



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, 2023 and 2022**





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, 2023 and 2022

PREPARED BY: FINANCE DIVISION

MIGUEL A PEREZ
Chief Financial Officer

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

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- Δ *GFOA Certificate of Achievement*
- Δ *Principal Officials*
- Δ *Organizational Chart*



February 2, 2024

Members of the Board of Directors and Citizens of Brownsville, Texas
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, 2023. 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 Burton McCumber & Longoria, 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 Burton McCumber & Longoria, LLP, is to provide reasonable assurance that the financial statements of the Public Utilities Board for the fiscal year ended September 30, 2023, 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. Burton McCumber & Longoria, 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, 2023, 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, wastewater, and gas 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 53,138 customers and serves a peak load of 301 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 Constellation Energy Generation, LLC, formerly 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 Public Utilities 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 Service ("TGS"), a division of ONE Gas, Inc., 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 four elevated storage tanks provide 7 million gallons of elevated storage capacity. Water is pumped by four high-service pumping stations into the distribution system which consists of 715 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 8.0% of sales. The Public Utilities Board partnered with the Southmost Regional Water Authority (Authority) and built a 7.5 million gallon reverse osmosis water treatment plant of which the Public Utilities Board has 92.91% ownership. The Authority's plant completed an expansion in 2015 to provide microfiltration pretreatment and an increased total production capacity of 10 MGD. This 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 31,965.63 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, 177 pumping/lift stations and two treatment plants. Wastewater is transported by lift 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 June 24, 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 (for 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 land disposal of sludge (City of Brownsville Solid Waste Landfill). The South Plant was originally designed as a trickling filter plant with a treatment capacity of 5 MGD. In 1971, it was expanded to a capacity of 7.8 MGD and was further modified in 1978 to include complete-mix. In 2000, the plant was expanded to 12.8 MGD. The treatment process was changed to complete mix activated sludge and the anaerobic digesters were converted to use the aerobic process. Sludge is thickened, dewatered by a belt filter press, and disposed of at the City of Brownsville Solid Waste Landfill.

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.

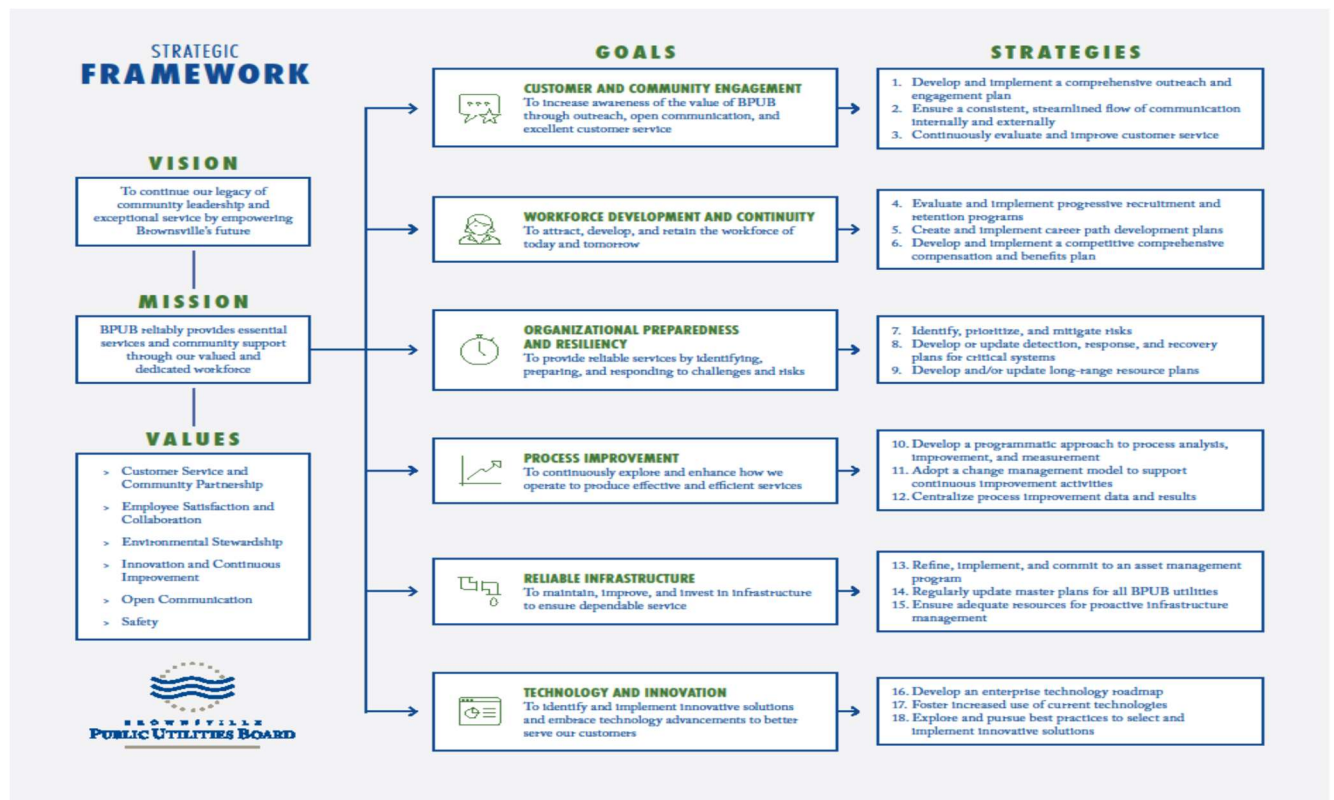
The Public Utilities Board has the authority to provide wastewater service both inside and outside the city limits. The Brownsville Navigation District owns and operates its own wastewater treatment facilities. There is no competition between the Public Utilities Board's wastewater system and the Brownsville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

Strategic Plan

During 2019, the Public Utilities Board 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 the Public Utilities Board'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 2023 was 189,382. 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 38.8 years. About 29.3% of all persons in the City are younger than 18 years of age.

Reporting Entity

A basis for preparing the ACFR 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. In November of 2021, the Public Utilities Board received a certificate of occupancy which allowed staff to start moving in to the new building in December of 2021. As of September 30, 2023, the project was completely closed out and all expenses related to the project were capitalized. The new building houses several departments that transferred over from the Administration Building and other Public Utilities Board facilities.

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 second quarter of fiscal year 2024.

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 first quarter of fiscal year 2025.

Water Port and Palo Alto Substation Upgrades

The Public Utilities Board 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 second quarter of fiscal year 2024, with tentative construction planned for the third quarter of 2024.

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 after the completion of the new storage tank. 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 and a completion date of January 2024.

River Water Pump Station Improvements

The existing River 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 Public Utilities Board commenced engineering design services for a new raw water pump station back in fiscal year 2021 with construction to commence in fiscal year 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, which is managed by the City of Brownsville, 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 \$20.32 million to the restoration effort through September 2023.

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 updated in December 2022. The recent study findings are recommending resaca improvements totaling \$311,192,323 over 32-year period at a 65/35 (federal/non-federal) cost share.

Town Resaca Watershed Project (RESTORE)

The Public Utilities Board received \$4,680,939 in grant funding from the Texas Commission on Environmental Quality for Phase I of restoration/dredging of the Town Resaca system. The project will remove over 100,000 cubic yards of sediment that has accumulated within the resaca creating increased storage capacity for stormwater runoff and improved water depths to sustain native fish populations and support opportunities for fishing, canoeing and kayaking. The project will also replace two deteriorating weir structures and a failed gate valve that are utilized to control water levels within the Town Resaca system. Bank improvements aimed at minimizing erosion, maximizing stormwater infiltration, and restoring habitat by incorporating more natural, gentle slopes (where possible) and native vegetation will also be incorporated. This project was spread out into four (4) phases, with each phase expected to be completed within two (2) years. The estimated total project cost for all phases is \$41,704,998, of which the Public Utilities Board is expected to contribute \$5,353,690. As each phase is completed, the Public Utilities Board will need to reapply for grant funding for the subsequent phases. Phase I of the project is expected to be completed October 2024.

American Recovery Program Act Downtown Water and Wastewater Improvement Project

On June 13, 2022, the Public Utilities Board entered into an interlocal agreement with the City of Brownsville to implement a water and wastewater improvement project in downtown Brownsville funded through the 2021 American Recovery Program Act (ARPA). The project encompasses the rehabilitation and upgrades to both water and wastewater infrastructure within a predetermined section of downtown Brownsville. The interlocal agreement entitles the Public Utilities Board to \$14,500,000 in ARPA funding to help fund the project. The agreement also stipulates when the Public Utilities Board can request a percentage of the overall total once certain milestones are completed as part of the project. The Public Utilities Board has been receiving ARPA funds as a sub-grantee of the City of Brownsville and will continue to do so through the duration of project. As of September 30, 2023, the Public Utilities Board has received a total of \$2,175,000 to fund the project. Project completion is scheduled for December 31, 2025.

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, 2028. The electric capital improvement plan identifies approximately \$116.1 million in generation, transmission, distribution, general and facilities projects of which \$38.4 million are projected to be debt financed. The water capital improvement plan identifies approximately \$43.0 million in projects, of which approximately 30.3% are projected to be debt financed while the wastewater capital improvement plan identifies approximately \$44.2 million in projects, of which approximately 43.7% 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 fiscal year 2023, the Public Utilities Board's cash portfolio earned an average yield of 4.85%. The Public Utilities Board's cash deposits at September 30, 2023, 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, 2022. The Public Utilities Board first received this award in 2006. This was the seventeenth 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
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

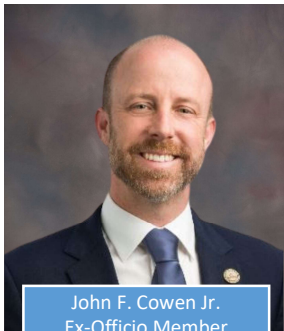
September 30, 2022

Christopher P. Morill

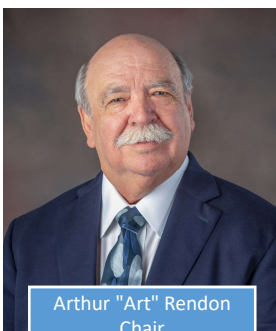
Executive Director/CEO

PRINCIPAL OFFICIALS

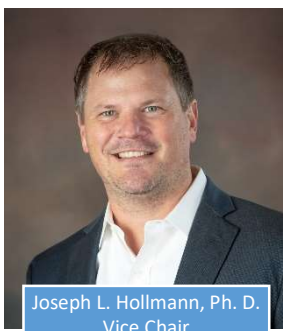
~ Board Members ~



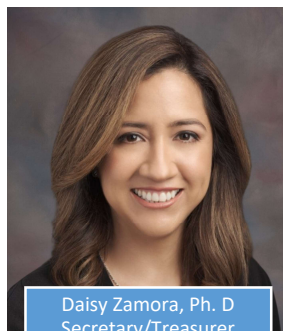
John F. Cowen Jr.
Ex-Officio Member



Arthur "Art" Rendon
Chair



Joseph L. Hollmann, Ph. D.
Vice Chair



Daisy Zamora, Ph. D.
Secretary/Treasurer



Gerardo Martinez
Member



Patricio Sampayo
Member



Alejandro Najera
Member

~ Board Administration ~



Marilyn Gilbert
General Manager & CEO



Mark Dombroski
Assistant GM & COO



Miguel A. Perez
Chief Financial Officer



Constanza Miner
Chief Administrative Officer

~ Consultants and Advisors ~

Orrick, Herrington & Sutcliffe, LLP	Bond Counsel	Houston, Texas
Burton McCumber & Longoria, LLP	Independent Auditor	Brownsville, Texas
Spencer Fane, LLP	Special Utility Counsel	Austin, Texas
Jones, Galligan, Key & Lozano, LLP	Local Counsel	Brownsville, Texas
Estrada Hinojosa & Company, Inc.	Financial Advisor	Dallas, Texas

BPUB Management Organizational Chart

October 1, 2023

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graph TD
    Board[Board of Directors] --> DirInt[Melida R. Pinales  
Director of Internal Audit  
FTE 3]
    Board --> GenC[General Counsel  
FTE 3]
    Board --> DirExec[Marilyn D. Gilbert  
General Manager & Chief Executive Officer  
FTE 3]
    Board --> DirPols[Nancy Amaga  
Records, Info & Policies  
FTE 4]
    DirInt --> LinaAlvarez[Lina Alvarez  
Energy Risk Mgr  
FTE 1]
    DirInt --> MarkDombroski[Mark Dombroski  
Assistant General Manager & Chief Operating Officer  
FTE 2]
    DirInt --> ConstanzaMiner[Constanza Miner  
Chief Administrative Officer  
FTE 1]
    DirInt --> MiguelAPerez[Miguel A. Perez  
Chief Financial Officer  
FTE 2]
    LinaAlvarez --> JaimeEstrada[Jaime Estrada  
Director of WWWW Operations  
FTE 4]
    LinaAlvarez --> ArmandoGarcia[Armando Garcia  
Division Manager WWWW Distribution and Maintenance]
    LinaAlvarez --> JudyAdams[Judy Adams  
Division Manager]
    LinaAlvarez --> LouisBennet[Louis Bennet Jr.  
WW Treatment Manager  
FTE 19]
    LinaAlvarez --> JoseAGarza[Jose A. Garza  
Water Treatment Manager  
FTE 18]
    LinaAlvarez --> DavidRamirez[David Ramirez, PE  
Main & Reliability Eng Mgr  
FTE 1]
    MarkDombroski --> MarieLeal[Marie Leal, PE  
Director of Special Projects & WWWW Eng. Planning  
FTE 4]
    MarkDombroski --> CesarCortinas[Cesar Cortinas, PE  
Director of Electric Transmission & Distribution  
FTE 4]
    MarkDombroski --> EliAlvarez[Eli Alvarez, PE  
Division Manager  
FTE 67]
    MarkDombroski --> ReneMariscal[Rene Mariscal  
Division Manager  
FTE 27]
    MarkDombroski --> VacantEng[Vacant  
Engineering Manager]
    MarkDombroski --> ArnulfoMejia[Arnulfo Mejia, PE  
Substations & Relaying Manager  
FTE 21]
    MarkDombroski --> EleazarPerez[Eleazar Perez, PE  
Electric Operations Manager  
FTE 14]
    MarkDombroski --> JeffStedje[Jeff Stedje  
Facilities Manager  
FTE 10]
    MarkDombroski --> JoseCuellar[Jose Cuellar  
Fleet Services Manager  
FTE 10]
    ConstanzaMiner --> AlbertoGomez[Alberto Gomez Jr., PE  
Director of Environmental Services  
FTE 6]
    ConstanzaMiner --> VacantPower[Vacant  
Director of Power Supply]
    ConstanzaMiner --> RobertAvila[Robert Avila  
Energy System Operations Manager  
FTE 15]
    ConstanzaMiner --> RolandoLozano[Rolando Lozano, PE  
Power Plant Manager  
FTE 27]
    ConstanzaMiner --> GustavoCLeal[Gustavo C. Leal  
NERO Compliance Manager & Chief Compliance Officer  
FTE 5]
    ConstanzaMiner --> CassandraRosales[Cassandra Rosales  
Fuel & Purchased Energy Manager  
FTE 2]
    ConstanzaMiner --> EmilioGarcia[Emilio Garcia  
Director of WWWW Operations  
FTE 4]
    ConstanzaMiner --> EduardoMartinez[Eduardo Martinez  
Safety & Security Manager  
FTE 5]
    ConstanzaMiner --> LuisRussel[Luis Russel  
Acting Risk Manager  
FTE 2]
    ConstanzaMiner --> JoseAmaya[Jose Amaya  
Billing Manager  
FTE 13]
    ConstanzaMiner --> EddieCampirano[Eddie Campirano Jr.  
Customer Service Manager  
FTE 33]
    ConstanzaMiner --> EstrellaSolozano[Estrella Solozano  
Director of Comm. & Support Services  
FTE 5]
    ConstanzaMiner --> EmiliaGuerra[Emilia Guerra  
Director of Human Resources  
FTE 2]
    ConstanzaMiner --> MarisaGaytan[Marisa Gaytan  
Training & Organizational Development Manager  
FTE 3]
    ConstanzaMiner --> SergioDelgadillo[Sergio Delgadillo  
Compensation & Benefits Manager  
FTE 6]
    ConstanzaMiner --> JoeParedes[Joe Paredes  
Talent Acquisition & Staffing Manager  
FTE 4]
    ConstanzaMiner --> JuanCamizales[Juan Camizales  
Pretreatment Environmental Manager  
FTE 7]
    ConstanzaMiner --> RamiroCapistran[Ramiro Capistran Jr.  
Environmental Manager  
FTE 6]
    ConstanzaMiner --> VicenteGuerrero[Vicente Guerrero III  
Laboratory & Cross Connect Ctl. Manager  
FTE 21]
    ConstanzaMiner --> RyanGreenfield[Ryan Greenfield  
Comm. & PR Manager  
FTE 3]
    ConstanzaMiner --> DannyMarez[Danny Marez  
Bus. Dev. & Key Accounts Manager  
FTE 5]
    ConstanzaMiner --> MiguelCollins[Miguel Collins  
Digital Info. Platforms Tec Manager  
FTE 2]
    ConstanzaMiner --> JesseAlfaro[Jesse Alfaro  
Real Estate Manager  
FTE 2]
    ConstanzaMiner --> SergioMartinez[Sergio Martinez  
Division Manager]
    ConstanzaMiner --> JaimeEAguiar[Jaime E. Aguiar  
IT Sys Plan/Project Coord Manager  
FTE 2]
    ConstanzaMiner --> NormaAGomez[Norma A. Gomez  
CIS Support Manager  
FTE 16]
    ConstanzaMiner --> SoniaGover[Sonia Gover  
GIS Manager  
FTE 8]
    ConstanzaMiner --> EliasQuintero[Elias Quintero  
SCADA & Elec Support Svcs Manager  
FTE 23]
    ConstanzaMiner --> ArnoldVillarreal[Arnold Villarreal  
Meter Services Manager  
FTE 10]
    ConstanzaMiner --> JoseLuisLopez[Jose Luis Lopez Jr.  
IT Hardware Support Manager  
FTE 11]
    ConstanzaMiner --> AraceliZuniga[Araceli Zuniga  
IT Sys/Software Support Manager  
FTE 5]
    ConstanzaMiner --> GeorgeRangel[George Rangel  
Finance Manager  
FTE 8]
    ConstanzaMiner --> JorgeSanitlan[Jorge Sanitlan  
Treasury & Acct Manager  
FTE 7]
    ConstanzaMiner --> DianeSolitare[Diane Solitare  
Purchasing & Materials Manager  
FTE 11]
    ConstanzaMiner --> PedroElizondo[Pedro Elizondo / Tricia Ayers  
Controller]
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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Public Utilities of Board of the City of Brownsville, a component unit of the City of Brownsville, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Public Utilities of Board of the City of Brownsville's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Public Utilities of Board of the City of Brownsville as of September 30, 2023, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Public Utilities of Board of the City of Brownsville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information as listed in the table of contents to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Utilities of Board of the City of Brownsville's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2024, on our consideration of the Public Utilities of Board of the City of Brownsville'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 Public Utilities of Board of the City of Brownsville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Utilities of Board of the City of Brownsville's internal control over financial reporting and compliance.

Burton, McCumber, & Longoria LLP

Brownsville, Texas
February 2, 2024

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, 2023 and 2022. 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 \$475.4 million at the close of fiscal year 2023. Total net position increased by \$9.8 million or 2.1% compared to the previous fiscal year. Much of the decreased growth in net position compared to previous fiscal year growth of \$34.9 is attributed to a customer rebate program from the Tenaska Equity Fund in fiscal year 2023. Total amount of the rebate was \$31.3 million. See Note 14 for more discussion on the Tenaska Equity Fund rebate. The total net position is a good indicator of the Public Utilities Board’s overall financial health.

Net position in investment in capital assets totaled \$294.8 million and \$282.3 million for fiscal years 2023 and 2022, respectively. The restricted net position of \$150.6 million and \$155.1 million for fiscal years 2023 and 2022, respectively, is subject to external restrictions on how it may be used. The remaining balances of unrestricted net position, totaling \$30.0 million and \$28.2 million for fiscal years 2023 and 2022, 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.

