

**CITY OF ROBSTOWN UTILITY SYSTEMS**

**Annual Financial Report  
For the Year Ended December 31, 2017**

**ERNEST R. GARZA & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**Authorized Contact:  
Ernest R. Garza, C.P.A.  
361-241-2452 Office  
800-241-1272 Office**



City of Robstown Utility Systems  
Annual Financial Report  
for the Year Ended December 31, 2017

TABLE OF CONTENTS

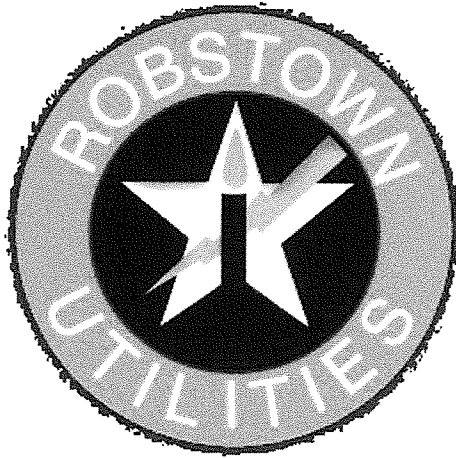
	<u>Page</u>	<u>Exhibit</u>
<b>FINANCIAL SECTION</b>		
Independent Auditor’s Report on Financial Statements.....	5	
Management’s Discussion and Analysis.....	7	
 <u>Basic Financial Statements</u>		
Statement of Net Position – All Business Type Activities.....	18	A-1
Statement of Revenues, Expenses, and Changes in Net Position- All Business Type Activities .....	20	A-2
Statement of Cash Flows- All Business Type Activities .....	21	A-3
All Agency Funds.....	22	A-4
Notes to the Financial Statements .....	24	
 <u>Required Supplemental Information:</u>		
Schedule of Changes in Net Pension Liability and Related Ratios.....	46	
Schedule of Contributions .....	47	
Notes to Schedule of Contributions.....	48	
 <u>Combining and Individual Fund Statements:</u>		
Enterprise Funds:		
Combining Statement of Net Position.....	52	B-1
Combining Statement of Revenues, Expenses In Net Position.....	54	B-2
Combining Statement of Cash Flows.....	56	B-3
 Sewage Fund:		
Comparative Statement of Net Position .....	58	B-4
Comparative Statements of Revenues, Expenses and Changes in Net Position .....	60	B-5
Statement of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual.....	62	B-6
 Electric Fund:		
Comparative Statement of Net Position .....	64	B-7
Comparative Statements of Revenues, Expenses and Changes in Net Position .....	66	B-8
Statement of Revenues Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual.....	68	B-9

City of Robstown Utility Systems  
Annual Financial Report  
for the Year Ended December 31, 2017

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Gas Fund:		
Comparative Statement of Net Position.....	70	B-10
Comparative Statements of Revenues, Expenses and Changes in Net Position .....	72	B-11
Statement of Revenues Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual.....	74	B-12
Internal Service Funds:		
General Operating:		
Comparative Statement of Net Position.....	78	C-1
Comparative Statements of Revenues, Expenses and Changes in Net Position .....	80	C-2
Statement of Revenues Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual.....	82	C-3
Trust and Agency Funds:		
Agency Funds:		
Combining Statement of Changes in Assets and Liabilities .....	86	D-1
OTHER SUPPLEMENTAL INFORMATION		
Gas System – Metered Customers and Natural Gas Sold .....	88	Table F-1
Electric Light and Power Company – Metered Customers and Kilowatt-hours Sold .....	89	Table F-2
Sewer System – Bond Indebtedness and Bond Interest Requirements – Series 2011.....	90	Table F-3
Sewer System – Bond Indebtedness and Bond Interest Requirements – Series 2014.....	91	Table F-4
Insurance in Force – All Funds .....	92	Table F-5
Statistical Information – List of Ten Largest Users of Utilities .....	94	Table F-6

*FINANCIAL SECTION*

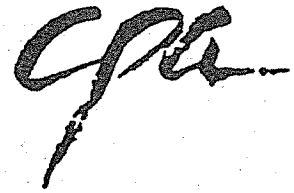


**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*

10201 Leopard #A  
Corpus Christi, Texas 78410  
Bus. (361) 241-2452  
Fax No. (361) 242-1525  
Toll Free 1-800-241-1272

MEMBER

American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants



6102 Ayers St. #106  
Corpus Christi, Texas 78415  
Bus. (361) 723-0685  
Fax (361) 723-0689

## **Independent Auditors Report on Financial Statements**

Board of Trustees  
City of Robstown Utility Systems  
101 East Main  
Robstown, Texas 78380-0071

Members of the Board of Trustees:

We have audited the accompanying financial statements of the business type activities of the City of Robstown Utility System, as of and for the years ended December 31, 2017; which collectively comprise the System's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

