005, the Public Utilities Board sold \$163,725,000 in tax exempt bonds and \$56,855,000 in taxable bonds as part of a major debt restructuring. The tax exempt bonds, Series 2005A, provided proceeds to refund \$50,890,000 in Series 1995 outstanding obligations, \$50,000,000 in Series 2001A and \$50,000,000 in Series 2001B variable rate outstanding obligations, and \$7,250,000 in outstanding commercial paper notes, and provided \$20,000,000 in new money bonds. The taxable bonds, Series 2005B, provided proceeds to defease \$27,420,000 in Series 1992 outstanding obligations and \$22,120,000 in Series 1995 outstanding obligations.

On December 1, 2006, the Public Utilities Board issued \$601,000 City of Brownsville, Texas Utilities System Junior Lien Revenue Bonds, Series 2007 for the purpose of building, improving, extending, enlarging, and repairing the City's utilities system and to pay costs of issuance of the bonds.

The Public Utilities Board issued \$77,805,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2008. The refunding bonds provided proceeds to defease \$40,000,000 of Commercial Paper Notes, Series 2004, \$32,285,000 of the Series 2002A Utility System Subordinate Lien Revenue and Refunding Bonds, and \$13,415,000 of the Series 2002B Utility System Subordinate Lien Revenue and Refunding Bonds.

On February 28, 2011, the Public Utilities Board issued \$12,305,000 in Utilities System Revenue Refunding Bonds, Series 2011. The refunding bonds provided proceeds to refund \$6,270,000 of Junior Lien Exchange Revenue Refunding Bonds, Series 2005A and \$5,980,000 of Junior Lien Exchange Revenue Refunding Bonds, Series 2005B.

On September 25, 2012, the Public Utilities Board issued \$20,690,000 in Utility System Revenue Refunding Bonds, Series 2012. The refunding bonds had a closing date of October 18, 2012, and the proceeds plus \$5,275,000 in issuer contributions were used to defease \$24,450,000 of Commercial Paper notes.

On October 1, 2012, the Public Utilities Board issued \$840,000 in Utility System Junior Lien Revenue Bonds, Series 2012. Proceeds from sale of the Obligations will be used for the purpose of funding construction improvements to the wastewater system on the FM 511 – 802 Colonia Project.

On May 1, 2013, the Public Utilities Board issued \$118,185,000 in Utilities System Revenue Refunding Bonds, Series 2013. The refunding bonds provided proceeds to refund \$109,985,000 of Utility System Improvement and Refunding Bonds, Series 2005A. In addition, the proceeds provided funds of \$11,818,500 to make a cash deposit into the Debt Service Reserve Fund.

On July 15, 2015, the Public Utilities Board issued \$94,770,000 in Utilities System Revenue Refunding Bonds, Series 2015. The bonds provided proceeds to refund \$49,060,000 of Series 2005A Revenue Improvement & Refunding Bonds, \$27,815,000 of Series 2005B Revenue Refunding Bonds and \$5,480,000 of Series 2011 Revenue Refunding Bonds. In addition, the proceeds provided funds to defease \$20,000,000 in outstanding Commercial Paper Notes.

On May 15, 2016, the Public Utilities Board issued \$39,410,000 in Utilities System Revenue Refunding Bonds, Series 2016. The bonds, plus a premium of \$7,705,681, provided proceeds to refund \$42,505,000 of the Series 2008 Revenue Refunding Bonds.

On July 1, 2018, the Public Utilities Board issued \$14,000,000 in Utilities System Revenue Refunding Bonds, Series 2018. The bonds, plus a premium of \$1,404,015, provided proceeds to refund \$14,980,000 of the Series 2007 Jr. Lien Revenue Bonds, Series 2008 Revenue Refunding Bonds, and a portion of Series 2012 Sr. Lien Revenue Refunding Bonds.

The Public Utilities Board's participation in the Southmost Regional Water Authority's (the Authority) desalination plant project was complete and operational during 2005. The Authority successfully issued \$30,975,000 in Water Supply Contract Revenue Bonds during fiscal year 2003 and has expended approximately 100.0% of bond proceeds in the construction of the desalination plant. The Series 2002 bonds were issued with insured ratings of "Aaa" and "AAA" by Moody's Investor Services and Fitch Ratings, respectively. The Authority's Water Supply Contract Revenue Refunding Bonds, Series 2017 was rated A2 by Moody's for Uninsured and AA by S&P for Insured. The Authority's underlying ratings on its Water Supply Contract Revenue Refunding Bonds, Series 2012 are "A2" by Moody's and "A+" by Fitch, respectively. The Public Utilities Board total interest in the project is 92.91%. The Authority is considered a blended component unit of the Public Utilities Board. As a participating owner, the Public Utilities Board is obligated to contribute its percentage allocation of the Authority's debt service obligations and annual system budget. The Public Utilities Board's total 2021 and 2020 contributions to the Authority were \$6,197,740 and \$6,410,252, respectively. The Public Utilities Board's participation in the Authority's desalination project provides the City with an alternate, long-term, drought-resistant source of drinking water.

The Authority issued \$9,950,000 in aggregate principal amount of Water Supply Contract Revenue Refunding Bonds, Series 2006. The refunding bonds provided proceeds to defease \$9,360,000 of the Series 2002 Revenue Bonds for the years 2019 and from 2028 through 2032.

On December 7, 2009, the Authority issued \$9,295,000 in Water Supply Contract Revenue Bonds, Series 2009A and \$3,795,000 in Water Supply Contract Revenue Bonds, Series 2009B through the Texas Water Development Board Drinking Water State Revolving Fund for the construction of a full scale Micro Filtration Pretreatment

System. The objective of this project is to achieve compliance with both existing and future maximum contaminant levels for arsenic in public drinking water by constructing a full scale Micro Filtration Pretreatment System prior to entering the existing reverse osmosis treatment process. An additional need is to control and reduce iron levels to eliminate complaints of colored water. Project objectives also include an additional 1.0 million gallons per day of capacity through upgrading certain pumps within the existing well field and adding one additional reverse osmosis train.

On September 26, 2012, the Southmost Regional Water Authority issued \$13,530,000 in Water Supply Contract Revenue Refunding Bonds, Series 2012. The refunding bonds had a closing date of October 18, 2012, and the proceeds plus the bond premium were used to defease \$14,990,000 of the Series 2002 Revenue Bonds for the years 2013 through 2027.

On April 18, 2017, the Authority issued \$9,255,000 in Water Supply Contract Revenue Refunding Bonds, Series 2017. The refunding bond proceeds plus the bond premium of \$725,245 were used to defease \$9,715,000 of the Series 2006 Water Supply Contract Revenue Refunding Bonds for the years 2019 through 2032.

On July 29, 2020, the Public Utilities Board issued \$53,590,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2020. The refunding bond proceeds plus the bond premium of \$9,295,486 were used to defease \$12,105,000 of the Series 2012 Utilities System Senior Lien Revenue Refunding Bonds for the years 2026-2037, and \$50,000,000 of Commercial Paper Notes.

On July 29, 2020, the Public Utilities Board issued \$62,320,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2020A (Taxable). The refunding bond proceeds were used to defease \$54,480,000 of the Series 2013A Utilities System Revenue Refunding Bonds for the years 2027- 2031.

COVID-19 Global Pandemic

The Public Utilities Board continues to support its customers during the COVID-19 pandemic. Although the Public Utilities Board provided its customers with a temporary moratorium on shutoffs and suspension of delayed payment charges from April 2020 through September 2020, a return to normal business practices resumed in October 2020.

The Public Utilities Board is working proactively with customers to create payment arrangements for those who need them. With the effects of the pandemic and economic contraction, the Public Utilities Board expected an increase in the number of accounts treated as bad debt. The Public Utilities Board has partnered with community agencies to provide aid to our customers and has been able to mitigate the economic impact to date. However, once the funding for aid programs ceases, there may be an increase in bad debt.

The Public Utilities Board continues to be committed to keeping customers and employees safe while still providing reliable utility services. Supply chain disruptions and increased costs have had the most impact on business activities, but have not disrupted the utility services provided to the community. The Public Utilities Board continuously evaluates the economic and financial impact as events continue to unfold.

Request For Information

This financial report is designed to provide the reader with a general overview of the Public Utilities Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, P.O. Box 3270, Brownsville, TX 78523-3270. This report is available on the Public Utilities Board's website at www.brownsville-pub.com.

FINANCIAL STATEMENTS

- ❖ *Statements of Net Position*
- ❖ *Statements of Revenues, Expenses, and Changes in Net Position*
- ❖ *Statements of Cash Flows*

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Net Position

September 30, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash	\$ 18,829,421	\$ 26,994,421
Investments	34,716,471	28,376,644
Receivables:		
Fees and services, net of allowance for uncollectible accounts of \$924,670 and \$893,248 in 2021 and 2020, respectively	34,433,311	28,285,803
Intergovernmental	411,421	411,421
Accrued interest receivable	6,495	301,682
Contract receivable	-	15,000,000
Fuel cost under-recovery	-	1,578,272
Inventories	6,391,001	6,243,580
Prepays	1,154,246	976,308
Total current assets	<u>95,942,366</u>	<u>108,168,131</u>
Current restricted assets:		
Cash	9,049,422	48,383
Investments	31,896,476	39,273,595
Total restricted current assets	<u>40,945,898</u>	<u>39,321,978</u>
Total current assets	<u>136,888,264</u>	<u>147,490,109</u>
Non-current restricted assets:		
Cash	37,012,306	3,048,955
Investments	97,880,222	119,938,881
Capital assets, net of accumulated depreciation	598,613,034	587,613,737
Assets held for sale	-	22,746,859
Regulatory assets	2,220,171	2,420,578
Total non-current assets	<u>735,725,733</u>	<u>735,769,010</u>
Total assets	<u>872,613,997</u>	<u>883,259,119</u>
Deferred Outflows of Resources		
Deferred charge on refunding	21,580,659	23,945,549
Deferred outflows related to pension	3,906,942	4,365,075
Deferred outflows related to OPEB	2,933,228	3,136,530
Total deferred outflows of resources	<u>28,420,829</u>	<u>31,447,154</u>
Total assets plus deferred outflows of resources	\$ <u>901,034,826</u>	\$ <u>914,706,273</u>

- Continued

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Net Position - Continued

September 30, 2021 and 2020

Liabilities	2021	2020
Current liabilities:		
Accounts payable	\$ 24,169,471	\$ 22,496,556
Accrued vacation and sick leave	5,602,596	5,845,116
Due to primary government	13,372,977	3,994,072
Self insurance worker's compensation claims	241,452	118,877
Commercial paper	46,000,000	-
Total unrestricted current liabilities	<u>89,386,496</u>	<u>32,454,621</u>
Current liabilities payable from restricted assets:		
Accrued interest	911,627	926,807
Customer deposits	5,089,470	4,913,015
Current portion of revenue bonds payable	19,145,000	18,355,000
Total current liabilities payable from restricted assets	<u>25,146,097</u>	<u>24,194,822</u>
Total current liabilities	<u>114,532,593</u>	<u>56,649,443</u>
Non-current liabilities:		
Revenue bonds payable net of unamortized premium	294,109,524	316,423,606
Other post-employment benefits	24,816,551	23,461,920
Net pension liability	23,091,948	26,288,017
Self insurance worker's compensation claims	28,704	275,453
Total non-current liabilities	<u>342,046,727</u>	<u>366,448,996</u>
Total liabilities	<u>456,579,320</u>	<u>423,098,439</u>
Deferred Inflows of Resources		
Fuel cost over-recovery	2,774,551	-
Deferred inflows related to pension	6,309,761	6,020,188
Deferred inflows related to OPEB	4,651,496	5,462,731
Total deferred inflows of resources	<u>13,735,808</u>	<u>11,482,919</u>
Total liabilities plus deferred inflows of resources	<u>470,315,128</u>	<u>434,581,358</u>
Net position:		
Investment in capital assets	260,939,170	298,269,059
Restricted for:		
Debt service	16,702,671	17,302,070
Repair and replacement	116,837,288	104,187,325
Operating reserve	17,000,051	17,078,367
Fuel adjustment subaccount	3,675,000	10,975,000
Capital projects	2,900,140	3,756,691
Meter deposits	612,510	602,373
Unrestricted	12,052,868	27,954,030
Total net position	<u>430,719,698</u>	<u>480,124,915</u>
Total liabilities plus deferred inflows of resources plus net position	<u>\$ 901,034,826</u>	<u>\$ 914,706,273</u>

See accompanying notes to financial statements.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Revenues, Expenses, and Changes in Net Position

For the Fiscal Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Sales and service charges	\$ 460,930,071	\$ 223,461,644
Less Rate Stabilization	(143,387,231)	(20,400,000)
Less utilities service to the City of Brownsville, Texas	(4,587,001)	(4,570,832)
Total operating revenues	<u>312,955,839</u>	<u>198,490,812</u>
Operating expenses:		
Purchased power and fuel	209,098,696	65,996,582
Personnel services	40,975,381	42,600,179
Materials and supplies	7,563,164	7,548,777
Repairs and maintenance	3,576,179	3,949,001
Contractual and other services	22,543,946	21,711,981
Depreciation	28,488,709	46,971,872
Total operating expenses	<u>312,246,075</u>	<u>188,778,392</u>
Operating income	<u>709,764</u>	<u>9,712,420</u>
Nonoperating revenues (expenses):		
Investment and interest income	309,837	2,639,908
Interest expense	(11,115,373)	(11,969,522)
Gain (Loss) on disposition of capital assets	(26,411,470)	17,146,063
Other	2,254,729	(513,241)
Other payments to the City of Brownsville	-	(2,250,000)
Payments to City of Brownsville	(20,524,044)	(11,170,348)
Net nonoperating revenues (expenses)	<u>(55,486,321)</u>	<u>(6,117,140)</u>
Income before capital contributions	(54,776,557)	3,595,280
Capital contributions	<u>5,371,340</u>	<u>6,706,008</u>
Change in net position	(49,405,217)	10,301,288
Net position, beginning of year	480,124,915	469,823,627
Net position, end of year	<u>\$ 430,719,698</u>	<u>\$ 480,124,915</u>

See accompanying notes to financial statements.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Cash Flows

For the Fiscal Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 312,988,552	\$ 200,883,946
Cash payments to suppliers for goods and services	(242,434,891)	(97,247,290)
Cash payments to employees for services	<u>(45,276,105)</u>	<u>(42,755,396)</u>
Net cash provided by operating activities	<u>25,277,556</u>	<u>60,881,260</u>
Cash flows from non-capital financing activities:		
Required payments to City of Brownsville	<u>(11,145,139)</u>	<u>(11,486,766)</u>
Net cash (used in) non-capital financing activities	<u>(11,145,139)</u>	<u>(11,486,766)</u>
Cash flows from capital and related financing activities:		
Commercial paper proceeds	46,000,000	12,500,000
Principal paid on capital debt - bond issues	(18,355,000)	(15,980,000)
Additional deposit to defease debt	-	(1,410,637)
Interest paid on capital debt	(11,130,552)	(10,675,960)
Capital contributions	1,839,226	1,974,441
Acquisition and construction of capital assets	(36,387,675)	(35,276,753)
Proceeds for sale of assets	<u>15,000,000</u>	<u>-</u>
Net cash provided by/(used in) capital and related financing activities	<u>(3,034,001)</u>	<u>(48,868,909)</u>
Cash flows from investing activities:		
Interest received	605,025	3,208,772
Purchases of investment securities	(400,165,406)	(469,760,138)
Proceeds from sales of investment securities	<u>456,124,767</u>	<u>523,045,471</u>
Net cash provided by (used in) investing activities	<u>56,564,386</u>	<u>56,494,105</u>
Net increase in cash and cash equivalents	67,662,802	57,019,690
Cash and cash equivalents, beginning of year	<u>136,977,516</u>	<u>79,957,826</u>
Cash and cash equivalents, end of year	\$ <u>204,640,318</u>	\$ <u>136,977,516</u>

- Continued

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Statements of Cash Flows - Continued

For the Fiscal Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 709,764	\$ 9,712,420
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	28,488,709	46,971,872
Non-operating expense	1,650,946	(1,688,726)
Provisions for uncollectible accounts	31,422	(128,098)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(6,178,933)	4,772,244
(Increase) decrease in inventory	(147,421)	1,015,217
(Increase) decrease in prepaids	(177,938)	(313,665)
Increase (decrease) in accounts payable and accrued liabilities	(3,525,896)	(13,188,047)
Increase (decrease) in unearned revenues	372	(228)
Increase (decrease) in accrued vacation and sick leave	(242,520)	(1,080,396)
Increase (decrease) in fuel cost recovery	4,352,823	2,477,840
Increase (decrease) in customer deposits liability	176,455	124,708
Changes in deferred inflows of resources	661,435	4,355,037
Changes in deferred outflows of resources	(521,662)	7,851,082
Net cash provided by operating activities	\$ <u>25,277,556</u>	\$ <u>60,881,260</u>
Non-cash investing, capital, and financing activities:		
Contribution in aid of construction	\$ 3,532,114	\$ 4,731,567
Bond proceeds to refund commercial paper	-	50,000,000
Bond proceeds deposited into escrow for refunding long-term debt	-	74,588,645
Loss on Oklaunion decommissioning	22,746,859	
Amortization	630,333	1,175,485
Changes in fair value	13,612	(13,612)
Reconciliation of cash and cash equivalents per Statements of Cash Flows to the Statements of Net Position:		
Cash and cash equivalents:		
Cash	\$ 64,891,149	\$ 30,091,759
Short-Term Investments and Money Market Mutual Funds	<u>139,749,169</u>	<u>106,885,757</u>
Total Cash and Cash Equivalents	\$ <u>204,640,318</u>	\$ <u>136,977,516</u>

See accompanying notes to the financial statements.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements
September 30, 2021 and 2020

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PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements
September 30, 2021 and 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of these financial statements.

The Reporting Entity – The Public Utilities Board of the City of Brownsville, Texas (Public Utilities Board), a component unit of the City of Brownsville, Texas (City), was formed in 1960 to provide electric, water, and wastewater services to its customers in the Brownsville area. The financial statements of the Public Utilities Board have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Public Utilities Board is a component unit of the City of Brownsville, Texas, based upon the selection of the governing authority. It is a separate operating authority established by the City's charter. Its purpose is to own, operate, and maintain a combined utilities system which provides the City and certain adjacent unincorporated areas with electricity, water, and wastewater services. The specific elements of oversight responsibility of the Public Utilities Board is that the City Commission appoints six of the seven-member governing board and the Mayor of the City serves Ex-Officio as the seventh member. Each appointed board member serves a four-year term. The Public Utilities Board does not have the right to encumber, sell, or hypothecate the utilities system. The specific elements of accountability for fiscal matters are that the City Commission is vested with the right to set utility rates and approve the issuance of debt. The financial statements presented here are also included in the Comprehensive Annual Financial Report of the City of Brownsville, Texas.

Southmost Regional Water Authority

The reporting entity of the Public Utilities Board consists of the primary government (in this case, the Public Utilities Board) and a blended component unit, Southmost Regional Water Authority (the Authority). The Authority is a conservation and reclamation district created pursuant to Article XVI, Section 59, of the Texas Constitution and the Act of June 12, 1981, 67th Leg., Ch. 511, 1981 Tex. Gen. Laws 2196. The Authority is reported as a blended component unit because the Public Utilities Board manages the day-to-day operations and owns 92.91% of the Authority entitling it to 92.91% of the total water allocation.

The Authority provides treated water to various areas of Cameron County. The structure of the Authority includes five territories located in Brownsville and surrounding cities. Each participating entity is accorded a percentage of interest.

The members and their allocated portion is as follows:

Brownsville Public Utilities Board	92.91 %
Valley Municipal Utility District #2	2.51 %
City of Los Fresnos	2.28 %
Brownsville Navigation District	2.10 %
Town of Indian Lake	.20 %
	<u>100.00%</u>

Member contracts are from March 3, 2003 for a term of thirty years and thereafter until payment in full of the principal, premium, if any, and interest on all bonds issued during the initial term and all related fees to be paid pursuant to any bond resolution or indenture securing such bonds.

Essential disclosures related to the Authority are included in its complete financial statements. These statements may be obtained at P.O. Box 3270, Brownsville, Texas 78523-3270.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements

September 30, 2021 and 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – The financial statements are presented in accordance with accounting standards generally accepted in the United States of America for proprietary funds of governmental entities. The Public Utilities Board complies with all applicable pronouncements of the GASB. The Public Utilities Board is accounted for as a proprietary fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is to recover the cost of operations through user charges. A proprietary fund is accounted for on the “economic resources” measurement focus using the accrual basis of accounting, under which revenues are recognized in the accounting period in which they are earned and the related expenses are recorded in the accounting period incurred, if measurable. All assets and deferred outflows of resources and liabilities and deferred inflows of resources are included on the statement of net position.

GASB Statement Implementations – In fiscal year 2021, the Public Utilities Board implemented the following GASB statements:

- GASB Statement No. 98, *The Annual Comprehensive Financial Report* – This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Public Utilities Board’s report for fiscal years September 30, 2021 and 2020, will reflect the name change.

In fiscal year 2020, there were no significant GASB statements implements by the Public Utilities Board.

Budgets and Budgetary Accounting – The Public Utilities Board is not legally required to adopt a budget; therefore, comparative statements of actual expenses to budget expenses are not included within the financial statements.

Cash and Cash Equivalents – The Public Utilities Board’s cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, and investments with original maturities of three months or less from the date of acquisition.

Investments – The Public Utilities Board invests funds in accordance with its policy, bond indentures, and the Texas Public Funds Investment Act. Investments consist primarily of United States Treasury obligations and government-backed securities. Statutes authorize the Public Utilities Board to invest in obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies; obligations of states, agencies, counties, cities and other political subdivisions of any state rated not less than A or its equivalent; certificates of deposit; certain commercial paper; certain mutual funds; and fully collateralized repurchase agreements.

The Public Utilities Board follows the provisions of GASB Cod. Sec. I50, Investments. In accordance with GASB Cod. Sec. I50, the Public Utilities Board’s general policy is to report short-term investments at amortized cost. All other investments are reported at fair value. The term “short-term” refers to investments that have a remaining term to maturity of one year or less at time of purchase. Fair value determinations of all securities are made on a quarterly basis.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements

September 30, 2021 and 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable – Accounts receivable balances are subject to risk of non-payment. Allowances to the account for that risk have been calculated based on a three-year average of customer write-offs, except in certain cases, where amounts were recorded directly to bad debt expense and excluded from the three-year average. The allowance for doubtful accounts balance was \$0.9 million and \$0.9 at September 30, 2021 and 2020, respectively.

Also included in accounts receivable balances are the unbilled revenues. These are revenues earned but not yet billed as of September 30th each year. The amounts of unbilled revenues recorded at September 30, 2021 and 2020, were \$11.7 million and \$10.2 million, respectively.

Contract Receivable – The contract receivable balance on September 30, 2020, is related to a confidential agreement. Payment was received in October 2020. See Note 3 – Contract Receivable for more information.

Inventories – Materials and supplies inventories are stated at cost.

Prepaids – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

For fiscal years 2021 and 2020, current prepaid amounts relate primarily to insurance and other miscellaneous expenses.

Restricted Assets – Mandatory segregation of assets are presented as restricted assets. Such segregations are required by bond ordinance and other external parties. Current liabilities payable from these restricted assets are so classified.

Capital Assets – Utility plant-in-service is stated at cost which generally includes the cost of contracted services and certain materials and labor. Maintenance and repairs of property and items determined to be less than units of property are charged to operating and maintenance expenses; major plant replacements are capitalized.

Assets acquired through contributions, such as those from land developers, are capitalized at estimated fair value at the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Capital assets are defined by the Public Utilities Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of eighteen months. Meter and line transformer inventory have been included in utility plant to conform to Federal Energy Regulatory Commission guidelines. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Assets Held for Sale – Due to the sale of the Oklaunion Power Station, the Public Utilities Board has classified some assets as held for sale as of September 30, 2020. Capital assets held for sale totaled \$21,488,378. Inventory parts totaled \$1,258,481. The total amount segregated on the Statement of Net Position related to the sale is \$22,746,859. The sale of the Oklaunion Power Station was completed in fiscal year 2021. See Note 4 and 5 for more information.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements

September 30, 2021 and 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The following estimated useful lives are used for depreciation purposes in 2021 and 2020:

Classification	Range of lives
Electric, Water & Wastewater plant-in-service	30 to 50 years
Buildings	30 to 50 years
Improvements other than buildings	25 to 50 years
Equipment	10 to 50 years
Vehicles	3 to 5 years

Regulatory Assets – The Public Utilities Board elected to establish a regulatory asset for the debt issuance costs in accordance with regulated operations under GASB Cod. Sec. Re10, Regulated Operations. September 30, 2021 and 2020 amounts were \$2.2 million and \$2.4 million respectively.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

For refunding of debt, the difference between the reacquisition price and the net carrying amount of the old debt is recorded as unamortized reacquisition costs and reported as deferred outflows of resources. These amounts are amortized as components of interest expense over the shorter of the remaining life of the refunding or the refunded debt. At September 30, 2021 and 2020, reacquisition costs totaled \$21.6 million and \$23.9 million, respectively. Recognition of deferred outflows of resources related to pension and OPEB amounted to \$6.8 million as of September 30, 2021, and \$7.5 million as of September 30, 2020.