Net Position

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

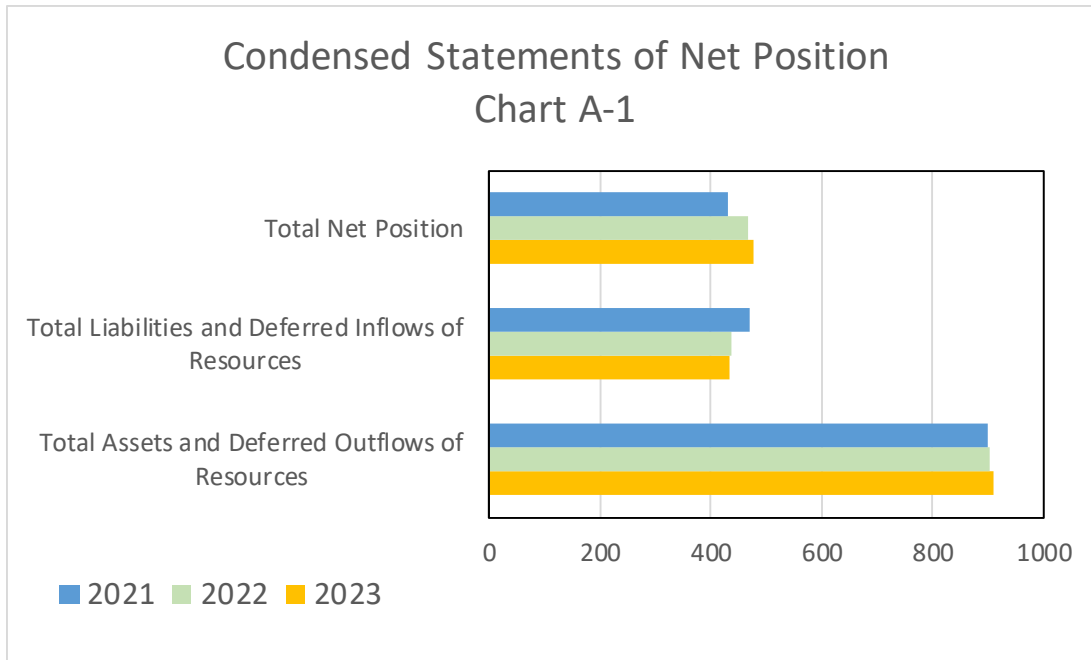
TABLE A-1
CONDENSED STATEMENTS OF NET POSITION

September 30, 2023, 2022 and 2021

(In millions of dollars)

				Change		Change	
	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
Current assets	\$ 127.5	\$ 132.9	\$ 136.9	\$ (5.4)	-4.1%	\$ (4.0)	-2.9%
Non-current assets	131.0	136.5	137.1	(5.5)	-4.0%	(0.6)	-0.4%
Capital assets	611.1	607.5	598.6	3.6	0.6%	8.9	1.5%
Total assets	869.6	876.9	872.6	(7.3)	-0.8%	4.3	0.5%
Deferred outflows of resources	40.9	26.5	28.4	14.4	54.3%	(1.9)	-6.7%
Total assets plus deferred outflows of resources	910.5	903.4	901.0	7.1	0.8%	2.4	0.3%
Current liabilities	75.9	60.1	114.5	15.8	26.3%	(54.4)	-47.5%
Long-term liabilities	346.1	353.4	342.1	(7.3)	-2.1%	11.3	3.3%
Total liabilities	422.0	413.5	456.6	8.5	2.1%	(43.1)	-9.4%
Deferred inflows of resources	13.1	24.3	13.7	(11.2)	-46.1%	10.6	77.4%
Total liabilities plus deferred inflows of resources	435.1	437.8	470.3	(2.7)	-0.6%	(32.5)	-6.9%
Net position:							
Investment in capital assets	294.8	282.3	260.9	12.5	4.4%	21.4	8.2%
Restricted	150.6	155.1	157.7	(4.5)	-2.9%	(2.6)	-1.6%
Unrestricted	30.0	28.2	12.1	1.8	6.4%	16.1	133.1%
Total net position	\$ 475.4	\$ 465.6	\$ 430.7	9.8	2.1%	\$ 34.9	8.1%

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, 2023, increased by \$9.8 million from fiscal year 2022. Total assets plus deferred outflows of resources rose \$7.1 million from prior year. Total assets decreased \$7.3 million from prior year due in part to decreases in cash and receivables. The fuel cost under-recovery increased \$6.8 million from prior year. Deferred outflows related to pension increased \$16.4 million from prior year primarily due to changes in expected and actual experience on pension assets and changes in projected and actual earnings.

Current liabilities increased \$15.8 million from fiscal year 2022. The issuance of \$12 million in commercial paper notes contributed to this increase. Also, the Public Utilities Board received \$2.2 million from the City of Brownsville for American Rescue Plan Act projects. At year end, \$1.3 million remained in unearned revenues. Long-term liabilities decreased \$7.3 million from prior year. The OPEB liability for healthcare decreased \$14.8 million due to the creation of an irrevocable trust in fiscal year 2023 and contribution of \$13.3 million from the Public Utilities Board to create a net OPEB asset. Long-term bond payables (net) also decreased \$22.5 million. Pension liability for the Public Utilities Board increased \$30.9 million from fiscal year 2022, while deferred inflows related to pension and OPEB decreased \$11.2 million. Overall, the total liabilities plus deferred inflows of resources decreased \$2.7 million.

Net position for fiscal year 2022 increased by \$34.9 million from fiscal year 2021. Total assets plus deferred outflows of resources remained stable with little change from fiscal year 2021 at \$2.4 million. Current liabilities were reduced by \$54.4 million due to the conversion of commercial paper notes to long-term debt. Although this increased long-term debt, the OPEB and Net Pension liabilities decreased in fiscal year 2022 by \$7.7 million and \$11.5, respectively. The net increase and decreases of commercial paper notes to long-term debt and the reduction of the OPEB and Net Pension liabilities resulted in an increase in long-term debt of \$11.3 million from prior year. Similarly, the deferred inflows related to the Pension and OPEB liabilities increased a combined \$13.3 million from fiscal year 2021. Total increase of deferred inflows from prior year includes \$2.8 million over-recovery of fuel costs, netting the balance to \$10.6 million change from prior year.

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, 2023, 2022 and 2021

(In millions of dollars)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>		<u>Change</u>	
				2023 vs. 2022		2022 vs. 2021	
Operating revenues:							
Operating revenues - sales (net)	\$ 272.2	\$ 268.0	\$ 313.0	\$ 4.2	1.6%	\$ (45.0)	-14.4%
Total operating revenues	<u>272.2</u>	<u>268.0</u>	<u>313.0</u>	<u>4.2</u>	1.6%	<u>(45.0)</u>	-14.4%
Non-operating revenues:							
Investment and interest income	9.6	1.6	0.3	8.0	500.0%	1.3	433.3%
Non-operating revenue	<u>3.2</u>	<u>2.0</u>	<u>2.2</u>	<u>1.2</u>	60.0%	<u>(0.2)</u>	-9.1%
Total non-operating revenues	<u>12.8</u>	<u>3.6</u>	<u>2.5</u>	<u>9.2</u>	255.6%	<u>1.1</u>	44.0%
Total revenues	<u>285.0</u>	<u>271.6</u>	<u>315.5</u>	<u>13.4</u>	4.9%	<u>(43.9)</u>	-13.9%
Operating expenses:							
Purchased power and fuel	104.6	109.4	209.1	(4.8)	-4.4%	(99.7)	-47.7%
Personnel services	50.7	38.1	41.0	12.6	33.1%	(2.9)	-7.1%
Materials and supplies	10.5	9.1	7.5	1.4	15.4%	1.6	21.3%
Repairs and maintenance	5.2	4.9	3.6	0.3	6.1%	1.3	36.1%
Contractual and other services	24.3	24.5	22.5	(0.2)	-0.8%	2.0	8.9%
Depreciation expense	<u>29.2</u>	<u>29.4</u>	<u>28.5</u>	<u>(0.2)</u>	-0.7%	<u>0.9</u>	3.2%
Total operating expenses	<u>224.5</u>	<u>215.4</u>	<u>312.2</u>	<u>9.1</u>	4.2%	<u>(96.8)</u>	-31.0%
Non-operating expenses:							
Interest expense	12.0	11.1	11.2	0.9	8.1%	(0.1)	-0.9%
Loss on disposition of capital assets	0.9	0.6	26.4	0.3	50.0%	(25.8)	-97.7%
Tenaska Equity Fund rebate expense	31.3	-	-	31.3	100.0%	-	0.0%
Project abandonment	-	5.2	-	(5.2)	-100.0%	5.2	0.0%
Payments to the City of Brownsville	<u>12.1</u>	<u>12.5</u>	<u>20.5</u>	<u>(0.4)</u>	-3.2%	<u>(8.0)</u>	-39.0%
Total non-operating expenses	<u>56.3</u>	<u>29.4</u>	<u>58.1</u>	<u>26.9</u>	91.6%	<u>(28.7)</u>	-49.4%
Total expenses	<u>280.8</u>	<u>244.8</u>	<u>370.3</u>	<u>36.0</u>	14.7%	<u>(125.5)</u>	-33.9%
Changes in net position before capital contributions	4.2	26.8	(54.8)	(22.6)	-84.3%	81.6	-148.9%
Capital contributions	<u>5.6</u>	<u>8.1</u>	<u>5.4</u>	<u>(2.5)</u>	-30.9%	<u>2.7</u>	50.0%
Change in net position	<u>9.8</u>	<u>34.9</u>	<u>(49.4)</u>	<u>(25.1)</u>	-71.9%	<u>84.3</u>	-170.6%
Beginning net position	<u>465.6</u>	<u>430.7</u>	<u>480.1</u>	<u>34.9</u>	8.1%	<u>(49.4)</u>	-10.3%
Ending net position	<u>\$ 475.4</u>	<u>\$ 465.6</u>	<u>\$ 430.7</u>	<u>\$ 9.8</u>	2.1%	<u>\$ 34.9</u>	8.1%

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 2023, the Public Utilities Board experienced a slight increase in total operating revenue of \$4.2 million from fiscal year 2022. During fiscal year 2023, electric rates were partially rolled back, while both water and wastewater utility rates were increased. The Public Utilities Board decreased the rate stabilization amount from \$15.4 million in fiscal year 2022 to only \$1.5 million in fiscal year 2023. Both the rate increases and decrease in the rate stabilization contributed to the \$4.2 million overall increase in operating revenues. Investment earnings increased by \$8.0 million from fiscal year 2022 due to rising interest rates and better investment opportunities. Capital contributions decreased slightly by \$2.5 million from the prior year.

Operating expenses increased \$9.1 million from fiscal year 2022. Most of the increase is due to an increase in personnel services of \$12.6 million. Purchased power and fuel expenses decreased slightly from prior year by \$4.8 million. All

other operating expense categories experienced negligible changes from prior year. In May 2023, the Public Utilities Board issued a rebate to customers from the Tenaska Equity Fund that was approved by the City Commission of the City of Brownsville, Texas. Total amount of the rebate was \$31.3 million. See Note 14 for more discussion on the Tenaska Equity Fund Rebate.

For fiscal year 2022, the Public Utilities Board experienced a decrease in operating revenues from prior year of \$45.0 million. In fiscal year 2021, off-system sales escalated during Winter Storm Uri and this extreme weather was not experienced in fiscal year 2022. However, both the water and wastewater utilities did see increases in their revenue stream as water rates increased 8% and wastewater rates increased 9%. Additionally, the water utility implemented a Resaca fee. These fee increases and additional Resaca Fee went into effect June 1, 2022. Investment earnings increased by \$1.3 million from fiscal year 2021 due to rising interest rates and better investment opportunities. Capital contributions increased by \$2.7 million from the prior year.

Operating expenses also decreased overall from fiscal year 2021 by \$96.8 million due mostly to lower purchased power and fuel costs. Purchased power and fuel expenses decreased from prior year by \$99.7 million. The unusually high fuel and purchased energy costs in fiscal year 2021 were a result of the Winter Storm Uri event in February 2021. Personnel services also decreased slightly by \$2.9 million from prior year. All other operating expense categories increased slightly from prior year as price increases overall are being incurred in products and services necessary for day to day operations. Payments to the City of Brownsville returned to a more level amount as seen in prior years. Payments decreased by \$8.0 million due to operating revenues returning to normal ranges. Two capital projects were abandoned and removed from the books in fiscal year 2022 for \$5.2 million total. This will be discussed further in the following section, Capital Assets. Overall, the Public Utilities Boards net position increased by \$34.9 million in 2022.

Capital Assets

At the end of 2023 and 2022, the Public Utilities Board's net capital assets in Table A-3 of \$611.1 million and \$607.5 million, respectively. This was a net increase of \$3.6 million from prior year. The most notable change in fiscal year 2023 was an increase to the Construction in progress (CIP) category as the Public Utilities Board had an influx of emergency trouble calls which resulted in the replacement of capital infrastructure. The Public Utilities Board also saw an increase to the required funding commitments towards the capital improvements to the Hidalgo Power Plant.

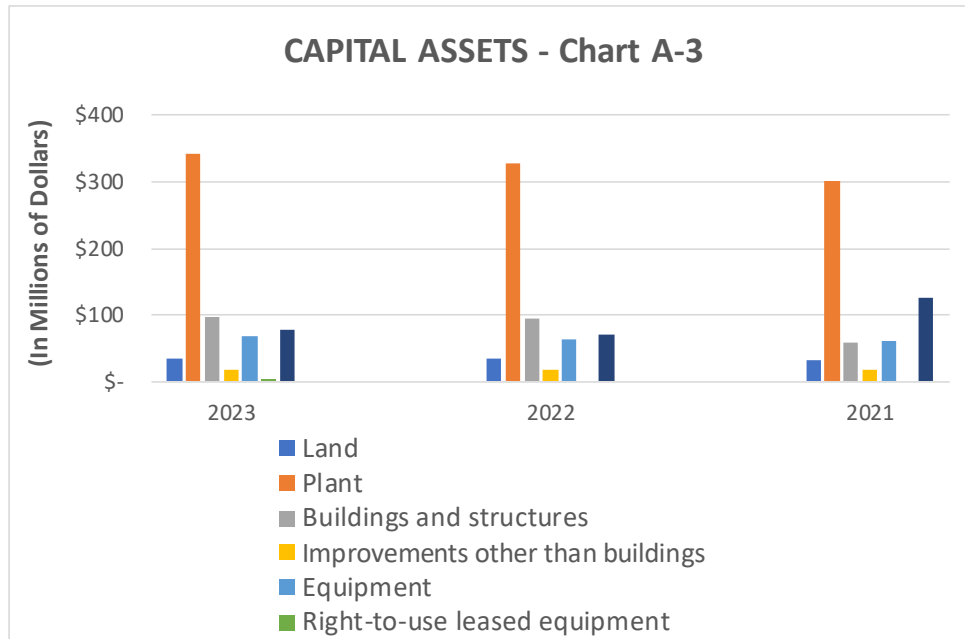
In fiscal year 2022, the most notable change was the decrease of the CIP category as the new Annex Building and a wastewater infrastructure project was completed and capitalized. A Seawater Desalination Plant project and Channel Dam project that had remained stagnant for several years were also removed from CIP and written off as Project Abandonment.

TABLE A-3
CAPITAL ASSETS

September 30, 2023, 2022 and 2021

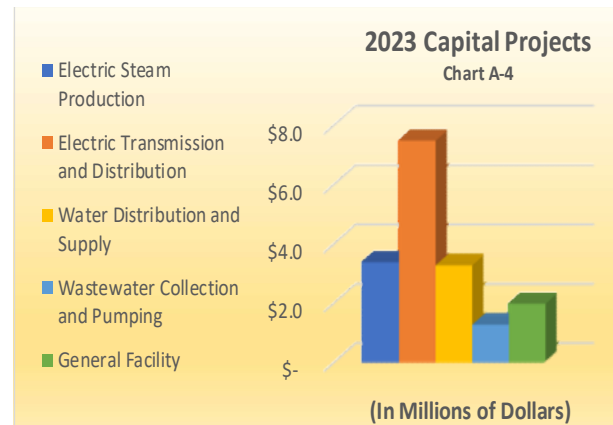
(In millions of dollars)

	2023	2022	2021	Change		Change	
				2023 vs. 2022		2022 vs. 2021	
Land	\$ 34.8	\$ 34.3	\$ 32.9	\$ 0.5	1.5%	\$ 1.4	4.3%
Plant	756.7	741.4	697.7	15.3	2.1%	43.7	6.3%
Buildings and structures	138.8	137.0	99.1	1.8	1.3%	37.9	38.2%
Improvements other than buildings	47.9	47.9	47.9	-	0.0%	-	0.0%
Equipment	152.1	147.1	140.8	5.0	3.4%	6.3	4.5%
Right-to-use leased equipment	0.1	-	-	0.1	100.0%	-	0.0%
Construction in progress	76.8	71.4	126.4	5.4	7.6%	(55.0)	-43.5%
Subtotal	1,207.2	1,179.1	1,144.8	28.1	2.4%	34.3	3.0%
Less accumulated depreciation	(596.1)	(571.6)	(546.2)	(24.5)	4.3%	(25.4)	4.7%
Net capital assets	<u>\$ 611.1</u>	<u>\$ 607.5</u>	<u>\$ 598.6</u>	<u>\$ 3.6</u>	0.6%	<u>\$ 8.9</u>	1.5%

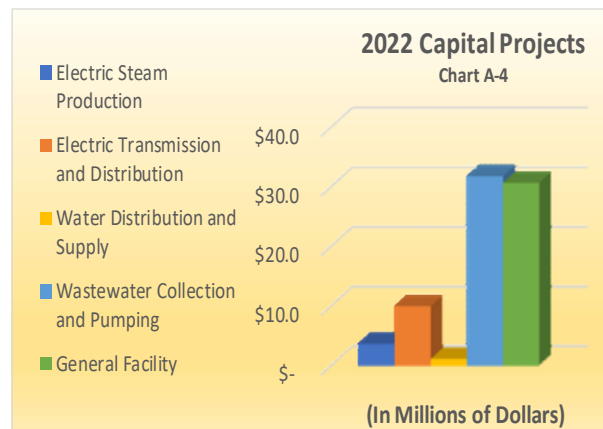


The following is a summary of some of the major improvements to the utility system during each fiscal year:

<u>Project Category:</u>	<u>2023</u>
Electric Steam Production	\$ 3.4
Electric Transmission and Distribution	7.5
Electric General	1.3
Water Distribution and Supply	3.3
Wastewater Collection and Pumping	1.3
General Facility	2.0
(Reported in millions of dollars)	



<u>Project Category:</u>	<u>2022</u>
Electric Steam Production	\$ 3.8
Electric Transmission and Distribution	10.1
Electric General	-
Water Distribution and Supply	1.3
Wastewater Collection and Pumping	31.9
General Facility	30.8
(Reported in millions of dollars)	



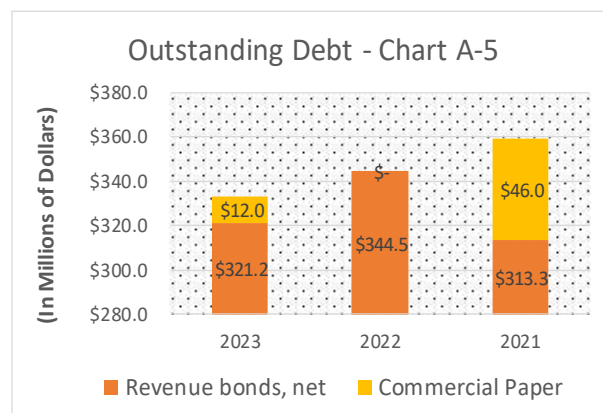
At September 30, 2023 and 2022, the Public Utilities Board had contractual obligations totaling approximately \$30,242,628 and \$20,851,285, respectively, for utility plant expansion and improvements. Funding of these amounts will come from available revenues of the Public Utilities Board and restricted funds. Additional information on the Public Utilities Board's capital assets can be found in Note 3 to the financial statements.

Debt Administration

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

TABLE A-4
OUTSTANDING DEBT
September 30, 2023, 2022 and 2021
(In millions of dollars)

	2023	2022	2021
Revenue bonds, net	\$ 321.2	\$ 344.5	\$ 313.3
Commercial Paper	12.0	-	46.0
Total	<u>\$ 333.2</u>	<u>\$ 344.5</u>	<u>\$ 359.3</u>



Revenue bonds outstanding at September 30, 2023 and 2022 were \$291,645,000 and \$311,670,000, 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 2.84 and 3.28 times at September 30, 2023 and 2022, 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.

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 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.

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.

On June 10, 2022, the Public Utilities Board issued \$17,165,000 in Utility System Revenue Refunding Bonds, Series 2022. The refunding bond proceeds plus the bond premium of \$1,187,629 were used to defease \$18,000,000 of Commercial Paper notes.

On June 10, 2022, the Public Utilities Board issued \$35,605,000 in Utility System Revenue Refunding Bonds, Series 2022A (Taxable). The refunding bond proceeds were used to defease \$35,000,000 of Commercial Paper notes.

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.

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 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 2023 and 2022 contributions to the Authority were \$7,517,215 and \$6,246,260, 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.

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.

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.

Additional information on the Public Utilities Board's debt can be found in Notes 5 and 6 of this report.

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

- Δ *Statements of Net Position*
- Δ *Statements of Revenues, Expenses, and Changes in Net Position*
- Δ *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, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and cash equivalents	\$ 25,758,210	\$ 40,651,161
Investments	3,835,000	737,000
Receivables:		
Fees and services, net of allowance	34,594,160	38,234,914
Intergovernmental	717,641	762,812
Accrued interest receivable	1,148,184	198,027
Fuel cost under-recovery	19,498,661	12,740,929
Inventories	9,234,352	8,049,351
Prepays	1,405,443	1,293,008
Total current assets	<u>96,191,651</u>	<u>102,667,202</u>
Current restricted assets:		
Cash and cash equivalents	20,631,383	20,436,817
Investments	10,695,585	9,839,238
Total restricted current assets	<u>31,326,968</u>	<u>30,276,055</u>
Total current assets	<u>127,518,619</u>	<u>132,943,257</u>
Non-current restricted assets:		
Cash and cash equivalents	89,531,896	107,569,449
Investments	38,396,957	26,237,499
Net OPEB asset	602,950	-
Capital assets, net of accumulated depreciation	611,132,119	607,505,184
Regulatory assets	2,416,457	2,630,335
Total non-current assets	<u>742,080,379</u>	<u>743,942,467</u>
Total assets	<u>869,598,998</u>	<u>876,885,724</u>
Deferred Outflows of Resources		
Deferred charge on refunding	16,859,961	19,220,310
Deferred outflows related to pension	21,372,790	4,923,656
Deferred outflows related to OPEB	2,685,810	2,361,261
Total deferred outflows of resources	<u>40,918,561</u>	<u>26,505,227</u>
Total assets plus deferred outflows of resources	<u>\$ 910,517,559</u>	<u>\$ 903,390,951</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, 2023 and 2022

Liabilities	2023	2022
Current unrestricted liabilities:		
Accounts payable	\$ 26,123,158	\$ 23,879,242
Accrued vacation and sick leave	5,665,203	5,543,878
Due to primary government	4,801,496	4,212,940
Unearned revenue	1,250,397	-
Self insurance worker's compensation claims	128,421	61,537
Commercial paper	12,000,000	-
Total current unrestricted liabilities	<u>49,968,675</u>	<u>33,697,597</u>
Current liabilities payable from restricted assets:		
Accrued interest	994,169	1,000,086
Customer deposits	5,716,379	5,328,170
Current portion of revenue bonds payable	19,250,000	20,025,000
Total current liabilities payable from restricted assets	<u>25,960,548</u>	<u>26,353,256</u>
Total current liabilities	<u>75,929,223</u>	<u>60,050,853</u>
Non-current liabilities:		
Revenue bonds payable net of unamortized premium	301,931,408	324,451,868
OPEB liability - healthcare	-	14,815,187
OPEB liability - supplemental	1,628,667	2,313,061
Net pension liability	42,497,643	11,610,138
Self insurance worker's compensation claims	97,064	268,888
Total non-current liabilities	<u>346,154,782</u>	<u>353,459,142</u>
Total liabilities	<u>422,084,005</u>	<u>413,509,995</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	732,903	13,337,961
Deferred inflows related to OPEB	12,326,553	10,966,692
Total deferred inflows of resources	<u>13,059,456</u>	<u>24,304,653</u>
Total liabilities plus deferred inflows of resources	<u>435,143,461</u>	<u>437,814,648</u>
Net position:		
Investment in capital assets	294,810,670	282,248,626
Restricted for:		
Debt service	17,494,283	16,943,198
Repair and replacement	109,459,415	116,077,244
Operating reserve	17,019,319	17,017,873
Fuel adjustment subaccount	2,492,464	1,856,220
Capital projects	2,572,599	2,479,239
Meter deposits	938,366	706,736
OPEB benefits	602,950	-
Unrestricted	29,984,032	28,247,167
Total net position	<u>475,374,098</u>	<u>465,576,303</u>
Total liabilities plus deferred inflows of resources plus net position	<u>\$ 910,517,559</u>	<u>\$ 903,390,951</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Sales and service charges	\$ 279,751,071	\$ 288,872,819
Less Rate Stabilization	(1,500,000)	(15,400,000)
Less utilities service to the City of Brownsville, Texas	<u>(6,053,425)</u>	<u>(5,512,302)</u>
Total operating revenues	<u>272,197,646</u>	<u>267,960,517</u>
Operating expenses:		
Purchased power and fuel	104,614,950	109,408,137
Personnel services	50,684,173	38,132,224
Materials and supplies	10,543,818	9,133,050
Repairs and maintenance	5,118,143	4,843,199
Contractual and other services	24,347,117	24,500,080
Depreciation	<u>29,166,093</u>	<u>29,354,068</u>
Total operating expenses	<u>224,474,294</u>	<u>215,370,758</u>
Operating income	<u>47,723,352</u>	<u>52,589,759</u>
Nonoperating revenues (expenses):		
Investment and interest income	9,645,822	1,598,277
Interest expense	(11,995,117)	(11,174,874)
Loss on disposition of capital assets	(937,876)	(639,493)
Other	3,182,369	1,985,018
Tenaska Equity Fund rebate expense	(31,355,071)	-
Project abandonment	-	(5,170,246)
Payments to City of Brownsville	<u>(12,055,925)</u>	<u>(12,477,802)</u>
Net nonoperating revenues (expenses)	<u>(43,515,798)</u>	<u>(25,879,120)</u>
Income before capital contributions and transfers	4,207,554	26,710,639
Capital contributions	<u>5,590,241</u>	<u>8,145,966</u>
Change in net position	9,797,795	34,856,605
Net position, beginning of year	<u>465,576,303</u>	<u>430,719,698</u>
Net position, end of year	\$ <u><u>475,374,098</u></u>	\$ <u><u>465,576,303</u></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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 240,645,113	\$ 244,893,044
Cash payments to suppliers for goods and services	(155,855,073)	(155,517,034)
Cash payments to employees for services	<u>(52,840,969)</u>	<u>(41,226,966)</u>
Net cash provided by operating activities	<u>31,949,071</u>	<u>48,149,044</u>
Cash flows from non-capital financing activities:		
Required payments to City of Brownsville	<u>(11,467,369)</u>	<u>(21,637,839)</u>
Net cash (used in) non-capital financing activities	<u>(11,467,369)</u>	<u>(21,637,839)</u>
Cash flows from capital and related financing activities:		
Bond proceeds	-	52,770,000
Commercial paper proceeds	12,000,000	7,000,000
Commercial paper payments	-	(53,000,000)
Principal paid on capital debt - bond issues	(20,025,000)	(19,145,000)
Interest paid on capital debt	(12,001,034)	(11,086,415)
Capital contributions	2,277,882	1,495,985
Acquisition and construction of capital assets	<u>(28,051,351)</u>	<u>(29,865,674)</u>
Net cash (used in) capital and related financing activities	<u>(45,799,503)</u>	<u>(51,831,104)</u>
Cash flows from investing activities:		
Interest received	8,695,665	1,406,745
Purchases of investment securities	(729,331,592)	(749,195,713)
Proceeds from sales of investment securities	<u>713,217,790</u>	<u>712,381,972</u>
Net cash (used in) investing activities	<u>(7,418,137)</u>	<u>(35,406,996)</u>
Net (decrease) in cash and cash equivalents	(32,735,938)	(60,726,895)
Cash and cash equivalents, beginning of year	<u>168,657,427</u>	<u>229,384,322</u>
Cash and cash equivalents, end of year	\$ <u><u>135,921,489</u></u>	\$ <u><u>168,657,427</u></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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 47,723,352	\$ 52,589,759
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	29,166,093	29,354,068
Non-operating expense	(28,868,935)	(3,637,699)
Provisions for uncollectible accounts	554,382	392,086
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	3,086,373	(4,193,689)
(Increase) decrease in inventory	(1,185,003)	(1,658,350)
(Increase) decrease in prepaids	(112,434)	(138,762)
(Increase) decrease in net OPEB asset	(13,194,523)	-
Increase (decrease) in accounts payable and accrued liabilities	(182,900)	(2,951,526)
Increase (decrease) in unearned revenues	1,250,247	119
Increase (decrease) in accrued vacation and sick leave	121,325	(58,718)
Increase (decrease) in fuel cost recovery	(6,757,732)	(15,515,480)
Increase (decrease) in customer deposits liability	388,209	238,700
Increase (decrease) in total OPEB liability - healthcare	(2,223,614)	(7,779,505)
Increase (decrease) in OPEB liability - supplemental	(684,394)	91,202
Increase (decrease) in net pension liability	30,887,505	(11,481,810)
Changes in deferred inflows of resources - OPEB	(324,549)	(1,016,714)
Changes in deferred inflows of resources - Pension	(16,449,134)	571,967
Changes in deferred outflows of resources - OPEB	1,359,861	6,315,196
Changes in deferred outflows of resources - Pension	(12,605,058)	7,028,200
Net cash provided by operating activities	<u>\$ 31,949,071</u>	<u>\$ 48,149,044</u>
Non-cash investing, capital, and financing activities:		
Contribution in aid of construction	\$ 3,312,359	\$ 6,649,981
Amortization	696,232	452,470
Changes in fair value	249,785	50,997
Reconciliation of cash and cash equivalents per Statements of Cash Flows to the Statements of Net Position:		
Cash and cash equivalents:		
Unrestricted	\$ 25,758,210	\$ 40,651,161
Restricted - Current	20,631,383	20,436,817
Restricted - Non-current	<u>89,531,896</u>	<u>107,569,449</u>
Total Cash and Cash Equivalents	<u>\$ 135,921,489</u>	<u>\$ 168,657,427</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, 2023 and 2022

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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, 2023 and 2022

(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 are 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, 2023 and 2022

(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 2023, the Public Utilities Board implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments, similar to standards established for leases. The Public Utilities Board identified two contracts for right-to-use assets and these assets were recorded as such. No liability was recorded as contracts were paid in full upon initiation. Amortization of the right-to-use assets will be recognized over the subscription term.

In fiscal year 2022, the Public Utilities Board implemented GASB Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognizes inflows of resources or outflows of resources based on the payment provisions of the contract. The Public Utilities Board has determined that no contracts fell under GASB 87 requirements. No adjustments to the financial statements were necessary.

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. 150, Investments. In accordance with GASB Cod. Sec. 150, 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

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September 30, 2023 and 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable – Accounts receivable balances are subject to risk of non-payment. The Allowance for Doubtful Accounts is calculated as a percentage of net receivable balance. The percentage is calculated by dividing the total of the previous twelve month's net adjusted write-offs and the previous twelve month's net receivable balance. The percentage is updated at the beginning of each new year and remains in place throughout the year. The allowance for doubtful accounts balance on customer receivables for fees and services was \$1.9 million and \$1.3 million at September 30, 2023 and 2022, 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, 2023 and 2022, were \$15.4 million and \$14.9 million, respectively.

Inventories – Materials and supplies inventories are stated at cost.

Prepays – 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 2023 and 2022, 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.

The following estimated useful lives are used for depreciation purposes in 2023 and 2022:

<u>Classification:</u>	<u>Range of Lives:</u>
Electric, water & wastewater plant-in-service	30 to 60 years
Buildings	30 to 50 years
Improvements other than buildings	25 to 60 years
Equipment	10 to 40 years
Vehicles	3 to 8 years

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2023 and 2022 amounts were \$2.4 million and \$2.6 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 assets that applies to future period 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, 2023 and 2022, reacquisition costs totaled \$16.9 million and \$19.2 million, respectively. Recognition of deferred outflows of resources related to pension and OPEB amounted to \$24.0 million as of September 30, 2023, and \$7.3 million as of September 30, 2022.

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, 2023 and 2022, the Public Utilities Board had under-collected \$19.5 million and under-collected \$12.7 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 future months fuel charges.

	Balance at 1-Oct	Recoverable Fuel Costs	Applied Fuel Adjustment	Balance at 30-Sep
2023	\$ 12,740,929	\$ 8,257,732	\$ (1,500,000)	\$ 19,498,661
2022	\$ (2,774,551)	\$ 30,915,480	\$ (15,400,000)	\$ 12,740,929

Accounts Payable – Accounts payable at September 30, 2023, was \$26.1 million. Balances that consist primarily of standard operating vendor accounts payable, including fuel and retainages payable total \$19.5 million. Other amounts that comprise the remaining balance include \$2.1 million for the City garbage contract; \$2.6 million for employee-related accounts payable; \$0.2 million for related parties; and \$1.7 million of miscellaneous accounts payable and accrued liabilities.

At September 30, 2022, accounts payable balance was \$23.9 million. Balances that consist primarily of standard operating vendor accounts payable, including fuel and retainages payable total \$18.4 million. Other amounts that comprise the remaining balance include \$2.0 million for the City garbage contract; \$1.3 million for employee-related accounts payable; \$0.2 million for related parties; and \$2.0 million of miscellaneous accounts payable and accrued liabilities.

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.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 11 – 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, 2023, and 2022, 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 6 – 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/(asset), 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 9 – 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 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 8 – Texas Municipal Retirement System.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 assets that applies to future periods 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 \$13.1 million as of September 30, 2023, and \$24.3 million as of September 30, 2022.

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:

	2023	2022
Debt service	\$ 17,494,283	\$ 16,943,198
Repair and replacement	109,459,415	116,077,244
Operating reserve	17,019,319	17,017,873
Fuel adjustment subaccount	2,492,464	1,856,220
Capital projects	2,572,599	2,479,239
Meter deposits	938,366	706,736
OPEB benefits	602,950	-
Total restricted net position	\$ 150,579,396	\$ 155,080,510

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.

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, 2023 and 2022 based upon the meter reading dates for the unbilled portion of each cycle. Unbilled revenue amounts at September 30, 2023 and 2022, were \$15.4 million and \$14.9 million, 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.

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September 30, 2023 and 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 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. At September 30, 2023, unearned grant revenues received in advance are \$1.25 million.

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.

(2) DEPOSITS AND INVESTMENTS

Basis of Investments – On September 12, 2022, 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

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(2) DEPOSITS AND INVESTMENTS – Continued

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.

The following is a reconciliation of cash and cash equivalents and investments reported in the Statements of Net Position, the Statements of Cash Flows and the Deposits and Investments note disclosure:

	As of September 30,	
	2023	2022
Cash and Cash Equivalent (CCE)	\$ 135,921,489	\$ 168,657,427
Investments	52,927,542	36,813,737
Total CCE and Investments	<u>\$ 188,849,031</u>	<u>\$ 205,471,164</u>
<u>Statements of Net Position</u>		
Unrestricted		
Cash and Cash Equivalent	\$ 25,758,210	\$ 40,651,161
Investments	3,835,000	737,000
Total Unrestricted	<u>29,593,210</u>	<u>41,388,161</u>
Restricted - Current		
Cash and Cash Equivalent	20,631,383	20,436,817
Investments	10,695,585	9,839,238
Total Restricted - Current	<u>31,326,968</u>	<u>30,276,055</u>
Restricted - Non-current		
Cash and Cash Equivalent	89,531,896	107,569,449
Investments	38,396,957	26,237,499
Total Restricted - Non-current	<u>127,928,853</u>	<u>133,806,948</u>
Total CCE and Investments	<u>\$ 188,849,031</u>	<u>\$ 205,471,164</u>
<u>Statements of Cash Flows - CCE Disclosure</u>		
Cash and Cash Equivalent		
Unrestricted	\$ 25,758,210	\$ 40,651,161
Restricted - Current	20,631,383	20,436,817
Restricted - Non-current	89,531,896	107,569,449
Total Cash and Cash Equivalents	<u>\$ 135,921,489</u>	<u>\$ 168,657,427</u>
<u>Deposits and Investments - Note Disclosure</u>		
Cash and cash on hand	\$ 4,561,418	\$ 9,036,054
Certificates of Deposits (Non-negotiable)	6,699,000	737,000
Investments	177,588,613	195,698,110
Total Deposits and Investments	<u>\$ 188,849,031</u>	<u>\$ 205,471,164</u>

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(2) DEPOSITS AND INVESTMENTS – Continued

As of September 30, 2023, and 2022, the Public Utilities Board had the following investments:

Investment Type	Amount	September 30, 2023		
		Weighted Avg Maturity (Days)	Allocation	Rating
U.S Treasury Note	\$ 46,228,542	59	26.0%	AA+
Money Market Mutual Funds	305,951	35	0.2%	AAAm
Institutional Insured Liquid Deposits	2,098,026		1.2%	
Local Govt Investment Pools:				
Texas TERM 2023	15,250,000	40	8.6%	AAAf
Texas TERM 2024	23,500,000	177	13.2%	AAAf
TexasDaily	31,607,197	30	17.8%	AAAmmf
TexPool	22,012,686	28	12.4%	AAAm
Texas Class	31,156,618	49	17.5%	AAAm
TexSTAR	5,429,593	30	3.1%	AAAm
Total	<u>\$ 177,588,613</u>		<u>100.0%</u>	

Investment Type	Amount	September 30, 2022		
		Weighted Avg Maturity (Days)	Allocation	Rating
U.S Treasury Note	\$ 36,076,739	27	18.4%	AA+
Money Market Mutual Funds	223,638	11	0.1%	AAAm
Institutional Insured Liquid Deposits	53,196,207		27.2%	
Local Govt Investment Pools:				
Texas TERM	36,000,000	44	18.4%	AAAf
TexasDaily	21,075,824	21	10.8%	AAAmmf
TexPool	16,809,182	25	8.6%	AAAm
Texas Class	28,700,379	31	14.7%	AAAm
TexSTAR	3,616,141	12	1.8%	AAAm
Total	<u>\$ 195,698,110</u>		<u>100.0%</u>	

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, 2023, and 2022, the investment portfolio had maturities that met anticipated cash flow requirements.

The Public Utilities Board’s invests in TexPool, TexasDAILY, Texas CLASS, 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, TexStar, and Texas CLASS 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, 2023, TexPool, TexasDAILY, Texas CLASS, and TexStar had a weighted average maturity of 28 days, 30 days, 49 days, and 30 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.

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(2) DEPOSITS AND INVESTMENTS – Continued

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, 2023, and 2022, 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 Security transactions are executed on a delivery versus payment basis through safekeeping agent. Funds are not released until the Public Utilities Board receives, through the safekeeping agent, the securities purchased.

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, 2023 the Public Utilities Board had security investments of 26.0% in U.S. Treasury/Notes and had no investments in U.S. Agencies. At September 30, 2022, the Public Utilities Board had security investments of 18.4% in U.S. Treasury/Notes and had no investments in U.S. Agencies. As of September 30, 2023, and 2022, the portfolio complied as noted above.

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.

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(2) DEPOSITS AND INVESTMENTS – Continued

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.

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

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:

- 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.

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(2) DEPOSITS AND INVESTMENTS – Continued

The following table presents fair value balances and their levels within the fair value hierarchy as of September 30, 2023 and 2022. Investment balances presented exclude amounts related to money market mutual fund investments and external investment pools accounted for using amortized cost.

		September 30, 2023			
		Level 1	Level 2	Level 3	Total
Fair Value Investments:					
U.S. Treasury Note		\$ 46,228,542	\$ -	\$ -	\$ 46,228,542
Total fair value investments		\$ 46,228,542	\$ -	\$ -	\$ 46,228,542

		September 30, 2022			
		Level 1	Level 2	Level 3	Total
Fair Value Investments:					
U.S. Treasury Note		\$ 36,076,739	\$ -	\$ -	\$ 36,076,739
Total fair value investments		\$ 36,076,739	\$ -	\$ -	\$ 36,076,739

(3) CAPITAL ASSETS

Project Abandonment – In fiscal year 2022, it was determined that two projects, the Desalination Plant and the Channel Dam, that were being reported as Construction Work in Progress were no longer viable projects and were written off in the amount of \$5.2 million.

Change in Estimate – During fiscal year 2022, the Public Utilities Board implemented changes in useful lives of assets as recommended following a study on the depreciation rates of the utility. Change in depreciation amounted to \$1.2 million.

Changes in the Public Utilities Board's capital assets for the year ended September 30, 2023, were as follows:

	Beg. Balance 10/1/2022	Additions	Deletions	Reclassifications	End Balance 9/30/2023
Capital assets, non-depreciable:					
Land	\$ 34,309,175	\$ 490,784	\$ -	\$ 13,490	\$ 34,813,449
Construction in progress	71,488,391	25,258,719	-	(19,991,987)	76,755,123
Total capital assets, non-depreciable	105,797,566	25,749,503	-	(19,978,497)	111,568,572
Capital assets, depreciable:					
Plant	741,371,639	13,237,243	(11,326,753)	13,403,279	756,685,408
Buildings and structures	136,984,466	66,336	(49,346)	1,820,265	138,821,721
Improvements other than buildings	47,923,181	-	(50,548)	7,522	47,880,155
Equipment	147,065,283	3,554,708	(3,260,364)	4,747,431	152,107,058
Right-to-use leased equipment	-	138,667	-	-	138,667
Total capital assets, depreciable	1,073,344,569	16,996,954	(14,687,011)	19,978,497	1,095,633,009
Less accumulated depreciation for:					
Plant	(414,585,671)	(18,860,243)	758,008	-	(432,687,906)
Buildings and structures	(42,799,547)	(3,808,239)	928,542	-	(45,679,244)
Improvements other than buildings	(30,800,705)	(655,779)	29,528	-	(31,426,956)
Equipment	(83,451,028)	(5,823,113)	3,017,504	-	(86,256,637)
Right-to-use leased equipment	-	(18,719)	-	-	(18,719)
Total accumulated depreciation	(571,636,951)	(29,166,093)	4,733,582	-	(596,069,462)
Capital assets, net	\$ 607,505,184	\$ 13,580,364	\$ (9,953,429)	\$ -	\$ 611,132,119

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(3) CAPITAL ASSETS - Continued

Changes in the Public Utilities Board's capital assets for the year ended September 30, 2022, were as follows:

	Beg. Balance 10/1/2021	Additions	Deletions	Reclassifications	End Balance 9/30/2022
Capital assets, non-depreciable:					
Land	\$ 32,873,782	\$ 452,741	\$ (29,459)	\$ 1,012,111	\$ 34,309,175
Construction in progress	126,415,586	29,472,181	(5,170,246)	(79,229,130)	71,488,391
Total capital assets, non-depreciable	159,289,368	29,924,922	(5,199,705)	(78,217,019)	105,797,566
Capital assets, depreciable:					
Plant	697,744,105	15,235,318	(5,862,720)	34,254,936	741,371,639
Buildings and structures	99,041,792	-	(224,969)	38,167,643	136,984,466
Improvements other than buildings	47,929,876	-	(67,716)	61,021	47,923,181
Equipment	140,814,665	1,689,334	(1,172,135)	5,733,419	147,065,283
Total capital assets, depreciable	985,530,438	16,924,652	(7,327,540)	78,217,019	1,073,344,569
Less accumulated depreciation for:					
Plant	(397,511,742)	(19,624,562)	2,550,633	-	(414,585,671)
Buildings and structures	(39,440,414)	(3,555,235)	196,102	-	(42,799,547)
Improvements other than buildings	(30,188,321)	(651,423)	39,039	-	(30,800,705)
Equipment	(79,066,295)	(5,522,848)	1,138,115	-	(83,451,028)
Total accumulated depreciation	(546,206,772)	(29,354,068)	3,923,889	-	(571,636,951)
Capital assets, net	\$ 598,613,034	\$ 17,495,506	\$ (8,603,356)	\$ -	\$ 607,505,184

(4) JOINT OPERATIONS

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.

(5) SHORT-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance
2023	\$ -	\$ 12,000,000	\$ -	\$ 12,000,000
2022	\$ 46,000,000	\$ 7,000,000	\$ (53,000,000)	\$ -

The Public Utilities Board issued \$12,000,000 of commercial paper during fiscal year 2023 and \$7,000,000 of Commercial Paper during fiscal year 2022. The commercial paper that was issued in fiscal year 2023 was used to fund approximately \$4.5 million in Electric utility capital projects, \$2.3 million in Water utility capital projects, \$3.0 in Wastewater utility capital projects, and \$2.2 million for the construction and equipping of facilities.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(5) SHORT-TERM DEBT - Continued

In fiscal year 2022, the \$7 million that was issued and a portion of debt issued in fiscal year 2021 were used to fund approximately \$1.5 million in Electric utility capital projects, \$3.1 million in Water utility capital projects, \$1.6 million in Wastewater utility capital projects and \$11.8 for the construction and equipping of new administrative facilities. In June 2022, short-term debt was converted to long-term bonds.