Recoverable Fuel Costs – Recoverable fuel costs represent fuel costs incurred by the Public Utilities Board which have not yet been billed to customers or which have been billed to customers based on estimated fuel costs and has not been incurred. The Public Utilities Board recovers these costs via the fuel adjustment charge assessed with the monthly utility bills. At September 30, 2021 and 2020, the Public Utilities Board had over-collected \$2.8 million and under-collected \$1.6 million, respectively, in current recoverable fuel costs. These monies are considered either a deferred inflow of resources or a receivable as the amounts deferred are expected to be offset by October fuel charges.

	Balance at 1-Oct	Recoverable Fuel Costs	Applied Fuel Adjustment	Balance at 30-Sep
2021	\$ 1,578,272	\$ 139,034,408	\$ (143,387,231)	\$ (2,774,551)
2020	\$ 4,056,112	\$ 19,422,160	\$ (21,900,000)	\$ 1,578,272

Accounts Payable – Accounts payable consists primarily of standard operating vendor accounts payable, including fuel and retainages payable. At September 30, 2021, this amount was \$19.0 million. Other amounts that comprise the remaining balance include \$1.9 million for the City garbage contract; \$1.4 million for employee-related accounts payable; \$0.1 million for related parties; and \$1.8 million of miscellaneous accounts payable and accrued liabilities.

At September 30, 2020, amounts related to standard operating vendor accounts payable, including fuel and retainages payable was \$15.8 million. Other amounts that comprise the remaining balance include \$2.4 million for the City garbage contract; \$2.0 million for employee-related accounts payable; \$0.1 million for related parties; and \$2.2 million of miscellaneous accounts payable and accrued liabilities.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements

September 30, 2021 and 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accrued Vacation and Sick Leave – The Public Utilities Board’s annual vacation and sick leave policies allow employees to accumulate and vest in annual vacation and sick leave benefits up to specified limits. Upon termination, employees are paid for any unused vacation and sick leave with certain options available. The Public Utilities Board records its obligations for these unused benefits as they are earned by the employees.

Due to Primary Government – Bond Ordinance requires the Public Utilities Board to make payments to the City of Brownsville (the “City”) City Transfer Fund each month after making other required payments required by the Bond Ordinance. The amount of the payment is equal to ten percent (10%) of the Gross Revenue. See also Note 12 – Transfers to the City.

Customer Deposits – The Public Utilities Board collects an advance deposit from new customers to secure payment of the customer’s final bill. The deposit is refundable once the customer has demonstrated an acceptable payment history of no more than two late payments within the first twelve-month period. The Public Utilities Board may collect an additional deposit for customers whose service has been turned off for non-payment and need to restore service.

Long-Term Debt – To support its long-term capital financing needs, the Public Utilities Board uses several types of debt instruments. As of September 30, 2021, and 2020, these included fixed-rate bonds as well as commercial paper. Amortization of debt discount and premium is computed using the effective yield method over the life of the related bond issues and is recorded as interest expense. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term. See also Note 7 – Long-term Debt.

Refundings and Defeasance of Debt – Subject to applicable timing restrictions that may prevent early payoff, the Public Utilities Board also has the option to defease or extinguish debt. A defeasance occurs when funds are placed in an irrevocable trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt, which fully discharges the bond issuer’s obligation. At the time of an extinguishment, since the issuer no longer has the legal obligation, the defeased debt is removed from the Statements of Net Position and the gain or loss is immediately recognized.

Current refundings involve issuing new debt (refunding bonds) to redeem existing debt (refunded bonds) that can be called within 90 days of the call date of the refunded bonds. In these circumstances, the refunding bond proceeds are irrevocably escrowed with a third party. These proceeds, and income thereon, are used to pay the debt service on the refunded bonds until the refunded bonds can be called. Refunding bonds are generally issued to achieve debt service savings.

Other Post-employment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plans and additions to/from the OPEB fiduciary net position have been determined using the same basis as they are reported in the Public Utilities Board’s OPEB plans. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. See also Note 10 – Other Post-Employment Benefits.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s Fiduciary Net

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements

September 30, 2021 and 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Pensions (continued) - Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See also Note 9 – Texas Municipal Retirement System.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Recognition of deferred inflows of resources related to pension and OPEB amounted to \$11.0 million as of September 30, 2021, and \$11.5 million as of September 30, 2020.

Restricted Net Position – Restricted Net Position is all subject to restrictions externally imposed by creditors through bond covenants. In accordance with bond covenants related to the funds and accounts and flow of funds, the Public Utilities Board is required to retain in the Plant Fund a reserve amount to pay operating and maintenance expenses of not less than two months of budgeted operating and maintenance expenses for the current fiscal year. When both restricted and unrestricted resources are available for use, it is the policy of the Public Utilities Board to use restricted resources first, then unrestricted resources as they are needed.

Net position is restricted for the following purposes at September 30:

	<u>2021</u>	<u>2020</u>
Debt service	\$ 16,702,671	\$ 17,302,070
Repair and replacement	116,837,288	104,187,325
Operating reserve	17,000,051	17,078,367
Fuel adjustment subaccount	3,675,000	10,975,000
Capital projects	2,900,140	3,756,691
Meter deposits	612,510	602,373
Total restricted net position	<u>\$ 157,727,660</u>	<u>\$ 153,901,826</u>

Operating Revenues and Expenses – Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Public Utilities Board's principal ongoing operations. The principal operating revenues of the Public Utilities Board are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Operating revenue consists of cash receipts from quasi-external transactions with the City and other governments, and other cash receipts that do not result from transactions defined as capital and related financing, non-capital financing, or investment activities.

The Public Utilities Board did not use any revenue received from fees collected from a water supply or sewer service constructed in whole or in part from funds from the economically distressed areas program account for purposes other than utility purposes.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Utility Service Revenue and Electric Purchased Power Expense – Electric, water, and wastewater revenues are recognized as billed on a cycle basis with recognition of unbilled revenues at September 30, 2021 and 2020, based upon the meter reading dates for the unbilled portion of each cycle. Unbilled revenue amounts at September 30, 2021 and 2020, were \$11.7 million and \$10.2, respectively. Electric rate schedules include power cost adjustment clauses that permit recovery of purchased power costs, not included in base rates, and in the month after such costs are incurred. The Public Utilities Board charges to expense the cost of purchased power in the period of purchase.

Other Accounts – Accounts not classified as operating revenues or expenses or relating to other non-operating categories presented on the Statement of Revenues, Expenses, and Changes in Net Position are presented as Other. Income accounts may include insurance proceeds, pole rental, billing and sales tax discounts, monies received from damaged property, and energy credits. Expenses may include investor service charges, amortization of regulatory asset, loss on refunding, and premium and discounts, and other miscellaneous expenses.

Grant Revenue – Revenue from state and federal grants is recognized as earned to the extent of incurred program expenses. Grant funds are considered to be earned when all eligibility requirements have been met. Accordingly, when such funds are received in advance, they are recorded as unearned revenue.

Capital Contributions – Cash and capital assets are contributed to the utility from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenue on the Statements of Revenues, Expenses, and Changes in Net Position.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications – Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Public Utilities Board's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Deferred Compensation Plan – The Public Utilities Board offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Public Utilities Board employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The Public Utilities Board approved plan amendments such that plan assets are held in trust, with AXA Advisors as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets cannot be diverted to any other purpose. The Public Utilities Board does not have legal access to the resources of the deferred compensation plan; as such the plan is not reported in the Public Utilities Board's financial statements.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(2) DEPOSITS AND INVESTMENTS

Basis of Investments – On September 14, 2020, the Public Utilities Board approved a revised Investment Policy which included an “Investment Strategy Statement” that addressed the understanding of investment suitability, the preservation and safety of principal, liquidity, marketability of the investment prior to maturity, diversification, and yield of the investment portfolio. In regards to the safety and risk of investments, the Public Utilities Board abided by the Investment Policy that requires all available funds to be invested in conformance with state and federal regulations, and applicable bond ordinance requirements. Each investment transaction shall seek to first and foremost ensure that capital losses are avoided, whether they are from securities’ defaults or erosion of fair value.

The Public Utilities Board’s investments are also subject to the rules and regulations of the Public Funds Investment Act (PFIA). The PFIA regulates what types of investments can be made, requires written investment policies, mandates training requirements of investment officers, requires internal management reports produced at least quarterly, and provides for the selection of authorized broker-dealers and investment managers.

The Public Utilities Board’s bank deposits and Certificates of Deposit investments were entirely covered by the Federal Deposit Insurance Corporation or by collateral held by a third-party safekeeping bank in the Public Utilities Board’s name.

As of September 30, the Public Utilities Board reported the following deposits:

	2021	2020
Cash and cash on hand	\$ 64,891,149	\$ 30,091,759
Certificates of Deposits (Non-negotiable)	744,000	7,860,000
	<u>\$ 65,635,149</u>	<u>\$ 37,951,759</u>

As of September 30, 2021, and 2020, the Public Utilities Board had the following investments:

September 30, 2021				
Investment Type	Amount	Weighted Avg Maturity (Days)	Allocation	Rating
Money Market Mutual Funds	\$ 855,636	38	0.5%	AAAm
Local Govt Investment Pools				
Texas TERM	24,000,000	32	14.6%	AAAf
TexasDaily	62,816,612	48	38.4%	AAAmmf
TexPool	73,013,277	37	44.6%	AAAm
TexSTAR	3,063,644	39	1.9%	AAAm
Total	<u>\$ 163,749,169</u>		<u>100.0%</u>	

September 30, 2020				
Investment Type	Amount	Weighted Avg Maturity (Days)	Allocation	Rating
Money Market Mutual Funds	\$ 196,401	48	0.1%	A1P1
U.S. Agencies	24,048,860	35	13.8%	AA+
U.S Treasury Note	28,794,503	14	16.5%	
Local Govt Investment Pools				
Texas TERM	20,000,000	35	8.6%	AAAf
TexasDaily	78,702,757	57	45.0%	AAAm
TexPool	24,924,111	38	14.3%	AAAm
TexSTAR	3,062,488	44	1.7%	AAAm
Total	<u>\$ 179,729,120</u>		<u>100.0%</u>	

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(2) DEPOSITS AND INVESTMENTS – Continued

Interest rate risk – In accordance with the Public Utilities Board’s Investment Policy the weighted average to maturity for the Public Utilities Board’s portfolio limits the maximum allowable maturity to two years by not exceeding the anticipated cash flow requirements. As of September 30, 2021, and 2020, the investment portfolio had maturities that met anticipated cash flow requirements.

The Public Utilities Board’s invests in TexPool, TexasDAILY, and TexStar to provide its liquidity needs. These pools are structured somewhat like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. Texpool and TexStar are rated AAAM by Standard and Poor’s and TexasDAILY is rated AAAMmf by Fitch and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2021, TexPool, TexasDAILY, and TexStar had a weighted average maturity of 37 days, 48 days, and 39 days, respectively. The Public Utilities Board invests in government investment pools with 100% overnight liquidity. The Public Utilities Board’s external investment pools meet the criteria described in GASB Cod. Sec. In5, *Investment Pools (External)*, and measure all of their investments at amortized cost; therefore in accordance with GASB Cod. Sec. I50, *Investments*, the Public Utilities Board has also measured their investments in these external investment pools at amortized cost for financial reporting purposes. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

Credit risk – The Public Utilities Board identifies and manages credit risks by following the Investment Policy. The Public Utilities Board implements its investment strategy, establishes and monitors compliance with investment policies and procedures, and consistently monitors prudent risk controls. The Public Utilities Board will seek to control the risk of loss by monitoring the ratings of portfolio positions to assure compliance with the rating requirements imposed by the Public Funds Investment Act. The Public Utilities Board also manages exposure to credit risk by limiting its investments to a rating of “A” or better. As of September 30, 2021, and 2020, any Public Utilities Board’s security agencies investments had a rating of AA+ or above.

Custodial credit risk – In accordance with the Public Utilities Board’s Investment Policy, the financial institution must collateralize all funds with a minimum of 102% of the fair value of the principal portion. The Public Utilities Board seeks to control the risk of loss due to the failure of a security issuer or grantor. Such risk shall be controlled by investing only in the safest types of securities as defined in the Investment Policy.

The Public Utilities Board signed an agreement with its financial institution pledging funds to 102% minimum of the fair value of the principal position. As of September 30, 2021, and 2020, the Public Utilities Board invested 0% and 14%, respectively, in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Federal Farm Credit Bank), which hold high ratings by nationally recognized statistical rating organizations. Investments in U.S. Agencies are proven to be the safest investments with minimal risk of loss. All investments are insured, registered, or held by an agent in the Public Utilities Board’s name; therefore, the Public Utilities Board is not exposed to custodial credit risk.

Concentration of credit risk – In accordance with the Investment Policy, the Public Utilities Board manages its credit risk exposure through diversification, and limiting its investments in each government-sponsored security to 75%. At September 30, 2021, the Public Utilities Board had no investments in securities. At September 30, 2020, the Public Utilities Board had investments of 5% in FFCB and 8% in FHLB securities. As of September 30, 2021, and 2020, the portfolio was in compliance as noted above.

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(2) DEPOSITS AND INVESTMENTS – Continued

TexPool – The State of Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool, along with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and approves any fee increases. TexPool is rated AAAm by Standard & Poor's.

As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poor's as well as the office of the Comptroller of Public Accounts for review. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

TexSTAR – Texas Short Term Asset Reserve Program (TexSTAR) is a local government investment pool providing short-term liquidity requirements. JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR Board of Directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Company provides the custodial, transfer agency, fund accounting, and depository services for this pool. At year end, TexSTAR was rated AAAm by Standard & Poor's. The Public Utilities Board reports its investment in TexSTAR at the fair value amount provided by TexSTAR, which is the same as the value of the pool share.

TexasDAILY – TexasDAILY is a local government investment pool. Administrative and investment services to the pool are provided by PFM Asset Management LLC, under an agreement with the TexasTERM Advisory Board and act on behalf of the pool participants. At year end, TexasDAILY was rated AAmmf by Fitch. The Public Utilities Board reports its investment in TexasDAILY at the fair value amount provided by TexasDAILY, which is the same as the value of the pool share.

TexasTERM – The TexasTERM Program offers fixed-rate, fixed-term investment options. Investment maturities are for a minimum of sixty days and a maximum of one year. At year end, TexasTERM was rated AAaf by Fitch.

TexasTERM CD Purchase Program – The TexasTERM CD Purchase Program offers investments in FDIC-insured CDs from banks throughout the United States. Investments are for a minimum of ninety days and a maximum of one year, with a minimum balance required. Each CD investment is held in the name of the participant. The CD's held by the Public Utilities Board at fiscal year-end are not rated because they were within the FDIC insurance coverage limits.

Fair Value measurement – The Public Utilities Board records assets and liabilities in accordance with GASB Cod. Sec. 3100, *Fair Value Measurement*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement. The Public Utilities Board's fair value measurements are performed on a recurring basis.

As a basis for considering market participant assumptions in fair value measurements, GASB Cod. Sec. 3100 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as described below:

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(2) DEPOSITS AND INVESTMENTS – Continued

- Level 1 – inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Equity securities and U.S. Government Treasury securities are examples of Level 1 inputs.
- Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government agency and mortgage-backed securities and certificates of deposit are examples of Level 2 inputs.
- Level 3 – inputs are unobservable inputs that reflect the Public Utilities Board’s own assumptions about factors that market participants would use in pricing the asset or liability (including risk assumptions).

The valuation technique the Public Utilities Board uses to measure fair value is the market approach. This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities, and is applied consistently.

The following table presents fair value balances and their levels within the fair value hierarchy as of September 30, 2021 and 2020. Investment balances presented exclude amounts related to money market mutual fund investments and external investment pools accounted for using amortized cost.

		September 30, 2021			
		Level 1	Level 2	Level 3	Total
Fair Value Investments:					
U.S. Agencies					
Federal Farm Credit Bank		\$ -	\$ -	\$ -	\$ -
Federal Home Loan Bank		-	-	-	-
U.S. Treasury Note		-	-	-	-
Total fair value investments		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
		September 30, 2020			
		Level 1	Level 2	Level 3	Total
Fair Value Investments:					
U.S. Agencies					
Federal Farm Credit Bank		\$ -	\$ 8,996,436	\$ -	\$ 8,996,436
Federal Home Loan Bank		-	15,052,424	-	15,052,424
U.S. Treasury Note		28,794,503	-	-	28,794,503
Total fair value investments		<u>\$ 28,794,503</u>	<u>\$ 24,048,860</u>	<u>\$ -</u>	<u>\$ 52,843,363</u>

(3) CONTRACT RECEIVABLE

On September 18, 2018, the Public Utilities Board entered into a \$22.25 million contract with \$2.25 million receipted in January 2019 with the remaining to be received through monthly payments starting on October 2020 through December 2029. As a result, in fiscal year 2019 a receivable was recorded for \$20 million with a corresponding deferred inflow of \$22.25 million to be recognized over the life of the contract. The contract does not include any adjustment for time value of money.

On September 30, 2020, the original contract amount was amended to a total of \$17.25 million. The remaining \$15 million was received in fiscal year 2021 and was recorded as a gain on retirement of assets in fiscal year 2020.

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(4) CAPITAL ASSETS

Changes in the Public Utilities Board's capital assets for the year ended September 30, 2021, were as follows:

	Beg. Balance 10/1/2020	Additions	Deletions	Reclassifications	End Balance 9/30/2021
Capital assets, non-depreciable:					
Land	\$ 31,426,189	\$ 1,334,147	\$ -	\$ 113,446	\$ 32,873,782
Construction in progress	129,899,095	35,386,334	-	(38,869,843)	126,415,586
Total capital assets, non-depreciable	161,325,284	36,720,481	-	(38,756,397)	159,289,368
Capital assets, depreciable:					
Plant	681,622,170	2,945,939	(3,033,022)	16,209,018	697,744,105
Buildings and structures	78,844,851	-	(151,150)	20,348,091	99,041,792
Improvements other than buildings	48,001,100	-	(86,397)	15,173	47,929,876
Equipment	140,026,711	814,099	(2,210,260)	2,184,115	140,814,665
Total capital assets, depreciable	948,494,832	3,760,038	(5,480,829)	38,756,397	985,530,439
Less accumulated depreciation for:					
Plant	(381,026,889)	(18,732,079)	2,247,226	-	(397,511,742)
Buildings and structures	(37,214,222)	(2,244,797)	18,605	-	(39,440,414)
Improvements other than buildings	(29,194,939)	(1,039,641)	46,259	-	(30,188,321)
Equipment	(74,770,329)	(6,472,192)	2,176,226	-	(79,066,295)
Total accumulated depreciation	(522,206,379)	(28,488,709)	4,488,316	-	(546,206,772)
Capital assets, net	\$ 587,613,737	\$ 11,991,810	\$ (992,513)	\$ -	\$ 598,613,034

Changes in the Public Utilities Board's capital assets for the year ended September 30, 2020, were as follows:

	Beg. Balance 10/1/2019	Additions	Deletions	Reclassifications	Assets Held for Sale	End Balance 9/30/2020
Capital assets, non-depreciable:						
Land	\$ 30,561,843	\$ 1,979,449	\$ -	\$ 1,186,759	\$ (2,301,862)	\$ 31,426,189
Construction in progress	112,716,839	30,906,342	-	(13,724,086)	-	129,899,095
Total capital assets, non-depreciable	143,278,682	32,885,791	-	(12,537,327)	(2,301,862)	161,325,284
Capital assets, depreciable:						
Plant	765,361,778	3,064,783	(1,195,699)	11,738,737	(97,347,429)	681,622,170
Buildings and structures	94,910,393	-	-	138,841	(16,204,383)	78,844,851
Improvements other than buildings	48,073,035	-	(72,929)	994	-	48,001,100
Equipment	144,828,657	3,230,020	(336,788)	658,755	(8,353,933)	140,026,711
Total capital assets, depreciable	1,053,173,863	6,294,803	(1,605,416)	12,537,327	(121,905,745)	948,494,832
Less accumulated depreciation for:						
Plant	(435,035,066)	(29,020,274)	1,171,266	-	81,857,185	(381,026,889)
Buildings and structures	(44,424,887)	(6,397,638)	-	-	13,608,303	(37,214,222)
Improvements other than buildings	(28,108,346)	(1,129,762)	43,169	-	-	(29,194,939)
Equipment	(71,886,915)	(10,424,198)	287,044	-	7,253,740	(74,770,329)
Total accumulated depreciation	(579,455,214)	(46,971,872)	1,501,479	-	102,719,228	(522,206,379)
Capital assets, net	\$ 616,997,331	\$ (7,791,278)	\$ (103,937)	\$ -	\$ (21,488,379)	\$ 587,613,737

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(5) JOINT OPERATIONS

Oklaunion Project – In May 1986, the Public Utilities Board and Central Power & Light (CP&L), now known as AEP Texas Central Company (TCC), executed the Oklaunion Unit No. 1 Ownership Interest Assignment Agreement (Agreement). This Agreement allowed the Public Utilities Board to purchase an undivided 56.54% of TCC's undivided 17.97% ownership interest in the Oklaunion unit (10.16% of the project as a whole). This Agreement committed the Public Utilities Board to become a 10.16% participant in the Oklaunion unit and obligated the Public Utilities Board to contribute its 10.16% share of the Oklaunion unit's operating expenses. As a result of their participation, the Public Utilities Board is entitled to receive 10.16% of the total power generated by the plant.

On February 5, 2004, TCC notified the Public Utilities Board that it had contracted to sell its ownership interest in Oklaunion Unit No. 1 to Golden Spread Electric Cooperative, Inc. ("Golden Spread") for \$42,750,000, subject to the exercise by the Public Utilities Board of its right of first refusal to purchase TCC's ownership interest under the Oklaunion Unit No. 1 Construction, Ownership and Operating Agreement dated May 26, 1985. Both the Public Utilities Board and Oklahoma Municipal Power Authority ("OMPA") exercised their rights of first refusal for the entire TCC interest in May 2004 and each deposited in escrow \$42,750,000, respectively. The Public Utilities Board funded its obligation through the sale of Commercial Paper Notes. Golden Spread challenged the exercise of the first refusal rights in State District Court in Dallas County, Texas. In May 2006, the Dallas Court of Appeals issued an opinion upholding the City of Brownsville's right to acquire an additional interest in Oklaunion Unit No 1.

Golden Spread appealed to the Texas Supreme Court to overturn the Dallas Court of Appeals' ruling and allow it to buy Texas Central Company's interest instead of the City of Brownsville. On December 15, 2006, the Texas Supreme Court declined to review the ruling by the Dallas Court of Appeals in favor of the City of Brownsville and the Public Utilities Board. The Public Utilities Board also engaged in litigation with OMPA, contending that OMPA had not timely and properly exercised its right of first refusal. Settlement of that litigation resulted in the Public Utilities Board having the uncontested right to purchase the interest offered for sale. Subsequently on February 14, 2007, the Public Utilities Board completed its purchase of the additional 54 megawatts (7.8%) of the Oklaunion Power Station for \$51 million. Overall the Public Utilities Board then held an undivided 17.98% ownership interest.

The Operating Agreement between the Public Utilities Board and its three other owners terminated on April 26, 2020 but could continue beyond that date from year to year unless two owners owning in the aggregate 60% or more of the plant voted to terminate the Operating Agreement. On August 1, 2018, the Public Utilities Board engaged an independent and nationally recognized consulting and engineering firm to evaluate the impact on the Public Utilities Board's electric power system of a potential shutdown and decommissioning of the plant in 2020. On August 29, 2018, based upon the results of the report and in accordance with Bond Covenants, the Public Utilities Board adopted a resolution that recommended the City Commission approve and adopt findings as necessary to implement the Public Utilities Board's recommendation regarding disposition of Oklaunion. On September 4, 2018, the City Commission approved a resolution authorizing the Public Utilities Board's plan for disposition of the City's ownership in Oklaunion. On September 19, 2018, at an ownership meeting, a motion was passed, by the vote of two owners owning more than 60% of the plant, to cease operations permanently and dispose of the plant not later than October 1, 2020. As a result of the upcoming plant closure, the Public Utilities Board accelerated depreciation of the Oklaunion plant in fiscal year 2020. On October 14, 2020, the Oklaunion Power Station was sold by all four of its Owners to a third party who agreed to perform the decommissioning and demolition of unusable facilities of the plant and assume any and all liabilities with respect to, associated with, arising under or resulting from: (a) the acquired

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(5) JOINT OPERATIONS - Continued

assets and any assets that are or should be the subject of decommissioning; (b) any and all liabilities and obligations associated with the decommissioning activities; and (c) any and all environmental liabilities arising from the sellers' ownership; or operation of the Oklaunion Power Station. The remaining sales agreement provisions, schedules, attachments, et cetera, are confidential. Costs to retire assets, along with decommissioning costs, are recorded as loss on disposition of capital assets on the Statement of Revenues, Expenses, and Changes in Net Position. The assets related to the Oklaunion Power Station are segregated on the Statements of Net Position and classified as assets held for sale at September 30, 2020, and recognized as a loss on retirement in fiscal year 2021. The Public Utilities Board's portion of sale proceeds, when net with the proportionate decommissioning costs, are deemed to be immaterial.

Calpine/Hidalgo Project – On December 15, 1999, the Public Utilities Board purchased an undivided interest from Calpine Energy which entitles the Public Utilities Board to 105 MW of the 500 MW combined cycle plant located in Edinburg, Texas, approximately 56 miles from Brownsville, Texas. The unit consists of two gas turbines, a heat recovery steam generator and steam turbine.