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. 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. A 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 program. 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 was \$50,000,000 (principal plus accrued interest no to exceed \$50,000,000). On September 17, 2013, the City Commission of the City of Brownsville adopted 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.

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 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. 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.

On September 17, 2019, the City Commission of the City of Brownsville adopted Ordinance No. 2019-1662 supplementing the Original Ordinance and authorizing the substitution of the Credit Facility. On November 1, 2019, the City of Brownsville and Bank of America, N.A. entered into a Reimbursement Agreement related to the Commercial Paper Notes, Series A.

On March 18, 2021, the City Commission of the City of Brownsville adopted Ordinance 2021-1582 amending the Commercial Paper program to permit issuance on a taxable and tax-exempt basis. This amendment allows 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.

On September 20, 2022, the City Commission of the City of Brownsville adopted Ordinance No. 2022-1711 supplementing the Original Ordinance and authorizing the substitution of the Credit Facility. On November 1, 2022, the City of Brownsville and PNC Bank, N.A. entered into a Reimbursement Agreement related to the Commercial Paper Notes, Series A.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(6) LONG-TERM DEBT

Revenue Bonds – Revenue bond information and balances for the years ended September 30, 2023 and 2022, are as follows:

		Original	Installment Amounts		Interest Rates	Final	Outstanding	Outstanding
		Borrowing	From	To	to Maturity	Maturity	at 9/30/23	at 9/30/22
<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 Junior Lien Revenue Bonds*	840,000	40,000	- 60,000	0.27% - 3.49%	2032	455,000	495,000
2013	Utilities System Revenue Refunding Bonds (Series A)	118,185,000	8,380,000	- 9,565,000	2.0% - 4.0%	2026	27,470,000	35,850,000
2015	Utilities System Revenue Refunding Bonds	94,770,000	675,000	- 5,675,000	4.0% - 5.0%	2045	48,835,000	52,190,000
2016	Utilities System Revenue Refunding Bonds	39,410,000	1,515,000	- 3,930,000	5.0%	2033	24,705,000	27,935,000
2018	Utilities System Revenue Refunding Bonds	14,000,000	310,000	- 1,650,000	4.0% - 5.0%	2033	7,125,000	8,625,000
2020	Utilities System Revenue Refunding Bonds	53,590,000	320,000	- 2,880,000	2.0% - 5.0%	2050	52,495,000	52,950,000
2020A	Utilities System Revenue Refunding Bonds	62,320,000	1,460,000	- 12,105,000	2.0% - 5.0%	2031	57,980,000	59,440,000
2022	Utilities System Revenue Refunding Bonds	17,165,000	535,000	- 1,305,000	4.0% - 5.0%	2051	17,165,000	17,165,000
2022A	Utilities System Revenue Refunding Bonds	35,605,000	5,285,000	- 6,660,000	4.406% - 5.006%	2037	35,605,000	35,605,000
							272,035,000	290,455,000
<i>Southmost Regional Water Authority:</i>								
2009	Revenue Bonds (Series A)*	9,295,000	305,000	- 310,000	0.0%	2039	4,955,000	5,265,000
2009	Revenue Bonds (Series B)*	3,795,000	210,000	- 270,000	0.1% - 4.25%	2029	1,470,000	1,680,000
2012	Water Supply Contract Revenue Refunding Bonds	13,530,000	1,085,000	- 1,285,000	3.0% - 5.0%	2027	4,865,000	5,950,000
2017	Water Supply Contract Revenue Refunding Bonds	9,255,000	1,540,000	- 1,795,000	4.125% - 5.5%	2032	8,320,000	8,320,000
							19,610,000	21,215,000
							\$ 291,645,000	\$ 311,670,000
	* Direct Placement Bonds							

The following tables summarizes revenue bond transactions for the years ended September 30, 2023 and 2022:

	Beg. Balance 10/1/2022	Additions	Reductions/ Amortization	End Balance 9/30/2023	Due Within One Year
Revenue Bonds	\$ 304,230,000	\$ -	\$ (19,465,000)	\$ 284,765,000	\$ 18,675,000
Direct Placement Bonds	7,440,000	-	(560,000)	6,880,000	575,000
Unamortized Premium	34,697,184	-	(3,425,654)	31,271,530	-
Unamortized Discount	(1,890,316)	-	155,194	(1,735,122)	-
Total Bonds Payable, Net	\$ 344,476,868	\$ -	\$ (23,295,460)	\$ 321,181,408	\$ 19,250,000

	Beg. Balance 10/1/2021	Additions	Reductions/ Amortization	End Balance 9/30/2022	Due Within One Year
Revenue Bonds	\$ 270,050,000	\$ 52,770,000	\$ (18,590,000)	\$ 304,230,000	\$ 19,465,000
Direct Placement Bonds	7,995,000	-	(555,000)	7,440,000	560,000
Unamortized Premium	36,905,518	1,187,629	(3,395,963)	34,697,184	-
Unamortized Discount	(1,695,994)	(335,470)	141,148	(1,890,316)	-
Total Bonds Payable, Net	\$ 313,254,524	\$ 53,622,159	\$ (22,399,815)	\$ 344,476,868	\$ 20,025,000

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(6) LONG-TERM DEBT – Continued

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

Year Ending September 30:	Revenue Bonds			Direct Placement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 18,675,000	\$ 11,005,208	\$ 29,680,208	\$ 575,000	\$ 75,212	\$ 650,212
2025	19,210,000	10,071,458	29,281,458	585,000	65,699	650,699
2026	20,185,000	9,165,783	29,350,783	595,000	55,086	650,086
2027	20,960,000	8,372,933	29,332,933	610,000	43,811	653,811
2028	21,845,000	7,680,933	29,525,933	620,000	31,691	651,691
2029-2033	93,940,000	27,986,700	121,926,700	2,040,000	30,926	2,070,926
2034-2038	44,640,000	14,080,353	58,720,353	1,550,000	-	1,550,000
2039-2043	18,150,000	7,595,788	25,745,788	305,000	-	305,000
2044-2048	18,475,000	3,698,463	22,173,463	-	-	-
2049-2051	8,685,000	603,000	9,288,000	-	-	-
	<u>\$ 284,765,000</u>	<u>\$ 100,260,619</u>	<u>\$ 385,025,619</u>	<u>\$ 6,880,000</u>	<u>\$ 302,424</u>	<u>\$ 7,182,424</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 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 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 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. These bonds were issued through the Texas Water Development Board (TWDB) Drinking Water State Revolving Fund for the construction of a full-scale Micro Filtration Pretreatment System, and were issued at 0% interest.

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 October 1, 2012, the Public Utilities Board issued \$840,000 in Utility System Junior Lien Revenue Bonds, Series 2012, through the TWDB. 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.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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(6) LONG-TERM DEBT – Continued

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 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.

On July 29, 2020, the Public Utilities Board issued \$53,590,000 in Utility System Revenue Refunding Bonds, Series 2020 and \$62,320,000 in Utility System Revenue Refunding Bonds, Series 2020A (Taxable). The Series 2020 refunding bond proceeds plus the bond premium of \$9,295,496 were used to defease 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. The Series 2020 refunding bond proceeds were used to defease 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.

On June 10, 2022, the Public Utilities Board issued \$17,165,000 in Utility System Revenue Refunding Bonds, Series 2022 and \$35,605,000 in Utility System Revenue Refunding Bonds, Series 2022A (Taxable). The Series 2022 refunding bond proceeds plus the bond premium of \$1,187,629 were used to defease \$18,000,000 of Commercial Paper notes. The Series 2022A (Taxable) refunding bond proceeds were used to defease \$35,000,000 of Commercial Paper notes.

Direct Placement Bonds – As of September 30, 2023, direct placement bonds with the Texas Water Development Board (TWDB) consisted of Junior Lien Series 2012 for the Public Utilities Boards in an outstanding amount of \$455,000. 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 \$4,955,000 and \$1,470,000, 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.

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(6) LONG-TERM DEBT – Continued

As of September 30, 2022, direct placement bonds with the Texas Water Development Board (TWDB) consisted of Junior Lien Series 2012 for the Public Utilities Boards in an outstanding amount of \$495,000. 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 \$5,265,000 and \$1,680,000, 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, 2023, and 2022, the amount of defeased debt outstanding but removed from long-term debt amounted to \$54,480,000.

(7) 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 \$250,000 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.

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(7) RISK MANAGEMENT – Continued

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 \$9,874,671 for the health insurance plan and \$423,497 for the dental insurance plan. This is the maximum liability for health and dental claim costs for the plan year ending December 31, 2023.

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, 2023 and 2022:

	Beginning Balance 2022	Claims and Adjustments	Claims Payments	Ending Balance 2023	Amounts Due Within One Year
Workers' Compensation	\$ 330,425	\$ 100,004	\$ (204,944)	\$ 225,485	\$ 128,421
Health Insurance	\$ 253,403	\$ 9,763,870	\$ (9,724,317)	\$ 292,956	\$ 292,956

	Beginning Balance 2021	Claims and Adjustments	Claims Payments	Ending Balance 2022	Amounts Due Within One Year
Workers' Compensation	\$ 270,156	\$ 294,887	\$ (234,618)	\$ 330,425	\$ 61,537
Health Insurance	\$ 259,587	\$ 7,673,663	\$ (7,679,847)	\$ 253,403	\$ 253,403

(8) TEXAS MUNICIPAL RETIREMENT SYSTEM

Plan Description – The Public Utilities Board participates as one of 900 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 2023 and 2022 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

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(8) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

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.

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,	
	2022	2021
Active employees	573	556
Inactive employees or beneficiaries currently receiving benefits	350	328
Inactive employees entitled to but not yet receiving benefits	144	139
Total Plan Participants	1,067	1,023

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 17.24% and 17.19% for calendar years 2023 and 2022, respectively. The Public Utilities Board's contributions to TMRS in the fiscal year ended September 30, 2023, were \$6,345,978 and \$5,837,658 for fiscal year ended September 30, 2022, and equaled the required contributions.

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(8) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

Net Pension Liability – The Public Utilities Board’s net pension liability (NPL) was measured as of December 31, 2022 and 2021, 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 12/31/2021	\$ 216,767,428	\$ 205,157,290	\$ 11,610,138
Changes for the year:			
Service cost	5,643,389	-	5,643,389
Interest	14,513,940	-	14,513,940
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,653,312	-	3,653,312
Changes in assumptions	-	-	-
Contributions - employer	-	5,601,034	(5,601,034)
Contributions - employee	-	2,280,815	(2,280,815)
Net investment income	-	(14,983,763)	14,983,763
Benefit payments, including refunds of employee contributions	(9,135,566)	(9,135,566)	-
Administrative expense	-	(129,591)	129,591
Other changes	-	154,641	(154,641)
Net changes	14,675,075	(16,212,430)	30,887,505
Balance at 12/31/2022	<u>\$ 231,442,503</u>	<u>\$ 188,944,860</u>	<u>\$ 42,497,643</u>

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	\$ 205,984,555	\$ 182,892,607	\$ 23,091,948
Changes for the year:			
Service cost	5,082,518	-	5,082,518
Interest	13,781,987	-	13,781,987
Change of benefit terms	-	-	-
Difference between expected and actual experience	614,840	-	614,840
Changes in assumptions	-	-	-
Contributions - employer	-	5,156,597	(5,156,597)
Contributions - employee	-	2,054,138	(2,054,138)
Net investment income	-	23,859,984	(23,859,984)
Benefit payments, including refunds of employee contributions	(8,696,472)	(8,696,472)	-
Administrative expense	-	(110,319)	110,319
Other changes	-	755	(755)
Net changes	10,782,873	22,264,683	(11,481,810)
Balance at 12/31/2021	<u>\$ 216,767,428</u>	<u>\$ 205,157,290</u>	<u>\$ 11,610,138</u>

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(8) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

Actuarial assumptions – The total pension liability in the December 31, 2022 and 2021, actuarial valuations were determined using the following actuarial assumptions:

	<u>12/31/2022</u>	<u>12/31/2021</u>	
Inflation	2.50%	2.50%	per year
Overall payroll growth	2.75%	2.75%	per year, adjusted down for population declines, if any
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 2023 and 2022, 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 2023 and 2022, 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.

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.

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

<u>Asset Class</u>	<u>September 30, 2023</u>		<u>September 30, 2022</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Public Equity	35.0%	7.70%	35.0%	7.55%
Core Fixed Income	6.0%	4.90%	6.0%	2.00%
Non-Core Fixed Income	20.0%	8.70%	20.0%	5.68%
Other Public and Private Mkts	12.0%	8.10%	12.0%	7.22%
Real Estate	12.0%	5.80%	12.0%	6.85%
Hedge Funds	5.0%	6.90%	5.0%	5.35%
Private Equity	<u>10.0%</u>	11.80%	<u>10.0%</u>	10.00%
Total	<u>100.0%</u>		<u>100.0%</u>	

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(8) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

Discount Rate – The discount rate used to measure the Total Pension Liability recorded as of September 30, 2023 and 2022, 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%
12/31/2022	\$ 74,916,983	\$ 42,497,643	\$ 15,834,689
12/31/2021	\$ 42,212,654	\$ 11,610,138	\$ (13,568,035)

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.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – The Public Utilities Board recognized \$8,039,538 in pension expense for the fiscal year ended September 30, 2023, and \$278,269 in pension expense for the fiscal year ended September 30, 2022.

At September 30, 2023 and 2022, the Public Utilities Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30,	
	2023	2022
<u>Deferred outflows of resources</u>		
Changes in assumptions	\$ 76,648	\$ 110,865
Differences between expected and actual experience on pension assets	3,407,589	533,870
Differences between projected and actual earnings on pension assets (net)	13,004,441	-
Employer's contributions to the Plan subsequent to the measurement of total pension liability	4,884,112	4,278,921
Total deferred outflows of resources	<u>\$ 21,372,790</u>	<u>\$ 4,923,656</u>

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(8) TEXAS MUNICIPAL RETIREMENT SYSTEM – Continued

	September 30,	
	2023	2022
<u>Deferred inflows of resources</u>		
Differences between expected and actual experience on pension assets	\$ (732,903)	\$ (1,019,580)
Differences between projected and actual earnings on pension assets (net)	-	(12,318,381)
Total deferred inflows of resources	<u>\$ (732,903)</u>	<u>\$ (13,337,961)</u>

The amount reported as deferred outflows of resources, \$4,884,112, 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, 2024. 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:
2024	\$ 1,131,383
2025	3,734,487
2026	4,010,774
2027	6,493,544
2028	385,587
Thereafter	-
Total	<u>\$ 15,755,775</u>

(9) OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the Public Utilities Board provides post-retirement health care benefits (OPEB) 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

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(9) OTHER POST-EMPLOYMENT BENEFITS – Continued

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 OPEB plan benefits are established and may be amended by the Public Utilities Board's Board of Directors.

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, 2023 and 2022, were:

	October 1,	
	2022	2021
Active participants	539	539
Retirees	60	60
Beneficiaries	0	0
Spouses of retirees	19	19
Total Participants	618	618

Contributions – Prior to May 2023, The Public Utilities Board did not pre-fund benefits. The funding policy was to pay benefits directly from general assets on a pay-as-you-go basis, and there was not a trust for accumulating plan assets.

In February 2023, the Public Utilities Board of Directors passed a resolution approving the adoption of the Public Agencies Post-Retirement Health Care Plan Trust (Trust) administered by Public Agency Retirement Services (PARS). The Public Utilities Board appointed the Chief Financial Officer as Administrator of the Trust, and as such, established the authority to act in all matters relating to the Trust.

In fiscal year 2023, the Public Utilities Board made an initial contribution of \$13,306,413 to fund the Trust. Contributions are not required from plan members. The Public Utilities Board reserves the right to make contributions, if any, to the Trust. Administrative costs of the Trust are financed through investment earnings. Benefits are paid directly to the insurance provider.

The PARS does issue a publicly available financial report for the fiduciary net position that is available upon request. The Trust itself does not issue a separate financial report.

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(9) OTHER POST-EMPLOYMENT BENEFITS – Continued

Actuarial Methods and Assumptions

The following is a summary of significant actuarial methods and assumptions used in the actuarial valuations. There have been no significant changes between the valuation date and fiscal year ends.

Valuation Date	October 1, 2021	October 1, 2021
Measurement Date	September 30, 2023	September 30, 2022
Actuarial Cost Method	Entry Age Normal, level dollar	Entry Age Normal, level dollar
Amortization Method	Open periods 10 yr amortization 0.0% amortization growth rate	Open periods 10 yr amortization 0.0% amortization growth rate
Asset Valuation Method	Market Value	N/A
Inflation	2.30%	2.30%
Salary increases	Annually, graduated service-based scale December 31, 2021 TMRS report	Annually, graduated service-based scale December 31, 2021 TMRS report
Discount Rate	6.56% Plan's long-term rate of return on investment assumption	4.02% Bond Buyer's 20-year General Obligation Index
Long-term Expected Rate of Return on Investments	6.56%	N/A
Mortality	Pub-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2021	Pub-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2021

OPEB Plan Investment Strategy – The goal of the Trust's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Trust. A balanced strategy that seeks to provide capital appreciation and a low to moderate level of current income consistent with its allocation was adopted. Target allocation of each asset class of equity and fixed income are 60% and 40%, respectively.

Discount Rate – The discount rate used to measure the total OPEB liability changed from 4.02% at September 30, 2022, to 6.56% at September 30, 2023. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return. This change decreased the total OPEB liability by approximately \$3.0 million.

Long-term Expected Rate of Return – This assumption is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumption is based on the consultant's investment practice as of June 30, 2023 and are based on a 20-year investment horizon.

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

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(9) OTHER POST-EMPLOYMENT BENEFITS – Continued

Asset Class	September 30, 2023		
	Target	Long-Term Expected Real Rate of Return	
	Allocation	Arithmetic	Geometric
US Core Fixed Income (Aggregate)	15.0%	2.07%	1.93%
US Short (1-3 Yr) Credit Bonds	5.0%	1.76%	1.70%
US Interim (1-10 Yr) Credit Bonds	10.0%	2.40%	2.25%
Non-US Bonds	10.0%	0.36%	-0.10%
US Broad Equity Market	33.0%	5.56%	3.90%
Non-US Equity	21.0%	7.64%	5.75%
US REITs	6.0%	6.96%	4.74%
Total	<u>100.0%</u>		

Changes in net OPEB asset and total OPEB liability – The following presents a summary of the changes in the net OPEB asset and total OPEB liability:

	September 30, 2023			September 30, 2022
	Total OPEB	Plan Fiduciary	Net OPEB	Total OPEB Liability
	Liability	Net Position	Liability/(Asset)	
Total OPEB Liability - beginning of year	\$ 14,815,187	\$ -	\$ 14,815,187	\$ 22,594,692
Changes for the year:				
Service Cost	765,841	-	765,841	975,949
Interest on total OPEB Liability	604,241	-	604,241	520,635
Effect of economic/demographic gains or losses	530,718	-	530,718	(3,831,963)
Effect of assumptions changes or inputs	(3,013,111)	-	(3,013,111)	(4,370,806)
Benefit payments	(1,111,303)	-	(1,111,303)	(1,073,320)
Employer contributions	-	13,306,413	(13,306,413)	
Net investment income	-	(111,890)	111,890	
Net changes				(7,779,505)
Total OPEB Liability - end of year	<u>\$ 12,591,573</u>	<u>\$ 13,194,523</u>	<u>\$ (602,950)</u>	<u>\$ 14,815,187</u>

Sensitivity Analysis – The following presents the total OPEB liability of the Public Utilities Board, calculated using the discount rate of 6.56% as of September 30, 2023, 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 (5.56%) or 1-percentage-point higher (7.56%) than the current rate:

Measurement Date		1% Decrease 5.56%	Discount Rate 6.56%	1% Increase 7.56%
9/30/2023	Total OPEB liability	\$ 13,685,543	\$ 12,591,573	\$ 11,608,463
9/30/2023	Fiduciary net position	\$ 13,194,523	\$ 13,194,523	\$ 13,194,523
9/30/2023	Net OPEB liability	\$ 491,020	\$ (602,950)	\$ (1,586,060)

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(9) OTHER POST-EMPLOYMENT BENEFITS – Continued

The following presents the total OPEB liability of the Public Utilities Board, calculated using the discount rate of 4.02% as of September 30, 2022, 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 (3.02%) or 1-percentage-point higher (5.02%) than the current rate:

Measurement Date		1% Decrease 3.02%	Discount Rate 4.02%	1% Increase 5.02%
9/30/2022	Total OPEB liability	\$ 16,129,146	\$ 14,815,187	\$ 13,622,602

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 at September 30, 2023 and 2022.

Measurement Date		1% Decrease	Current Trend Rate	1% Increase
9/30/2023	Total OPEB liability	\$ 11,167,122	\$ 12,591,573	\$ 14,273,804
9/30/2023	Fiduciary net position	\$ 13,194,523	\$ 13,194,523	\$ 13,194,523
9/30/2023	Net OPEB liability	\$ (2,027,401)	\$ (602,950)	\$ 1,079,281

Measurement Date		1% Decrease	Current Trend Rate	1% Increase
9/30/2022	Total OPEB liability	\$ 13,143,074	\$ 14,815,187	\$ 16,809,372

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – The Public Utilities Board recognized OPEB income of \$656,209 for the year ended September 30, 2023, and \$122,515 in OPEB expense for the year ended September 30, 2022.

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, 2023 and 2022:

	September 30,	
	2023	2022
Deferred outflows of resources		
Changes in assumptions	\$ 1,333,306	\$ 1,879,776
Investment (gains)/losses	433,126	-
Differences in expected and actual experience	459,956	-
Total deferred outflows of resources	<u>\$ 2,226,388</u>	<u>\$ 1,879,776</u>
Deferred inflows of resources		
Differences in expected and actual experience	\$ (4,883,469)	\$ (5,986,786)
Changes in assumptions	(6,613,540)	(4,819,399)
Total deferred inflows of resources	<u>\$ (11,497,009)</u>	<u>\$ (10,806,185)</u>

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(9) 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:
2024	\$ (1,596,773)
2025	(1,596,773)
2026	(1,913,769)
2027	(1,695,286)
2028	(1,424,688)
Thereafter	(1,043,332)
Total	<u>\$ (9,270,621)</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,	
	2022	2021
Active employees	573	556
Inactive employees or beneficiaries currently receiving benefits	277	262
Inactive employees entitled to but not yet receiving benefits	71	63
Total Plan Participants	<u>921</u>	<u>881</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.

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(9) OTHER POST-EMPLOYMENT BENEFITS – Continued

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
2023	0.42%	0.19%	100%
2022	0.27%	0.16%	100%

The actuarial assumptions used in the December 31, 2022 and 2021 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

Methods and Assumptions

The methods and assumptions described below were in effect as of September 30, 2023 and 2022.

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.

Valuation date	12/31/2022 and 12/31/2021
Inflation	2.5% (2022 and 2021)
Salary Increases	3.50% to 11.50%, including inflation (2022 and 2021)
Discount rate	4.05%* and 1.84%**
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	(12/31/22 and 12/31/21) - Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disables retirees	(12/31/22) and (12/31/21) - 2019 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, 2022.

** The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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, 2023 and 2022

(9) 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. Rates were calculated by (i) removing the assumption that grants a small credit to active rates and (ii) adding a margin for adverse experience of 100% for active coverage and 10% for retiree coverage.

Total OPEB Liability – The Public Utilities Board’s total OPEB liability as of September 30, 2023, was determined by actuarial valuation and measurement date as of December 31, 2022. The Public Utilities Board’s total OPEB liability as of September 30, 2022, was determined by actuarial valuation and measurement date as of December 31, 2021.

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

	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total OPEB Liability - beginning of year	\$ 2,313,061	\$ 2,221,859
Changes for the year:		
Service Cost	114,041	90,969
Interest on total OPEB Liability	43,130	44,877
Differences between expected and actual experience	41,382	(66,925)
Changes in assumptions or other inputs	(830,814)	69,233
Benefit payments*	(52,133)	(46,952)
Net changes	(684,394)	91,202
Total OPEB Liability - end of year	<u>\$ 1,628,667</u>	<u>\$ 2,313,061</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 \$102,743 in OPEB expense for the year ended September 30, 2023, and an expense of \$202,869 for the year ended September 30, 2022.

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 4.05% as of September 30, 2023, 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:

Date	1% Decrease 3.05%	Discount Rate 4.05%	1% Increase 5.05%
9/30/2023	\$ 1,946,659	\$ 1,628,667	\$ 1,380,694

The following presents the total OPEB liability of the Public Utilities Board Supplemental Death Benefit Fund, calculated using the applicable discount rate of 1.84% as of September 30, 2022, 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:

Date	1% Decrease 0.84%	Discount Rate 1.84%	1% Increase 2.84%
9/30/2022	\$ 2,814,844	\$ 2,313,061	\$ 1,921,109

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, 2023 and 2022

(9) OTHER POST-EMPLOYMENT BENEFITS – Continued

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,	
	2023	2022
<u>Deferred outflows of resources</u>		
Difference in expected and actual earnings	\$ 47,986	\$ 18,921
Changes in assumptions	327,705	422,737
Employer's contributions to the Plan subsequent to the measurement date	83,731	39,827
Total deferred outflows of resources	<u>\$ 459,422</u>	<u>\$ 481,485</u>
<u>Deferred inflows of resources</u>		
Difference in expected and actual earnings	\$ (829,544)	\$ (160,507)
Changes in assumptions	-	-
Total deferred inflows of resources	<u>\$ (829,544)</u>	<u>\$ (160,507)</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:
2024	\$ (54,428)
2025	(68,618)
2026	(64,235)
2027	(84,663)
2028	(121,183)
Thereafter	(60,726)
Total	<u>\$ (453,853)</u>

The following is a summary of certain OPEB account balances as of September 30, 2023 and 2022:

	9/30/2023			9/30/2022		
	Healthcare	Supplemental	Total	Healthcare	Supplemental	Total
Net OPEB Asset	\$ 602,950	\$ -	\$ 602,950	\$ -	\$ -	\$ -
OPEB Liability	-	1,628,667	1,628,667	14,815,187	2,313,061	17,128,248
Deferred Outflows of Resources	2,226,388	459,422	2,685,810	1,879,776	481,485	2,361,261
Deferred Inflows of Resources	11,497,009	829,544	12,326,553	10,806,185	160,507	10,966,692
OPEB Income	656,209	-	656,209	-	-	-
OPEB Expense	-	102,743	102,743	122,515	202,869	325,384

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, 2023 and 2022

(10) 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, 2023 and 2022 were \$6,053,425 and \$5,512,302, 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 \$959,843 and \$922,656 to the City for these collection services in 2023 and 2022, respectively.

(11) 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, 2023 and 2022, totaled \$12,055,925 and \$12,477,802, respectively, of which \$4,801,496 and \$4,212,940 respectively, was payable at September 30, 2023 and 2022.

(12) 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, 2023, the Public Utilities Board had committed approximately \$30,242,628 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.

The Public Utilities Board has entered into Purchase Power Agreements with a third party for 65 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.

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, 2023 and 2022

(13) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

As of September 30, 2023, the Public Utilities Board had engaged with three separate vendors for subscription-based information technology arrangements (SBITA) for software used by Human Resources and GIS departments. These SBITA are amortized over the length of their contract. None of the contracts include an interest rate for calculating payments nor do they require any upfront costs. As of September 30, 2023, the net SBITA right-to-use intangible asset was reported in the amount of \$138,667. Amortization for all three SBITA as September 30, 2023, was reported in the amount of \$18,719. For the year ended September 30, 2023, the Public Utilities Board did not report a corresponding SBITA liability because all contracts are paid in advance.

(14) TENASKA EQUITY FUND REBATE

In December 2012 the City Commission approved a five-year rate plan for electric, water and wastewater base rates. The electric rates were allocated for two purposes: 1) ongoing growth and O&M and 2) bond issuance for a proposed generation project. As a result of the generation project not coming to fruition, in May 2022, the City Commission approved the rollback of that portion of electric base rates in a phased approach effective June 1, 2022 and June 1, 2023. In October 2022, the City Commission approved the acceleration of the second phase to an effective date of December 1, 2022.

Beginning in 2013, \$29 million of the proposed generation project revenue was set aside to pay for anticipated costs during the construction period; these funds are unspent and held by the Public Utilities Board in the Improvement Fund. The Public Utilities Board and City Commission formed a joint committee to address the distribution of the \$29 million. A plan was approved by the Public Utilities Board's Board of Directors on May 1, 2023 and the City Commission on May 2, 2023. In addition to the \$29 million, the Public Utilities Board's Board of Directors voted to add the interest earned on the \$29 million to the funds to be distributed bringing the total to \$31,355,071. This amount was distributed in May 2023 in the form of an account credit to customers who were still active as of May 1, 2023 and as a check to inactive customers.

(15) PENDING GASBs

As of September 30, 2023, 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. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62
- GASB Statement No. 101, *Compensated Absences*

Management is evaluating these pending GASB statements to determine what, if any, impact will be to the Public Utilities Board.

(16) SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 2, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Information

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

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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

Texas Municipal Retirement System

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

	2023	2022	2021	2020	2019
Total Pension Liability					
Service Cost	\$ 5,643,389	\$ 5,082,518	\$ 5,473,264	\$ 5,125,439	\$ 5,167,067
Interest (on the Total Pension Liability)	14,513,940	13,781,987	13,195,952	12,500,119	11,782,619
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	3,653,312	614,840	(1,314,974)	(70,448)	(95,940)
Changes of assumption	-	-	-	213,516	-
Benefit payments, including refunds of employee contributions	(9,135,566)	(8,696,472)	(8,257,271)	(7,010,545)	(5,396,042)
Net change in Total Pension Liability	14,675,075	10,782,873	9,096,971	10,758,081	11,457,704
Total Pension Liability - Beginning	216,767,428	205,984,555	196,887,584	186,129,503	174,671,799
Total Pension Liability - Ending (a)	<u>\$ 231,442,503</u>	<u>\$ 216,767,428</u>	<u>\$ 205,984,555</u>	<u>\$ 196,887,584</u>	<u>\$ 186,129,503</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 5,601,034	\$ 5,156,597	\$ 5,458,074	\$ 5,205,992	\$ 6,226,287
Contributions - Employee	2,280,815	2,054,138	2,221,035	2,088,363	2,102,878
Net investment income/(loss)	(14,983,763)	23,859,984	12,958,264	22,839,170	(4,472,781)
Benefit payments, including refunds of employee contributions	(9,135,566)	(8,696,472)	(8,257,271)	(7,010,545)	(5,396,042)
Administrative expense	(129,591)	(110,319)	(83,793)	(128,944)	(86,399)
Other	154,641	755	(3,269)	(3,874)	(4,513)
Net change in Plan Fiduciary Net Position	(16,212,430)	22,264,683	12,293,040	22,990,162	(1,630,570)
Plan Fiduciary Net Position - Beginning	205,157,290	182,892,607	170,599,567	147,609,405	149,239,975
Plan Fiduciary Net Position - Ending (b)	<u>\$ 188,944,860</u>	<u>\$ 205,157,290</u>	<u>\$ 182,892,607</u>	<u>\$ 170,599,567</u>	<u>\$ 147,609,405</u>
Net Pension Liability - Ending (a) - (b)	\$ 42,497,643	\$ 11,610,138	\$ 23,091,948	\$ 26,288,017	\$ 38,520,098
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	81.64%	94.64%	88.79%	86.65%	79.30%
Covered Payroll	\$ 32,583,078	\$ 29,344,790	\$ 31,729,066	\$ 29,833,757	\$ 30,041,089
Net Pension Liability as a Percentage of					
Covered Payroll	130.43%	39.56%	72.78%	88.12%	128.22%

- Continued

Notes to Schedule on following page.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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

Texas Municipal Retirement System

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

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 5,012,363	\$ 4,650,032	\$ 3,748,945	\$ 3,426,900	N/A
Interest (on the Total Pension Liability)	11,071,786	10,390,015	10,202,003	8,988,969	N/A
Changes of benefit terms	-	-	12,418,650	-	N/A
Difference between expected and actual experience	(288,240)	263,997	(976,625)	(2,363,903)	N/A
Changes of assumption	-	-	119,380	-	N/A
Benefit payments, including refunds of employee contributions	(5,288,768)	(5,481,024)	(5,240,997)	(5,364,164)	N/A
Net change in Total Pension Liability	10,507,141	9,823,020	20,271,356	4,687,802	N/A
Total Pension Liability - Beginning	164,164,658	154,341,638	134,070,282	129,382,480	N/A
Total Pension Liability - Ending (a)	<u>\$ 174,671,799</u>	<u>\$ 164,164,658</u>	<u>\$ 154,341,638</u>	<u>\$ 134,070,282</u>	<u>N/A</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 5,100,618	\$ 4,685,031	\$ 3,483,411	\$ 3,597,481	N/A
Contributions - Employee	2,035,182	1,884,784	1,840,296	1,798,743	N/A
Net investment income/(loss)	17,958,987	8,139,141	177,458	6,509,426	N/A
Benefit payments, including refunds of employee contributions	(5,288,768)	(5,481,024)	(5,240,997)	(5,364,164)	N/A
Administrative expense	(93,038)	(91,896)	(108,080)	(67,960)	N/A
Other	(4,715)	(4,951)	(5,338)	(5,587)	N/A
Net change in Plan Fiduciary Net Position	19,708,266	9,131,085	146,750	6,467,939	N/A
Plan Fiduciary Net Position - Beginning	129,531,709	120,400,624	120,253,874	113,785,935	N/A
Plan Fiduciary Net Position - Ending (b)	<u>\$ 149,239,975</u>	<u>\$ 129,531,709</u>	<u>\$ 120,400,624</u>	<u>\$ 120,253,874</u>	<u>N/A</u>
Net Pension Liability - Ending (a) - (b)	\$ 25,431,824	\$ 34,632,949	\$ 33,941,014	\$ 13,816,408	N/A
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.44%	78.90%	78.01%	89.69%	N/A
Covered Payroll	\$ 29,074,029	\$ 26,925,490	\$ 26,289,939	\$ 25,696,323	N/A
Net Pension Liability as a Percentage of Covered Payroll	87.47%	128.63%	129.10%	53.77%	N/A

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
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%
2022	5,837,658	5,837,658	-	33,252,508	17.56%
2023	6,345,978	6,345,978	-	36,021,291	17.62%

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	23 years (longest amortization ladder)
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.
 - (2) There were no benefit changes during this year.

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)

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 765,841	\$ 975,949	\$ 985,022	\$ 1,025,733	\$ 969,822
Interest on the total OPEB liability	604,241	520,635	492,616	706,142	893,577
Effect of economic/demographic gains/(losses)	530,718	(3,831,963)	-	(4,442,918)	-
Effect of assumption changes or inputs	(3,013,111)	(4,370,806)	119,780	(871,449)	3,909,580
Benefit payments	(1,111,303)	(1,073,320)	(612,621)	(652,891)	(663,861)
Net change in total OPEB liability	(2,223,614)	(7,779,505)	984,797	(4,235,383)	5,109,118
Total OPEB liability - beginning	14,815,187	22,594,692	21,609,895	25,845,278	20,736,160
Total OPEB liability - ending (a)	<u>\$ 12,591,573</u>	<u>\$ 14,815,187</u>	<u>\$ 22,594,692</u>	<u>\$ 21,609,895</u>	<u>\$ 25,845,278</u>
Fiduciary Net Position					
Employer contributions	\$ 13,306,413	\$ 1,073,320	\$ 612,621	\$ 652,891	\$ 663,861
Net investment income	(111,890)	-	-	-	-
Benefit payments	-	(1,073,320)	(612,621)	(652,891)	(663,861)
Net change in plan fiduciary net position	13,194,523	-	-	-	-
Fiduciary net position, beginning	-	-	-	-	-
Fiduciary net position, ending (b)	<u>\$ 13,194,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB (asset)/liability, ending (a) - (b)	\$ (602,950)	\$ 14,815,187	\$ 22,594,692	\$ 21,609,895	\$ 25,845,278
Fiduciary net position as a % of total OPEB liability	104.79%	N/A	N/A	N/A	N/A
Covered Employee Payroll	\$ 32,645,032	\$ 31,090,507	\$ 28,430,870	\$ 27,846,102	\$ 28,898,143
Net OPEB (asset)/liability as a % of covered payroll	-1.85%	47.65%	79.47%	77.60%	89.44%

- Continued

Notes to Schedule on following page.

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) - Continued

	2018	2017	2016	2015	2014
Total OPEB Liability					
Service cost	\$ 1,039,213	N/A	N/A	N/A	N/A
Interest on the total OPEB liability	773,872	N/A	N/A	N/A	N/A
Effect of economic/demographic gains/(losses)	-	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(1,099,772)	N/A	N/A	N/A	N/A
Benefit payments	(392,840)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	320,473	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	20,415,687	N/A	N/A	N/A	N/A
Total OPEB liability - ending (a)	<u>\$ 20,736,160</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Fiduciary Net Position					
Employer contributions	\$ 392,840	N/A	N/A	N/A	N/A
Net investment income	-	N/A	N/A	N/A	N/A
Benefit payments	(392,840)	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	-	N/A	N/A	N/A	N/A
Fiduciary net position, beginning	-	N/A	N/A	N/A	N/A
Fiduciary net position, ending (b)	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB (asset)/liability, ending (a) - (b)	\$ 20,736,160	N/A	N/A	N/A	N/A
Fiduciary net position as a % of total OPEB liability	N/A	N/A	N/A	N/A	N/A
Covered Employee Payroll	\$ 28,303,764	N/A	N/A	N/A	N/A
Net OPEB (asset)/liability as a % of covered payroll	73.26%	N/A	N/A	N/A	N/A

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) An irrevocable OPEB trust was created in May 2023 to begin funding plan benefits.
- (3) Changes of assumptions and other inputs reflect the effects of changes in the discount rate, election, demographic and health assumptions each period, as needed.

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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Cost	\$ 114,041	\$ 90,969	\$ 79,323	\$ 53,701	\$ 60,082
Interest (on the Total OPEB Liability)	43,130	44,877	51,803	60,018	52,641
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	41,382	(66,925)	(39,704)	(130,320)	42,721
Changes of assumption	(830,814)	69,233	294,277	285,195	(108,407)
Benefit payments	<u>(52,133)</u>	<u>(46,952)</u>	<u>(15,865)</u>	<u>(14,917)</u>	<u>(18,025)</u>
Net change in Total OPEB Liability	(684,394)	91,202	369,834	253,677	29,012
Total OPEB Liability - Beginning	<u>\$ 2,313,061</u>	<u>\$ 2,221,859</u>	<u>1,852,025</u>	<u>1,598,348</u>	<u>1,569,336</u>
Total OPEB Liability - Ending	<u>1,628,667</u>	<u>2,313,061</u>	<u>\$ 2,221,859</u>	<u>\$ 1,852,025</u>	<u>\$ 1,598,348</u>
 Covered Employee Payroll	 \$ 32,583,078	 \$ 29,344,790	 \$ 31,729,066	 \$ 29,833,757	 \$ 30,041,089
Total OPEB Liability as a Percentage of Covered Employee Payroll	5.00%	7.88%	7.00%	6.21%	5.32%

- Continued

Notes to Schedule on following page.

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) - Continued

	2018	2017	2016	2015	2014
Total OPEB Liability					
Service Cost	\$ 49,426	N/A	N/A	N/A	N/A
Interest (on the Total OPEB Liability)	52,052	N/A	N/A	N/A	N/A
Changes of benefit terms	-	N/A	N/A	N/A	N/A
Difference between expected and actual experience	-	N/A	N/A	N/A	N/A
Changes of assumption	124,250	N/A	N/A	N/A	N/A
Benefit payments	(17,444)	N/A	N/A	N/A	N/A
Net change in Total OPEB Liability	208,284	N/A	N/A	N/A	N/A
Total OPEB Liability - Beginning	1,361,052	N/A	N/A	N/A	N/A
Total OPEB Liability - Ending	<u>\$ 1,569,336</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
 Covered Employee Payroll	 \$ 29,074,029	 N/A	 N/A	 N/A	 N/A
Total OPEB Liability as a Percentage of Covered Employee Payroll	5.40%	N/A	N/A	N/A	N/A

Notes to Schedule:

- (1) This schedule is presented to illustrate the requirements to show information for 10 years.
- (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.).

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 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
2014	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2018	N/A	392,840	N/A	28,303,764	1.39%
2019	N/A	663,861	N/A	28,898,143	2.30%
2020	N/A	652,891	N/A	27,846,102	2.34%
2021	N/A	612,621	N/A	28,430,870	2.15%
2022	N/A	1,073,320	N/A	31,090,507	3.45%
2023	2,594,201	13,306,413	(10,712,212)	32,645,032	40.76%

Notes to Schedule

Valuation Timing:

Actuarial valuations for funding purposes are performed biennially as of October 1.
The most recent valuation was performed as of October 1, 2021.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period at Oct 1, 2021	10 years
Amortization Growth Rate	0.00%
Asset Valuation Method	Market Value
Inflation	2.30%
Salary Increases	Varies by service
Discount Rate (Expected Return on Assets)	6.75%
Healthcare Cost Trend Rates	Varies by year
Retirement Rates	Varies by age
Withdrawal Rates	Varies by entry age, sex, and years from retirement
Disability Rates	Varies by age
Mortality	Pub-2010 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2021

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 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.	65-68
Revenue Capacity These schedules contain information to help the reader assess the Public Utilities Board's local revenue source.	69-73
Debt Capacity 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.	74-77
Demographic and Economic Information 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.	78-79
Operating Information 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.	80-96

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 No. 34 in 2002.