(6) SHORT-TERM DEBT

Commercial paper balances and activity as of and for the year ended September 30, are as follows:

	2021	2020
Beginning Balance	\$ -	\$ 37,500,000
Additions	46,000,000	12,500,000
Reductions	-	(50,000,000)
Ending Balance	\$ 46,000,000	\$ -

The Public Utilities Board issued \$46,000,000 of Commercial Paper during fiscal year 2021 and \$12,500,000 of Commercial Paper during fiscal year 2020.

On September 25, 2012, the Public Utilities Board issued \$20,690,000 in Utility System Revenue Refunding Bonds, Series 2012. The bonds had a closing date of October 18, 2012, and the proceeds plus \$5,275,000 in issuer contributions were used to defease \$24,450,000 of Commercial Paper Notes.

On April 20, 2004, the City Commission of the City of Brownsville, Texas, approved and authorized the issuance of short term obligations in an aggregate principal amount not to exceed \$50,000,000. A total of \$44,500,000 was issued in fiscal year 2004. The purpose of the Commercial Paper Program is to pay for additions, improvements, and extensions to the City's combined electric system, waterworks system and sewer system. The Commercial Paper was used to purchase an additional ownership interest in Oklaunion, an electric generating plant. The Reimbursement and Credit Agreement was executed between the City, acting through the Public Utilities Board, and State Street Bank and Trust Company, Credit and Liquidity Provider, for the Commercial Paper. In order to assure timely payment of the principal of and interest on the Commercial Paper Notes, a Letter of Credit was executed by the City and Deutsche Bank Trust, as beneficiary Issuing and Paying Agency. The stated amount of the Letter of Credit is \$50,000,000 (principal plus accrued interest cannot exceed \$50,000,000).

On September 17, 2013, the City Commission of the City of Brownsville adopted an Ordinance No. 2013-1582 authorizing the issuance of the City of Brownsville, Texas Utilities System Commercial Paper Notes, Series A in a maximum aggregate principal amount of \$100,000,000 outstanding at any time. Subsequently on September 20, 2016, the City Commission of the City of Brownsville adopted Ordinance No. 2016-1619 supplementing the Original Ordinance and authorizing the substitution of the Credit Facility. On

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(6) SHORT-TERM DEBT - Continued

November 1, 2016, the City of Brownsville and the Mitsubishi UFJ Financial Group (MUFG) entered into a Reimbursement Agreement related to the Commercial Paper Notes, Series A. The City of Brownsville requested that the Bank issue its Letter of Credit to secure certain payments to be made with respect to the Commercial Paper Notes in the amount of \$111,095,891, of which \$100,000,000 will be available to pay principal of the Commercial Paper Notes upon maturity thereof, and of which \$11,095,891 will be available to pay accrued interest on the Commercial Paper Notes at maturity.

In anticipation of the expiration of the MUFG Letter of Credit on November 1, 2019, the Public Utilities Board issued a Request for Proposal for a new provider. The Public Utilities Board entered into a three-year agreement with Bank of America, N.A. effective November 1, 2019, under the same terms as the previous Letter of Credit with MUFG.

On March 18, 2021, the Public Utilities Board amended the Commercial Paper program to permit issuance on a taxable and a tax-exempt basis. This amendment would allow for the issuance, sale, terms and forms of commercial paper notes as Subordinate Lien Obligations in an aggregate principal amount not to exceed \$100,000,000 at any one time outstanding.

(7) LONG-TERM DEBT

Revenue Bonds – Revenue bond information and balances for the years ended September 30, 2021 and 2020, are as follows:

		Original	Installment Amounts		Interest Rates	Final	Outstanding	Outstanding
		Borrowing	From	To	to Maturity	Maturity	at 9/30/21	at 9/30/20
<i>Brownsville Public Utilities Board:</i>								
2005	Utilities System Revenue Improvement and Refunding Bonds (Series A)	\$ 163,725,000	\$ 100,000	- \$ 100,000	3.5% - 5.0%	2031	\$ 100,000	\$ 100,000
2008	Utilities System Revenue Refunding Bonds	77,805,000	100,000	- 100,000	4.0% - 5.0%	2033	100,000	100,000
2012	Utilities System Junion Lien Revenue Bonds*	840,000	40,000	- 60,000	0.27% - 3.49%	2032	535,000	575,000
2013	Utilities System Revenue Refunding Bonds (Series A)	118,185,000	7,445,000	- 9,565,000	2.0% - 4.0%	2026	43,870,000	51,620,000
2015	Utilities System Revenue Refunding Bonds	94,770,000	675,000	- 8,995,000	4.0% - 5.0%	2045	55,405,000	58,480,000
2016	Utilities System Revenue Refunding Bonds	39,410,000	1,515,000	- 3,930,000	5.0%	2033	31,020,000	33,955,000
2018	Utilities System Revenue Refunding Bonds	14,000,000	310,000	- 1,650,000	4.0% - 5.0%	2033	10,045,000	11,415,000
2020	Utilities System Revenue Refunding Bonds	53,590,000	270,000	- 2,515,000	2.0% - 5.0%	2050	53,320,000	53,590,000
2020A	Utilities System Revenue Refunding Bonds	62,320,000	840,000	- 1,210,000	2.0% - 5.0%	2031	60,890,000	62,320,000
							255,285,000	272,155,000
<i>Southmost Regional Water Authority:</i>								
2009	Revenue Bonds (Series A)*	9,295,000	305,000	- 310,000	0.0%	2039	5,575,000	5,885,000
2009	Revenue Bonds (Series B)*	3,795,000	190,000	- 270,000	0.1% - 4.25%	2029	1,885,000	2,080,000
2012	Water Supply Contract Revenue Refunding Bonds	13,530,000	935,000	- 1,285,000	3.0% - 5.0%	2027	6,980,000	7,960,000
2017	Water Supply Contract Revenue Refunding Bonds	9,255,000	935,000	- 1,795,000	4.125% - 5.5%	2032	8,320,000	8,320,000
							22,760,000	24,245,000
							\$ 278,045,000	\$ 296,400,000
* Direct Placement Bonds								

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(7) LONG-TERM DEBT - Continued

The following tables summarizes revenue bond transactions for the years ended September 30, 2021 and 2020:

	Beg. Balance 10/1/2020	Additions	Reductions/ Amortization	End Balance 9/30/2021	Due Within One Year
Revenue Bonds	\$ 287,860,000	\$ -	\$ (17,810,000)	\$ 270,050,000	\$ 18,590,000
Direct Placement Bonds	8,540,000	-	(545,000)	7,995,000	555,000
Unamortized Premium	40,208,890	-	(3,303,372)	36,905,518	-
Unamortized Discount	(1,830,284)	-	134,290	(1,695,994)	-
Total Bonds Payable, Net	<u>\$ 334,778,606</u>	<u>\$ -</u>	<u>\$ (21,524,082)</u>	<u>\$ 313,254,524</u>	<u>\$ 19,145,000</u>

	Beg. Balance 10/1/2019	Additions	Reductions/ Amortization	End Balance 9/30/2020	Due Within One Year
Revenue Bonds	\$ 253,975,000	\$ 115,910,000	\$ (82,025,000)	\$ 287,860,000	\$ 17,810,000
Direct Placement Bonds	9,080,000	-	(540,000)	8,540,000	545,000
Unamortized Premium	33,836,502	9,295,486	(2,923,098)	40,208,890	-
Unamortized Discount	(1,586,040)	(616,844)	372,600	(1,830,284)	-
Total Bonds Payable, Net	<u>\$ 295,305,462</u>	<u>\$ 124,588,642</u>	<u>\$ (85,115,498)</u>	<u>\$ 334,778,606</u>	<u>\$ 18,355,000</u>

Principal and interest amounts due for each of the next five years and thereafter to maturity are:

	Revenue Bonds			Direct Placement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
Year Ending September 30:						
2022	\$ 18,590,000	\$ 10,243,462	\$ 28,833,462	\$ 555,000	\$ 92,156	\$ 647,156
2023	19,465,000	9,376,616	28,841,616	560,000	83,956	643,956
2024	18,675,000	8,464,745	27,139,745	575,000	75,212	650,212
2025	19,210,000	7,530,995	26,740,995	585,000	65,699	650,699
2026	20,185,000	6,625,320	26,810,320	595,000	55,086	650,086
2027-2031	112,440,000	22,288,689	134,728,689	2,590,000	104,333	2,694,333
2032-2036	22,740,000	8,986,094	31,726,094	1,610,000	2,094	1,612,094
2037-2041	14,460,000	5,706,244	20,166,244	925,000	-	925,000
2042-2046	14,650,000	3,074,338	17,724,338	-	-	-
2047-2050	9,635,000	733,200	10,368,200	-	-	-
	<u>\$ 270,050,000</u>	<u>\$ 83,029,702</u>	<u>\$ 353,079,702</u>	<u>\$ 7,995,000</u>	<u>\$ 478,536</u>	<u>\$ 8,473,536</u>

The Public Utilities Board is required by various debt agreements to comply with various financial statements and other covenants including maintaining required debt service coverage ratios. No non-compliance with covenants was noted which constitutes an “event of default” under these agreements.

On December 7, 2009, the Authority issued \$9,295,000 in Water Supply Contract Revenue Bonds, Series 2009A and \$3,795,000 in Water Supply Contract Revenue Bonds, Series 2009B through the TWDB Drinking Water State Revolving Fund for the construction of a full-scale Micro Filtration Pretreatment System. The Series 2009A bonds were issued at 0.0% interest with annual installments ranging from \$305,000 to \$310,000 through maturity in 2039. The Series 2009B bonds bear interest at a range from 0.10% to 4.25% with annual installments ranging from \$125,000 to \$270,000 through maturity in 2029.

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(7) LONG-TERM DEBT – Continued

On February 28, 2011, the Public Utilities Board issued \$12,305,000 in Utilities System Revenue Refunding Bonds, Series 2011. The refunding bonds provided proceeds to refund \$6,270,000 of Junior Lien Exchange Revenue Refunding Bonds, Series 2005A and \$5,980,000 of Junior Lien Exchange Revenue Refunding Bonds, Series 2005B.

On October 1, 2012, the Public Utilities Board issued \$840,000 in Utility System Junior Lien Revenue Bonds, Series 2012. Proceeds from the sale of the Obligations were used for the purpose of funding construction improvements to the wastewater system on the FM 511 – 802 Colonia Project.

On September 25, 2012, the Public Utilities Board issued \$20,690,000 in Utility System Revenue Refunding Bonds, Series 2012. The refunding bonds had a closing date of October 18, 2012 and the proceeds plus \$5,275,000 in issuer contributions were used to defease \$24,450,000 of Commercial Paper notes.

On September 26, 2012, the Authority issued \$13,530,000 in Water Supply Contract Revenue Refunding Bonds, Series 2012. The refunding bonds had a closing date of October 18, 2012, and the proceeds plus the bond premium were used to defease \$14,990,000 of the Series 2002 Revenue Bonds for the years 2013 through 2027.

On May 1, 2013, the Public Utilities Board issued \$118,185,000 in Utilities System Revenue Refunding Bonds, Series 2013. The refunding bond proceeds plus a bond premium of \$16,723,650 were used to defease \$109,985,000 of the Series 2005A Utilities System Revenue Improvement and Refunding Bonds which are callable on September 1, 2015, and funded \$11,818,500 of Public Utilities Board Senior Lien Reserve Fund.

On October 18, 2012, the Public Utilities Board issued \$20,690,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2012. The proceeds of the refunding bonds plus \$5,275,000 in issuer contributions were used for a current refunding of \$24,450,000 of Commercial Paper Notes. As a result, the refunded commercial paper notes are considered to be defeased and the liability was removed from long-term debt.

On July 15, 2015, the Public Utilities Board issued \$94,770,000 in Utilities System Revenue Refunding Bonds, Series 2015. The refunding bond proceeds plus a bond premium of \$8,945,752 were used to defease \$49,060,000 of the Series 2005A Utility System Revenue Improvement and Refunding Bonds; \$27,815,000 of the Series 2005B Utility System Revenue Refunding Bonds; \$5,480,000 of the Series 2011 Utility System Revenue Refunding Bonds; and \$20,000,000 of the Utilities System Commercial Paper Notes.

On May 15, 2016, the Public Utilities Board issued \$39,410,000 in Utilities System Revenue Refunding Bonds, Series 2016. The refunding bond proceeds plus a bond premium of \$7,705,681 were used to defease \$42,505,000 of the Series 2008 Utility System Revenue Refunding Bonds. As a result, the refunded debt is considered to be defeased and the liability was removed from long-term debt.

On April 18, 2017, the Authority issued \$9,255,000 in Water Supply Contract Revenue Refunding Bonds, Series 2017. The refunding bond proceeds plus the bond premium of \$725,245 were used to defease \$9,715,000 of the Series 2006 Water Supply Contract Revenue Refunding Bonds for the years 2019 through 2032.

On July 1, 2018, the Public Utilities Board issued \$14,000,000 in Utilities System Revenue Refunding Bonds, Series 2018. The bonds, plus a premium of \$1,404,015, provided proceeds to refund \$14,980,000 of the Series 2007 Jr. Lien Revenue Bonds, Series 2008 Revenue Refunding Bonds, and a portion of Series 2012 Sr. Lien Revenue Refunding Bonds.

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(7) LONG-TERM DEBT – Continued

During fiscal year 2020, the Public Utilities Board issued \$53,590,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2020, and \$62,320,000 in aggregate principal amount of Utilities System Revenue Refunding Bonds, Series 2020A (Taxable).

Current Refunding – For Series 2020, the refunding bonds were issued to provide resources to purchase State and Local Government purchases that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$12,105,000 of the Series 2012 Utilities System Senior Lien Revenue Refunding Bonds for the years 2026-2037, and \$50,000,000 of Commercial Paper Notes. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. The reacquisition price exceeded the net carrying amount of the old bonds by \$257,853. This amount is being netted against the new debt and amortized through the year 2050. The Public Utilities Board completed the refunding to reduce its total debt service payments over the next 30 years by \$2,024,748 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,758,201.

Advance Refunding – For Series 2020A, the refunding bonds were issued to provide resources to purchase open market purchases that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$54,480,000 of the Series 2013A Utilities System Revenue Refunding Bonds for the years 2027- 2031. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. The reacquisition price exceeded the net carrying amount of the old debt by \$7,470,026. This amount together with \$4,806,674 unamortized deferred amount from the prior refunding is being netted against the new debt and amortized through the year 2031. The Public Utilities Board completed the refunding to reduce its total debt service payments over the next 10 years by \$5,399,381 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,975,869.

Direct Placement Bonds – As of September 30, 2021, direct placement bonds with the Texas Water Development Board (TWDB) consisted of Junior Lien Series 2015 for the Public Utilities Boards in an outstanding amount of \$535,000. Direct placement debt for the Authority consisted of Series 2009 A and Series 2009 B Revenue Bonds for the Authority in an outstanding amount of \$5,575,000 and \$1,885,000, respectively. Interest rates on the junior lien fixed rate bonds range from 0.27% to 3.49% for the Public Utilities Board. Interest rates on the junior lien fixed rate bonds for the Authority range from 0.0% for Series 2009A and 0.1% to 4.25% for Series 2009B.

As of September 30, 2020, direct placement bonds with the Texas Water Development Board (TWDB) consisted of Junior Lien Series 2015 for the Public Utilities Boards in an outstanding amount of \$575,000. Direct placement debt for the Authority consisted of Series 2009 A and Series 2009 B Revenue Bonds for the Authority in an outstanding amount of \$5,885,000 and \$2,080,000, respectively. Interest rates on the junior lien fixed rate bonds range from 0.27% to 3.49% for the Public Utilities Board. Interest rates on the junior lien fixed rate bonds for the Authority range from 0.0% for Series 2009A and 0.1% to 4.25% for Series 2009B.

Prior Year Defeasance of Debt – In prior years, the Public Utilities Board has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities and open market purchases that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or it matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from long-term debt. As of September 30, 2021, and 2020, the amount of defeased debt outstanding but removed from long-term debt amounted to \$54,480,000.

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(8) RISK MANAGEMENT

The Public Utilities Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the entity carries commercial insurance. The Public Utilities Board has established a limited risk management program for employee health and workers' compensation for which the Public Utilities Board retained risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically. The estimate of the claims liability also includes amounts for claim incremental adjustment expenses. Estimated recoveries from third parties are another component of claims expense. A General liability insurance policy covers individual claims in excess of \$25,000 each occurrence. An Auto liability insurance policy covers individual claims in excess of \$1,000.

Workers' compensation insurance covers individual claims in excess of \$350,000 (each Accident) / \$1,050,000 (Aggregate). A Directors & Officers and Employment Practices liability insurance policy covers individual claims in excess of a \$200,000 per claim retention. Property insurance and other ancillary lines of insurance coverage for crime, mobile equipment, cyber liability and pollution are also in force.

Workers' Compensation Program

The Public Utilities Board has a workers' compensation self-insurance plan for the purpose of providing medical and indemnity payments as required by law for on-the-job related injuries. The plan is administered by a service agent. The Public Utilities Board has an excess workers' compensation insurance contract with an insurance carrier coverage which provides Texas statutory limits for claims in excess of \$350,000 for any one accident or occurrence. The aggregate deductible under this policy is \$1,050,000. Management feels that the contributions made during the year for workers' compensation will offset any claims paid during the year. Therefore, the entire liability is estimated to be long term and recorded as such.

Health Insurance Program

The Public Utilities Board has a group health self-insurance plan for the purpose of providing health insurance for the employees and their dependents. The plan is administered by a service agreement. The Public Utilities Board has a stop loss contract with an insurance carrier covering individual health claims in excess of \$200,000 per individual. The Public Utilities Board also has aggregate limits, which fluctuate with enrollment but are currently at \$8,930,676 for the health insurance plan and \$432,170 for the dental insurance plan. This is the maximum liability for health and dental claim costs for the plan year ending December 31, 2021.

The following is a summary of changes in claims liability for the Workers' Compensation and Health Insurance programs, which is included in accounts payable and accrued liabilities payable from restricted assets, for the years ended September 30, 2021 and 2020:

	Beginning Balance 2020	Claims and Adjustments	Claims Payments	Ending Balance 2021	Amounts Due Within One Year
Workers' Compensation	\$ 394,330	\$ 247,011	\$ (371,185)	\$ 270,156	\$ 241,452
Health Insurance	\$ 252,985	\$ 8,637,585	\$ (8,630,983)	\$ 259,587	\$ 259,587

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(8) RISK MANAGEMENT - Continued

	Beginning Balance 2019	Claims and Adjustments	Claims Payments	Ending Balance 2020	Amounts Due Within One Year
Workers' Compensation	\$ 359,075	\$ 468,740	\$ (433,485)	\$ 394,330	\$ 118,877
Health Insurance	\$ 290,753	\$ 7,714,639	\$ (7,752,407)	\$ 252,985	\$ 252,985

(9) TEXAS MUNICIPAL RETIREMENT SYSTEM

Plan Description – The Public Utilities Board participates as one of 886 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com. All eligible employees of the Public Utilities Board are required to participate in TMRS.

Plan provisions for the Public Utilities Board for fiscal years 2021 and 2020 were as follows:

Employee deposit rate:	7%
Matching ratio (PUB to employee):	2 to 1
Years required for vesting:	5 years
Members can retire at certain ages, based on the years of service with the Public Utilities Board. The Service Retirement Eligibilities for the Public Utilities Board are:	5 years/age 60 20 years/any age
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes
Supplemental Death Benefit to Retirees	Yes

Benefits Provided – TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Public Utilities Board, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

At the date the plan began, the Public Utilities Board granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage (100%, 150%, or 200%) of the employee's accumulated contributions.

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

In addition, the Public Utilities Board can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the Public Utilities Board matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

At the December 31 valuation and measurement date, the following employees were covered by the benefit terms:

	December 31,	
	2020	2019
Active employees	575	579
Inactive employees or beneficiaries currently receiving benefits	306	283
Inactive employees entitled to but not yet receiving benefits	125	121
Total Plan Participants	1,006	983

Contributions – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Public Utilities Board matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Public Utilities Board. Under the state law governing TMRS, the contribution rate for each entity is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Public Utilities Board's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees of the Public Utilities Board were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Public Utilities Board were 17.57% and 17.21% for calendar years 2021 and 2020, respectively. The Public Utilities Board's contributions to TMRS in the fiscal year ended September 30, 2021, were \$5,171,612, and \$5,340,253 for fiscal year ended September 30, 2020, and equaled the required contributions.

Net Pension Liability – The Public Utilities Board's net pension liability (NPL) was measured as of December 31, 2020 and 2019, and total pension liability (TPL) used to calculate the net pension liability was determined by actuarial valuations as of that date.

The Public Utilities Board's changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	\$ 196,887,584	\$ 170,599,567	\$ 26,288,017
Changes for the year:			
Service cost	5,473,264	-	5,473,264
Interest	13,195,952	-	13,195,952
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,314,974)	-	(1,314,974)
Changes in assumptions	-	-	-
Contributions - employer	-	5,458,074	(5,458,074)
Contributions - employee	-	2,221,035	(2,221,035)
Net investment income	-	12,958,264	(12,958,264)
Benefit payments, including refunds of employee contributions	(8,257,271)	(8,257,271)	-
Administrative expense	-	(83,793)	83,793
Other changes	-	(3,269)	3,269
Net changes	9,096,971	12,293,040	(3,196,069)
Balance at 12/31/2020	\$ 205,984,555	\$ 182,892,607	\$ 23,091,948

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 186,129,503	\$ 147,609,405	\$ 38,520,098
Changes for the year:			
Service cost	5,125,439	-	5,125,439
Interest	12,500,119	-	12,500,119
Change of benefit terms	-	-	-
Difference between expected and actual experience	(70,448)	-	(70,448)
Changes in assumptions	213,516	-	213,516
Contributions - employer	-	5,205,992	(5,205,992)
Contributions - employee	-	2,088,363	(2,088,363)
Net investment income	-	22,839,170	(22,839,170)
Benefit payments, including refunds of employee contributions	(7,010,545)	(7,010,545)	-
Administrative expense	-	(128,944)	128,944
Other changes	-	(3,874)	3,874
Net changes	10,758,081	22,990,162	(12,232,081)
Balance at 12/31/2019	\$ 196,887,584	\$ 170,599,567	\$ 26,288,017

Actuarial assumptions – The total pension liability in the December 31, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions:

	12/31/2020	12/31/2019	
Inflation	2.50%	2.50%	per year
Overall payroll growth	2.75%	2.75%	per year
Investment Rate of Return	6.75%	6.75%	net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. For 2020 and 2019, mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

For 2020 and 2019, the actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, actuaries focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	September 30, 2021		September 30, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%	35.0%	5.30%
Core Fixed Income	10.0%	1.25%	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%	20.0%	4.14%
Real Return	10.0%	3.85%	10.0%	3.85%
Real Estate	10.0%	4.00%	10.0%	4.00%
Absolute Return	10.0%	3.48%	10.0%	3.48%
Private Equity	<u>10.0%</u>	7.75%	<u>5.0%</u>	7.75%
Total	<u>100.0%</u>		<u>100.0%</u>	

Discount Rate – The discount rate used to measure the Total Pension Liability recorded as of September 30, 2021 and 2020, was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Public Utilities Board, calculated using the discount rate of 6.75%, as well as what the Public Utilities Board’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Measurement Date	1% Decrease 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase 7.75%
12/31/2020	\$ 52,620,475	\$ 23,091,948	\$ (1,184,416)
12/31/2019	\$ 54,650,401	\$ 26,288,017	\$ 2,958,403

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(9) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The Public Utilities Board recognized \$2,643,908 in pension expense for the fiscal year ended September 30, 2021, and \$5,363,010 in pension expense for the fiscal year ended September 30, 2020.

At September 30, 2021 and 2020, the Public Utilities Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30,	
	2021	2020
<u>Deferred outflows of resources</u>		
Changes in assumptions	\$ 157,236	\$ 209,324
Differences between expected and actual experience on pension assets	62,782	103,025
Employer's contributions to the Plan subsequent to the measurement of total pension liability	3,686,924	4,052,726
Total deferred outflows of resources	<u>\$ 3,906,942</u>	<u>\$ 4,365,075</u>
<u>Deferred inflows of resources</u>		
Differences between expected and actual experience on pension assets	\$ (1,405,676)	\$ (758,989)
Differences between projected and actual earnings on pension assets (net)	(4,904,085)	(5,261,199)
Total deferred inflows of resources	<u>\$ (6,309,761)</u>	<u>\$ (6,020,188)</u>

The amount reported as deferred outflows of resources, \$3,686,924, related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	Net deferred outflows(inflows) of resources:
2022	\$ (2,096,972)
2023	(184,292)
2024	(3,089,100)
2025	(485,996)
2026	(209,711)
Thereafter	(23,672)
Total	<u>\$ (6,089,743)</u>

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(10) OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9, the Public Utilities Board provides post-retirement health care benefits and supplemental death benefits to its employees.

POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description and Benefits Provided – The Public Utilities Board provides post-retirement health care benefits for employees retiring and receiving annuities from the Texas Municipal Retirement System, through a single-employer plan, who are (1) at least age 60 and have completed 10 consecutive years of active service with the Public Utilities Board immediately prior to retirement, (2) at least age 55 and have completed 25 consecutive years of active service with the Public Utilities Board immediately prior to retirement, or (3) at any age having completed 30 consecutive years of active service with the Public Utilities Board immediately prior to retirement. Prior to age 65, the Public Utilities Board will pay 100% of the cost of the Group Health Insurance Program for the retirees. Spouses and dependents are also eligible for coverage, but the retiree must pay the premiums. No coverage is available after the retiree reaches age 65, including coverage for spouses and dependents. The above eligibility and coverage requirements do not apply to retirees that retired under Retiree Package I (1999) and Retiree Package II (2005). The Retiree Package I plan results from a special offer made in fiscal year 1999 to all employees with 25 years or more of credited service or eligible for retirement under TMRS guidelines who elected to voluntarily resign or retire during the offer period. The plan provides coverage for the employees and the employees' dependent (spouse) under the Public Utilities Board's group medical plan until such time as the employee becomes 65 years of age, dies, or elects to receive coverage from another source. Under Retiree Package I, 34 retirees met these eligibility requirements. The Retiree Package II plan provides post-retirement benefits to all employees who retire from the Public Utilities Board after attaining 10 years of service and 60 years of age, 25 years of service and 55 years of age or 30 years of service regardless of age. Under the Retiree Package II plan, retirees may pay to provide spousal and dependent coverage.

Under Retiree Package II, 24 retirees met these eligibility requirements. The Public Utilities Board provides 100% of the cost of retirees to participate in this plan. Expenses for post-retirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported. Expenses related to provision of these post-employment benefits cannot be reasonably estimated.

The following tables presents information about the participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate the total OPEB liability, as of the measurement date for fiscal years ended September 30, 2021 and 2020, were:

	October 1,	
	2020	2019
Active participants	584	584
Retirees	48	48
Beneficiaries	0	0
Spouses of retirees	19	19
Total Participants	651	651

Contributions – The Public Utilities Board does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis, and there is not a trust for accumulating plan assets. There have been no changes to the demographic assumptions from the last valuation report with the exception of mortality.

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Actuarial Methods and Assumptions

Valuation Timing – For fiscal years 2021, the valuation was performed October 1, 2019, with measurement dates at September 30, 2021 and September 30, 2020.

Unless specifically noted in the categories below, all methods and assumptions were in effect as of September 30, 2021 and 2020.

Actuarial Cost Method – The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. Under this method a projected retirement benefit at assumed retirement age is computed for each participant using anticipated future pay increases. The normal cost for each participant is computed as the level percentage of pay which, if paid from each participant's date of employment by the employer or any predecessor employer (thus, entry age) to his assumed retirement date, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to fund his projected retirement benefit. The normal cost for the plan is the total of the individually computed normal costs for all participants including the costs for any death or disability benefits under the plan.

The accrued liability at any point in time for an active participant is the theoretical fund that would have been accumulated on his behalf from his normal cost payments and the earnings thereon for all prior years if the plan had always been in effect. For persons receiving benefits or entitled to a deferred vested retirement income, the accrued liability cost is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability for all participants. The unfunded accrued liability for the plan is the excess of the accrued liability over the assets which have been accumulated for the plan.

It should be noted that the accrued liability as of any date is not the actuarially computed present value of accrued or accumulated plan benefits as of that date. The accrued liability is the portion of the ultimate cost assigned to prior years by the cost method being used.

Inflation – Inflation is calculated as 2.20% per annum, compounded annually.

Salary Increases – Salary increases are calculated as 2.10% per annum, compounded annually.

Discount Rate – The discount rate is based on the Bond Buyer's 20-year General Obligation Index immediately prior to or coincident with the measurement date. At September 30, 2021, the discount rate was 2.26% per annum, compounded annually. As September 30, 2020, the discount rate was 2.21% per annum, compounded annually.

Administrative Expenses – Administrative expenses are included in claims cost.

Coverage Assumption – One hundred percent of members are assumed to elect coverage at retirement.

Spouses Coverage – For active participants it is assumed that husbands are three years older than their wives. Fifty percent of active employees are assumed to be married and elect spouse coverage.

Mortality – The Mortality table used was the Pub-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2020.

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Per Capita Medical Benefit Costs – The following tables show health costs for ages 45 to 65 at five year intervals. Claim costs are calculated using combined active and retiree premium equivalent rates. This was validated by reviewing the experience. Actual medical administrative expenses were not provided. Therefore, the assumption was made of a medical load of 10%. No stop-loss recoveries for retirees assumed.

Age	Retiree		Spouse	
	Male	Female	Male	Female
45	8,983.89	13,011.90	6,705.66	7,995.78
50	9,832.73	12,108.37	7,757.01	8,900.87
55	10,694.02	11,404.87	8,858.64	9,837.89
60	12,251.99	12,190.91	10,454.89	10,843.11
64	14,769.10	13,503.34	12,586.69	11,931.25
65+	0	0	0	0

Per Capita Dental Benefit Costs – Dental benefits are available to retirees and their dependents, but are paid for entirely by the retiree.

Medical Inflation (Trend Assumption) – The trend assumptions for medical, pharmacy, and dental costs and retiree premiums are summarized in the following tables:

Year	Trend	Year	Trend
2019	4.80%	2049-2050	4.70%
2020	4.80%	2051-2057	4.60%
2021	4.80%	2058-2063	4.10%
2022-2024	4.80%	2064-2066	4.00%
2025-2026	4.80%	2067	4.40%
2027-2029	4.70%	2068-2069	4.30%
2030-2038	4.80%	2070	4.20%
2039-2047	4.90%	2071-2072	4.10%
2048	5.00%	2073+	4.00%

Retirement Rates – The following tables are from the December 31, 2019 TMRS report.

12/31/2019

Ages	Male	Female
<50	5.0%	5.0%
50-51	7.0%	7.0%
52-54	8.0%	8.0%
55-59	13.0%	13.0%
60	16.0%	16.0%
61	17.0%	17.0%
62	25.0%	25.0%
63-64	20.0%	20.0%
65-74	30.0%	30.0%

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Termination Rates – The following tables are from the December 31, 2019 TMRS report. For the first 10 years of service, the base table rates vary by gender, entry age, and length of service.

Sample rates for 5 years of service (12/31/2019 report):			Sample rates for 15 years of service (12/31/2019 report):		
Ages	Male	Female	Ages	Male	Female
25	14.29%	16.64%	25-40	4.83%	6.47%
30	10.82%	13.69%	45-50	4.09%	5.43%
35	8.52%	11.10%	55	3.06%	4.03%
40	8.49%	10.19%	60	1.57%	2.02%
45	8.05%	9.03%			
50	7.91%	8.38%			
55	7.57%	7.26%			
60	7.38%	6.63%			

Disability Rates – The following table is from the December 31, 2019 TMRS report:

Ages	Male	Female
35	0.0194%	0.0194%
40	0.0371%	0.0371%
45	0.0603%	0.0603%
50	0.0891%	0.0891%
55	0.1235%	0.1235%
60	0.1635%	0.1635%

Retiree Contributions – All retirees are assumed to pay the following monthly premiums:

2019	Medical
Retiree Only	\$ -
Retiree +1	\$ 295.02
Retiree + Family	\$ 534.70

Total OPEB Liability – The Public Utilities Board’s total OPEB liability at September 30, 2021 and 2020, was determined by an actuarial valuation as of October 1, 2019. It was calculated based on the discount rate below and actuarial assumptions described previously in Note 10, and was then projected forward to the measurement date of September 30, 2021 and 2020, respectively. Any significant changes during this period have been reflected as prescribed by GASB 74 and 75.

The following presents a summary of the changes in total OPEB liability:

	September 30, 2021	September 30, 2020
Total OPEB Liability - beginning of year	\$ 21,609,895	\$ 25,845,278
Changes for the year:		
Service Cost	985,022	1,025,733
Interest on total OPEB Liability	492,616	706,142
Effect of assumptions changes or inputs	119,780	(871,449)
Effect of economic/demographic gains or losses	-	(4,442,918)
Benefit payments	(612,621)	(652,891)
Net changes	984,797	(4,235,383)
Total OPEB Liability - end of year	\$ 22,594,692	\$ 21,609,895

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Sensitivity Analysis – The following presents the total OPEB liability of the Public Utilities Board, calculated using the discount rate of 2.26% as of September 30, 2021, as well as what the Public Utilities Board's total liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.26%) or 1-percentage-point higher (3.26%) than the current rate:

Measurement Date	1% Decrease 1.26%	Discount Rate 2.26%	1% Increase 3.26%
9/30/2021	\$ 24,947,274	\$ 22,594,692	\$ 20,480,627

The following presents the total OPEB liability of the Public Utilities Board, calculated using the discount rate of 2.21% as of September 30, 2020, as well as what the Public Utilities Board's total liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

Measurement Date	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
9/30/2020	\$ 23,854,580	\$ 21,609,895	\$ 19,580,796

The following presents the total OPEB liability of the Public Utilities Board, calculated using the current healthcare cost trend rates, as well as what the Public Utilities Board's total liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates.

Measurement Date	1% Decrease	Current Trend Rate	1% Increase
9/30/2021	\$ 19,603,479	\$ 22,594,692	\$ 26,210,418
9/30/2020	\$ 18,872,116	\$ 21,609,895	\$ 24,907,084

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The Public Utilities Board recorded \$1,197,271 in OPEB expense for the year ended September 30, 2020 and \$1,433,360 for the year ended September 30, 2020.

The following table presents information about the OPEB-related deferred outflows of resources and deferred inflows of resources for the Public Utilities Board as of September 30, 2021 and 2020:

	September 30,	
	2021	2020
<u>Deferred outflows of resources</u>		
Changes in assumptions	\$ 2,426,246	\$ 2,852,936
Total deferred outflows of resources	<u>\$ 2,426,246</u>	<u>\$ 2,852,936</u>
<u>Deferred inflows of resources</u>		
Differences in expected and actual experience	\$ (3,258,140)	\$ (3,850,529)
Changes in assumptions	(1,265,815)	(1,500,263)
Total deferred inflows of resources	<u>\$ (4,523,955)</u>	<u>\$ (5,350,792)</u>

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

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

Year ended September 30,	Net deferred outflows(inflows) of resources:
2022	\$ (280,367)
2023	(280,367)
2024	(280,367)
2025	(280,367)
2026	(597,363)
Thereafter	(378,878)
Total	<u>\$ (2,097,709)</u>

SUPPLEMENTAL DEATH BENEFIT PLAN

Plan Description – The Public Utilities Board also participates in a single-employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF) administered by the TMRS. This is a voluntary program in which the Public Utilities Board elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Public Utilities Board may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employees’ annual salary (calculated based on the employees’ actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an “other post-employment benefit,” or OPEB, and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

At the December 31 valuation and measurement date, the following employees were covered by the benefit terms:

	December 31,	
	2020	2019
Active employees	575	579
Inactive employees or beneficiaries currently receiving benefits	245	230
Inactive employees entitled to but not yet receiving benefits	61	57
Total Plan Participants	<u>881</u>	<u>866</u>

Contributions – The Public Utilities Board contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis.

Schedule of Contribution Rates (RETIREE-only portion of the rate)

Plan/ Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of Contribution (Rate)	Percentage of ARC Contributed
2021	0.27%	0.16%	100%
2020	0.21%	0.05%	100%

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Actuarial Cost Method and Assumptions – Actuarial information under this plan is as follows:

Valuation date	12/31/2020 and 12/31/2019
Inflation	2.5% (2020 and 2019)
Salary Increases	3.50% to 11.50%, including inflation (2020 and 2019)
Discount rate	2.00%* and 2.75%**
Retirees; share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	(12/31/20 and 12/31/19) - Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disables retirees	12/31/20 and (12/31/19) - Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

** The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

The actuarial assumptions used in the December 31, 2020 and 2019 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

Methods and Assumptions

The methods and assumptions described below were in effect as of September 30, 2021 and 2020.

Valuation of Assets – For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded and therefore no assets are accumulated for OPEB.

Actuarial Cost Method – The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method. The Entry Age Normal Actuarial Cost Method develops the annual cost of the Plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued liability are calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

Supplemental Death Benefit – The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees. Due to the significant reserve in the Supplemental Death Benefit Fund, the SDB rate for retiree coverage is currently only one-third of the total term cost. Beginning January 2021, the SDB rate for retirees will be based on the full term cost.

Total OPEB Liability – The Public Utilities Board's total OPEB liability as of September 30, 2021 was determined by actuarial valuation and measurement date as of December 31, 2020. The Public Utilities Board's total OPEB liability as of September 30, 2020 was determined by actuarial valuation and measurement date as of December 31, 2019.

The following presents a summary of the changes in total OPEB liability:

	September 30, 2021	September 30, 2020
Total OPEB Liability - beginning of year	\$ 1,852,025	\$ 1,598,348
Changes for the year:		
Service Cost	79,323	53,701
Interest on total OPEB Liability	51,803	60,018
Differences between expected and actual experience	(39,704)	(130,320)
Changes in assumptions or other inputs	294,277	285,195
Benefit payments*	(15,865)	(14,917)
Net changes	369,834	253,677
Total OPEB Liability - end of year	<u>\$ 2,221,859</u>	<u>\$ 1,852,025</u>

* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

The Public Utilities Board recorded \$197,809 in OPEB expense for the year ended September 30, 2021, and an expense of \$143,720 for the year ended September 30, 2020.

Sensitivity of the total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Public Utilities Board Supplemental Death Benefit Fund, calculated using the applicable discount rate of 2.00% as of September 30, 2021, as well as what the Public Utilities Board's 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:

	1% Decrease	Discount Rate	1% Increase
Date	1.00%	2.00%	3.00%
9/30/2021	\$ 2,714,384	\$ 2,221,859	\$ 1,841,202

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(10) OTHER POST-EMPLOYMENT BENEFITS – Continued

The following presents the total OPEB liability of the Public Utilities Board Supplemental Death Benefit Fund, calculated using the applicable discount rate of 2.75% as of September 30, 2020, as well as what the Public Utilities Board's 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:

	1% Decrease	Discount Rate	1% Increase
Date	1.75%	2.75%	3.75%
9/30/2020	\$ 2,228,864	\$ 1,852,025	\$ 1,555,795

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The following table presents information about the OPEB-related deferred outflows of resources and deferred inflows of resources for the Public Utilities Board:

	September 30,	
	2021	2020
Deferred outflows of resources		
Difference in expected and actual earnings	\$ 24,871	\$ 30,821
Changes in assumptions	448,536	239,094
Employer's contributions to the Plan subsequent to the measurement date	33,575	13,679
Total deferred outflows of resources	<u>\$ 506,982</u>	<u>\$ 283,594</u>
Deferred inflows of resources		
Difference in expected and actual earnings	\$ (127,541)	\$ (111,939)
Changes in assumptions	-	-
Total deferred inflows of resources	<u>\$ (127,541)</u>	<u>\$ (111,939)</u>

The following table presents the future amortization of OPEB-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Supplemental Death Benefit Fund in the current fiscal year and subsequent to the total OPEB liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the total OPEB liability in the subsequent year.

Year ended	Net deferred outflows(inflows) of resources:
2022	\$ 66,683
2023	66,683
2024	66,683
2025	52,493
2026	56,876
Thereafter	36,448
Total	<u>\$ 345,866</u>

The following is a summary of certain OPEB account balances as of September 30, 2021 and 2020:

	9/30/2021			9/30/2020		
	Healthcare	Supplemental	Total	Healthcare	Supplemental	Total
OPEB Liability	\$22,594,692	\$ 2,221,859	\$24,816,551	\$21,609,895	\$ 1,852,025	\$23,461,920
Deferred Outflows of Resources	2,426,246	506,982	2,933,228	2,852,936	283,594	3,136,530
Deferred Inflows of Resources	4,523,955	127,541	4,651,496	5,350,792	111,939	5,462,731
OPEB Expense	1,197,271	197,809	1,395,080	1,433,360	143,720	1,577,080

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(11) RELATED PARTY TRANSACTION

The Public Utilities Board supplies electric, water, and wastewater services to the City in compliance with the provisions of the City's Revenue Bond Ordinance. These services are accounted for in accordance with the Public Utilities Board's municipal rate schedules. Utilities service provided to the City for the years ended September 30, 2021 and 2020 were \$4,587,001 and \$4,570,832, respectively.

The Public Utilities Board also bills and collects the City's fees for garbage collection services, garbage tax, EPA fees, and maintenance services, and receives a 3% administrative fee for these services except garbage tax. The Public Utilities Board charged \$880,062 and \$852,524 to the City for these collection services in 2021 and 2020, respectively.

(12) TRANSFERS TO THE CITY

The issuance of the 2005A and 2005B refunding bonds modified certain existing covenants which included the calculation of the transfers to the City. Beginning fiscal year 2006 the transfers to the City are being made on a quarterly basis calculated at ten percent (10%) of the gross revenues received for the preceding fiscal year quarter, as adjusted in accordance with the following: (1) prior to applying the percentage set forth above to determine the amount to be transferred to the City, the amount of gross revenues for a fiscal year quarter shall be reduced by an amount equal to all costs for the purchase of power and fuel paid or incurred by the Public Utilities Board during such fiscal year quarter as well as funding requirements for the Southmost Regional Water Authority; and (2) the amount of funds to be transferred to the City shall be reduced by any amounts owed by the City to the Public Utilities Board for utility services. Prior to fiscal year 2006 Article VI of the Charter provided for the transfer to the City's general fund by the Public Utilities Board from "Surplus Funds" available at the close of each fiscal year (after retaining in the Plant Fund an amount deemed by the Public Utilities Board to be sufficient to pay system operation and maintenance expenses for the next 60 days), to the extent available, the greater of \$400,000 or 50% of such surplus funds. Surplus funds, as defined in the Charter, are amounts remaining in the Plant Fund at the close of each fiscal year after all Charter requirements and after all payments have been fully and timely made into funds created by ordinances authorizing outstanding bonds secured by a pledge of the system's net revenues.

Required payments to the City for the years ended September 30, 2021 and 2020, totaled \$20,524,044 and \$11,170,348, respectively, of which \$13,372,977 and \$3,994,072 respectively, was payable at September 30, 2021 and 2020. The increase in the net cash transfer to the City is a result of unprecedented off-system energy sales during the Winter Storm Uri event in February 2021.

In fiscal year 2019, the Public Utilities Board transferred \$2.25 million in other payments to the City related to the transaction of the Oklaunion Power Station closing. This expense was recognized in fiscal year 2020 upon an amended contract agreement.

(13) COMMITMENTS AND CONTINGENCIES

The Public Utilities Board is currently involved in various claims and litigation. It is the opinion of management and counsel that potential claims against the Public Utilities Board not covered by insurance resulting from litigation would not materially affect the financial position or operations of the Public Utilities Board.

At September 30, 2021, the Public Utilities Board had committed approximately \$12,856,518 for utility plant expansion and improvements. Funding of these amounts will come from available revenues of the Public Utilities Board, restricted funds, and short-term debt.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Notes to the Financial Statements
September 30, 2021 and 2020

(13) COMMITMENTS AND CONTINGENCIES - Continued

The Public Utilities Board has entered into Purchase Power Agreements with a third party for 50 megawatts that begin in October 2020 and January 2022 and will both terminate in 2029. All costs related to the Purchase Power Agreements will be subject to recovery through the Public Utilities Board's Fuel and Purchased Energy Charge (FPEC) on a monthly basis from electric customers.

(14) RATE STABILIZATION

The Public Utilities Board analyzes and adjusts the fuel and purchased energy charge (FPEC) on a monthly basis. Beginning in April 2016, the Public Utilities Board implemented a bill reduction plan which set the FPEC at a rate that maintains an average residential electric bill at \$102.00 based on 1,000 kWh of electric consumption. The plan was implemented to maintain a competitive alignment with other local providers. The Public Utilities Board utilized rate stabilization funds of \$143,387,231 and \$20,400,000 in fiscal years ending September 30, 2021 and 2020 respectively, to supplement actual FPEC collections.

On October 18, 2021, the Public Utilities Board approved the gradual increase of the FPEC rate to the full recovery rate within four months and to continue adjusting the FPEC rate going forward.

(15) PENDING GASBs

As of September 30, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Public Utilities Board. Management is evaluating these pending GASB statements to determine what, if any, impact will be to the Public Utilities Board. The statements are as follows:

- GASB Statement No. 87, *Leases*;
- GASB Statement No. 89, *Accounting for Interest Costs Incurred before the end of a Construction Period*;
- GASB Statement No. 91, *Conduit Debt Obligations*
- GASB Statement No. 92, *Omnibus 2020*
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

REQUIRED SUPPLEMENTARY INFORMATION

- ❖ *Texas Municipal Retirement System – Schedule of Changes in Net Pension Liability and Related Ratios*
- ❖ *Texas Municipal Retirement System – Schedule of Contributions*
- ❖ *Post-Retirement Health Care Benefit Plan Other Post-Employment Benefits (OPEB) – Schedule of Changes in Total OPEB Liability and Related Ratios*
- ❖ *Supplemental Death Benefit Plan Other Post-Employment Benefits (OPEB) – Schedule of Changes in Total OPEB Liability and Related Ratios*

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS
(A Component Unit of the City of Brownsville, Texas)

Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited) ⁽¹⁾								
	2021 ⁽²⁾	2020 ⁽²⁾	2019 ⁽²⁾	2018 ⁽²⁾	2017 ⁽²⁾	2016 ⁽²⁾	2015 ⁽²⁾	
Total Pension Liability								
Service Cost	\$ 5,473,264	\$ 5,125,439	\$ 5,167,067	\$ 5,012,363	\$ 4,650,032	\$ 3,748,945	\$ 3,426,900	
Interest (on the Total Pension Liability)	13,195,952	12,500,119	11,782,619	11,071,786	10,390,015	10,202,003	8,988,969	
Changes of benefit terms	-	-	-	-	-	12,418,650	-	
Difference between expected and actual experience	(1,314,974)	(70,448)	(95,940)	(288,240)	263,997	(976,625)	(2,363,903)	
Changes of assumption	-	213,516	-	-	-	119,380	-	
Benefit payments, including refunds of employee contributions	(8,257,271)	(7,010,545)	(5,396,042)	(5,288,768)	(5,481,024)	(5,240,997)	(5,364,164)	
Net change in Total Pension Liability	9,096,971	10,758,081	11,457,704	10,507,141	9,823,020	20,271,356	4,687,802	
Total Pension Liability - Beginning	196,887,584	186,129,503	174,671,799	164,164,658	154,341,638	134,070,282	129,382,480	
Total Pension Liability - Ending (a)	<u>\$ 205,984,555</u>	<u>\$ 196,887,584</u>	<u>\$ 186,129,503</u>	<u>\$ 174,671,799</u>	<u>\$ 164,164,658</u>	<u>\$ 154,341,638</u>	<u>\$ 134,070,282</u>	
Plan Fiduciary Net Position								
Contributions - Employer	\$ 5,458,074	\$ 5,205,992	\$ 6,226,287	\$ 5,100,618	\$ 4,685,031	\$ 3,483,411	\$ 3,597,481	
Contributions - Employee	2,221,035	2,088,363	2,102,878	2,035,182	1,884,784	1,840,296	1,798,743	
Net investment income/(loss)	12,958,264	22,839,170	(4,472,781)	17,958,987	8,139,141	177,458	6,509,426	
Benefit payments, including refunds of employee contributions	(8,257,271)	(7,010,545)	(5,396,042)	(5,288,768)	(5,481,024)	(5,240,997)	(5,364,164)	
Administrative expense	(83,793)	(128,944)	(86,399)	(93,038)	(91,896)	(108,080)	(67,960)	
Other	(3,269)	(3,874)	(4,513)	(4,715)	(4,951)	(5,338)	(5,587)	
Net change in Plan Fiduciary Net Position	12,293,040	22,990,162	(1,630,570)	19,708,266	9,131,085	146,750	6,467,939	
Plan Fiduciary Net Position - Beginning	170,599,567	147,609,405	149,239,975	129,531,709	120,400,624	120,253,874	113,785,935	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 182,892,607</u>	<u>\$ 170,599,567</u>	<u>\$ 147,609,405</u>	<u>\$ 149,239,975</u>	<u>\$ 129,531,709</u>	<u>\$ 120,400,624</u>	<u>\$ 120,253,874</u>	
Net Pension Liability - Ending (a) - (b)	\$ 23,091,948	\$ 26,288,017	\$ 38,520,098	\$ 25,431,824	\$ 34,632,949	\$ 33,941,014	\$ 13,816,408	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.79%	86.65%	79.30%	85.44%	78.90%	78.01%	89.69%	
Covered Payroll	\$ 31,729,066	\$ 29,833,757	\$ 30,041,089	\$ 29,074,029	\$ 26,925,490	\$ 26,289,939	\$ 25,696,323	
Net Pension Liability as a Percentage of Covered Payroll	72.78%	88.12%	128.22%	87.47%	128.63%	129.10%	53.77%	

Notes to Schedule:

(1) Schedule is intended to show 10 years. Additional years will be presented as the information becomes available.