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

	2023	2022	2021	2020	2019
Net position:					
Net investment in capital assets	\$294,811	\$282,249	\$260,939	\$298,269	\$301,903
Restricted	163,171	155,081	157,728	153,902	154,411
Unrestricted	17,392	28,247	12,053	27,954	13,509
Total net position	<u>\$475,374</u>	<u>\$465,576</u>	<u>\$430,720</u>	<u>\$480,125</u>	<u>\$469,824</u>

- Continued

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

	2018	2017	2016	2015	2014
Net position:					
Net investment in capital assets	\$323,271	\$311,667	\$310,655	\$308,012	\$297,472
Restricted	149,429	149,407	143,796	117,120	103,988
Unrestricted	10,830	15,189	28,810	50,967	56,130
Total net position	<u>\$483,530</u>	<u>\$476,263</u>	<u>\$483,261</u>	<u>\$476,099</u>	<u>\$457,590</u>

FINANCIAL TRENDS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Dollars In Thousands)

	2023	2022	2021	2020	2019
Operating revenues:					
Sales and services charges	\$279,751	\$288,873	\$460,930	\$223,462	\$232,301
Less rate stabilization	(1,500)	(15,400)	(143,387)	(20,400)	(21,500)
Less utilities service to the City of Brownsville, Texas	(6,053)	(5,512)	(4,587)	(4,571)	(4,488)
Total operating revenues	<u>272,198</u>	<u>267,961</u>	<u>312,956</u>	<u>198,491</u>	<u>206,313</u>
Operating expenses:					
Purchased power and fuel	104,615	109,408	209,099	65,997	70,464
Personnel services	50,684	38,132	40,975	42,600	45,043
Materials and supplies	10,544	9,133	7,563	7,549	7,583
Repairs and maintenance	5,118	4,843	3,576	3,949	3,783
Contractual and other services	24,347	24,500	22,544	21,712	20,984
Depreciation	29,166	29,354	28,489	46,972	48,890
Total operating expenses	<u>224,474</u>	<u>215,371</u>	<u>312,246</u>	<u>188,778</u>	<u>196,747</u>
Operating income	<u>47,724</u>	<u>52,590</u>	<u>710</u>	<u>9,712</u>	<u>9,566</u>
Nonoperating revenues (expenses):					
Investment and interest income	9,646	1,598	310	2,640	5,184
Interest expense	(11,995)	(11,175)	(11,115)	(11,970)	(12,780)
Gain (Loss) on disposition of capital assets	(938)	(639)	(26,411)	17,146	(927)
Other	3,182	1,985	2,255	(513)	2,070
Project Abandonment	(31,355)	(5,170)	-	-	(9,341)
Other payments to the City of Brownsville	-	-	-	(2,250)	-
Payments to City of Brownsville	<u>(12,056)</u>	<u>(12,478)</u>	<u>(20,524)</u>	<u>(11,170)</u>	<u>(11,878)</u>
Net nonoperating revenues (expenses)	<u>(43,516)</u>	<u>(25,879)</u>	<u>(55,486)</u>	<u>(6,117)</u>	<u>(27,672)</u>
Income (Loss) before capital contributions	<u>4,208</u>	<u>26,711</u>	<u>(54,777)</u>	<u>3,595</u>	<u>(18,106)</u>
Capital contributions	<u>5,590</u>	<u>8,146</u>	<u>5,371</u>	<u>6,706</u>	<u>4,400</u>
Change in net position	<u>9,798</u>	<u>34,857</u>	<u>(49,405)</u>	<u>10,301</u>	<u>(13,706)</u>
Net position, beginning of year	465,576	430,720	480,125	469,824	483,530
Prior Period Adjustment	-	-	-	-	-
Net position, beginning of year as restated	<u>465,576</u>	<u>430,720</u>	<u>480,125</u>	<u>469,824</u>	<u>483,530</u>
Net position, end of year	<u>\$475,374</u>	<u>\$465,576</u>	<u>\$430,720</u>	<u>\$480,125</u>	<u>\$469,824</u>

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.

- Continued

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

	2018	2017	2016	2015	2014
Operating revenues:					
Sales and services charges	\$224,167	\$220,878	\$207,550	\$207,767	\$192,061
Less rate stabilization	(25,900)	(24,200)	(10,525)		
Less utilities service to the City of Brownsville, Texas	(4,549)	(4,629)	(4,804)	(4,810)	(4,840)
Total operating revenues	<u>193,720</u>	<u>192,048</u>	<u>192,221</u>	<u>202,957</u>	<u>187,221</u>
Operating expenses:					
Purchased power and fuel	63,091	62,733	55,452	65,221	66,942
Personnel services	41,105	40,868	49,077	33,303	32,822
Materials and supplies	8,278	7,791	6,961	7,347	7,376
Repairs and maintenance	4,540	2,269	2,666	2,983	3,688
Contractual and other services	26,132	23,753	24,443	21,522	19,153
Depreciation	30,786	30,194	29,064	29,507	28,409
Total operating expenses	<u>173,932</u>	<u>167,608</u>	<u>167,663</u>	<u>159,883</u>	<u>158,390</u>
Operating income	<u>19,788</u>	<u>24,440</u>	<u>24,558</u>	<u>43,074</u>	<u>28,831</u>
Nonoperating revenues (expenses):					
Investment and interest income	3,329	1,703	1,202	841	533
Interest expense	(13,260)	(13,812)	(14,743)	(14,509)	(15,109)
Gain (Loss) on disposition of capital assets	282	(3,357)	(1,019)	(3,578)	(1,028)
Other	1,252	65	457	1,599	1,213
Project Abandonment	-	-	-	-	-
Other payments to the City of Brownsville	-	-	-	-	-
Payments to City of Brownsville	<u>(11,090)</u>	<u>(10,666)</u>	<u>(9,823)</u>	<u>(9,040)</u>	<u>(7,614)</u>
Net nonoperating revenues (expenses)	<u>(19,487)</u>	<u>(26,067)</u>	<u>(23,926)</u>	<u>(24,687)</u>	<u>(22,006)</u>
Income (Loss) before capital contributions	<u>301</u>	<u>(1,627)</u>	<u>632</u>	<u>18,387</u>	<u>6,826</u>
Capital contributions	<u>6,968</u>	<u>6,885</u>	<u>6,528</u>	<u>12,965</u>	<u>18,648</u>
Change in net position	<u>7,269</u>	<u>5,258</u>	<u>7,160</u>	<u>31,352</u>	<u>25,474</u>
Net position, beginning of year	476,263	483,261	476,099	457,590	432,116
Prior Period Adjustment	-	(12,257)	-	(12,843)	-
Net position, beginning of year as restated	<u>476,263</u>	<u>471,004</u>	<u>476,099</u>	<u>444,747</u>	<u>432,116</u>
Net position, end of year	<u>\$483,530</u>	<u>\$476,263</u>	<u>\$483,261</u>	<u>\$476,099</u>	<u>\$457,590</u>

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

FY	ELECTRIC	% CHANGE	WATER	% CHANGE	WASTEWATER	% CHANGE
2023	53,138	1.39%	54,310	1.32%	55,056	1.32%
2022	52,410	0.77%	53,601	0.92%	54,339	0.88%
2021	52,008	1.17%	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%

¹Municipal customers not included in average number of services billed

REVENUE CAPACITY
REVENUES BY UTILITY - LAST TEN YEARS ¹

	2023	2022	2021	2020	FY 2019
ELECTRIC					
Residential	\$ 85,328,299	\$ 94,720,591	\$ 130,557,180	\$ 70,894,750	\$ 72,375,771
Commercial	82,093,661	90,134,067	130,478,792	68,041,652	74,732,579
Municipal	4,666,211	4,223,052	3,430,888	3,418,381	3,527,745
Wholesale sales	27,979,507	28,006,570	136,108,799	16,110,955	22,575,496
Other	14,311,382	15,917,898	9,006,739	14,369,813	9,392,170
<i>Total Electric Operating Revenues</i>	<u>\$ 214,379,060</u>	<u>\$ 233,002,178</u>	<u>\$ 409,582,398</u>	<u>\$ 172,835,551</u>	<u>\$ 182,603,761</u>
WATER					
Inside city	\$ 28,810,658	\$ 25,612,397	\$ 24,279,840	\$ 24,086,514	\$ 23,472,024
Outside city	1,655,285	1,225,461	953,694	909,574	872,649
Municipal	783,093	751,795	717,593	734,648	632,528
Other	4,647,931	2,244,320	1,063,842	653,579	1,019,821
Southmost Regional Water Authority	573,642	476,655	421,309	489,168	489,743
<i>Total Water Operating Revenues</i>	<u>\$ 36,470,609</u>	<u>\$ 30,310,628</u>	<u>\$ 27,436,278</u>	<u>\$ 26,873,483</u>	<u>\$ 26,486,765</u>
WASTEWATER					
Residential	\$ 16,588,762	\$ 14,689,739	\$ 14,161,526	\$ 14,378,518	\$ 13,616,485
Commercial	9,476,838	8,116,735	7,182,523	7,065,343	7,236,716
Municipal	604,121	537,454	438,520	417,803	327,825
Outside city	1,819,776	1,615,702	1,563,609	1,558,927	1,501,463
Other	411,906	600,382	565,217	332,019	528,182
<i>Total Wastewater Operating Revenues</i>	<u>\$ 28,901,403</u>	<u>\$ 25,560,012</u>	<u>\$ 23,911,395</u>	<u>\$ 23,752,610</u>	<u>\$ 23,210,671</u>
TOTAL SALES AND SERVICE CHARGES	<u><u>\$ 279,751,072</u></u>	<u><u>\$ 288,872,819</u></u>	<u><u>\$ 460,930,071</u></u>	<u><u>\$ 223,461,644</u></u>	<u><u>\$ 232,301,197</u></u>
	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
ELECTRIC					
Residential	\$ 73,026,444	\$ 71,288,035	\$ 63,681,205	\$ 64,980,210	\$ 63,035,376
Commercial	74,781,316	74,770,246	68,559,278	71,696,062	68,505,305
Municipal	3,579,766	3,630,779	3,846,235	4,035,358	3,916,022
Wholesale sales	11,067,351	9,348,488	16,397,987	12,182,728	921,782
Other	11,222,724	11,593,857	7,458,124	9,325,630	9,792,100
<i>Total Electric Operating Revenues</i>	<u>\$ 173,677,601</u>	<u>\$ 170,631,405</u>	<u>\$ 159,942,829</u>	<u>\$ 162,219,988</u>	<u>\$ 146,170,585</u>
WATER					
Inside city	\$ 24,048,925	\$ 23,879,301	\$ 21,796,229	\$ 20,340,255	\$ 20,594,551
Outside city	848,947	873,877	811,938	777,023	766,496
Municipal	643,536	668,247	624,615	514,875	618,616
Other	998,603	1,029,823	1,111,918	1,342,068	1,162,867
Southmost Regional Water Authority	490,392	480,808	466,928	447,797	488,079
<i>Total Water Operating Revenues</i>	<u>\$ 27,030,403</u>	<u>\$ 26,932,056</u>	<u>\$ 24,811,628</u>	<u>\$ 23,422,018</u>	<u>\$ 23,630,609</u>
WASTEWATER					
Residential	\$ 14,033,891	\$ 14,021,992	\$ 13,728,898	\$ 13,251,741	\$ 13,578,070
Commercial	7,129,594	7,141,687	6,949,099	6,841,017	6,712,829
Municipal	325,425	330,087	333,262	259,508	304,992
Outside city	1,416,201	1,258,935	1,208,890	1,181,106	1,087,237
Other	554,186	561,340	575,617	592,120	577,059
<i>Total Wastewater Operating Revenues</i>	<u>\$ 23,459,297</u>	<u>\$ 23,314,041</u>	<u>\$ 22,795,766</u>	<u>\$ 22,125,492</u>	<u>\$ 22,260,187</u>
TOTAL SALES AND SERVICES CHARGES	<u><u>\$ 224,167,301</u></u>	<u><u>\$ 220,877,502</u></u>	<u><u>\$ 207,550,223</u></u>	<u><u>\$ 207,767,498</u></u>	<u><u>\$ 192,061,381</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 2023	FY 2022	FY 2021	FY 2020	FY 2019
ELECTRIC SERVICE (kWh)					
Residential	640,406,620	647,681,947	619,603,668	602,596,573	574,129,413
Commercial Non-Demand	144,560,536	143,203,126	133,499,924	133,567,871	136,405,829
Municipal	40,128,602	38,329,563	37,205,368	37,050,431	38,460,445
Commercial Demand	523,556,210	524,407,077	509,752,301	514,989,472	538,476,727
Other	1,021,290	1,820,521	2,210,581	2,251,157	2,266,542
<i>Total Electric Unit Sales</i>	<u>1,349,673,258</u>	<u>1,355,442,234</u>	<u>1,302,271,842</u>	<u>1,290,455,504</u>	<u>1,289,738,956</u>

WATER SERVICE - 1,000 GALLONS

Inside City	5,738,088	5,768,423	5,660,788	5,730,053	5,435,140
Outside City	171,981	171,177	173,261	162,528	151,259
Municipal	173,777	191,773	191,742	197,883	157,429
Other	612,248	540,387	618,991	569,787	552,631
<i>Total Water Unit Sales</i>	<u>6,696,094</u>	<u>6,671,760</u>	<u>6,644,782</u>	<u>6,660,251</u>	<u>6,296,459</u>

WASTEWATER SERVICE - 1,000 GALLONS

Residential	2,695,564	2,753,064	2,786,357	2,807,846	2,592,457
Commercial	1,849,335	1,781,081	1,657,372	1,642,002	1,656,999
Municipal	126,580	126,578	107,158	101,107	76,897
Outside City	112,860	116,110	116,262	116,852	107,474
Other	-	-	-	-	-
<i>Total Wastewater Unit Sales</i>	<u>4,784,339</u>	<u>4,776,833</u>	<u>4,667,149</u>	<u>4,667,807</u>	<u>4,433,827</u>

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
ELECTRIC SERVICE					
Residential	588,862,015	578,938,532	564,931,382	551,304,652	567,334,136
Commercial Non-Demand	136,319,294	139,381,802	135,844,893	128,892,385	132,918,707
Municipal	39,237,875	39,785,043	39,500,507	38,995,522	39,371,016
Commercial Demand	552,028,532	560,113,317	557,349,627	554,994,514	558,708,943
Other	2,390,778	2,478,672	2,403,423	2,227,059	2,226,006
<i>Total Electric Unit Sales</i>	<u>1,318,838,494</u>	<u>1,320,697,366</u>	<u>1,300,029,832</u>	<u>1,276,414,132</u>	<u>1,300,558,808</u>

WATER SERVICE

Inside City	5,743,114	5,832,446	5,560,741	5,281,931	5,753,783
Outside City	158,189	157,297	155,104	148,956	155,398
Municipal	162,477	167,724	158,741	122,006	176,477
Other	588,476	525,154	465,077	461,178	506,676
<i>Total Water Unit Sales</i>	<u>6,652,256</u>	<u>6,682,621</u>	<u>6,339,663</u>	<u>6,014,071</u>	<u>6,592,334</u>

WASTEWATER SERVICE

Residential	2,745,874	2,804,793	2,709,033	2,554,154	2,795,399
Commercial	1,649,892	1,662,288	1,601,296	1,560,177	1,604,591
Municipal	76,447	77,545	78,448	58,998	74,464
Outside City	111,471	123,065	111,277	106,175	118,228
Other	-	-	-	-	-
<i>Total Wastewater Unit Sales</i>	<u>4,583,684</u>	<u>4,667,691</u>	<u>4,500,054</u>	<u>4,279,504</u>	<u>4,592,682</u>

¹ Excludes Brownsville Public Utilities Board's usage

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ELECTRIC ¹										
Customer Service Charge	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.94	\$ 6.49	\$ 6.01	\$ 5.62
Energy Charge										
First 500 kWh	0.04862	0.05141	0.05420	0.05420	0.05420	0.05420	0.05420	0.05241	0.05022	0.04862
Over 500 kWh	0.05964	0.06826	0.07688	0.07688	0.07688	0.07688	0.07688	0.07058	0.06458	0.05964
Fuel & Purchased Power	0.05658	0.08093	0.02952	0.02952	0.02952	0.02952	0.02952	0.03401	0.04500	0.05096
WATER (Inside City) ²										
0-3,000 gallons	2.31	2.14	1.98	1.98	1.98	1.98	1.98	1.87	1.80	1.73
4,000-9,000 gallons	2.55	2.37	2.19	2.19	2.19	2.19	2.19	2.07	1.99	1.91
10,000 to 16,000 gallons	3.15	2.92	2.70	2.70	2.70	2.70	2.70	2.55	2.45	2.36
Over 16,000 gallons	4.76	4.41	4.08	4.08	4.08	4.08	4.08	3.85	3.70	3.56
Customer Service Charge										
5/8 x 3/4 Water Meter Size	14.06	13.02	12.06	12.06	12.06	12.06	12.06	11.38	10.94	10.52
WATER (Outside City) ²										
0-3,000 gallons	3.46	3.21	2.97	2.97	2.97	2.97	2.97	2.81	2.70	2.68
4,000-9,000 gallons	3.84	3.55	3.29	3.29	3.29	3.29	3.29	3.11	2.98	2.95
10,000 to 16,000 gallons	4.72	4.37	4.05	4.05	4.05	4.05	4.05	3.83	3.68	3.10
Over 16,000 gallons	7.14	6.61	6.12	6.12	6.12	6.12	6.12	5.78	5.55	4.60
Resaca Fee	6.25	4.50	-	-	-	-	-	-	-	-
Customer Service Charge										
5/8 x 3/4 Water Meter Size	21.14	19.57	18.12	18.12	18.12	18.12	18.12	17.09	16.43	15.8
SEWER (Inside City) ³										
0-7,000 gallons	4.08	3.74	3.43	3.43	3.43	3.43	3.43	3.43	3.43	3.30
over 7,000 gallons	4.47	4.10	3.76	3.76	3.76	3.76	3.76	3.76	3.76	3.62
Customer Service Charge										
5/8 x 3/4 Water Meter Size	8.88	8.15	7.48	7.48	7.48	7.48	7.48	7.48	7.48	7.19
SEWER (Outside City)										
Rate per 1,000 gallons	6.71	6.16	5.65	5.65	5.65	5.65	5.65	5.65	5.65	5.43
Customer Service Charge										
5/8 x 3/4 Water Meter Size	13.33	12.23	11.22	11.22	11.22	11.22	11.22	11.22	11.22	10.79

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.

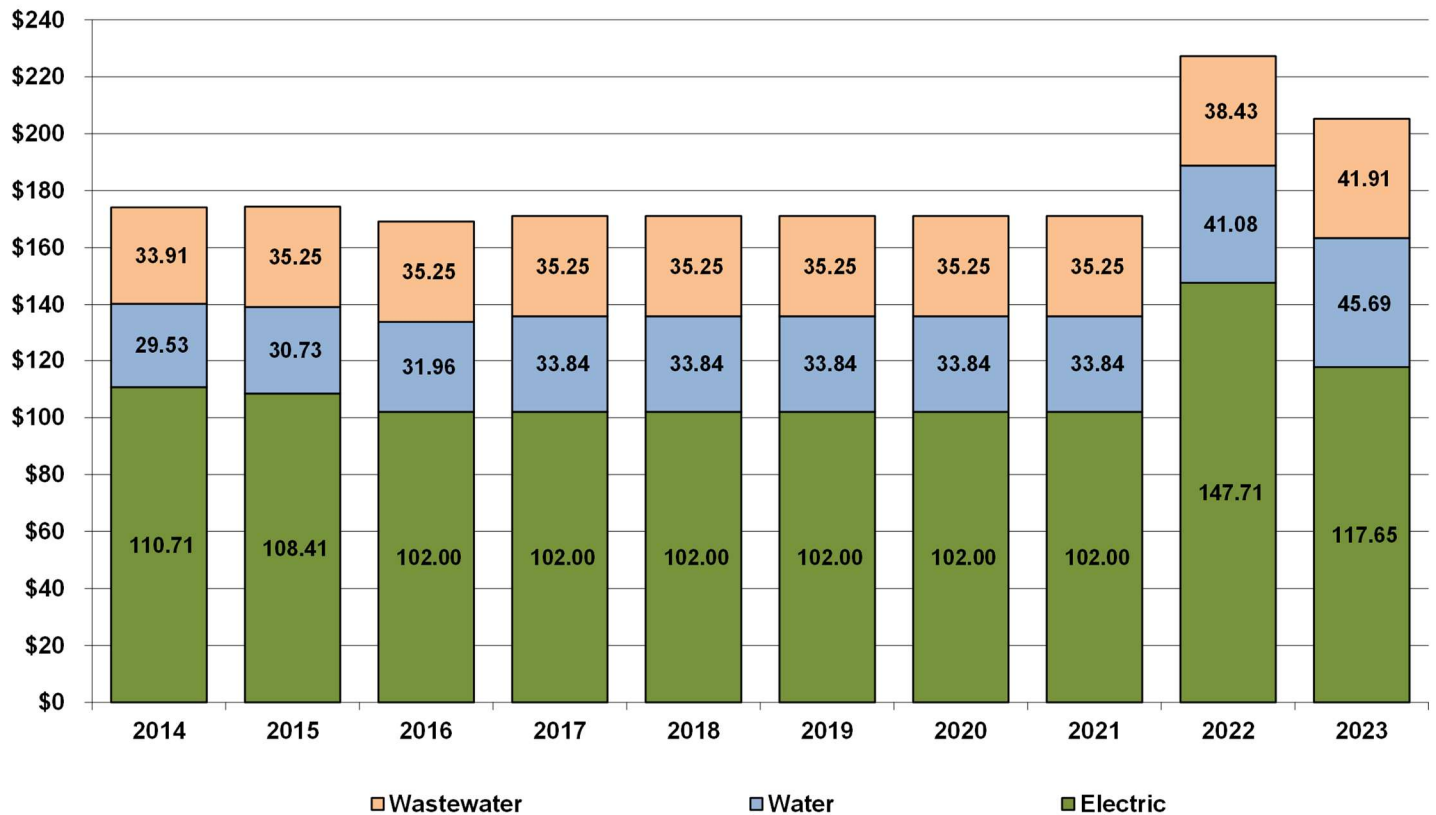
Note: The City Commission of the City of Brownsville, Texas is vested with the right to set utility rates.

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

	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>
2023	-11.0%	8.0%	9.0%
2022	-11.0%	8.0%	9.0%
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%



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
PRINCIPAL PAYMENTS PAYABLE ON ALL DEBT ISSUES
THROUGH FY 2051**

Year End Sep 30,	PUB Revenue Improvement Refunding Bonds 2005A	PUB Revenue Refunding Bonds 2008	PUB Revenue Refunding Bonds 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
2024	\$ -	\$ -	\$ 8,755,000	\$ 3,500,000	\$ 3,395,000	\$ 1,570,000	\$ 320,000	\$ -
2025	-	-	9,150,000	3,655,000	3,565,000	1,650,000	-	-
2026	-	-	9,565,000	3,765,000	3,745,000	890,000	965,000	-
2027	-	-	-	3,970,000	3,930,000	885,000	785,000	10,105,000
2028	-	-	-	5,045,000	1,515,000	335,000	1,385,000	12,025,000
2029	-	-	-	5,280,000	1,580,000	350,000	1,895,000	11,800,000
2030	-	-	-	5,520,000	1,645,000	360,000	2,065,000	11,945,000
2031	100,000	-	-	5,675,000	1,705,000	380,000	2,245,000	12,105,000
2032	-	-	-	675,000	1,775,000	395,000	2,340,000	-
2033	-	100,000	-	705,000	1,850,000	310,000	2,460,000	-
2034	-	-	-	730,000	-	-	2,585,000	-
2035	-	-	-	760,000	-	-	2,680,000	-
2036	-	-	-	790,000	-	-	2,790,000	-
2037	-	-	-	825,000	-	-	2,880,000	-
2038	-	-	-	855,000	-	-	1,715,000	-
2039	-	-	-	890,000	-	-	1,765,000	-
2040	-	-	-	930,000	-	-	1,795,000	-
2041	-	-	-	965,000	-	-	1,840,000	-
2042	-	-	-	1,010,000	-	-	1,910,000	-
2043	-	-	-	1,050,000	-	-	1,990,000	-
2044	-	-	-	1,095,000	-	-	2,065,000	-
2045	-	-	-	1,145,000	-	-	2,150,000	-
2046	-	-	-	-	-	-	2,235,000	-
2047	-	-	-	-	-	-	2,305,000	-
2048	-	-	-	-	-	-	2,370,000	-
2049	-	-	-	-	-	-	2,445,000	-
2050	-	-	-	-	-	-	2,515,000	-
2051	-	-	-	-	-	-	-	-
	\$ 100,000	\$ 100,000	\$ 27,470,000	\$ 48,835,000	\$ 24,705,000	\$ 7,125,000	\$ 52,495,000	\$ 57,980,000

Debt Allocation By Utility

Electric	\$ 188,175,524
Water	55,059,386
Wastewater	48,410,090
Total Debt Capacity	<u>\$ 291,645,000</u>

Debt per Rate Payor

Electric	\$ 3,541
Water	\$ 1,014
Wastewater	\$ 879

- Continued

DEBT CAPACITY
PRINCIPAL PAYMENTS PAYABLE ON ALL DEBT ISSUES
THROUGH FY 2051 - continued

PUB Junior Lien Revenue Bonds 2012	PUB Revenue Refunding Bonds 2022	PUB Revenue Refunding Bonds 2022A	SRWA Water Supply Contract Refunding Bonds 2009A	SRWA Water Supply Contract Refunding Bonds 2009B	SRWA Water Supply Contract Refunding Bonds 2012	SRWA Water Supply Contract Refunding Bonds 2017	Total
\$ 45,000	\$ -	\$ -	\$ 310,000	\$ 220,000	\$ 1,135,000	\$ -	\$ 19,250,000
45,000	-	-	310,000	230,000	1,190,000	-	19,795,000
45,000	-	-	310,000	240,000	1,255,000	-	20,780,000
50,000	-	-	310,000	250,000	1,285,000	-	21,570,000
50,000	-	-	310,000	260,000	-	1,540,000	22,465,000
50,000	-	-	310,000	270,000	-	1,600,000	23,135,000
55,000	-	-	310,000	-	-	1,660,000	23,560,000
55,000	-	-	310,000	-	-	1,725,000	24,300,000
60,000	535,000	5,285,000	310,000	-	-	1,795,000	13,170,000
-	565,000	5,515,000	310,000	-	-	-	11,815,000
-	590,000	5,765,000	310,000	-	-	-	9,980,000
-	620,000	6,040,000	310,000	-	-	-	10,410,000
-	645,000	6,340,000	310,000	-	-	-	10,875,000
-	670,000	6,660,000	310,000	-	-	-	11,345,000
-	700,000	-	310,000	-	-	-	3,580,000
-	725,000	-	305,000	-	-	-	3,685,000
-	760,000	-	-	-	-	-	3,485,000
-	800,000	-	-	-	-	-	3,605,000
-	840,000	-	-	-	-	-	3,760,000
-	880,000	-	-	-	-	-	3,920,000
-	925,000	-	-	-	-	-	4,085,000
-	970,000	-	-	-	-	-	4,265,000
-	1,020,000	-	-	-	-	-	3,255,000
-	1,070,000	-	-	-	-	-	3,375,000
-	1,125,000	-	-	-	-	-	3,495,000
-	1,180,000	-	-	-	-	-	3,625,000
-	1,240,000	-	-	-	-	-	3,755,000
-	1,305,000	-	-	-	-	-	1,305,000
\$ 455,000	\$ 17,165,000	\$ 35,605,000	\$ 4,955,000	\$ 1,470,000	\$ 4,865,000	\$ 8,320,000	\$ 291,645,000

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

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
OPERATING INCOME	\$48,941,179	\$63,087,602	\$143,255,673	\$28,434,506	\$29,644,124
ADD:					
Depreciation Expense	27,820,958	28,054,517	27,205,210	45,684,434	47,613,572
Investment & Other Income	9,140,145	1,523,780	293,233	2,525,819	4,954,356
LESS:					
Interest on Construction Funds	(1,692,755)	(265,800)	(25,119)	(432,928)	(857,976)
NET AVAILABLE INCOME	<u>\$84,209,527</u>	<u>\$92,400,099</u>	<u>\$170,728,997</u>	<u>\$76,211,831</u>	<u>\$81,354,076</u>
DEBT SERVICE:					
Revenue Bonds Payable Current	\$17,585,000	\$18,420,000	\$16,870,000	\$14,545,000	\$13,870,000
Total Interest Expense	12,021,920	9,545,771	10,308,028	10,947,307	11,453,972
Commercial Paper Interest Expense	-	179,194	8,861	451,484	442,758
NET CASH DEBT SERVICE	<u>\$29,606,920</u>	<u>\$28,144,965</u>	<u>\$27,186,889</u>	<u>\$25,943,791</u>	<u>\$25,766,730</u>
DEBT SERVICE COVERAGE (TIMES)	2.84	3.28	6.28	2.94	3.16
	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
OPERATING INCOME	\$44,488,073	\$46,967,688	\$33,093,794	\$41,883,847	\$27,256,483
ADD:					
Depreciation Expense	29,536,134	28,949,302	28,132,537	28,642,402	27,544,181
Investment & Other Income	3,194,311	1,639,117	1,163,964	815,942	504,537
LESS:					
Interest on Construction Funds	(404,545)	(178,972)	(193,527)	(128,019)	(94,376)
NET AVAILABLE INCOME	<u>\$76,813,973</u>	<u>\$77,377,135</u>	<u>\$62,196,768</u>	<u>\$71,214,172</u>	<u>\$55,210,825</u>
DEBT SERVICE:					
Revenue Bonds Payable Current	\$13,456,000	\$12,914,000	\$12,173,000	\$12,066,000	\$10,100,000
Total Interest Expense	12,171,696	12,808,172	13,747,956	13,538,613	14,275,285
Commercial Paper Interest Expense	167,579	55,636	17,902	13,671	5,929
NET CASH DEBT SERVICE	<u>\$25,795,275</u>	<u>\$25,777,808</u>	<u>\$25,938,858</u>	<u>\$25,618,284</u>	<u>\$24,381,214</u>
DEBT SERVICE COVERAGE (TIMES)	2.98	3.00	2.40	2.78	2.26

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 Bonds (1)	Capital Leases	Total Outstanding Debt	Percentage of Per Capita Income (2)	Population (3)	Debt Per Capita
2023	\$ 321,181,408	\$ -	\$ 321,181,408	8.61%	189,382	\$ 1,696
2022	\$ 344,476,868	\$ -	\$ 344,476,868	10.07%	187,831	\$ 1,834
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%	182,504	\$ 1,805
2016	\$ 345,587,392	\$ -	\$ 345,587,392	13.16%	181,235	\$ 1,907
2015	\$ 356,249,806	\$ -	\$ 356,249,806	13.78%	179,975	\$ 1,979
2014	\$ 349,829,002	\$ -	\$ 349,829,002	13.58%	178,724	\$ 1,957

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on page 78

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

**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
2023	189,382	\$ 19,704	\$ 3,731,583	31.1	69.1%-High School 20.9%-Bachelor's Degree	38,448	5.30%
2022	187,831	\$ 18,207	\$ 3,419,839	30.9	68.0%-High School 20.5%-Bachelor's Degree	40,765	5.70%
2021	188,045	\$ 16,551	\$ 3,112,333	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%

*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	2023			2022			2021			2020		
	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
Brownville ISD	6,135	1	3.37%	6,135	1	3.52%	6,264	1	3.68%	6,553	1	3.93%
Caring For You Home Health	2,300	2	1.26%	2,300	2	1.32%	1,760	3	1.03%	1,775	3	1.06%
SpaceX	2,100	3	1.15%	1,260	7	0.72%	1,300	2	0.76%	1,300	4	0.78%
Cameron County	1,800	4	0.99%	1,860	3	1.07%	-	-	0.00%	-	-	0.00%
Southwest Keys Programs	1,500	5	0.82%	1,500	4	0.86%	-	-	0.00%	-	-	0.00%
Keppel Amfels	1,450	6	0.80%	1,450	5	0.83%	1,113	4	0.65%	1,113	6	0.67%
University of Texas Rio Grande Valley	1,372	7	0.75%	1,372	6	0.79%	-	-	0.00%	-	-	0.00%
City of Brownsville	1,200	8	0.66%	1,152	8	0.66%	870	5	0.51%	801	9	0.48%
Abundant Life Home Health	1,064	9	0.58%	1,064	9	0.61%	714	7	0.42%	841	8	0.50%
Wal-Mart	1,055	10	0.58%	1,055	10	0.61%	700	8	0.41%	700	10	0.42%
Total	19,976		10.96%	19,148		10.99%	12,721		7.46%	13,083		7.84%

Source:

Brownsville Community Improvement Corporation

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

Employer	2019			2018			2017			2016		
	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.	6,553	1	3.98%	6,652	1	4.06%	7,214	1	4.35%	7,670	1	4.57%
Cameron County	1,120	6	0.68%	1,940	2	1.18%	1,650	4	1.00%	1,650	4	0.98%
Caring For You Home Health	1,780	3	1.08%	1,120	6	0.68%	1,734	3	1.05%	1,734	3	0.01
University of Texas Rio Grande Valley	1,113	7	0.68%	-	-	0.00%	1,950	2	1.18%	1,950	2	1.16%
City of Brownsville	818	9	0.50%	-	-	0.00%	1,413	5	0.85%	1,413	5	0.84%
H.E.B. Food Stores	-	-	0.00%	1,113	7	0.68%	1,230	7	0.74%	1,227	7	0.73%
Abundant Life Home Health	841	8	0.51%	-	-	0.00%	975	9	0.59%	975	9	0.58%
Wal-Mart	750	10	0.46%	850	8	0	-	-	-	-	-	0.00%
Valley Baptist Medical Center	-	-	0.00%	783	9	0.48%	1,200	8	0.72%	1,200	8	0.71%
Valley Regional Medical Center	-	-	0.00%	750	10	0.46%	1,300	6	0.78%	1,300	6	0.77%
Total	12,975		7.87%	13,208		8.06%	18,666		11.26%	19,119		11.38%

Source:

Brownsville Community Improvement Corporation

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

Employer	2015			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brownsville I.S.D.	7,200	1	4.33%	7,708	1	4.64%
Cameron County	1,200	6	0.72%	1,055	8	1.75%
Caring For You Home Health	-	-	0.00%	2,343	4	1.41%
University of Texas Rio Grande Valley	1,952	2	1.17%	2,040	5	1.23%
City of Brownsville	1,413	3	0.85%	1,200	6	0.63%
H.E.B. Food Stores	1,230	5	0.74%	2,635	3	0.72%
Abundant Life Home Health	970	8	0.58%	975	9	0.59%
Wal-Mart	923	9	0.56%	786	10	0.47%
Valley Baptist Medical Center	1,150	7	0.69%	-	-	1.59%
Valley Regional Medical Center	1,300	4	0.78%	1,200	7	0.72%
Total	17,338		10.43%	19,942		13.75%

Source:

Brownsville Community Improvement Corporation

OPERATING INFORMATION
EXPENSES BY UTILITY - LAST TEN YEARS

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
ELECTRIC					
Generation and Purchases for Resale ¹	\$ 109,080,006	\$ 114,036,921	\$ 212,928,881	\$ 69,918,239	\$ 74,796,747
Transmission and Distribution	10,388,983	9,326,475	8,422,883	8,376,963	7,382,752
Administrative and General	38,542,926	31,374,284	32,935,034	32,736,695	32,546,901
Rate Stabilization ²	-	-	-	-	-
Depreciation	12,404,440	13,642,643	12,718,751	30,072,347	33,556,217
Total Electric Operating Expenses	<u>\$ 170,416,355</u>	<u>\$ 168,380,323</u>	<u>\$ 267,005,549</u>	<u>\$ 141,104,244</u>	<u>\$ 148,282,617</u>
WATER					
Plant Operations	\$ 6,519,921	\$ 5,593,638	\$ 5,197,196	\$ 5,311,778	\$ 5,222,708
Transmission and Distribution	4,370,994	3,766,630	3,479,550	3,559,242	3,324,018
Administrative and General	6,286,450	4,601,985	5,205,105	5,817,008	6,507,019
Depreciation	5,798,381	5,726,665	5,483,139	5,922,981	5,111,179
Total Water Operating Expenses	<u>\$ 22,975,746</u>	<u>\$ 19,688,918</u>	<u>\$ 19,364,990</u>	<u>\$ 20,611,009</u>	<u>\$ 20,164,924</u>
WASTEWATER					
Plant Operations	\$ 8,322,669	\$ 7,820,923	\$ 6,573,943	\$ 6,551,461	\$ 7,210,932
Transmission and Distribution	1,504,640	1,188,945	974,216	741,446	830,075
Administrative and General	5,996,345	4,310,759	4,949,096	5,440,147	6,594,912
Depreciation	9,618,137	8,685,210	9,003,321	9,689,106	8,946,176
Total Wastewater Operating Expenses	<u>\$ 25,441,791</u>	<u>\$ 22,005,837</u>	<u>\$ 21,500,576</u>	<u>\$ 22,422,160</u>	<u>\$ 23,582,095</u>
SOUTHMOST REGIONAL WATER AUTHORITY					
Administration and General	\$ 4,295,265	\$ 3,996,129	\$ 3,091,463	\$ 3,353,539	\$ 3,440,425
Depreciation	1,345,135	1,299,550	1,283,498	1,287,437	1,276,262
Total SRWA Operating Expenses	<u>\$ 5,640,400</u>	<u>\$ 5,295,679</u>	<u>\$ 4,374,961</u>	<u>\$ 4,640,976</u>	<u>\$ 4,716,687</u>
TOTAL OPERATING EXPENSES	<u>\$ 224,474,292</u>	<u>\$ 215,370,758</u>	<u>\$ 312,246,076</u>	<u>\$ 188,778,389</u>	<u>\$ 196,746,323</u>
OTHER NONOPERATING REVENUES (EXPENSES) ³	<u>\$ (31,459,873)</u>	<u>\$ (13,401,318)</u>	<u>\$ (34,962,276)</u>	<u>\$ 5,053,209</u>	<u>\$ (15,794,133)</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

- Continued

OPERATING INFORMATION
EXPENSES BY UTILITY - LAST TEN YEARS - Continued

	FY 2018 Restated	FY 2017 Restated	FY 2016 Restated	FY 2015	FY 2014
ELECTRIC					
Generation and Purchases for Resale	\$ 74,337,732	\$ 70,496,415	\$ 63,120,545	\$ 72,523,667	\$ 73,010,092
Transmission and Distribution	7,130,981	6,965,840	6,912,082	6,499,004	6,284,873
Administrative and General	28,859,842	29,431,623	34,583,521	21,524,432	20,437,763
Rate Stabilization	25,900,000	24,200,000	10,525,000	-	-
Depreciation	15,978,408	15,986,715	15,069,917	14,887,881	14,768,870
Total Electric Operating Expenses	<u>\$ 152,206,963</u>	<u>\$ 147,080,593</u>	<u>\$ 130,211,065</u>	<u>\$ 115,434,984</u>	<u>\$ 114,501,598</u>
WATER					
Plant Operations	\$ 5,781,746	\$ 4,427,577	\$ 5,129,025	\$ 5,581,020	\$ 6,397,130
Transmission and Distribution	3,416,818	3,260,832	3,082,104	2,901,226	2,743,060
Administrative and General	6,411,935	6,126,023	7,250,855	5,141,431	5,325,225
Depreciation	5,039,447	4,894,699	5,116,669	5,622,967	5,543,534
Total Water Operating Expenses	<u>\$ 20,649,946</u>	<u>\$ 18,709,131</u>	<u>\$ 20,578,653</u>	<u>\$ 19,246,644</u>	<u>\$ 20,008,949</u>
WASTEWATER					
Plant Operations	\$ 6,774,909	\$ 6,530,394	\$ 6,526,539	\$ 6,417,406	\$ 6,656,181
Transmission and Distribution	808,444	772,747	837,287	1,160,632	920,364
Administrative and General	6,049,418	6,051,881	7,667,223	5,502,973	5,431,148
Depreciation	8,518,279	8,067,888	7,945,949	8,131,553	7,231,777
Total Wastewater Operating Expenses	<u>\$ 22,151,050</u>	<u>\$ 21,422,910</u>	<u>\$ 22,976,998</u>	<u>\$ 21,212,564</u>	<u>\$ 20,239,470</u>
SOUTHMOST REGIONAL WATER AUTHORITY					
Administration and General	\$ 3,572,989	\$ 3,351,035	\$ 3,489,520	\$ 3,123,518	\$ 2,775,244
Depreciation	1,250,362	1,244,517	931,124	864,865	864,865
Total SRWA Operating Expenses	<u>\$ 4,823,351</u>	<u>\$ 4,595,552</u>	<u>\$ 4,420,644</u>	<u>\$ 3,988,383</u>	<u>\$ 3,640,109</u>
TOTAL OPERATING EXPENSES	<u>\$ 199,831,310</u>	<u>\$ 191,808,186</u>	<u>\$ 178,187,360</u>	<u>\$ 159,882,575</u>	<u>\$ 158,390,126</u>
OTHER NONOPERATING REVENUES (EXPENSES)¹	<u>\$ (8,397,086)</u>	<u>\$ (15,400,823)</u>	<u>\$ (14,102,923)</u>	<u>\$ (15,646,848)</u>	<u>\$ (14,391,847)</u>

¹ Excludes payments to City of Brownsville

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

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
SOURCES OF ENERGY (kWh)					
Total Net Energy Generated	931,648,364	808,254,582	926,706,204	1,231,824,938	1,350,866,264
Total Energy Purchased	1,045,607,979	1,088,610,589	974,035,691	336,912,190	186,542,500
TOTAL SOURCES OF ENERGY	1,977,256,343	1,896,865,171	1,900,741,895	1,568,737,128	1,537,408,764
Less: System Losses and Inadvertent Energy (kWh)	(33,126,398)	(25,649,874)	(29,116,701)	(29,241,337)	(25,542,731)
Net Available for Sale (kWh)	1,944,129,945	1,871,215,297	1,871,625,194	1,539,495,791	1,511,866,033
Sales for Resale (kWh)	(568,636,524)	(519,115,193)	(576,980,218)	(264,564,600)	(204,155,127)
NET ENERGY FOR LOAD	1,375,493,421	1,352,100,104	1,294,644,976	1,274,931,191	1,307,710,906
WATER STATISTICS					
Water Production - 1,000 Gallons					
Raw Water Treated	5,965,414	5,733,552	5,326,847	5,298,583	5,318,507
Raw Water Used in Plant	(236,026)	(172,143)	(200,208)	(244,219)	(265,051)
Surface Water Treated	5,729,388	5,561,409	5,126,639	5,054,364	5,053,456
SRWA (Purchased Water)*	2,269,203	2,107,533	2,340,149	2,537,831	2,482,556
Water Pumped to City	7,998,591	7,668,942	7,466,788	7,592,195	7,536,012
Water Sales	6,799,304	6,749,619	6,740,690	6,757,580	6,334,790
Other Unmetered Usage	203,289	31,644	50,564	114,398	255,969
Losses and Unaccounted for Gallonage	995,998	887,679	675,534	717,460	945,253
Thousand Gallons to System	7,998,591	7,668,942	7,466,788	7,589,438	7,536,012
Unaccounted For	12.45%	11.57%	9.00%	9.45%	12.54%
Average Daily Consumption	21,914	21,011	22,657	20,725	20,627
Peak Maximum Demand (MG)	29	27	25	27	27
Date	8/14/2023	7/26/2022	9/9/2021	7/20/2020	8/21/2019
WASTEWATER STATISTICS					
Annual Demand (1,000 Gals.)	5,555,607	5,616,317	5,339,312	5,240,443	5,269,519
Maximum Day (MG)	40.5	35.8	38.4	36.5	29.8

* FY 2012 through FY 2022 Water Production includes Southmost Regional Water Authority Production.