(2) Annual numbers reflect calendar year numbers from TMRS and are reported per the Public Utilities Board's fiscal year in effect at the December 31st reporting period.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Texas Municipal Retirement System Schedule of Contributions (Unaudited)

Last Ten Fiscal Years

Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2012	\$ 3,332,195	\$ 3,332,195	\$ -	\$ 24,493,130	13.60%
2013	3,352,889	3,352,889	-	22,850,044	14.67%
2014	3,672,318	3,672,318	-	26,079,664	14.08%
2015	3,534,419	3,534,419	-	26,333,524	13.42%
2016	4,399,028	4,399,028	-	26,450,688	16.63%
2017	5,074,953	5,074,953	-	28,681,837	17.69%
2018	5,352,822	6,252,822	(900,000)	29,930,515	20.89%
2019	5,274,313	5,274,313	-	29,772,203	17.72%
2020	5,340,253	5,340,253	-	30,563,032	17.47%
2021	5,171,612	5,171,612	-	29,181,849	17.72%

Notes to Schedule

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Public Utilities Board's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes to Schedule (1) Increased municipal matching ratio from 1.5-1 to 2-1 in FY 2016.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Post-Retirement Health Care Benefit Plan

Other Post-Employment Benefits (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 985,022	\$ 1,025,733	\$ 969,822	\$ 1,039,213
Interest (on the Total OPEB Liability)	492,616	706,142	893,577	773,872
Effect of assumption changes or inputs	119,780	(871,449)	3,909,580	(1,099,772)
Effect of economic/demographic gains/(losses)	-	(4,442,918)	-	-
Benefit payments	(612,621)	(652,891)	(663,861)	(392,840)
Net change in Total OPEB Liability	984,797	(4,235,383)	5,109,118	320,473
Total OPEB Liability - Beginning	21,609,895	25,845,278	20,736,160	20,415,687
Total OPEB Liability - Ending	<u>\$ 22,594,692</u>	<u>\$ 21,609,895</u>	<u>\$ 25,845,278</u>	<u>\$ 20,736,160</u>
 Covered Employee Payroll	 \$ 28,430,870	 \$ 27,846,102	 \$ 28,898,143	 \$ 28,303,764
Total OPEB Liability as a Percentage of				
Covered Employee Payroll	79.47%	77.60%	89.44%	73.26%

Notes to Schedule:

- (1) This schedule is presented to illustrate the requirements 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 current GASB standards, they should not be reported. Additional years will be presented as information becomes available.
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- (3) A discount rate of 2.26% was used to determine the beginning Total OPEB liability compared to a discount rate of 4.18% used in the October 1, 2017, actuarial valuation date.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

(A Component Unit of the City of Brownsville, Texas)

Supplemental Death Benefit Plan
Other Post-Employment Benefits (OPEB)

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 79,323	\$ 53,701	\$ 60,082	\$ 49,426
Interest (on the Total OPEB Liability)	51,803	60,018	52,641	52,052
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(39,704)	(130,320)	42,721	-
Changes of assumption	294,277	285,195	(108,407)	124,250
Benefit payments	(15,865)	(14,917)	(18,025)	(17,444)
Net change in Total OPEB Liability	369,834	253,677	29,012	208,284
Total OPEB Liability - Beginning	1,852,025	1,598,348	1,569,336	1,361,052
Total OPEB Liability - Ending	<u>\$ 2,221,859</u>	<u>\$ 1,852,025</u>	<u>\$ 1,598,348</u>	<u>\$ 1,569,336</u>
 Covered Employee Payroll	 \$ 31,729,066	 \$ 29,833,757	 \$ 30,041,089	 \$ 29,074,029
Total OPEB Liability as a Percentage of Covered Employee Payroll	7.00%	6.21%	5.32%	5.40%

Notes to Schedule:

- (1) Schedule is intended to show 10 years. Additional years will be presented as the information becomes available.
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- (3) Due to the SDBF being considered an unfunded OPEB plan under GASB Statement No. 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.
- (4) Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).
- (5) A discount rate of 2.00% was used to determine the beginning Total OPEB liability compared to a discount rate of 2.75% used in the December 31, 2019, actuarial valuation date.

Statistical Section

This part of the Public Utilities Board's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the Public Utilities Board's overall financial health.

Contents	Page
Financial Trends	62-63
These schedules contain trend information to help the reader understand how the Public Utilities Board's financial performance and well being has changed over time.	
Revenue Capacity	65-69
These schedules contain information to help the reader assess the Public Utilities Board's local revenue source.	
Debt Capacity	71-73
These schedules present information to help the reader assess the Public Utilities Board's debt burden and its ability to issue additional debt in the future.	
Demographic and Economic Information	75-76
This schedule offers demographic and economic indicators to help the reader understand the environment in which the Public Utilities Board's financial activities take place.	
Operating Information	78-94
These schedules contain service and infrastructure data to help the reader understand how the information in the Public Utilities Board's financial report relates to the services Public Utilities Board provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules was obtained from the basic financial statements for the relevant years. Public Utilities Board implemented GASB Statement 34 in 2002.

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FINANCIAL TRENDS

- *Net Position by Component*
- *Statements of Revenues,
Expenses, and Changes in Net
Position*

FINANCIAL TRENDS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Dollars In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net position:										
Net investment in capital assets	\$260,939	\$298,269	\$301,903	\$323,271	\$311,667	\$310,655	\$308,012	\$297,472	\$271,662	\$244,561
Restricted	157,728	153,902	154,411	149,429	149,407	143,796	117,120	103,988	101,291	111,401
Unrestricted	12,053	27,954	13,509	10,830	15,189	28,810	50,967	56,130	59,163	54,463
Total net position	<u>\$430,720</u>	<u>\$480,125</u>	<u>\$469,824</u>	<u>\$483,530</u>	<u>\$476,263</u>	<u>\$483,261</u>	<u>\$476,099</u>	<u>\$457,590</u>	<u>\$432,116</u>	<u>\$410,425</u>

FINANCIAL TRENDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Dollars In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating revenues:										
Sales and services charges	\$460,930	\$223,462	\$232,301	\$224,167	\$220,878	\$207,550	\$207,767	\$192,061	\$170,446	\$169,799
Less rate stabilization	(143,387)	(20,400)	(21,500)	(25,900)	(24,200)	(10,525)				
Less utilities service to the City of Brownsville, Texas	(4,587)	(4,571)	(4,488)	(4,549)	(4,629)	(4,804)	(4,810)	(4,840)	(4,274)	(4,228)
Total operating revenues	312,956	198,491	206,313	193,720	192,048	192,221	202,957	187,221	166,172	165,571
Operating expenses:										
Purchased power and fuel	209,099	65,997	70,464	63,091	62,733	55,452	65,221	66,942	53,915	48,039
Personnel services	40,975	42,600	45,043	41,105	40,868	49,077	33,303	32,822	30,616	27,962
Materials and supplies	7,563	7,549	7,583	8,278	7,791	6,961	7,347	7,376	7,433	7,276
Repairs and maintenance	3,576	3,949	3,783	4,540	2,269	2,666	2,983	3,688	2,030	2,794
Contractual and other services	22,544	21,712	20,984	26,132	23,753	24,443	21,522	19,153	19,319	18,972
Depreciation	28,489	46,972	48,890	30,786	30,194	29,064	29,507	28,409	27,366	23,602
Total operating expenses	312,246	188,778	196,747	173,932	167,608	167,663	159,883	158,390	140,679	128,645
Operating income	710	9,712	9,566	19,788	24,440	24,558	43,074	28,831	25,493	36,926
Nonoperating revenues (expenses):										
Investment and interest income	310	2,640	5,184	3,329	1,703	1,202	841	533	564	672
Interest expense	(11,115)	(11,970)	(12,780)	(13,260)	(13,812)	(14,743)	(14,509)	(15,109)	(15,654)	(15,580)
Gain (Loss) on disposition of capital assets	(26,411)	17,146	(927)	282	(3,357)	(1,019)	(3,578)	(1,028)	(116)	(1,417)
Other	2,255	(513)	2,070	1,252	65	457	1,599	1,213	(1,484)	(582)
Project Abandonment	-	-	(9,341)	-	-	-	-	-	-	-
Other payments to the City of Brownsville	-	(2,250)	-	-	-	-	-	-	-	-
Payments to City of Brownsville	(20,524)	(11,170)	(11,878)	(11,090)	(10,666)	(9,823)	(9,040)	(7,614)	(7,189)	(7,738)
Net nonoperating revenues (expenses)	(55,486)	(6,117)	(27,672)	(19,487)	(26,067)	(23,926)	(24,687)	(22,006)	(23,879)	(24,645)
Income (Loss) before capital contributions	(54,777)	3,595	(18,106)	301	(1,627)	632	18,387	6,826	1,614	12,280
Capital contributions	5,371	6,706	4,400	6,968	6,885	6,528	12,965	18,648	20,077	14,224
Change in net position	(49,405)	10,301	(13,706)	7,269	5,258	7,160	31,352	25,474	21,691	26,504
Net position, beginning of year	480,125	469,824	483,530	476,263	483,261	476,099	457,590	432,116	410,425	383,921
Prior Period Adjustment	-	-	-	-	(12,257)	-	(12,843)	-	-	-
Net position, beginning of year as restated	480,125	469,824	483,530	476,263	471,004	476,099	444,747	432,116	410,425	383,921
Net position, end of year	\$430,720	\$480,125	\$469,824	\$483,532	\$476,262	\$483,261	\$476,099	\$457,590	\$432,116	\$410,425

Notes:

The negative change in net position for FY21 is primarily attributable to the disposition and write-off of the Oklaunion Power Station.

The unusually high Purchased power and fuel costs in FY21 are attributable to the Winter Storm URI event in February 2021.

The negative change in net position for FY19 is attributable to the write off of pre-development costs for Tenaska of \$9.3 million and the accelerated depreciation of the Oklaunion Power Station of \$17.1 million.

REVENUE CAPACITY

- *Average Number of Services Billed by Utility*
- *Revenues by Utility*
- *Unit Sales by Utility*
- *Ten Year Rate Analysis – Residential Rates*
- *System Rate Increases*
- *Total Average Residential Monthly Charges*

REVENUE CAPACITY
AVERAGE NUMBER OF SERVICES BILLED BY UTILITY¹
LAST TEN YEARS

FY	ELECTRIC	% CHANGE	WATER	% CHANGE	WASTEWATER	% CHANGE
2021	51,912	0.98%	53,114	1.50%	53,863	1.48%
2020	51,406	2.38%	52,331	1.73%	53,075	1.80%
2019	50,209	1.52%	51,441	1.32%	52,137	1.50%
2018	49,455	1.50%	50,771	1.23%	51,366	2.06%
2017	48,726	1.10%	50,153	1.12%	50,329	1.28%
2016	48,196	1.10%	49,598	1.23%	49,693	1.33%
2015	47,671	0.91%	48,997	1.00%	49,041	1.06%
2014	47,242	1.10%	48,510	1.11%	48,528	1.16%
2013	46,730	1.36%	47,976	1.05%	47,972	1.09%
2012	46,102	1.32%	47,477	1.76%	47,456	1.83%

¹Municipal customers not included in average number of services billed

REVENUE CAPACITY
REVENUES BY UTILITY - LAST TEN YEARS ¹

	2021	2020	FY 2019	FY 2018	FY 2017
ELECTRIC					
Residential	\$ 130,557,180	\$ 70,894,750	\$ 72,375,771	\$ 73,026,444	\$ 71,288,035
Commercial	130,478,792	68,041,652	74,732,579	74,781,316	74,770,246
Municipal	3,430,888	3,418,381	3,527,745	3,579,766	3,630,779
Wholesale sales	136,108,799	16,110,955	22,575,496	11,067,351	9,348,488
Other	9,006,739	14,369,813	9,392,170	11,222,724	11,593,857
<i>Total Electric Operating Revenues</i>	<u>\$ 409,582,398</u>	<u>\$ 172,835,551</u>	<u>\$ 182,603,761</u>	<u>\$ 173,677,601</u>	<u>\$ 170,631,405</u>
WATER					
Inside city	\$ 24,279,840	\$ 24,086,514	\$ 23,472,024	\$ 24,048,925	\$ 23,879,301
Outside city	953,694	909,574	872,649	848,947	873,877
Municipal	717,593	734,648	632,528	643,536	668,247
Other	1,063,842	653,579	1,019,821	998,603	1,029,823
Southmost Regional Water Authority	421,309	489,168	489,743	490,392	480,808
<i>Total Water Operating Revenues</i>	<u>\$ 27,436,278</u>	<u>\$ 26,873,483</u>	<u>\$ 26,486,765</u>	<u>\$ 27,030,403</u>	<u>\$ 26,932,056</u>
WASTEWATER					
Residential	\$ 14,161,526	\$ 14,378,518	\$ 13,616,485	\$ 14,033,891	\$ 14,021,992
Commercial	7,182,523	7,065,343	7,236,716	7,129,594	7,141,687
Municipal	438,520	417,803	327,825	325,425	330,087
Outside city	1,563,609	1,558,927	1,501,463	1,416,201	1,258,935
Other	565,217	332,019	528,182	554,186	561,340
<i>Total Wastewater Operating Revenues</i>	<u>\$ 23,911,395</u>	<u>\$ 23,752,610</u>	<u>\$ 23,210,671</u>	<u>\$ 23,459,297</u>	<u>\$ 23,314,041</u>
TOTAL SALES AND SERVICE CHARGES	<u><u>\$ 460,930,071</u></u>	<u><u>\$ 223,461,644</u></u>	<u><u>\$ 232,301,197</u></u>	<u><u>\$ 224,167,301</u></u>	<u><u>\$ 220,877,502</u></u>
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
ELECTRIC					
Residential	\$ 63,681,205	\$ 64,980,210	\$ 63,035,376	\$ 51,861,710	\$ 48,562,146
Commercial	68,559,278	71,696,062	68,505,305	59,576,916	54,952,907
Municipal	3,846,235	4,035,358	3,916,022	3,336,413	3,157,165
Wholesale sales	16,397,987	12,182,728	921,782	237,173	605,125
Other	7,458,124	9,325,630	9,792,100	8,925,031	16,626,285
<i>Total Electric Operating Revenues</i>	<u>\$ 159,942,829</u>	<u>\$ 162,219,988</u>	<u>\$ 146,170,585</u>	<u>\$ 123,937,243</u>	<u>\$ 123,903,628</u>
WATER					
Inside city	\$ 21,796,229	\$ 20,340,255	\$ 20,594,551	\$ 20,333,223	\$ 20,389,340
Outside city	811,938	777,023	766,496	735,224	699,401
Municipal	624,615	514,875	618,616	617,202	686,274
Other	1,111,918	1,342,068	1,162,867	1,054,328	1,032,247
Southmost Regional Water Authority	466,928	447,797	488,079	1,023,081	428,572
<i>Total Water Operating Revenues</i>	<u>\$ 24,811,628</u>	<u>\$ 23,422,018</u>	<u>\$ 23,630,609</u>	<u>\$ 23,763,058</u>	<u>\$ 23,235,834</u>
WASTEWATER					
Residential	\$ 13,728,898	\$ 13,251,741	\$ 13,578,070	\$ 14,135,642	\$ 14,128,726
Commercial	6,949,099	6,841,017	6,712,829	6,734,506	6,713,307
Municipal	333,262	259,508	304,992	320,569	384,562
Outside city	1,208,890	1,181,106	1,087,237	1,050,009	984,754
Other	575,617	592,120	577,059	505,472	448,444
<i>Total Wastewater Operating Revenues</i>	<u>\$ 22,795,766</u>	<u>\$ 22,125,492</u>	<u>\$ 22,260,187</u>	<u>\$ 22,746,198</u>	<u>\$ 22,659,793</u>
TOTAL SALES AND SERVICES CHARGES	<u><u>\$ 207,550,223</u></u>	<u><u>\$ 207,767,498</u></u>	<u><u>\$ 192,061,381</u></u>	<u><u>\$ 170,446,499</u></u>	<u><u>\$ 169,799,255</u></u>

¹ Excludes Brownsville Public Utilities Board's usage

Note: The extraordinarily high Electric revenues in FY21 are primarily attributable to the Winter Storm URI event in February 2021.

REVENUE CAPACITY
UNIT SALES BY UTILITY - LAST TEN YEARS ¹

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
ELECTRIC SERVICE (kWh)					
Residential	619,603,668	602,596,573	574,129,413	588,862,015	578,938,532
Commercial Non-Demand	133,499,924	133,567,871	136,405,829	136,319,294	139,381,802
Municipal	37,205,368	37,050,431	38,460,445	39,237,875	39,785,043
Commercial Demand	509,752,301	514,989,472	538,476,727	552,028,532	560,113,317
Other	2,210,581	2,251,157	2,266,542	2,390,778	2,478,672
<i>Total Electric Unit Sales</i>	1,302,271,842	1,290,455,504	1,289,738,956	1,318,838,494	1,320,697,366

WATER SERVICE - 1,000 GALLONS

Inside City	5,660,788	5,730,053	5,435,140	5,743,114	5,832,446
Outside City	173,261	162,528	151,259	158,189	157,297
Municipal	191,742	197,883	157,429	162,477	167,724
Other	618,991	569,787	552,631	588,476	525,154
<i>Total Water Unit Sales</i>	6,644,782	6,660,251	6,296,459	6,652,256	6,682,621

WASTEWATER SERVICE - 1,000 GALLONS

Residential	2,786,357	2,807,846	2,592,457	2,745,874	2,804,793
Commercial	1,657,372	1,642,002	1,656,999	1,649,892	1,662,288
Municipal	107,158	101,107	76,897	76,447	77,545
Outside City	116,262	116,852	107,474	111,471	123,065
Other	-	-	-	-	-
<i>Total Wastewater Unit Sales</i>	4,667,149	4,667,807	4,433,827	4,583,684	4,667,691

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
ELECTRIC SERVICE					
Residential	564,931,382	551,304,652	567,334,136	533,303,461	550,169,186
Commercial Non-Demand	135,844,893	128,892,385	132,918,707	134,939,048	136,833,986
Municipal	39,500,507	38,995,522	39,371,016	38,895,227	38,876,114
Commercial Demand	557,349,627	554,994,514	558,708,943	570,125,749	577,866,685
Other	2,403,423	2,227,059	2,226,006	2,232,972	2,234,448
<i>Total Electric Unit Sales</i>	1,300,029,832	1,276,414,132	1,300,558,808	1,279,496,457	1,305,980,419

WATER SERVICE

Inside City	5,560,741	5,281,931	5,753,783	6,294,433	6,269,037
Outside City	155,104	148,956	155,398	161,450	150,957
Municipal	158,741	122,006	176,477	189,804	223,176
Other	465,077	461,178	506,676	555,452	582,502
<i>Total Water Unit Sales</i>	6,339,663	6,014,071	6,592,334	7,201,139	7,225,672

WASTEWATER SERVICE

Residential	2,709,033	2,554,154	2,795,399	3,036,404	3,024,487
Commercial	1,601,296	1,560,177	1,604,591	1,677,306	1,659,010
Municipal	78,448	58,998	74,464	80,169	98,579
Outside City	111,277	106,175	118,228	122,924	118,546
Other	-	-	-	3,671	6,197
<i>Total Wastewater Unit Sales</i>	4,500,054	4,279,504	4,592,682	4,920,474	4,906,819

¹ Excludes Brownsville Public Utilities Board's usage

**REVENUE CAPACITY
TEN YEAR RATE ANALYSIS
RESIDENTIAL RATES**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
ELECTRIC ¹										
Customer Service Charge	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.49	\$ 6.01	\$ 5.62	\$ 5.25	\$ 3.53
Energy Charge										
First 500 kWh	0.05420	0.05420	0.05420	0.05420	0.05420	0.05241	0.05022	0.04862	0.04708	0.04708
Over 500 kWh	0.07688	0.07688	0.07688	0.07688	0.07688	0.07058	0.06458	0.05964	0.05479	0.05152
Fuel & Purchased Power	0.02952	0.02952	0.02952	0.02952	0.02952	0.03401	0.04500	0.05096	0.04000	0.03200
WATER (Inside City) ²										
0-3,000 gallons	1.98	1.98	1.98	1.98	1.98	1.87	1.80	1.73	1.63	1.63
4,000-9,000 gallons	2.19	2.19	2.19	2.19	2.19	2.07	1.99	1.91	1.80	1.80
10,000 to 16,000 gallons	2.70	2.70	2.70	2.70	2.70	2.55	2.45	2.36	2.23	2.23
Over 16,000 gallons	4.08	4.08	4.08	4.08	4.08	3.85	3.70	3.56	3.36	3.36
Customer Service Charge										
5/8 x 3/4 Water Meter Size	12.06	12.06	12.06	12.06	12.06	11.38	10.94	10.52	9.93	9.93
WATER (Outside City) ²										
0-3,000 gallons	2.97	2.97	2.97	2.97	2.97	2.81	2.70	2.68	2.65	2.65
4,000-9,000 gallons	3.29	3.29	3.29	3.29	3.29	3.11	2.98	2.95	2.93	2.93
10,000 to 16,000 gallons	4.05	4.05	4.05	4.05	4.05	3.83	3.68	3.10	3.05	3.05
Over 16,000 gallons	6.12	6.12	6.12	6.12	6.12	5.78	5.55	4.60	4.56	4.56
Customer Service Charge										
5/8 x 3/4 Water Meter Size	18.12	18.12	18.12	18.12	18.12	17.09	16.43	15.8	14.90	14.90
SEWER (Inside City) ³										
0-7,000 gallons	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.30	3.29	3.29
over 7,000 gallons	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.62	3.57	3.57
Customer Service Charge										
5/8 x 3/4 Water Meter Size	7.48	7.48	7.48	7.48	7.48	7.48	7.48	7.19	7.17	7.17
SEWER (Outside City)										
Rate per 1,000 gallons	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.43	\$ 5.36	\$ 5.36
Customer Service Charge										
5/8 x 3/4 Water Meter Size	11.22	11.22	11.22	11.22	11.22	11.22	11.22	10.79	10.75	10.75

¹ Electric rates were tiered effective fiscal year 2012.

² Water rates were tiered effective fiscal year 2006.

³ Wastewater rates were tiered effective March 2007.

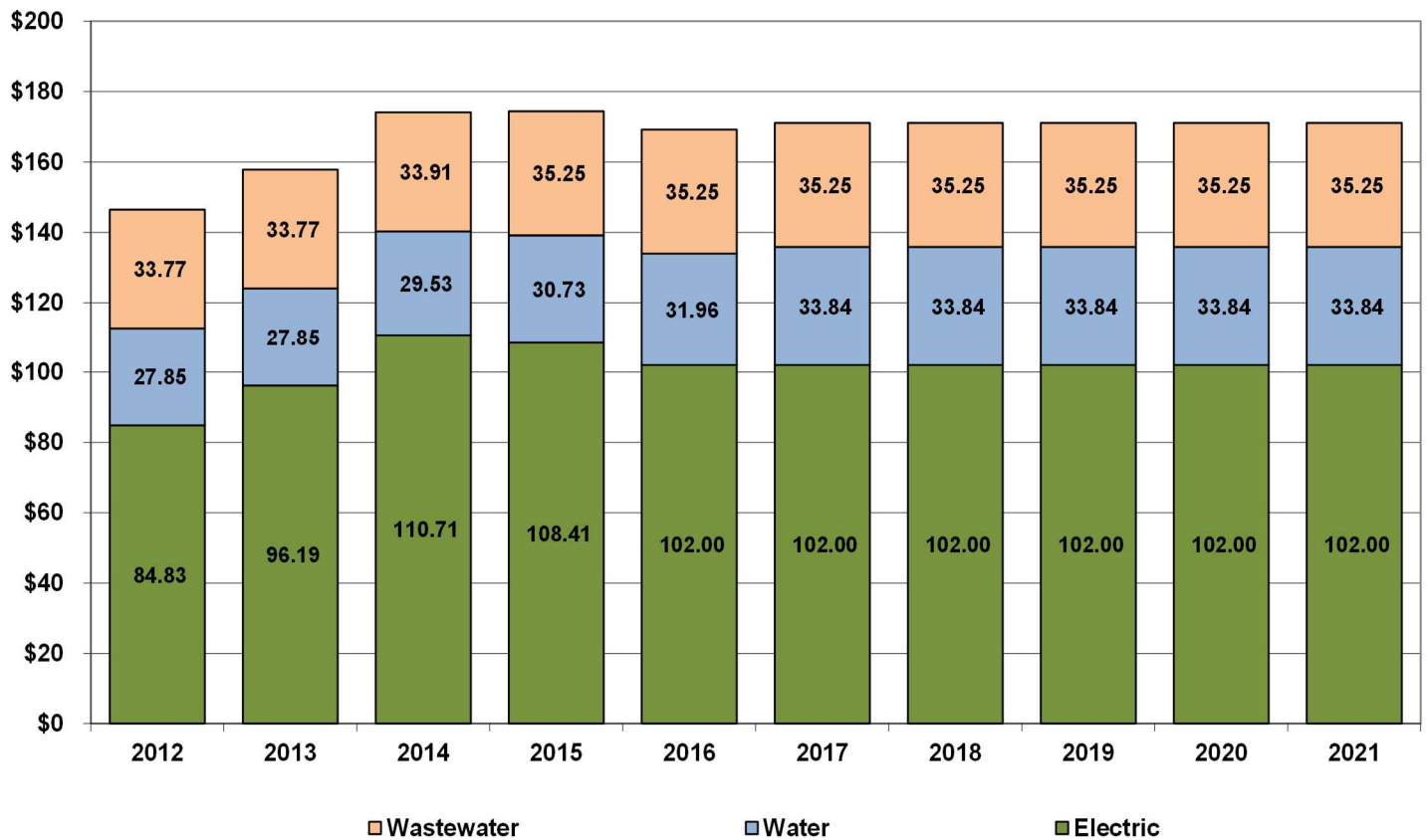
Note: The City Commission of the City of Brownsville, Texas is vested with the right to set utility rates.