- Continued

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

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
SOURCES OF ENERGY (kWh)					
Total Net Energy Generated	1,224,415,215	1,202,079,235	1,231,840,523	806,397,153	921,011,194
Total Energy Purchased	295,731,900	328,964,400	428,953,100	690,167,500	578,306,000
TOTAL SOURCES OF ENERGY	1,520,147,115	1,531,043,635	1,660,793,623	1,496,564,653	1,499,317,194
Less: System Losses and Inadvertent Energy (kWh)	(27,039,952)	(24,589,310)	(22,449,897)	(25,996,837)	(27,903,614)
Net Available for Sale (kWh)	1,493,107,163	1,506,454,325	1,638,343,726	1,470,567,816	1,471,413,580
Sales for Resale (kWh)	(159,885,557)	(177,000,430)	(316,499,025)	(70,155,740)	(12,239,700)
NET ENERGY FOR LOAD	1,333,221,606	1,329,453,895	1,321,844,701	1,400,412,076	1,459,173,880
WATER STATISTICS					
Water Production - 1,000 Gallons					
Raw Water Treated	5,874,579	5,579,560	5,301,156	5,216,966	5,888,490
Raw Water Used in Plant	(207,020)	(119,670)	(160,738)	(235,716)	(54,450)
Surface Water Treated	5,667,559	5,459,890	5,140,418	4,981,250	5,834,040
SRWA (Purchased Water)*	2,495,123	2,440,611	2,317,634	2,092,497	1,816,125
Water Pumped to City	8,162,682	7,900,501	7,458,052	7,073,747	7,650,165
Water Sales	6,695,462	6,732,120	6,392,340	6,055,349	6,636,736
Other Unmetered Usage	165,736	155,286	130,685	89,772	208,500
Losses and Unaccounted for Gallonage	1,301,484	1,013,095	935,027	928,626	804,929
Thousand Gallons to System	8,162,682	7,900,501	7,458,052	7,073,747	7,650,165
Unaccounted For	15.94%	12.82%	12.54%	13.13%	10.52%
Average Daily Consumption	22,341	18,444	17,465	22,253	21,078
Peak Maximum Demand (MG)	30	34	29	27	29
Date	8/20/2018	5/23/2017	8/10/2016	8/11/2015	8/21/2014
WASTEWATER STATISTICS					
Annual Demand (1,000 Gals.)	5,300,889	5,370,043	5,580,261	5,916,884	5,047,953
Maximum Day (MG)	34.8	21.2	32.6	36.2	32.2

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

OPERATING INFORMATION
AUTHORIZED FULL TIME POSITIONS BY DEPARTMENT AND UTILITY
FY 2024 BUDGET AND LAST TEN YEARS

	DEPARTMENT	Budget FY 2024	Amended FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
1110	General Manager	3	3	3	3	3	3	3	3	3	3	5
1115	Legal Services ²	3	2	0	0	0	0	0	0	0	0	0
1120	Internal Audit	3	3	3	3	3	3	3	3	3	3	3
1125	Key Account Marketing	4	3	4	4	4	4	4	5	5	6	6
1130	Customer Services ⁴	2	1	1	2	2	2	2	2	2	2	2
1135	Communications & Public Relations	3	4	3	3	4	4	4	4	4	4	4
1140	Organizational Development	3	3	3	2	3	3	3	3	3	3	3
1145	Electrical Systems	0	0	0	0	0	0	0	0	0	2	2
1150	Board of Directors	0	0	0	0	0	0	0	0	0	0	0
1165	Records Management	4	4	3	3	3	3	3	2	2	2	2
1170	Digital Information Platforms	2	2	2	1	0	0	0	0	0	0	0
1410	Environmental Services	6	6	6	6	6	6	5	5	4	4	4
1440	Safety & Security Operations ⁴	5	4	4	4	4	6	6	6	6	6	6
4105	Operations Office ⁴	2	5	3	3	3	3	2	2	2	0	0
4115	Asset Management	1	0	0	0	0	0	0	0	0	0	0
4310	Operational Support Services	3	3	3	4	0	3	2	2	2	0	0
5105	Finance Office ³	2	0	0	0	0	0	0	0	0	0	0
5110	Finance	6	10	10	9	3	8	7	7	8	6	6
5115	Financial Services ³	8	0	0	0	0	0	0	0	0	0	0
5120	Accounting & Treasury	7	13	15	17	9	18	16	16	15	14	14
5130	Purchasing	6	7	7	7	17	7	7	7	7	6	6
5140	Revenue Recovery	3	3	3	3	7	3	3	3	3	3	3
6105	Customer & Information Services	0	3	3	3	3	3	3	3	3	3	3
6110	Customer Service	13	12	14	14	3	14	13	14	14	11	11
6115	Collections	4	4	4	4	14	4	4	4	4	4	4
6120	Billing	9	9	9	9	4	9	8	7	8	7	7
6125	Call Center	12	12	12	12	9	12	12	11	11	10	10
6130	Meter Services	10	9	9	9	12	9	10	10	9	9	9
6135	CIS Support	4	4	3	3	9	3	3	3	3	3	3
6145	Energy Efficiency & Conservation	1	1	1	1	3	1	1	1	1	1	1
6150	Meter Reading	12	14	14	14	14	14	14	15	15	15	15
6160	Cashiers	8	8	8	8	8	8	9	9	9	9	9
7110	Administrative Office ⁴	1	0	0	0	0	0	0	0	0	1	1
7120	Risk/Insurance Management	2	2	3	3	3	2	2	2	2	2	2
7125	Right-of-Way ²	2	2	0	0	0	0	0	0	0	0	0
7130	Enterprise Solutions ⁴	2	18	17	17	17	17	18	17	17	18	18
7131	IT Hardware, Cyber, & Network Mgmt ³	11	0	0	0	0	0	0	0	0	0	0
7132	IT Solutions and Project Management ³	2	0	0	0	0	0	0	0	0	0	0
7133	IT Applications Support ³	5	0	0	0	0	0	0	0	0	0	0
7135	GIS	8	8	10	10	10	10	10	11	11	13	13
7140	Human Resources	2	1	3	3	3	3	2	2	6	9	9
7145	Talent Acquisition & Staffing	4	4	3	3	3	3	4	3	3	0	0
7150	Fleet Management	10	10	10	10	10	10	10	10	10	10	10
7155	Compensation & Benefits	6	6	4	5	4	4	4	4	0	0	0
7160	Facility Maintenance	5	5	4	4	4	4	4	4	4	4	4
7165	Security Operations	0	1	2	2	2	0	0	0	0	0	0
7170	Warehouse	5	5	5	5	5	5	6	6	6	6	6
7175	Facility Maintenance-FM511 Svc Yard	4	4	4	4	4	0	0	0	0	0	0
7180	Facility Maintenance-Annex ¹	1	1	1	0	0	0	0	0	0	0	0
9110	Company-wide Expenses	0	0	0	0	0	0	0	0	0	3	3
TOTAL ADMINISTRATIVE		219	219	216	217	215	211	207	206	205	202	204

¹ Denotes new department for 2022.

² Denotes new department for 2023.

³ Denotes new department for 2024.

⁴ Department was renamed due to organizational restructuring.

- Continued

OPERATING INFORMATION
AUTHORIZED FULL TIME POSITIONS BY DEPARTMENT AND UTILITY
FY 2024 BUDGET AND LAST TEN YEARS (continued)

		Budget Amended										
		FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
DEPARTMENT		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1145	Electrical Systems	4	4	3	4	3	3	3	3	3	0	0
1420	Environmental Compliance	6	6	6	5	6	6	6	6	6	6	6
2110	Electrical Trans & Dist Support Svcs	0	0	0	0	0	0	0	0	0	1	1
2120	Substations & Relaying	14	13	23	23	23	23	24	24	24	12	12
2130	Elec Trans & Dist New Const	67	68	49	50	50	50	28	28	28	31	31
2140	Elec Trans & Dist Maintenance	0	0	0	0	0	0	22	22	22	31	31
2150	Energy Control Center Operations	15	15	15	15	15	15	15	15	15	14	14
2210	SCADA & Electrical Support Svc.	23	23	23	23	23	23	22	19	19	17	17
2220	Power Production	27	27	28	27	27	27	27	27	27	28	28
2310	Electric Meter Shop	7	8	8	8	8	8	8	8	8	8	8
2410	Electric Engineering	14	14	14	12	13	13	14	14	14	14	14
4105	Operations	0	0	0	0	0	0	0	0	0	3	3
4110	Energy Risk Management	1	1	1	1	1	1	1	1	1	1	1
4210	NERC Compliance	5	5	5	5	5	5	5	5	5	3	3
4220	Fuel & Purchased Energy Supply	2	1	2	2	2	2	2	2	2	2	2
4230	Natural Gas Utility Management	0	0	0	0	0	0	0	0	0	0	0
4310	Operational Support Services	0	0	0	0	1	0	0	0	0	1	1
TOTAL ELECTRIC		185	185	177	175	177	176	177	174	174	172	172
1422	Analytical Lab	16	16	16	16	16	16	16	16	16	16	16
1430	Pre-treatment	7	7	7	8	7	7	8	11	12	10	10
1435	Cross Connection Control	5	5	3	3	3	3	3	0	0	0	0
3110	Special Projects W/WW Eng-Planning ⁴	3	2	2	3	3	2	2	2	2	2	2
3120	Water Plant I	10	10	10	9	10	10	10	10	10	9	9
3130	Water Plant II	8	8	7	8	8	8	8	8	8	9	9
3135	Resaca Maintenance	23	15	9	9	9	9	9	17	17	20	20
3140	Raw Water Supply	4	4	4	4	4	4	4	4	4	3	3
3145	W/WW Plant Maintenance	12	12	12	12	12	12	13	13	13	13	13
3150	W/WW Operations & Construction	43	44	45	45	70	68	67	67	67	68	68
3155	W/WW Operations & Maintenance	33	34	34	34	0	0	0	0	0	0	0
3160	Potable Water Transport Services	2	2	2	3	0	0	0	0	0	0	0
3210	South WW Treat Plant	8	8	9	8	9	9	8	10	10	9	9
3220	Robindale WW Treat Plant	11	11	10	11	10	10	11	11	11	12	12
3225	W/WW Sludge Management	3	9	9	8	8	8	8	0	0	0	0
3230	Wastewater Lift Stations	20	20	20	20	32	34	34	35	35	35	35
3310	Water & WW Engineering	10	20	18	17	17	16	16	16	16	21	21
3315	W/WW Project Development ³	9	0	0	0	0	0	0	0	0	0	0
4310	Operational Support Services	0	0	1	1	1	1	2	2	2	1	1
9110	Company-wide Expenses	0	0	0	0	0	0	1	2	0	0	0
TOTAL WATER/WASTEWATER		227	227	218	219	219	217	220	224	223	228	228
OVERALL TOTAL NO. OF POSITIONS		631	631	611	611	611	604	604	604	602	602	604

¹ Denotes new department for 2022.

² Denotes new department for 2023.

³ Denotes new department for 2024.

⁴ Department was renamed due to organizational restructuring.

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

Electric Services	FY 2023		
	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
Brownsville I S D	75,674,304	\$ 7,321,865	4.55%
Texas Southmost College	26,936,811	2,396,596	1.49%
Trico Technologies Corp	18,343,519	1,673,103	1.04%
Amfels Inc	15,631,800	1,588,588	0.99%
University of Texas Rio Grande	16,610,217	1,526,522	0.95%
Rich Products Corporation	17,570,160	1,523,530	0.95%
H E B Stores	15,293,404	1,348,967	0.84%
7 Eleven Inc	12,198,810	1,234,092	0.77%
Cameron County	11,821,250	1,228,800	0.76%
Creative Liquid Coating Inc	14,104,800	1,179,383	0.73%
TOTAL	224,185,075	\$ 21,021,446	13.07%
Water Services			
	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
El Jardin Water Supply Corp	320,707	\$ 995,631	2.93%
Brownsville Navigation Distric	223,099	608,263	1.79%
Brownsville I S D	170,907	746,112	2.19%
Space Exploration Technologies Corp	483,120	519,120	1.53%
Texas Southmost College	61,025	239,783	0.70%
University Of Texas Rio Grande	45,750	194,148	0.57%
Rich Products Corporation	58,897	181,586	0.53%
V B M C Brownsville	42,285	133,150	0.39%
Valley Regional Med Ctr	40,664	131,912	0.39%
Military Highway Water Supply Corp	34,819	100,864	0.30%
TOTAL	1,481,273	\$ 3,850,569	11.32%
Wastewater Services			
	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
Brownsville I S D	138,660	\$ 718,113	2.60%
Rich Products Corporation	46,443	205,296	0.74%
Texas Southmost College	42,672	210,554	0.76%
Cameron County	40,938	193,183	0.70%
University Of Texas Rio Grande Valley	31,589	165,573	0.60%
Valley Regional Med Ctr	34,438	154,450	0.56%
V B M C Brownsville	34,019	151,240	0.55%
Go Car Wash Texas, LLC	28,344	126,147	0.46%
Trico Technologies Corp	27,484	123,659	0.45%
Paseo Plaza Apts	24,325	113,367	0.41%
TOTAL	448,912	\$ 2,161,582	7.83%

Continued

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

Electric Services	FY 2022		
	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
Brownsville I S D	76,045,904	\$ 7,891,787	5.17%
Trico Technologies Corp.	23,429,899	1,959,699	1.28%
Amfels Inc	14,558,848	1,566,568	1.03%
Rich Product Corp.	16,135,440	1,411,007	0.92%
H E B Stores	16,285,060	1,402,570	0.92%
Cameron County	12,228,891	1,266,026	0.83%
7 Eleven Inc.	11,891,076	1,204,927	0.79%
Valley Baptist Medical Center	12,450,652	1,062,481	0.70%
Valley Regional Medical Center	11,943,533	987,785	0.65%
University of Texas Rio Grande Valley	9,032,808	901,796	0.59%
TOTAL	204,002,111	\$ 19,654,646	12.88%
Water Services			
	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
El Jardin Water Supply Corp.	313,004	\$ 850,019	3.17%
Brownsville I S D	161,172	628,111	2.34%
Brownsville Navigation District	180,797	444,062	1.66%
Space Exploration Technologies Corp.	4,997	380,280	1.42%
Cameron County	61,923	192,092	0.72%
University of Texas Rio Grande Valley	47,319	176,685	0.66%
Texas Southmost College	46,250	171,286	0.64%
Rich Product Corp.	54,779	151,797	0.57%
Military Highway Water Supply Corp.	56,541	142,358	0.53%
Valley Baptist Medical Center	42,299	119,191	0.44%
TOTAL	969,081	\$ 3,255,881	12.15%
Wastewater Services			
	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
Brownsville I S D	133,625	\$ 616,087	2.53%
Cameron County	49,750	204,470	0.84%
Texas Southmost College	35,984	161,138	0.66%
Rich Product Corp.	39,671	154,134	0.63%
University of Texas Rio Grande Valley	32,595	151,363	0.62%
Valley Baptist Medical Center	37,289	147,237	0.61%
Valley Regional Medical Center	33,432	133,299	0.55%
Southwest Key Programs Inc.	23,277	93,625	0.38%
Brownsville Portfolio LLC	23,390	93,438	0.38%
Paseo Plaza Apts	19,423	81,350	0.33%
TOTAL	428,435	\$ 1,836,141	7.53%

Continued

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

		FY 2021	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales 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			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales 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			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales 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		
	Annual Consumption (kWh)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
Brownsville I S D	67,008,231	\$ 6,430,336	5.26%
Trico Technologies Corp.	23,133,083	1,706,079	1.40%
Amfels Inc	12,196,684	1,239,964	1.01%
Cameron County	14,086,347	1,177,932	0.96%
H E B Stores	16,843,656	1,153,202	0.94%
Rich Product Corp.	16,692,000	1,127,056	0.92%
7 Eleven Inc.	11,774,940	966,433	0.79%
Valley Baptist Medical Center	13,181,038	894,173	0.73%
Valley Regional Medical Center	12,462,724	801,458	0.66%
Southmost Regional Water Authority	9,837,592	713,657	0.58%
TOTAL	197,216,295	\$ 16,210,290	13.25%

Water Services	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
El Jardin Water Supply Corp.	313,592	\$ 846,698	3.40%
Brownsville I S D	160,695	612,191	2.46%
Brownsville Navigation District	163,323	390,805	1.57%
Cameron County	66,613	198,460	0.80%
Texas Southmost College	56,432	191,887	0.77%
University of Texas Rio Grande Valley	50,985	181,254	0.73%
Military Highway Water Supply Corp.	60,791	148,627	0.60%
Rich Products Corp.	50,307	136,142	0.55%
Valley Regional Medical Center	37,787	106,769	0.43%
Valley Baptist Medical Center	28,648	80,331	0.32%
TOTAL	989,173	\$ 2,893,164	11.63%

Wastewater Services	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of Annual Sales Revenue
Customer Name			
Brownsville I S D	126,129	\$ 568,981	2.49%
Cameron County	58,947	233,276	1.02%
Rich Products Corp.	38,736	200,041	0.87%
University of Texas Rio Grande Valley	33,873	151,504	0.66%
Texas Southmost College	34,086	148,444	0.65%
Valley Regional Medical Center	30,169	116,293	0.51%
Brownsville Housing Authority Corp.	24,627	94,764	0.41%
Valley Baptist Medical Center	23,989	92,694	0.41%
101 S Twin Creek LLC	23,206	90,917	0.40%
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**

Electric Services		FY 2019	
		Annual Consumption (kWh)	Percent of Annual Sales Revenue
Customer Name		Revenue	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		FY 2019	
		Annual Consumption (1,000 Gallons)	Percent of Annual Sales Revenue
Customer Name		Revenue	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		FY 2019	
		Annual Consumption (1,000 Gallons)	Percent of Annual Sales Revenue
Customer Name		Revenue	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**

Electric Services		FY 2018	
		Annual	Percent of
Customer Name	Consumption (kWh)	Sales Revenue	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			
		Annual	Percent of
Customer Name	Consumption (1,000 Gallons)	Sales Revenue	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			
		Annual	Percent of
Customer Name	Consumption (1,000 Gallons)	Sales Revenue	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**

		FY 2017	
Electric Services			
Customer Name	Annual Consumption (kWh)	Annual Sales Revenue	Percent of 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			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of 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			
Customer Name	Annual Consumption (1,000 Gallons)	Annual Sales Revenue	Percent of 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 (kWh)	Sales Revenue	Annual Sales 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 Consumption	Annual Revenue	Percent of 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 Consumption	Annual Revenue	Percent of 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%

OPERATING INFORMATION
CAPITAL ASSETS STATISTICS BY UTILITY
LAST TEN FISCAL YEARS

	FISCAL YEAR									
Electric	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Number of Power Plants	2	2	2	3	3	3	3	3	3	3
Vehicles	146	202	149	161	158	147	144	128	117	127
Transmission Miles	330	330	330	329	329	329	329	329	328	336
Distribution Miles	4,285	4,231	4,167	4,118	3,956	3,917	3,844	3,815	3,592	3,555
Poles	102,336	115,049	101,855	101,696	101,457	113,459	113,126	113,039	112,690	112,664
Transformers	36,096	37,272	35,730	35,529	35,236	35,106	34,924	34,792	34,843	36,448
Substations	15	15	15	15	14	14	14	14	17	15
Meters	63,902	73,965	60,818	59,654	58,299	57,219	54,970	55,992	59,939	57,525
Water										
Vehicles	110	131	100	104	98	96	96	92	98	86
Water Treatment Plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	2,902	2,902	2,892	2,884	2,881	2,878	2,873	2,866	2,863	2,843
Meters	73,115	79,366	71,483	72,244	71,384	70,742	70,134	74,031	72,737	69,542
Fire Hydrants	4,711	4,725	4,577	4,547	4,525	4,494	4,453	4,394	4,363	36,195
Wastewater										
Vehicles	131	152	126	130	126	120	98	91	84	80
Wastewater Treatment Plants	2	2	2	2	2	2	2	2	2	2
Lift Stations	177	177	177	177	178	178	173	174	183	172
Miles of wastewater mains	910	915	868	865	859	857	855	852	825	830
General										
Vehicles	83	103	79	79	74	69	68	68	66	70

COMPLIANCE SECTION

- Δ 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*
- Δ Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*
- Δ Single Audit Section*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Public Utilities Board of the City of Brownsville, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise The Public Utilities Board of the City of Brownsville, Texas basic financial statements, and have issued our report thereon dated February 2, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Burton, McCumber, & Longoria LLP

Brownsville, Texas
February 2, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Public Utilities of Board of the City of Brownsville's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Public Utilities of Board of the City of Brownsville's major federal programs for the year ended September 30, 2023. The Public Utilities of Board of the City of Brownsville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Public Utilities of Board of the City of Brownsville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Public Utilities of Board of the City of Brownsville and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Public Utilities of Board of the City of Brownsville's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Public Utilities of Board of the City of Brownsville's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Public Utilities of Board of the City of Brownsville's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Public Utilities of Board of the City of Brownsville's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Public Utilities of Board of the City of Brownsville's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Public Utilities of Board of the City of Brownsville's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Public Utilities of Board of the City of Brownsville's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Burton, McCumber, & Longoria LLP

Brownsville, Texas
February 2, 2024

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

Schedule of Expenditures of Federal Awards
September 30, 2023 and 2022

Federal Grantor/Pass-Through Grantor and Federal Program Title	ALN	Program Name or Other Identifying Number	Expenditures	Transfer to Sub-recipient
Department of the Treasury through Texas Commission on Environmental Quality				
RESTORE ACT	21.015	<i>Town Resaca Watershed 582-20-11819</i>	\$ 1,417,688	\$ -
Department of the Treasury through The City of Brownsville				
Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan Act	21.027	<i>Downtown Water/Wastewater Improvements ARPA-2021-1112</i>	\$ 924,603	\$ -
Total Expenditures of Federal Awards			\$ 2,342,291	\$ -

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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

Notes to the Schedule of Expenditures of Federal Awards September 30, 2023 and 2022

Note 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Public Utilities Board and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the Public Utilities Board, it is not intended to and does not represent the financial position of the Public Utilities Board.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2023, the Public Utilities Board did not elect to use this rate.

Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The Brownsville Public Utilities Board did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2023.

Note 4: SUB-RECIPIENTS

The Brownsville Public Utilities Board did not have any sub-recipients during the year ended September 30, 2023.

Note 5: NONCASH ASSISTANCE AND OTHER

The Public Utilities Board did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2023.

Note 6: CONTINGENCIES

Grant monies received and disbursed by the Public Utilities Board are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the Public Utilities Board does not believe that such disallowance, if any, would have a material effect on the financial position of the Public Utilities Board.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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

Schedule of Findings and Questioned Costs
September 30, 2023 and 2022

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major program:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ☐ yes ☒ no

Identification of major programs:

<u>Federal</u>	
<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.015	RESTORE ACT
21.027	Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan

Dollar threshold used to distinguish between Type A or Type B programs: \$750,000 for federal

Federal

Auditee qualify as a low-risk auditee? ☐ yes ☒ no

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

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

Schedule of Findings and Questioned Costs - Continued
September 30, 2023 and 2022

Section II – Financial Statement Findings

None noted that were required to be reported.

Section III – Federal Award Findings and Questioned Costs

None noted that were required to be reported.

Section IV – Prior Findings and Questioned Costs

N/A – No prior findings