**REVENUE CAPACITY
SYSTEM RATE INCREASES - LAST TEN YEARS**

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>
2021	-	-	-
2020	-	-	-
2019	-	-	-
2018	-	-	-
2017	7.0%	6.0%	-
2016	8.0%	4.0%	-
2015	7.0%	4.0%	4.0%
2014	7.0%	6.0%	2.0%
2013	7.0%	-	-
2012	5.0%	5.0%	5.0%



REVENUE CAPACITY
Total Average Residential Monthly Charges
For the Month Ending September 30
 Based on 1,000 kWh of electric, 10,000 gallons of water,
 and 8,000 gallons of wastewater consumption
 (Inside City Limits)



DEBT CAPACITY

- *Computation of Debt Service Coverage*
- *Principal Payments Payable on All Debt Issues Through FY 2045*
- *Ratios of Outstanding Debt by Type*

DEBT CAPACITY
PRINCIPAL PAYMENTS PAYABLE ON ALL DEBT ISSUES
THROUGH FY 2050

Year End Sep 30,	Pub Revenue Improvement Refunding Bonds	2005A	Pub Revenue Refunding Bonds	2008	Pub Revenue Refunding Bonds	2012 SR	2013A	Pub Revenue Refunding Bonds	2015	Pub Revenue Refunding Bonds	2016	Pub Revenue Refunding Bonds	2018	Pub Revenue Refunding Bonds	2020	Pub Revenue Refunding Bonds	2020A	Pub Junior Lien Revenue Bonds	SRWA			Total
																			2009A	2009B	2012	
2022	\$ -	\$ -	\$ -	\$ -	\$ 8,020,000	\$ 3,215,000	\$ 3,085,000	\$ 1,420,000	\$ 370,000	\$ 1,450,000	\$ 40,000	\$ 310,000	\$ 205,000	\$ 1,030,000	\$ -	\$ 19,145,000						
2023	-	-	-	-	8,380,000	3,355,000	3,230,000	1,500,000	455,000	1,460,000	40,000	310,000	210,000	1,085,000	-	20,025,000						
2024	-	-	-	-	8,755,000	3,500,000	3,395,000	1,570,000	320,000	-	45,000	310,000	220,000	1,135,000	-	19,250,000						
2025	-	-	-	-	9,150,000	3,655,000	3,565,000	1,650,000	-	-	45,000	310,000	230,000	1,190,000	-	19,795,000						
2026	-	-	-	-	9,565,000	3,765,000	3,745,000	890,000	965,000	-	45,000	310,000	240,000	1,255,000	-	20,780,000						
2027	-	-	-	-	-	3,970,000	3,930,000	885,000	785,000	10,105,000	50,000	310,000	250,000	1,285,000	-	21,570,000						
2028	-	-	-	-	-	5,045,000	1,515,000	335,000	1,385,000	12,025,000	50,000	310,000	260,000	-	1,540,000	22,465,000						
2029	-	-	-	-	-	5,280,000	1,580,000	350,000	1,895,000	11,800,000	50,000	310,000	270,000	-	1,600,000	23,135,000						
2030	-	-	-	-	-	5,520,000	1,645,000	360,000	2,065,000	11,945,000	55,000	310,000	-	-	1,660,000	23,560,000						
2031	100,000	-	-	-	-	5,675,000	1,705,000	380,000	2,245,000	12,105,000	55,000	310,000	-	-	1,725,000	24,300,000						
2032	-	-	-	-	-	675,000	1,775,000	395,000	2,340,000	-	60,000	310,000	-	-	1,795,000	7,350,000						
2033	-	-	100,000	-	-	705,000	1,850,000	310,000	2,460,000	-	-	310,000	-	-	-	5,735,000						
2034	-	-	-	-	-	730,000	-	-	2,585,000	-	-	310,000	-	-	-	3,625,000						
2035	-	-	-	-	-	760,000	-	-	2,680,000	-	-	310,000	-	-	-	3,750,000						
2036	-	-	-	-	-	790,000	-	-	2,790,000	-	-	310,000	-	-	-	3,890,000						
2037	-	-	-	-	-	825,000	-	-	2,880,000	-	-	310,000	-	-	-	4,015,000						
2038	-	-	-	-	-	855,000	-	-	1,715,000	-	-	310,000	-	-	-	2,880,000						
2039	-	-	-	-	-	890,000	-	-	1,765,000	-	-	305,000	-	-	-	2,960,000						
2040	-	-	-	-	-	930,000	-	-	1,795,000	-	-	-	-	-	-	2,725,000						
2041	-	-	-	-	-	965,000	-	-	1,840,000	-	-	-	-	-	-	2,805,000						
2042	-	-	-	-	-	1,010,000	-	-	1,910,000	-	-	-	-	-	-	2,920,000						
2043	-	-	-	-	-	1,050,000	-	-	1,990,000	-	-	-	-	-	-	3,040,000						
2044	-	-	-	-	-	1,095,000	-	-	2,065,000	-	-	-	-	-	-	3,160,000						
2045	-	-	-	-	-	1,145,000	-	-	2,150,000	-	-	-	-	-	-	3,295,000						
2046	-	-	-	-	-	-	-	-	2,235,000	-	-	-	-	-	-	2,235,000						
2047	-	-	-	-	-	-	-	-	2,305,000	-	-	-	-	-	-	2,305,000						
2048	-	-	-	-	-	-	-	-	2,370,000	-	-	-	-	-	-	2,370,000						
2049	-	-	-	-	-	-	-	-	2,445,000	-	-	-	-	-	-	2,445,000						
2050	-	-	-	-	-	-	-	-	2,515,000	-	-	-	-	-	-	2,515,000						
	\$ 100,000	\$ 100,000	\$ -	\$ 43,870,000	\$ 55,405,000	\$ 31,020,000	\$ 10,045,000	\$ 53,320,000	\$ 60,890,000	\$ 535,000	\$ 5,575,000	\$ 1,885,000	\$ 6,980,000	\$ 8,320,000	\$ -	\$278,045,000						

<u>Debt Allocation By Utility</u>	
Electric	\$ 168,545,417
Water	58,377,055
Wastewater	51,122,528
Total Debt Capacity	\$ 278,045,000
<u>Debt per Rate Payor</u>	
Electric	\$ 3,205
Water	\$ 1,091
Wastewater	\$ 947

DEBT CAPACITY
COMPUTATION OF DEBT SERVICE COVERAGE - LAST TEN YEARS ^{1, 2, 3}

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
OPERATING INCOME	\$143,255,673	\$28,434,506	\$29,644,124	\$44,488,073	\$46,967,688
ADD:					
Depreciation Expense	27,205,210	45,684,434	47,613,572	29,536,134	28,949,302
Investment & Other Income	293,233	2,525,819	4,954,356	3,194,311	1,639,117
LESS:					
Interest on Construction Funds	(25,119)	(432,928)	(857,976)	(404,545)	(178,972)
NET AVAILABLE INCOME	<u>\$170,728,997</u>	<u>\$76,211,831</u>	<u>\$81,354,076</u>	<u>\$76,813,973</u>	<u>\$77,377,135</u>
DEBT SERVICE:					
Revenue Bonds Payable Current	\$16,870,000	\$14,545,000	\$13,870,000	\$13,456,000	\$12,914,000
Total Interest Expense	10,308,028	10,947,307	11,453,972	12,171,696	12,808,172
Commercial Paper Interest Expense	<u>8,861</u>	<u>451,484</u>	<u>442,758</u>	<u>167,579</u>	<u>55,636</u>
NET CASH DEBT SERVICE	<u>\$27,186,889</u>	<u>\$25,943,791</u>	<u>\$25,766,730</u>	<u>\$25,795,275</u>	<u>\$25,777,808</u>
DEBT SERVICE COVERAGE (TIMES)	6.28	2.94	3.16	2.98	3.00
	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
OPERATING INCOME	\$33,093,794	\$41,883,847	\$27,256,483	\$21,947,648	\$32,747,013
ADD:					
Depreciation Expense	28,132,537	28,642,402	27,544,181	26,503,185	22,739,173
Investment & Other Income	1,163,964	815,942	504,537	546,098	654,057
LESS:					
Interest on Construction Funds	(193,527)	(128,019)	(94,376)	(8,823)	(13,501)
NET AVAILABLE INCOME	<u>\$62,196,768</u>	<u>\$71,214,172</u>	<u>\$55,210,825</u>	<u>\$48,988,108</u>	<u>\$56,126,742</u>
DEBT SERVICE:					
Revenue Bonds Payable Current	\$12,173,000	\$12,066,000	\$10,100,000	\$8,649,000	\$8,277,000
Total Interest Expense	13,747,956	13,538,613	14,275,285	15,310,103	14,399,174
Commercial Paper Interest Expense	<u>17,902</u>	<u>13,671</u>	<u>5,929</u>	<u>14,359</u>	<u>39,891</u>
NET CASH DEBT SERVICE	<u>\$25,938,858</u>	<u>\$25,618,284</u>	<u>\$24,381,214</u>	<u>\$23,973,462</u>	<u>\$22,716,065</u>
DEBT SERVICE COVERAGE (TIMES)	2.40	2.78	2.26	2.04	2.47

¹ Excludes Southmost Regional Water Authority and fuel supplement paid from restricted fuel adjustment subaccount.

² Operating Income for FY2019 is restated and FY2020 is lower than in previous years due to a change in the reporting of the fuel supplement.

³ Operating Income in FY2021 is exceptionally high due to the Winter Storm Uri event in February 2021.

DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Revenue		Capital Leases	Total Outstanding Debt		Percentage of Per Capita Income (2)		Population (3)	Debt Per Capita
	Bonds (1)					Income (2)			
2021	\$ 313,254,524	\$	-	\$ 313,254,524	\$	10.06%		188,045	\$ 1,666
2020	\$ 334,778,606	\$	-	\$ 334,778,606	\$	10.83%		186,738	\$ 1,793
2019	\$ 295,305,462	\$	-	\$ 295,305,462	\$	10.30%		185,068	\$ 1,596
2018	\$ 312,880,319	\$	-	\$ 312,880,319	\$	11.33%		183,781	\$ 1,702
2017	\$ 329,418,871	\$	-	\$ 329,418,871	\$	12.29%		185,349	\$ 1,777
2016	\$ 345,587,392	\$	-	\$ 345,587,392	\$	12.90%		184,865	\$ 1,869
2015	\$ 356,249,806	\$	-	\$ 356,249,806	\$	13.78%		183,046	\$ 1,946
2014	\$ 349,829,002	\$	-	\$ 349,829,002	\$	13.58%		181,860	\$ 1,924
2013	\$ 362,485,617	\$	-	\$ 362,485,617	\$	14.85%		180,097	\$ 2,013
2012	\$ 327,549,164	\$	-	\$ 327,549,164	\$	14.51%		175,023	\$ 1,871

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on page 75

(3) Population estimates based on U.S. Census Bureau historical trends and subject to change

DEMOGRAPHIC AND ECONOMIC INFORMATION

- *Demographic Statistics*
- *Principal Employers*

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population*	Per Capita Income	(Thousand's of Dollars) Personal Income	Median Age	Education Level in Years of Formal Schooling	Public School Enrollment	Unemployment Rate
2021	188,045	\$ 16,551	\$ 3,112,336	31.1	65.4%-High School 19.1%-Bachelor's Degree	40,765	6.90%
2020	186,738	\$ 16,551	\$ 3,090,701	31.1	65.4%-High School 18.9%-Bachelor's Degree	44,356	10.90%
2019	185,068	\$ 15,495	\$ 2,867,626	30.3	64.3%-High School 18.9%-Bachelor's Degree	44,452	5.20%
2018	183,781	\$ 15,030	\$ 2,762,234	30.3	64.1%-High School 18.8%-Bachelor's Degree	45,578	5.20%
2017	182,504	\$ 14,683	\$ 2,679,704	30.7	63.8%-High School 18.0%-Bachelor's Degree	46,880	5.80%
2016	181,235	\$ 14,489	\$ 2,625,916	30.6	64.1%-High School 17.5%-Bachelor's Degree	47,749	6.60%
2015	179,975	\$ 14,124	\$ 2,585,342	29.8	63.1%-High School 17.2%-Bachelor's Degree	47,717	6.50%
2014	178,724	\$ 14,167	\$ 2,576,411	29.3	64.3%-High School 18.4%-Bachelor's Degree	48,248	8.10%
2013	177,482	\$ 13,556	\$ 2,441,395	29.5	61.8%-High School 15.7%-Bachelor's Degree	49,247	10.30%
2012	176,248	\$ 12,900	\$ 2,257,797	29.5	60.3%-High School 15.0%-Bachelor's Degree	49,271	10.50%

*Population Estimates based on historical U.S. Census Bureau data and subject to change based on revised published data

SOURCES:

Brownsville Independent School District
U.S. Census Bureau
U.S. Bureau of Labor Statistics

**City of Brownsville, Texas
Principal Employers,
Current Year and Last Nine Years**

Employer	2021			2020			2019			2018		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville I.S.D.	6,264	1	3.68%	6,553	1	3.93%	6,553	1	3.98%	6,652	1	4.06%
Cameron County	1,760	2	1.03%	1,775	3	1.06%	1,780	3	1.08%	1,940	2	1.18%
Caring For You Home Health	1,300	3	0.76%	1,300	4	0.78%	1,120	6	0.68%	1,120	6	0.68%
University of Texas RGV	1,250	4	0.73%	1,830	2	1.10%	1,830	2	1.11%	1,240	3	0.76%
City of Brownsville	1,149	5	0.68%	1,147	5	0.69%	1,215	4	0.74%	1,237	4	0.75%
H.E.B. Food Stores ¹	1,113	6	0.65%	1,113	6	0.67%	1,113	7	0.68%	1,113	7	0.68%
Abundant Life Home Health	1,016	7	0.60%	1,011	7	0.61%	1,200	5	0.73%	1,200	5	0.73%
Wal-Mart ²	870	8	0.51%	801	9	0.48%	818	9	0.50%	850	8	0.52%
Valley Baptist Medical Center	714	9	0.42%	841	8	0.50%	841	8	0.51%	783	9	0.48%
Valley Regional Medical Center ³	700	10	0.41%	700	10	0.42%	750	10	0.46%	750	10	0.46%
Total	16,136		9.47%	17,071		10.24%	17,220		10.47%	16,885		10.30%

Source:

City of Brownsville.

¹ FY 2021 HEB corporate office unwilling to disclose employee count.

² FY 2021 Wal Mart estimate based on Texas average number of employees per store.

³ FY 2021 Valley Regional Medical center numbers were not available - numbers based on 2020 totals.

Employer	2017			2016			2015			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville I.S.D.	7,214	1	4.35%	7,670	1	4.57%	7,200	1	4.33%	7,708	1	4.64%
Keppel Amfels	1,650	4	1.00%	1,650	4	0.98%	1,200	6	0.72%	2,900	2	1.75%
University of Texas RGV	1,734	3	1.05%	1,734	3	1.03%	-	-	-	2,343	4	1.41%
Cameron County	1,950	2	1.18%	1,950	2	1.16%	1,952	2	1.17%	2,040	5	1.23%
Wal-Mart	1,413	5	0.85%	1,413	5	0.84%	1,413	3	0.85%	1,055	8	0.63%
City of Brownsville	1,230	7	0.74%	1,227	7	0.73%	1,230	5	0.74%	1,200	6	0.72%
H.E.B. Food Stores	975	9	0.59%	975	9	0.58%	970	8	0.58%	975	9	0.59%
Valley Regional Medical Center	-	-	-	-	-	-	923	9	0.56%	786	10	0.47%
Caring For You Home Health	1,200	8	0.72%	1,200	8	0.71%	1,150	7	0.69%	2,635	3	1.59%
Abundant Life Home Health	1,300	6	0.78%	1,300	6	0.77%	1,300	4	0.78%	1,200	7	0.72%
Maximus	950	10	0.57%	950	10	0.57%	-	-	-	-	-	-
Valley Baptist Medical Center	-	-	-	-	-	-	850	10	0.51%	-	-	-
Total	19,616		11.83%	20,069		11.95%	18,188		10.95%	22,842		13.75%

Employer	2013			2012		
	Employees	Rank	Percentage of Total City Employment	Rank	Percentage of Total City Employment	
Brownsville I.S.D.	7,708	1	4.82%	7,708	1	5.14%
Keppel Amfels	2,900	2	1.81%	2,900	2	1.93%
Caring For You Home Health	2,635	3	1.65%	2,635	3	1.76%
University of Texas RGV	2,343	4	1.46%	2,343	4	1.56%
Cameron County	2,040	5	1.28%	2,040	5	1.36%
City of Brownsville	1,200	6	0.75%	1,200	6	0.80%
Abundant Life Home Health	1,200	7	0.75%	1,200	7	0.80%
Wal-Mart	1,055	8	0.66%	1,055	8	0.70%
H.E.B. Food Stores	975	9	0.61%	975	9	0.65%
Valley Regional Medical Center	786	10	0.49%	786	10	0.52%
Total	22,842		14.28%	22,842		15.23%

OPERATING INFORMATION

- *Expenses by Utility*
- *Electric Energy Sources,
Water and Wastewater
Statistics*
- *Authorized Full Time
Positions by Department and
Utility*
- *Ten Largest Customers*
- *Capital Assets Statistics by
Utility*

OPERATING INFORMATION
EXPENSES BY UTILITY - LAST TEN YEARS

	FY 2021	FY 2020	FY 2019	FY 2018 Restated	FY 2017 Restated
ELECTRIC					
Generation and Purchases for Resale ¹	\$ 212,928,881	\$ 69,918,239	\$ 74,796,747	\$ 74,337,732	\$ 70,496,415
Transmission and Distribution	8,422,883	8,376,963	7,382,752	7,130,981	6,965,840
Administrative and General	32,935,034	32,736,695	32,546,901	28,859,842	29,431,623
Rate Stabilization ²	-	-	-	25,900,000	24,200,000
Depreciation	12,718,751	30,072,347	33,556,217	15,978,408	15,986,715
Total Electric Operating Expenses	<u>\$ 267,005,549</u>	<u>\$ 141,104,244</u>	<u>\$ 148,282,617</u>	<u>\$ 152,206,963</u>	<u>\$ 147,080,593</u>
WATER					
Plant Operations	\$ 5,197,196	\$ 5,311,778	\$ 5,222,708	\$ 5,781,746	\$ 4,427,577
Transmission and Distribution	3,479,550	3,559,242	3,324,018	3,416,818	3,260,832
Administrative and General	5,205,105	5,817,008	6,507,019	6,411,935	6,126,023
Depreciation	5,483,139	5,922,981	5,111,179	5,039,447	4,894,699
Total Water Operating Expenses	<u>\$ 19,364,990</u>	<u>\$ 20,611,009</u>	<u>\$ 20,164,924</u>	<u>\$ 20,649,946</u>	<u>\$ 18,709,131</u>
WASTEWATER					
Plant Operations	\$ 6,573,943	\$ 6,551,461	\$ 7,210,932	\$ 6,774,909	\$ 6,530,394
Transmission and Distribution	974,216	741,446	830,075	808,444	772,747
Administrative and General	4,949,096	5,440,147	6,594,912	6,049,418	6,051,881
Depreciation	9,003,321	9,689,106	8,946,176	8,518,279	8,067,888
Total Wastewater Operating Expenses	<u>\$ 21,500,576</u>	<u>\$ 22,422,160</u>	<u>\$ 23,582,095</u>	<u>\$ 22,151,050</u>	<u>\$ 21,422,910</u>
SOUTHMOST REGIONAL WATER AUTHORITY					
Administration and General	\$ 3,091,463	\$ 3,353,539	\$ 3,440,425	\$ 3,572,989	\$ 3,351,035
Depreciation	1,283,498	1,287,437	1,276,262	1,250,362	1,244,517
Total SRWA Operating Expenses	<u>\$ 4,374,961</u>	<u>\$ 4,640,976</u>	<u>\$ 4,716,687</u>	<u>\$ 4,823,351</u>	<u>\$ 4,595,552</u>
TOTAL OPERATING EXPENSES	<u>\$ 312,246,076</u>	<u>\$ 188,778,389</u>	<u>\$ 196,746,323</u>	<u>\$ 199,831,310</u>	<u>\$ 191,808,186</u>
OTHER NONOPERATING REVENUES (EXPENSES) ³	<u>\$ (34,962,276)</u>	<u>\$ 5,053,209</u>	<u>\$ (15,794,133)</u>	<u>\$ (8,397,086)</u>	<u>\$ (15,400,823)</u>

¹ Exceptionally high Generation and Purchases for Resale expenses in the Electric Utility are attributable to the Winter Storm Uri event in February 2021.

² Beginning in FY 2019 the Rate Stabilization funds are no longer considered an Operating Expense and are now being netted out of Operating Revenues

³ Excludes payments to City of Brownsville

OPERATING INFORMATION
EXPENSES BY UTILITY - LAST TEN YEARS

	FY 2016 Restated	FY 2015	FY 2014	FY 2013	FY 2012
ELECTRIC					
Generation and Purchases for Resale	\$ 63,120,545	\$ 72,523,667	\$ 73,010,092	\$ 58,343,217	\$ 54,353,235
Transmission and Distribution	6,912,082	6,499,004	6,284,873	6,305,706	6,347,120
Administrative and General	34,583,521	21,524,432	20,437,763	20,656,916	18,697,201
Rate Stabilization	10,525,000	-	-	-	-
Depreciation	15,069,917	14,887,881	14,768,870	14,793,412	13,373,507
Total Electric Operating Expenses	<u>\$ 130,211,065</u>	<u>\$ 115,434,984</u>	<u>\$ 114,501,598</u>	<u>\$ 100,099,251</u>	<u>\$ 92,771,063</u>
WATER					
Plant Operations	\$ 5,129,025	\$ 5,581,020	\$ 6,397,130	\$ 5,649,170	\$ 4,993,739
Transmission and Distribution	3,082,104	2,901,226	2,743,060	2,565,614	2,514,676
Administrative and General	7,250,855	5,141,431	5,325,225	4,748,131	4,081,484
Depreciation	5,116,669	5,622,967	5,543,534	5,345,962	3,766,336
Total Water Operating Expenses	<u>\$ 20,578,653</u>	<u>\$ 19,246,644</u>	<u>\$ 20,008,949</u>	<u>\$ 18,308,877</u>	<u>\$ 15,356,235</u>
WASTEWATER					
Plant Operations	\$ 6,526,539	\$ 6,417,406	\$ 6,656,181	\$ 6,138,037	\$ 5,967,684
Transmission and Distribution	837,287	1,160,632	920,364	764,006	804,846
Administrative and General	7,667,223	5,502,973	5,431,148	5,171,407	4,696,229
Depreciation	7,945,949	8,131,553	7,231,777	6,363,811	5,599,330
Total Wastewater Operating Expenses	<u>\$ 22,976,998</u>	<u>\$ 21,212,564</u>	<u>\$ 20,239,470</u>	<u>\$ 18,437,261</u>	<u>\$ 17,068,089</u>
SOUTHMOST REGIONAL WATER AUTHORITY					
Administration and General	\$ 3,489,520	\$ 3,123,518	\$ 2,775,244	\$ 2,970,231	\$ 2,587,656
Depreciation	931,124	864,865	864,865	862,860	862,649
Total SRWA Operating Expenses	<u>\$ 4,420,644</u>	<u>\$ 3,988,383</u>	<u>\$ 3,640,109</u>	<u>\$ 3,833,091</u>	<u>\$ 3,450,305</u>
TOTAL OPERATING EXPENSES	<u>\$ 178,187,360</u>	<u>\$ 159,882,575</u>	<u>\$ 158,390,126</u>	<u>\$ 140,678,480</u>	<u>\$ 128,645,692</u>
OTHER NONOPERATING REVENUES (EXPENSES)¹	<u>\$ (14,102,923)</u>	<u>\$ (15,646,848)</u>	<u>\$ (14,391,847)</u>	<u>\$ (16,689,611)</u>	<u>\$ (16,906,771)</u>

¹ Excludes payments to City of Brownsville

OPERATING INFORMATION
ELECTRIC ENERGY SOURCES, WATER AND WASTEWATER STATISTICS
LAST TEN YEARS

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
SOURCES OF ENERGY (kWh)					
Total Net Energy Generated	926,706,204	1,231,824,938	1,350,866,264	1,224,415,215	1,202,079,235
Total Energy Purchased	974,035,691	336,912,190	186,542,500	295,731,900	328,964,400
TOTAL SOURCES OF ENERGY	1,900,741,895	1,568,737,128	1,537,408,764	1,520,147,115	1,531,043,635
Less: System Losses and Inadvertent Energy (kWh)	(29,116,701)	(29,241,337)	(25,542,731)	(27,039,952)	(24,589,310)
Net Available for Sale (kWh)	1,871,625,194	1,539,495,791	1,511,866,033	1,493,107,163	1,506,454,325
Sales for Resale (kWh)	(576,980,218)	(264,564,600)	(204,155,127)	(159,885,557)	(177,000,430)
NET ENERGY FOR LOAD	1,294,644,976	1,274,931,191	1,307,710,906	1,333,221,606	1,329,453,895
WATER STATISTICS					
Water Production - 1,000 Gallons					
Raw Water Treated	5,326,847	5,298,583	5,318,507	5,874,579	5,579,560
Raw Water Used in Plant	(200,208)	(244,219)	(265,051)	(207,020)	(119,670)
Surface Water Treated	5,126,639	5,054,364	5,053,456	5,667,559	5,459,890
SRWA (Purchased Water)*	2,340,149	2,537,831	2,482,556	2,495,123	2,440,611
Water Pumped to City	7,466,788	7,592,195	7,536,012	8,162,682	7,900,501
Water Sales	6,740,690	6,757,580	6,334,790	6,695,462	6,732,120
Other Unmetered Usage	50,564	114,398	255,969	165,736	155,286
Losses and Unaccounted for Gallonage	675,534	717,460	945,253	1,301,484	1,013,095
Thousand Gallons to System	7,466,788	7,589,438	7,536,012	8,162,682	7,900,501
Unaccounted For	9.00%	9.45%	12.54%	15.94%	12.82%
Average Daily Consumption	22,657	20,725	20,627	22,341	18,444
Peak Maximum Demand (MG)	25	27	27	30	34
Date	9/9/2021	7/20/2020	8/21/2019	8/20/2018	5/23/2017
WASTEWATER STATISTICS					
Annual Demand (1,000 Gals.)	5,339,312	5,240,443	5,269,519	5,300,889	5,370,043
Maximum Day (MG)	38.4	36.5	29.8	34.8	21.2

* FY 2012 through FY 2021 Water Production includes Southmost Regional Water Authority Production.

OPERATING INFORMATION
ELECTRIC ENERGY SOURCES, WATER AND WASTEWATER STATISTICS
LAST TEN YEARS

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
SOURCES OF ENERGY (kWh)					
Total Net Energy Generated	1,231,840,523	806,397,153	921,011,194	924,212,443	830,108,370
Total Energy Purchased	428,953,100	690,167,500	578,306,000	508,341,700	704,742,700
TOTAL SOURCES OF ENERGY	1,660,793,623	1,496,564,653	1,499,317,194	1,432,554,143	1,534,851,070
Less: System Losses and Inadvertent Energy (kWh)	(22,449,897)	(25,996,837)	(27,903,614)	(27,070,226)	-
Net Available for Sale (kWh)	1,638,343,726	1,470,567,816	1,471,413,580	1,405,483,917	1,534,851,070
Sales for Resale (kWh)	(316,499,025)	(70,155,740)	(12,239,700)	(5,915,000)	(48,313,210)
NET ENERGY FOR LOAD	1,321,844,701	1,400,412,076	1,459,173,880	1,399,568,917	1,486,537,860
WATER STATISTICS					
Water Production - 1,000 Gallons					
Raw Water Treated	5,301,156	5,216,966	5,888,490	6,611,306	6,742,810
Raw Water Used in Plant	(160,738)	(235,716)	(54,450)	(398,363)	(515,470)
Surface Water Treated	5,140,418	4,981,250	5,834,040	6,212,943	6,227,340
SRWA (Purchased Water)*	2,317,634	2,092,497	1,816,125	1,963,421	2,025,507
Water Pumped to City	7,458,052	7,073,747	7,650,165	8,176,364	8,252,847
Water Sales	6,392,340	6,055,349	6,636,736	7,251,194	7,259,778
Other Unmetered Usage	130,685	89,772	208,500	227,400	98,519
Losses and Unaccounted for Gallonage	935,027	928,626	804,929	697,770	894,550
Thousand Gallons to System	7,458,052	7,073,747	7,650,165	8,176,364	8,252,847
Unaccounted For	12.54%	13.13%	10.52%	8.53%	10.84%
Average Daily Consumption	17,465	22,253	21,078	22,334	22,541
Peak Maximum Demand (MG)	29	27	29	30	29
Date	8/10/2016	8/11/2015	8/21/2014	7/3/2013	6/18/2012
WASTEWATER STATISTICS					
Annual Demand (1,000 Gals.)	5,580,261	5,916,884	5,047,953	4,799,312	4,885,625
Maximum Day (MG)	32.6	36.2	32.2	29.1	25.9

* FY 2011 through FY 2021 Water Production includes Southmost Regional Water Authority Production.

OPERATING INFORMATION
AUTHORIZED FULL TIME POSITIONS BY DEPARTMENT AND UTILITY
LAST TEN YEARS

		Budget										
		FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
DEPARTMENT		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
1110	General Manager	3	3	3	3	3	3	3	3	5	4	5
1120	Internal Audit	3	3	3	3	3	3	3	3	3	3	3
1125	Key Account Marketing	4	4	4	4	4	5	5	6	6	3	3
1130	Communications & Adm. Services	1	2	2	2	2	2	2	2	2	2	4
1135	Communications & Public Relations	3	3	4	4	4	4	4	4	4	3	3
1140	Organizational Development	3	2	3	3	3	3	3	3	3	3	3
1145	Electrical Systems	0	0	0	0	0	0	0	2	2	1	1
1150	Board of Directors	0	0	0	0	0	0	0	0	0	0	0
1165	Records Management	3	3	3	3	3	2	2	2	2	2	0
1170	Digital Information Platforms	2	1	0	0	0	0	0	0	0	0	0
1410	Environmental Services	6	6	6	6	5	5	4	4	4	3	3
1440	Health & Safety	4	4	4	6	6	6	6	6	6	6	5
4105	Operations	3	3	3	3	2	2	2	0	0	0	0
4115	Asset Management	0	0	0	0	0	0	0	0	0	0	0
4310	Operational Support Services	3	4	0	3	2	2	2	0	0	0	0
5110	Finance	10	9	3	8	7	7	8	6	6	7	6
5120	Accounting	15	17	9	18	16	16	15	14	14	12	12
5130	Purchasing	7	7	17	7	7	7	7	6	6	6	6
5140	Revenue Recovery	3	3	7	3	3	3	3	3	3	3	3
6105	Customer & Information Services	3	3	3	3	3	3	3	3	3	3	3
6110	Customer Service	14	14	3	14	13	14	14	11	11	10	11
6115	Collections	4	4	14	4	4	4	4	4	4	4	4
6120	Billing	9	9	4	9	8	7	8	7	7	7	7
6125	Call Center	12	12	9	12	12	11	11	10	10	11	10
6130	Meter Services	9	9	12	9	10	10	9	9	9	9	9
6135	CIS Support	3	3	9	3	3	3	3	3	3	3	3
6145	Energy Efficiency & Conservation	1	1	3	1	1	1	1	1	1	1	1
6150	Meter Reading	14	14	14	14	14	15	15	15	15	15	15
6160	Cashiers	8	8	8	8	9	9	9	9	9	7	8
7110	Administrative Services	0	0	0	0	0	0	0	1	1	0	0
7120	Risk/Insurance Management	3	3	3	2	2	2	2	2	2	2	2
7130	Information Services	17	17	17	17	18	17	17	18	18	16	16
7135	GIS	10	10	10	10	10	11	11	13	13	12	11
7140	Human Resources	3	3	3	3	2	2	6	9	9	8	7
7145	Talent Acquisition & Staffing	3	3	3	3	4	3	3	0	0	0	0
7150	Fleet Management	10	10	10	10	10	10	10	10	10	9	9
7155	Compensation & Benefits	4	5	4	4	4	4	0	0	0	0	0
7160	Facility Maintenance	4	4	4	4	4	4	4	4	4	4	4
7165	Security Operations	2	2	2	0	0	0	0	0	0	0	0
7170	Warehouse	5	5	5	5	6	6	6	6	6	6	6
7175	Facility Maintenance-FM511 Svc Yard	4	4	4	0	0	0	0	0	0	0	0
7180	Facility Maintenance-Annex ¹	1	0									
9110	Company-wide Expenses	0	0	0	0	0	0	0	3	3	0	0
TOTAL ADMINISTRATIVE		216	217	215	211	207	206	205	202	204	185	183

¹ Denotes new department for 2022.

OPERATING INFORMATION
AUTHORIZED FULL TIME POSITIONS BY DEPARTMENT AND UTILITY
LAST TEN YEARS (continued)

		Budget										
		FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
DEPARTMENT		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
1145	Electrical Systems	3	4	3	3	3	3	3	0	0	0	0
1420	Environmental Compliance	6	5	6	6	6	6	6	6	6	6	6
2110	Electrical Trans & Dist Support Svcs	0	0	0	0	0	0	0	1	1	0	0
2120	Substations & Relaying	23	23	23	23	24	24	24	12	12	11	9
2130	Elec Trans & Dist New Const	49	50	50	50	28	28	28	31	31	29	30
2140	Elec Trans & Dist Maintenance	0	0	0	0	22	22	22	31	31	28	28
2150	Energy Control Center Operations	15	15	15	15	15	15	15	14	14	13	13
2210	SCADA & Electrical Support Svc.	23	23	23	23	22	19	19	17	17	23	23
2220	Power Production	28	27	27	27	27	27	27	28	28	25	25
2310	Electric Meter Shop	8	8	8	8	8	8	8	8	8	7	7
2410	Electric Engineering	14	12	13	13	14	14	14	14	14	13	15
4105	Operations	0	0	0	0	0	0	0	3	3	0	0
4110	Energy Risk Management	1	1	1	1	1	1	1	1	1	0	0
4210	NERC Compliance	5	5	5	5	5	5	5	3	3	0	0
4220	Fuel & Purchased Energy Supply	2	2	2	2	2	2	2	2	2	0	0
4230	Natural Gas Utility Management	0	0	0	0	0	0	0	0	0	0	0
4310	Operational Support Services	0	0	1	0	0	0	0	1	1	0	0
TOTAL ELECTRIC		177	175	177	176	177	174	174	172	172	155	156

1422	Analytical Lab	16	16	16	16	16	16	16	16	16	13	14
1430	Pre-treatment	7	8	7	7	8	11	12	10	10	9	9
1435	Cross Connection Control	3	3	3	3	3	0	0	0	0	0	0
3110	W & WW Eng. Planning & Operations	2	3	3	2	2	2	2	2	2	4	4
3120	Water Plant I	10	9	10	10	10	10	10	9	9	8	9
3130	Water Plant II	7	8	8	8	8	8	8	9	9	9	8
3135	Resaca Maintenance	9	9	9	9	9	17	17	20	20	11	1
3140	Raw Water Supply	4	4	4	4	4	4	4	3	3	3	3
3145	W/WW Plant Maintenance	12	12	12	12	13	13	13	13	13	13	15
3150	W/WW Operations & Construction	45	45	70	68	67	67	67	68	68	63	64
3155	W/WW Operations & Maintenance	34	34	0	0	0	0	0	0	0	0	0
3160	Potable Water Transport Services	2	3	0	0	0	0	0	0	0	0	0
3210	South WW Treat Plant	9	8	9	9	8	10	10	9	9	9	9
3220	Robindale WW Treat Plant	10	11	10	10	11	11	11	12	12	12	13
3225	W/WW Sludge Management	9	8	8	8	8	0	0	0	0	0	0
3230	Wastewater Lift Stations	20	20	32	34	34	35	35	35	35	30	28
3310	Water & WW Engineering	18	17	17	16	16	16	16	21	21	23	22
4310	Operational Support Services	1	1	1	1	2	2	2	1	1	0	0
9110	Company-wide Expenses	0	0	0	0	1	2	0	0	0	0	0
TOTAL WATER/WASTEWATER		218	219	219	217	220	224	223	228	228	207	199

OVERALL TOTAL NO. OF POSITIONS	611	611	611	604	604	604	602	602	604	547	538
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¹ Denotes new department for 2022.

**TEN LARGEST CUSTOMERS
LAST TEN YEARS**

		FY 2021	
Electric Services		Annual	Percent of
		Consumption	Annual Sales
Customer Name	(kWh)	Revenue	Revenue
1. Brownsville I S D	67,551,445	\$ 6,428,598	5.25%
2. Trico Technologies Corp.	26,950,061	1,820,683	1.49%
3. Amfels Inc	12,283,200	1,160,043	0.95%
4. H E B Stores	15,959,806	1,145,252	0.94%
5. Rich Product Corp.	16,417,440	1,100,850	0.90%
6. Cameron County	12,898,709	1,084,759	0.89%
7. 7 Eleven Inc.	11,502,725	957,098	0.78%
8. Valley Baptist Medical Center	12,388,218	861,719	0.70%
9. CK Technologies, LLC	12,868,932	845,063	0.69%
10. Valley Regional Medical Center	12,117,010	780,778	0.64%
TOTAL	200,937,546	\$ 16,184,843	13.23%
Water Services		Annual	Percent of
		Consumption	Annual Sales
Customer Name	(1,000 Gallons)	Revenue	Revenue
1. El Jardin Water Supply Corp.	350,266	\$ 945,718	3.78%
2. Brownsville I S D	121,981	513,301	2.05%
3. Brownsville Navigation District	190,190	453,136	1.81%
4. Texas Southmost College	45,130	162,448	0.65%
5. University of Texas Rio Grande Valley	43,770	161,830	0.65%
6. Cameron County	50,972	157,450	0.63%
7. Military Highway Water Supply Corp.	60,468	147,878	0.59%
8. Rich Products Corp.	53,822	145,316	0.58%
9. Valley Regional Medical Center	37,876	107,001	0.43%
10. Valley Baptist Medical Center Brownsville	28,700	80,467	0.32%
TOTAL	983,175	\$ 2,874,545	11.49%
Wastewater Services		Annual	Percent of
		Consumption	Annual Sales
Customer Name	(1,000 Gallons)	Revenue	Revenue
1. Brownsville I S D	101,406	\$ 476,837	2.09%
2. Cameron County	43,989	177,400	0.78%
3. Rich Products Corp.	38,897	159,504	0.70%
4. Texas Southmost College	34,170	148,797	0.65%
5. Valley Regional Medical Center	31,229	120,279	0.53%
6. University of Texas Rio Grande Valley	30,828	139,631	0.61%
7. Valley Baptist Medical Center	25,127	96,976	0.43%
8. Raybec Posada LLC	22,180	79,004	0.35%
9. Brownsville Housing Authority Corp.	19,792	75,267	0.33%
10. Trico Technologies Corp.	16,098	63,450	0.28%
TOTAL	363,716	\$ 1,537,145	6.75%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

Electric Services		FY 2020	
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	67,008,231	\$ 6,430,336	5.26%
2. Trico Technologies Corp.	23,133,083	1,706,079	1.40%
3. Amfels Inc	12,196,684	1,239,964	1.01%
4. Cameron County	14,086,347	1,177,932	0.96%
5. H E B Stores	16,843,656	1,153,202	0.94%
6. Rich Product Corp.	16,692,000	1,127,056	0.92%
7. 7 Eleven Inc.	11,774,940	966,433	0.79%
8. Valley Baptist Medical Center	13,181,038	894,173	0.73%
9. Valley Regional Medical Center	12,462,724	801,458	0.66%
10. Southmost Regional Water Authority	9,837,592	713,657	0.58%
TOTAL	197,216,295	\$ 16,210,290	13.25%
Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	313,592	\$ 846,698	3.40%
2. Brownsville I S D	160,695	612,191	2.46%
3. Brownsville Navigation District	163,323	390,805	1.57%
4. Cameron County	66,613	198,460	0.80%
5. Texas Southmost College	56,432	191,887	0.77%
6. University of Texas Rio Grande Valley	50,985	181,254	0.73%
7. Military Highway Water Supply Corp.	60,791	148,627	0.60%
8. Rich Products Corp.	50,307	136,142	0.55%
9. Valley Regional Medical Center	37,787	106,769	0.43%
10. Valley Baptist Medical Center	28,648	80,331	0.32%
TOTAL	989,173	\$ 2,893,164	11.63%
Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	126,129	\$ 568,981	2.49%
2. Cameron County	58,947	233,276	1.02%
3. Rich Products Corp.	38,736	200,041	0.87%
4. University of Texas Rio Grande Valley	33,873	151,504	0.66%
5. Texas Southmost College	34,086	148,444	0.65%
6. Valley Regional Medical Center	30,169	116,293	0.51%
7. Brownsville Housing Authority Corp.	24,627	94,764	0.41%
8. Valley Baptist Medical Center	23,989	92,694	0.41%
9. 101 S Twin Creek LLC	23,206	90,917	0.40%
10. Raybec Posada LLC	25,111	83,459	0.36%
TOTAL	418,873	\$ 1,780,373	7.78%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2019	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	75,058,099	\$ 7,106,223	5.85%
2. Texas Southmost College	27,246,947	1,793,393	1.48%
3. Trico Technologies Corp.	23,778,763	1,621,971	1.33%
4. H E B Stores	18,409,561	1,357,209	1.12%
5. University of Texas Rio Grande Valley	15,818,165	1,192,733	0.98%
6. Cameron County	13,983,052	1,150,902	0.95%
7. Rich Product Corp.	16,250,400	1,117,641	0.92%
8. 7 Eleven Inc.	12,122,407	993,692	0.82%
9. Valley Baptist Medical Center	13,172,114	941,813	0.77%
10. Brownsville Sunrise Development	9,778,026	847,252	0.70%
TOTAL	225,617,534	\$ 18,122,829	14.92%
Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	326,133	\$ 880,559	3.65%
2. Brownsville I S D	174,701	661,119	2.74%
3. Brownsville Navigation District	174,289	417,237	1.73%
4. Texas Southmost College	60,712	207,981	0.86%
5. Cameron County	67,474	194,853	0.81%
6. Military Highway Water Supply Corp.	72,925	176,778	0.73%
7. Rich Products Corp.	61,519	167,564	0.69%
8. University of Texas Rio Grande Valley	43,643	163,954	0.68%
9. Raybec LLC	42,914	118,984	0.49%
10. Valley Regional Medical Center	36,365	104,311	0.43%
TOTAL	1,060,675	\$ 3,093,340	12.81%
Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	137,344	\$ 610,607	2.75%
2. Cameron County	54,522	213,201	0.96%
3. Texas Southmost College	38,889	166,111	0.75%
4. Rich Products Corp.	38,442	144,542	0.65%
5. University of Texas Rio Grande Valley	31,710	142,396	0.64%
6. Raybec LLC	33,687	123,612	0.56%
7. Southwest Key Program Inc	28,915	112,015	0.50%
8. Valley Regional Medical Center	28,749	110,954	0.50%
9. Valley Baptist Medical Center	24,737	95,506	0.43%
10. 7 Eleven Inc.	17,330	74,212	0.33%
TOTAL	434,325	\$ 1,793,156	8.07%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2018	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	80,934,108	\$ 7,602,321	6.14%
2. Texas Southmost College	27,072,986	1,797,409	1.45%
3. Trico Technologies Corp.	25,033,901	1,704,852	1.38%
4. H E B Stores	17,967,508	1,327,521	1.07%
5. Cameron County	13,418,405	1,117,609	0.90%
6. Rich Product Corp.	16,456,800	1,108,714	0.90%
7. University of Texas Rio Grande Valley	14,496,114	1,107,559	0.89%
8. Valley Baptist Medical Center	13,339,179	947,568	0.77%
9. Brownsville Sunrise Development	10,462,943	885,572	0.72%
10. Valley Regional Medical Center	12,505,025	806,351	0.65%
TOTAL	231,686,969	\$ 18,405,476	14.87%
Water Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. El Jardin Water Supply Corp.	367,092	\$ 991,148	3.97%
2. Brownsville I S D	209,461	750,460	3.01%
3. Brownsville Navigation District	171,895	410,692	1.65%
4. Texas Southmost College	75,222	245,495	0.98%
5. University of Texas Rio Grande Valley	45,943	165,721	0.66%
6. Cameron County	52,663	153,910	0.62%
7. Rich Products Corp.	45,840	125,242	0.50%
8. Military Highway Water Supply Corp.	49,489	120,683	0.48%
9. Posada D L P LLC	44,206	118,609	0.48%
10. Valley Regional Medical Center	39,776	113,076	0.45%
TOTAL	1,101,587	\$ 3,195,036	12.80%
Wastewater Services			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
1. Brownsville I S D	160,853	\$ 698,808	3.09%
2. Cameron County	36,682	144,855	0.64%
3. University of Texas Rio Grande Valley	31,504	138,864	0.61%
4. Texas Southmost College	31,331	137,483	0.61%
5. Rich Products Corp.	33,361	130,652	0.58%
6. Valley Regional Medical Center	32,657	125,648	0.56%
7. Posada D L P LLC	29,492	93,503	0.41%
8. Valley Baptist Medical Center	22,856	88,436	0.39%
9. Paseo Plaza Apartments	17,708	72,523	0.32%
10. Trico Technologies Corp.	15,546	61,408	0.27%
TOTAL	411,990	\$ 1,692,180	7.48%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

Electric Services		FY 2017	
		Annual	Percent of
Customer Name	Consumption (kWh)	Sales Revenue	Annual Sales Revenue
1. Brownsville I S D	82,869,447	\$ 7,685,118	6.22%
2. Texas Southmost College	29,326,056	1,970,682	1.59%
3. Trico Technologies Corp.	25,325,540	1,754,972	1.42%
4. H E B Stores	18,646,601	1,377,868	1.12%
5. Rich Product Corp	16,468,800	1,118,128	0.90%
6. Valley Baptist Medical Center	14,924,070	1,070,339	0.87%
7. Cameron County	13,098,169	1,066,846	0.86%
8. University of Texas at Brownsville	14,841,611	1,058,388	0.86%
9. Stripes Stores	11,963,289	975,566	0.79%
10. Brownsville Sunrise Development	11,046,188	927,299	0.75%
TOTAL	238,509,771	\$ 19,005,206	15.38%
Water Services			
		Annual	Percent of
Customer Name	Consumption (1,000 Gallons)	Sales Revenue	Annual Sales Revenue
1. El Jardin Water Supply Corp.	366,180	\$ 988,686	3.97%
2. Brownsville I S D	216,341	768,937	3.08%
3. Brownsville Navigation District	182,173	436,519	1.75%
4. Texas Southmost College	76,321	249,166	1.00%
5. Cameron County	75,639	212,899	0.85%
6. University of Texas Rio Grande Valley	41,834	151,562	0.61%
7. Rich Products Corp.	47,820	130,410	0.52%
8. Valley Regional Medical Center	43,914	123,876	0.50%
9. Posada D L P LLC	38,580	103,925	0.42%
10. Valley Baptist Medical Center	35,065	102,122	0.41%
TOTAL	1,123,867	\$ 3,268,103	13.11%
Wastewater Services			
		Annual	Percent of
Customer Name	Consumption (1,000 Gallons)	Sales Revenue	Annual Sales Revenue
1. Brownsville I S D	153,415	\$ 671,359	2.97%
2. Cameron County	58,639	227,249	1.01%
3. Texas Southmost College	43,689	184,038	0.81%
4. Valley Regional Medical Center	35,831	137,582	0.61%
5. Valley Baptist Medical Center	34,158	132,993	0.59%
6. Rich Products Corp.	33,125	125,523	0.56%
7. University of Texas Rio Grande Valley	27,802	123,091	0.54%
8. Posada D L P LLC	29,947	94,661	0.42%
9. Brownsville TX East Price Big 22 LLC	21,939	83,765	0.37%
10. Trico Technologies Corp.	19,643	76,779	0.34%
TOTAL	458,188	\$ 1,857,042	8.22%

Continued

OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued

Electric Services	FY 2016		
	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
1. Brownsville I S D	82,930,679	\$ 8,074,400	6.34%
2. Texas Southmost College	29,685,682	2,243,917	1.76%
3. Trico Technologies Corp.	26,339,400	1,987,780	1.56%
4. H E B Stores	18,545,047	1,499,772	1.18%
5. Amfels Inc.	10,550,400	1,174,572	0.92%
6. Rich Product Corp	14,882,400	1,155,770	0.91%
7. Valley Baptist Medical Center	14,595,274	1,152,813	0.90%
8. Stripes Stores	12,643,537	1,097,611	0.86%
9. Cameron County	12,530,913	1,097,204	0.86%
10. University of Texas at Brownsville	14,055,966	1,078,717	0.85%
TOTAL	236,759,298	\$ 20,562,556	16.14%

Water Services	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
1. El Jardin Water Supply Corp.	324,858	\$ 828,388	3.67%
2. Brownsville I S D	192,589	665,860	2.95%
3. Brownsville Navigation District	170,012	385,419	1.71%
4. Texas Southmost College	71,190	222,688	0.99%
5. Cameron County	71,303	190,391	0.84%
6. Rich Products Corp.	52,502	135,318	0.60%
7. University of Texas Rio Grande Valley	36,629	130,460	0.58%
8. Valley Baptist Medical Center	39,080	105,642	0.47%
9. Valley Regional Medical Center	37,229	100,320	0.44%
10. Trico Technologies Corp.	25,897	72,011	0.32%
TOTAL	1,021,289	\$ 2,836,497	12.57%

Wastewater Services	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
1. Brownsville I S D	143,912	\$ 635,825	2.90%
2. Cameron County	56,619	219,711	1.00%
3. Texas Southmost College	35,284	152,573	0.70%
4. Valley Baptist Medical Center	38,162	147,839	0.67%
5. Rich Products Corp.	31,135	132,865	0.61%
6. Valley Regional Medical Center	30,399	117,158	0.53%
7. University of Texas Rio Grande Valley	25,232	113,631	0.52%
8. Trico Technologies Corp.	24,869	96,703	0.44%
9. Brownsville TX East Price Big 22 LLC	20,875	79,739	0.36%
10. Stripes Stores	17,793	73,838	0.34%
TOTAL	424,280	\$ 1,769,882	8.07%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

Electric Services	FY 2015		
	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
1. Brownsville I S D	79,800,779	\$ 8,228,510	6.26%
2. Texas Southmost College	28,612,106	2,341,473	1.78%
3. Trico Technologies Corp.	26,987,335	2,214,664	1.68%
4. Amfels Inc.	16,940,352	1,671,712	1.27%
5. H E B Stores	17,993,346	1,534,814	1.17%
6. Rich Product Corp	15,367,200	1,278,590	0.97%
7. Valley Baptist Medical Center	14,314,379	1,211,397	0.92%
8. University of Texas at Brownsville	14,053,305	1,206,786	0.92%
9. Cameron County	12,558,665	1,160,804	0.88%
10. Stripes Stores	12,390,231	1,158,672	0.88%
TOTAL	239,017,698	\$ 22,007,422	16.73%
Water Services	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
1. El Jardin Water Supply Corp.	308,395	\$ 755,567	3.61%
2. Brownsville I S D	183,543	618,630	2.95%
3. Brownsville Navigation District	154,754	337,321	1.61%
4. Texas Southmost College	85,917	249,331	1.19%
5. Cameron County	66,011	169,046	0.81%
6. Rich Products Corp.	47,415	117,453	0.56%
7. Valley Baptist Medical Center	35,889	94,196	0.45%
8. Valley Regional Medical Center	31,089	82,082	0.39%
9. Trico Technologies Corp.	23,245	62,580	0.30%
10. Stripes Stores	18,416	60,127	0.29%
TOTAL	954,674	\$ 2,546,333	12.16%
Wastewater Services	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
1. Brownsville I S D	137,202	\$ 610,011	2.89%
2. Cameron County	56,252	217,681	1.03%
3. Rich Products Corp.	36,347	137,635	0.65%
4. Valley Baptist Medical Center	35,273	136,981	0.65%
5. Texas Southmost College	24,651	112,574	0.53%
6. Valley Regional Medical Center	25,962	100,475	0.48%
7. Trico Technologies Corp.	22,679	88,193	0.42%
8. Brownsville Housing Authority	17,780	72,258	0.34%
9. Brownsville TX East Price Big 22 LLC	18,300	70,084	0.33%
10. Stripes Stores	16,079	69,692	0.33%
TOTAL	390,525	\$ 1,615,584	7.65%

Continued

OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued

FY 2014			
Electric Services	Annual	Annual	Percent of
Customer Name	Consumption	Sales	Annual Sales
	(kWh)	Revenue	Revenue
1. Brownsville I S D	81,394,677	\$ 7,982,880	6.18%
2. Texas Southmost College	29,757,202	2,364,225	1.83%
3. Trico Technologies Corp.	26,076,882	2,042,632	1.58%
4. Amfels Inc.	14,654,796	1,456,034	1.13%
5. H E B Stores	17,981,768	1,445,433	1.12%
6. Rich Product Corp	16,072,800	1,262,227	0.98%
7. Stripes Stores	13,051,210	1,174,860	0.91%
8. Cameron County	12,889,301	1,152,045	0.89%
9. Valley Baptist Medical Center	14,100,834	1,135,557	0.88%
10. University of Texas at Brownsville	12,710,117	1,083,818	0.84%
TOTAL	238,689,587	\$ 21,099,711	16.34%
Water Services			
Customer Name	Annual	Annual	Percent of
	Consumption	Revenue	Annual Sales
			Revenue
1. El Jardin Water Supply Corp.	343,059	\$ 809,619	3.81%
2. Brownsville I S D	215,999	668,450	3.15%
3. Brownsville Navigation District	163,617	342,517	1.61%
4. Texas Southmost College	75,695	218,096	1.03%
5. Cameron County	72,941	178,458	0.84%
6. Rich Products Corp.	52,280	124,082	0.58%
7. University of Texas at Brownsville	37,468	126,380	0.60%
8. Brownsville Housing Authority	34,667	96,588	0.45%
9. Valley Baptist Medical Center	37,303	93,379	0.44%
10. Valley Regional Medical Center	35,392	89,149	0.42%
TOTAL	1,068,421	\$ 2,746,718	12.93%
Wastewater Services			
Customer Name	Annual	Annual	Percent of
	Consumption	Revenue	Annual Sales
			Revenue
1. Brownsville I S D	143,655	\$ 610,610	2.87%
2. Cameron County	64,848	246,499	1.16%
3. Rich Products Corp.	40,161	146,318	0.69%
4. Valley Baptist Medical Center	36,864	137,433	0.65%
5. Brownsville Housing Authority	28,230	112,858	0.53%
6. University of Texas at Brownsville	24,501	108,638	0.51%
7. Valley Regional Medical Center	26,892	100,326	0.47%
8. Texas Southmost College	21,672	98,314	0.46%
9. Stripes Stores	18,529	75,777	0.36%
10. T L G La Residencia LLC	18,689	68,892	0.32%
TOTAL	424,041	\$ 1,705,666	8.02%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2013	
Electric Services			
	Annual	Annual	Percent of
	Consumption	Sales	Annual Sales
<u>Customer Name</u>	<u>(kWh)</u>	<u>Revenue</u>	<u>Revenue</u>
1. Brownsville I S D	83,302,903	\$ 6,919,824	6.30%
2. UTB/TSC	43,208,401	2,914,118	2.65%
3. Amfels	22,049,568	1,720,293	1.57%
4. Trico	24,558,061	1,631,879	1.49%
5. H E B Stores	18,892,417	1,282,293	1.17%
6. Stripes Stores	14,315,711	1,095,914	1.00%
7. Rich Products Corp.	16,252,800	1,078,502	0.98%
8. Cameron County	12,842,582	978,448	0.89%
9. Valley Baptist Medical Center	14,294,152	975,292	0.89%
10. Sunrise Mall	12,281,459	933,284	0.85%
TOTAL	261,998,054	\$ 19,529,847	17.79%

Water Services			
	Annual	Annual	Percent of
	Consumption	Revenue	Annual Sales
<u>Customer Name</u>			<u>Revenue</u>
1. El Jardin Water Supply Corp.	350,432	\$ 704,368	3.33%
2. Brownsville I S D	219,760	625,415	2.96%
3. UTB/TSC	144,053	376,537	1.78%
4. Brownsville Navigation District	156,639	311,286	1.47%
5. Cameron County	60,746	140,713	0.66%
6. Rich Sea Pak Corp.	48,173	107,795	0.51%
7. Brownsville Housing Authority	36,650	93,905	0.44%
8. Buena Vista Burial Park	36,412	82,016	0.39%
9. Valley Regional Medical Center	33,946	79,969	0.38%
10. Valley Baptist Medical Center	26,656	64,512	0.30%
TOTAL	1,113,467	\$ 2,586,516	12.22%

Wastewater Services			
	Annual	Annual	Percent of
	Consumption	Revenue	Annual Sales
<u>Customer Name</u>			<u>Revenue</u>
1. Brownsville I S D	134,666	\$ 560,837	2.54%
2. UTB/TSC	64,993	263,633	1.19%
3. Rich Sea Pak Corp.	40,782	259,183	1.17%
4. Cameron County	54,089	198,761	0.90%
5. Brownsville Housing Authority	30,654	118,962	0.54%
6. Valley Baptist Medical Center	26,205	96,934	0.44%
7. Valley Regional Medical Center	25,919	95,006	0.43%
8. Stripes Stores	18,139	72,265	0.33%
9. Paseo Plaza	17,925	69,661	0.32%
10. T L G La Residencia LLC	16,513	60,167	0.27%
TOTAL	429,885	\$ 1,795,409	8.13%

Continued

**OPERATING INFORMATION
TEN LARGEST CUSTOMERS
LAST TEN YEARS - continued**

		FY 2012	
Electric Services			
	Annual	Annual	Percent of
	Consumption	Sales	Annual Sales
<u>Customer Name</u>	<u>(kWh)</u>	<u>Revenue</u>	<u>Revenue</u>
1. Brownsville I S D	84,437,519	\$ 6,412,786	6.14%
2. UTB/TSC	42,911,014	2,731,048	2.62%
3. Amfels	25,044,732	1,729,705	1.66%
4. Trico	22,499,526	1,395,598	1.34%
5. H E B Stores	18,144,373	1,171,458	1.12%
6. Stripes Stores	14,276,015	1,018,981	0.98%
7. Rich Products Corp.	16,137,600	1,005,032	0.96%
8. Cameron County	13,965,074	973,977	0.93%
9. Valley Baptist Medical Center	14,147,915	910,455	0.87%
10. Sunrise Mall	12,225,321	856,978	0.82%
TOTAL	<u>263,789,089</u>	<u>\$ 18,206,018</u>	<u>17.44%</u>
Water Services			
	Annual	Annual	Percent of
	Consumption	Revenue	Annual Sales
<u>Customer Name</u>			<u>Revenue</u>
1. El Jardin Water Supply Corp.	407,024	\$ 818,118	3.88%
2. Brownsville I S D	248,038	690,560	3.27%
3. Brownsville Navigation District	203,932	405,008	1.92%
4. UTB/TSC	151,023	397,108	1.88%
5. Cameron County	68,298	157,869	0.75%
6. Rich Products Corp.	51,542	115,807	0.55%
7. Valley Regional Medical Center	40,653	95,024	0.45%
8. Brownsville Housing Authority	35,050	90,882	0.43%
9. Valley Baptist Medical Center	32,077	77,689	0.37%
10. Stripes Stores	24,235	66,747	0.32%
TOTAL	<u>1,261,872</u>	<u>\$ 2,914,812</u>	<u>13.82%</u>
Wastewater Services			
	Annual	Annual	Percent of
	Consumption	Revenue	Annual Sales
<u>Customer Name</u>			<u>Revenue</u>
1. Brownsville I S D	157,256	\$ 644,602	2.96%
2. UTB/TSC	67,283	274,534	1.26%
3. Cameron County	61,182	224,599	1.03%
4. Rich Products Corp.	35,938	202,831	0.93%
5. Valley Baptist Medical Center	31,103	115,102	0.53%
6. Brownsville Housing Authority	29,537	114,780	0.53%
7. Valley Regional Medical Center	29,067	106,470	0.49%
8. Stripes Stores	18,960	75,490	0.35%
9. T L G La Residencia LLC	19,266	69,993	0.32%
10. Paseo Plaza	16,213	63,294	0.29%
TOTAL	<u>465,804</u>	<u>\$ 1,891,695</u>	<u>8.69%</u>

OPERATING INFORMATION
CAPITAL ASSETS STATISTICS BY UTILITY
LAST TEN FISCAL YEARS

	FISCAL YEAR									
Electric	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of Power Plants	2	3	3	3	3	3	3	3	3	3
Vehicles	149	161	158	147	144	128	117	127	125	128
Transmission Miles	330	329	329	329	329	329	328	336	336	328
Distribution Miles	4,167	4,118	3,956	3,917	3,844	3,815	3,592	3,555	3,518	3,484
Poles	101,855	101,696	101,457	113,459	113,126	113,039	112,690	112,664	112,528	112,298
Transformers	35,730	35,529	35,236	35,106	34,924	34,792	34,843	36,448	36,413	36,348
Substations	15	15	14	14	14	14	17	15	15	15
Meters	60,818	59,654	58,299	57,219	54,970	55,992	59,939	57,525	56,538	55,853
Water										
Vehicles	100	104	98	96	96	92	98	86	83	76
Water Treatment Plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	2,892	2,884	2,881	2,878	2,873	2,866	2,863	2,843	2,842	2,840
Meters	71,483	72,244	71,384	70,742	70,134	74,031	72,737	69,542	60,040	60,235
Fire Hydrants	4,577	4,547	4,525	4,494	4,453	4,394	4,363	36,195	36,159	37,695
Wastewater										
Vehicles	126	130	126	120	98	91	84	80	75	76
Wastewater Treatment Plants	2	2	2	2	2	2	2	2	2	2
Lift Stations	177	177	178	178	173	174	183	172	158	158
Miles of wastewater mains	868	865	859	857	855	852	825	830	827	802
General										
Vehicles	79	79	74	69	68	68	66	70	66	67

Compliance Section

- ❖ *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditors' Report

To the Board of Directors of
Brownsville Public Utilities Board

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Brownsville Public Utilities Board as of and for the year ended September 30, 2021, and have issued our report thereon dated January 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Brownsville Public Utilities Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Brownsville Public Utilities Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Brownsville Public Utilities Board's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The script is cursive and fluid, with the letters connected. The "B" is large and loops around the "a", and the "T" is tall and thin.

Austin, Texas
January 20, 2022



1425 Robinhood Drive P.O. Box 3270 Brownsville, TX 78523-3270
(956) 983-6100 Fax: (956) 983-6175

Required Forms

FORMS CHECKLIST

The following documents are to be submitted as a part of the Bid/RFP/RFQ document

NAME	FORM DESCRIPTION	SUBMITTED WITH BID	
		YES	NO
Legal Notice	Acknowledgement Form	<input type="checkbox"/>	<input type="checkbox"/>
	Debarment Certificate	<input type="checkbox"/>	<input type="checkbox"/>
	Ethic Statement	<input type="checkbox"/>	<input type="checkbox"/>
	Conflict of Interest Questionnaire	<input type="checkbox"/>	<input type="checkbox"/>
	W9 or W8 Form	<input type="checkbox"/>	<input type="checkbox"/>
	Direct Deposit Form (will be provided to the awarded vendor)	<input type="checkbox"/>	<input type="checkbox"/>
	Residence Certification	<input type="checkbox"/>	<input type="checkbox"/>
Special Instructions (if applicable)	Bid Schedule/Cost sheet completed and signed	<input type="checkbox"/>	<input type="checkbox"/>
	Cashier Check or Bid Bond of 5% of Total Amount of Bid	<input type="checkbox"/>	<input type="checkbox"/>
	OSHA 300 Log	<input type="checkbox"/>	<input type="checkbox"/>
	Contractor Pre-Bid Disclosure completed, signed and notarized	<input type="checkbox"/>	<input type="checkbox"/>
	Sub-Contractor Pre-Bid Disclosure completed, signed, and notarized	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
References	Complete the Previous Customer Reference Worksheet for each reference provided	<input type="checkbox"/>	<input type="checkbox"/>
Addenda			

ETHICS STATEMENT (Complete and Return this form with Response)

The undersigned firm, by signing and executing this RFP, certifies and represents to the Brownsville Public Utilities Board that firm has not offered, conferred or agreed to confer any pecuniary benefit, as defined by (1.07 (a) (6) of the Texas Penal Code, or any other thing of value as consideration for the receipt of information or any special treatment of advantage relating to this RFP; the firm also certifies and represents that the firm has not offered, conferred or agreed to confer any pecuniary benefit or other thing of value as consideration for the recipient's decision, opinion, recommendation, vote or other exercise of discretion concerning this RFP, the firm certifies and represents that firm has neither coerced nor attempted to influence the exercise of discretion by any officer, trustee, agent or employee of the Brownsville Public Utilities Board concerning this RFP on the basis of any consideration not authorized by law; the firm also certifies and represents that firm has not received any information not available to other firms so as to give the undersigned a preferential advantage with respect to this RFP; the firm further certifies and represents that firm has not violated any state, federal, or local law, regulation or ordinance relating to bribery, improper influence, collusion or the like and that firm will not in the future offer, confer, or agree to confer any pecuniary benefit or other thing of value of any officer, trustee, agent or employee of the Brownsville Public Utilities Board in return for the person having exercised their person's official discretion, power or duty with respect to this RFP; the firm certifies and represents that it has not now and will not in the future offer, confer, or agree to confer a pecuniary benefit or other thing of value to any officer, trustee, agent, or employee of the Brownsville Public Utilities Board in connection with information regarding this RFP, the submission of this RFP, the award of this RFP or the performance, delivery or sale pursuant to this RFP.

THE FIRM SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE BROWNSVILLE PUBLIC UTILITIES BOARD, ALL OF ITS OFFICERS, AGENTS AND EMPLOYEES FROM AND AGAINST ALL CLAIMS, ACTIONS, SUITS, DEMANDS, PROCEEDING, COSTS, DAMAGES, AND LIABILITIES, ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM ANY ACTS OR OMISSIONS OF FIRM OR ANY AGENT OR EMPLOYEE OF FIRM IN THE EXECUTION OR PERFORMANCE OF THIS RFP.

I have read all of the specifications and general RFP requirements and do hereby certify that all items submitted meet specifications.

COMPANY: _____

AGENT NAME: _____

AGENT SIGNATURE: _____

ADDRESS: _____

CITY: _____

STATE: _____ ZIP CODE: _____

TELEPHONE: _____ TELEFAX: _____

FEDERAL ID#: _____ AND/OR SOCIAL SECURITY #: _____

DEVIATIONS FROM SPECIFICATIONS IF ANY:

NOTE: QUESTIONS AND CONCERNS FROM PROSPECTIVE CONTRACTORS SHOULD BE RAISED WITH OWNER AND ITS CONSULTANT (IF APPLICABLE) AND RESOLVED IF POSSIBLE, PRIOR TO THE PROPOSAL SUBMITTAL DATE. ANY LISTED DEVIATIONS IN A FINALLY SUBMITTED PROPOSAL MAY ALLOW THE OWNER TO REJECT A PROPOSAL AS NON-RESPONSIVE.

CERTIFICATION REGARDING
DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY
MATTERS **(Complete and Return this form with Response)**

Name of Entity: _____

The prospective participant certifies to the best of their knowledge and belief that they and their principals:

Are not presently debarred, suspended, proposed for debarment or suspension by The State Bar of Texas or any Federal court.

Have not within a three year period preceding this RFP been convicted of, had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, Local) with commission of any of the offenses enumerated in this paragraph of the certification; and

I understand that a false statement on this certification may be grounds for rejection of this RFP or termination of the award. In addition, under 18 USC Section 1001, a false statement may result in a fine up to a \$10,000.00 or imprisonment for up to five (5) years, or both.

Name and Title of Authorized Representative (Typed)

Signature of Authorized Representative

Date

☐ I am unable to certify to the above statements. My explanation is attached.

THIS FORM MUST BE COMPLETED IN ITS ENTIRETY & SUBMITTED WITH BID RESPONSE

CONFLICT OF INTEREST QUESTIONNAIRE For vendor doing business with local governmental entity		FORM CIQ
<p>This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.</p> <p>This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.</p> <p>A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.</p>	OFFICE USE ONLY	
1 Name of vendor who has a business relationship with local governmental entity.	Date Received	
2 <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)		
3 Name of local government officer about whom the information is being disclosed.		
_____ Name of Officer		
4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.		
<div style="margin-bottom: 20px;"> <p>A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?</p> <div style="display: flex; justify-content: center; gap: 50px;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> </div> <div> <p>B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?</p> <div style="display: flex; justify-content: center; gap: 50px;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> </div>		
5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.		
6 <input type="checkbox"/> Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).		
7		
_____ Signature of vendor doing business with the governmental entity		_____ Date

CONFLICT OF INTEREST QUESTIONNAIRE
For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

- (a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

- (2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

- (a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

- (a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

- (1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

- (2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.

BROWNSVILLE PUBLIC UTILITIES BOARD
RESIDENCE CERTIFICATION

In accordance with Art. 601g, as passed by the 1985 Texas Legislature, the following will apply. The pertinent portion of the Act has been extracted and is as follows:

Section 1. (a)

(1) "Nonresident bidder" means a bidder whose principal place of business is not in this state, but excludes a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

(2) "Texas resident bidder " means a bidder whose principal place of business is in this state, and includes a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

Section 1. (b)

The state or governmental agency of the state may not award a contract for general construction, improvements, services, or public works projects or purchases of supplies, materials or equipment to a nonresident bidder unless the nonresident's bid is lower than the lowest bid submitted by a responsible Texas resident bidder by the same amount that a Texas resident bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located.

I certify that

(Company Name) is a **resident Texas bidder** as defined in Art. 601g.

Signature: _____

Print Name: _____

I certify that

(Company Name) is a **nonresident bidder** as defined in Art. 601g. and our principal place of business is:_____

(City and State)

Signature: _____

Print Name: _____

Previous Customer Reference Worksheet

Name of Customer:		Customer Contact:
Customer Address:		Customer Phone Number:
		Customer Email:
Name of Company Performing Referenced Work:		

What was the Period of Performance?		What was the Final Acceptance Date?
From:		
To:		
Dollar Value of Contract?		What Type of Contract?
\$ _____		<input type="checkbox"/> Firm Fixed Price <input type="checkbox"/> Time and Material <input type="checkbox"/> Not to Exceed <input type="checkbox"/> Cost Plus Fixed Fee <input type="checkbox"/> Other, Specify: _____

[illegible]

Form W-9 (Rev. October 2018) Department of the Treasury Internal Revenue Service	Request for Taxpayer Identification Number and Certification ► Go to www.irs.gov/FormW9 for instructions and the latest information.	Give Form to the requester. Do not send to the IRS.
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Print or type. See Specific Instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ► _____		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
	5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)	
	6 City, state, and ZIP code		
7 List account number(s) here (optional)			

Part I Taxpayer Identification Number (TIN) Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> , later. Note: If the account is in more than one name, see the instructions for line 1. Also see <i>What Name and Number To Give the Requester</i> for guidelines on whose number to enter.	Social security number [][][] - [][] - [][][][][][] or Employer identification number [][][] - [][][][][][][][]
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Part II Certification Under penalties of perjury, I certify that: 1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and 3. I am a U.S. citizen or other U.S. person (defined below); and 4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct. Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ► _____	Date ► _____
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General Instructions Section references are to the Internal Revenue Code unless otherwise noted. Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9 . Purpose of Form An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following. • Form 1099-DIV (dividends, including those from stocks or mutual funds) • Form 1099-MISC (various types of income, prizes, awards, or gross proceeds) • Form 1099-B (stock or mutual fund sales and certain other transactions by brokers) • Form 1099-S (proceeds from real estate transactions) • Form 1099-K (merchant card and third party network transactions) • Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition) • Form 1099-C (canceled debt) • Form 1099-A (acquisition or abandonment of secured property) Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN. <i>If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.</i>
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Form **W-8BEN-E**

(Rev. October 2021)

Department of the Treasury
Internal Revenue Service**Certificate of Status of Beneficial Owner for
United States Tax Withholding and Reporting (Entities)**

► For use by entities. Individuals must use Form W-8BEN. ► Section references are to the Internal Revenue Code.
► Go to www.irs.gov/FormW8BENE for instructions and the latest information.
► Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do NOT use this form for:

- U.S. entity or U.S. citizen or resident W-9
- A foreign individual W-8BEN (Individual) or Form 8233
- A foreign individual or entity claiming that income is effectively connected with the conduct of trade or business within the United States (unless claiming treaty benefits) W-8ECI
- A foreign partnership, a foreign simple trust, or a foreign grantor trust (unless claiming treaty benefits) (see instructions for exceptions) . . . W-8IMY
- A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession claiming that income is effectively connected U.S. income or that is claiming the applicability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (unless claiming treaty benefits) (see instructions for other exceptions) W-8ECI or W-8EXP
- Any person acting as an intermediary (including a qualified intermediary acting as a qualified derivatives dealer) W-8IMY

Instead use Form:**Part I Identification of Beneficial Owner****1** Name of organization that is the beneficial owner**2** Country of incorporation or organization**3** Name of disregarded entity receiving the payment (if applicable, see instructions)**4** Chapter 3 Status (entity type) (Must check one box only):☐ Simple trust☐ Tax-exempt organization☐ Corporation☐ Complex trust☐ Partnership☐ Foreign Government - Controlled Entity☐ Central Bank of Issue☐ Private foundation☐ Estate☐ Foreign Government - Integral Part☐ Grantor trust☐ Disregarded entity☐ International organizationIf you entered disregarded entity, partnership, simple trust, or grantor trust above, is the entity a hybrid making a treaty claim? If "Yes," complete Part III. ☐ Yes ☐ No**5** Chapter 4 Status (FATCA status) (See instructions for details and complete the certification below for the entity's applicable status.)☐ Nonparticipating FFI (including an FFI related to a Reporting IGA FFI other than a deemed-compliant FFI, participating FFI, or exempt beneficial owner).☐ Nonreporting IGA FFI. Complete Part XII.☐ Foreign government, government of a U.S. possession, or foreign central bank of issue. Complete Part XIII.☐ Participating FFI.☐ International organization. Complete Part XIV.☐ Reporting Model 1 FFI.☐ Exempt retirement plans. Complete Part XV.☐ Reporting Model 2 FFI.☐ Entity wholly owned by exempt beneficial owners. Complete Part XVI.☐ Registered deemed-compliant FFI (other than a reporting Model 1 FFI, sponsored FFI, or nonreporting IGA FFI covered in Part XII). See instructions.☐ Territory financial institution. Complete Part XVII.☐ Excepted nonfinancial group entity. Complete Part XVIII.☐ Sponsored FFI. Complete Part IV.☐ Excepted nonfinancial start-up company. Complete Part XIX.☐ Certified deemed-compliant nonregistering local bank. Complete Part V.☐ Excepted nonfinancial entity in liquidation or bankruptcy. Complete Part XX.☐ Certified deemed-compliant FFI with only low-value accounts. Complete Part VI.☐ 501(c) organization. Complete Part XXI.☐ Nonprofit organization. Complete Part XXII.☐ Certified deemed-compliant sponsored, closely held investment vehicle. Complete Part VII.☐ Publicly traded NFFE or NFFE affiliate of a publicly traded corporation. Complete Part XXIII.☐ Certified deemed-compliant limited life debt investment entity. Complete Part VIII.☐ Excepted territory NFFE. Complete Part XXIV.☐ Active NFFE. Complete Part XXV.☐ Certain investment entities that do not maintain financial accounts. Complete Part IX.☐ Passive NFFE. Complete Part XXVI.☐ Excepted inter-affiliate FFI. Complete Part XXVII.☐ Owner-documented FFI. Complete Part X.☐ Direct reporting NFFE.☐ Sponsored direct reporting NFFE. Complete Part XXVIII.☐ Restricted distributor. Complete Part XI.☐ Account that is not a financial account.**6** Permanent residence address (street, apt. or suite no., or rural route). **Do not use a P.O. box or in-care-of address** (other than a registered address).

City or town, state or province. Include postal code where appropriate.

Country

7 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate.

Country

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 59689N

Form **W-8BEN-E** (Rev. 10-2021)