The City of Robstown Utility System's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Robstown Utility Systems' as of December 31, 2017 and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

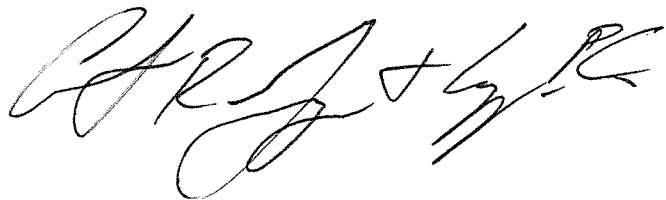
**Other-Matters (include Required Supplementary Information)**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 16 and pages 62-63, 68-69, 74-75, and 82-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit on the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Robstown Utility Systems' basic financial statements. The combining individual fund financial statements and supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. These accompanying combining and individual fund financial statements and supporting schedules, listed in the table of contents, are presented for our purposes of additional auditing procedures but are not required as a part of the financial statements. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Ernest R. Garza & Company P.C.  
Corpus Christi, Texas  
May 24, 2018





**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

This section of the Robstown Utility Systems' (Utility Systems) annual financial report presents Management's Discussion and Analysis (MD&A) of the Utility Systems' financial performance during the fiscal year ended December 31, 2017. The MD&A should be read in conjunction with the transmittal letter found in the Introductory Section of this report and the Utility Systems' Financial Statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the Utility Systems exceeded their liabilities for total net position of \$10,291,692. (Exhibit A-1).
- The net position of the Utility Systems increased from \$9,121,745 to \$10,291,692. (Exhibit A-2). The net position increase represents a 12.83% increase over the prior year's results. The net position represents 90.24% of the \$11,404,779 (Exhibit A-2) in expenses. The Utility Systems' unrestricted net position (Exhibit B-1) were \$5,350,669 or 46.13% of expenses (Exhibit B-2).
- Total assets were \$18,087,091 and deferred charges were \$503,117 (Exhibit B-1); total liabilities for the Utility Systems were \$7,959,508 and deferred credits were \$339,007 after the System made an equity transfer to net out inter-fund credits and charges.
- The ratio of total current assets to total current liabilities for the Utility Systems was 3.37 times excluding deferred charges and credits. (Exhibit B-1)
- The Utility Systems' quick ratio (current assets to current liabilities) (Exhibit A-1) was 5.93 times.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Utility Systems' basic financial statements are comprised of three parts:

- 1) Management's discussion and analysis,
- 2) The basic financial statements, and
- 3) An optional section that presents detailed summaries and schedules of selected financial data.

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Utility Systems' financial condition and performance. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, bond resolutions, and other management tools were used for this analysis.

The basic financial statements consist of entity-wide financial statements that provide both the short – and long- term financial information about the Utility Systems' financial activities, all of which are operated like commercial enterprises. These statements report information about the Utility Systems using full accrual accounting methods and the overall economic resource focus as utilized by similar business activities in the private sector. Information concerning all of the Utility Systems' assets and liabilities, both financial and capital, and short and long term are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

The basic financial statements of the Utility Systems include a balance sheet, a statement of revenues, expenses, and changes in net assets, a statement of cash flows, and notes to the financial statements, which are described as follows.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

- The balance sheet (statement of net position) presents the financial position of the Utility Systems on a full accrual, historical cost basis. This statement provides information about the nature and amount of resources and obligations at year-end.
- The statement of revenues, expenses, and changes in net position presents the result of the business activities over the course of the fiscal year and information as to how the net assets (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 Utility Systems' recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided by generally accepted accounting standards. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.
- The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, capital, and related financing and investing activities. This statement presents 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 is essential to a full understanding of material data provided in the statements. The notes present information about the Utility Systems' significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The supplementary information presented by the Utility Systems includes comparisons of budget to actual revenue and expenses, schedules that focus on the individual divisions of the Utility Systems where more detailed financial data is desirable and schedules presenting the Utility Systems' future debt service requirements and other data required to be presented in accordance with certain of the Utility Systems' debt covenants.

**ENTITY-WIDE FINANCIAL ANALYSIS**

The Utility Systems' entity-wide financial statements report its net position and how they have changed over the reporting period. Net position - the difference between assets and liabilities- may serve as a useful indicator of the Utility Systems' financial position. Over time, increases or decreases in the Utility Systems' net position are a useful indicator of whether its financial health is improving or deteriorating respectively. However, one also needs to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed governmental legislation, to adequately assess its overall health.

The material portion of the Utility Systems' net position (49.39% - Exhibit A-1) reflects its investment in utility plant assets (e.g., land, buildings, utility plant, and equipment), less that portion of related debt used to acquire those assets that is still outstanding. These utility plant assets are used to provide utility services to our customers; consequently, these assets are not available for future spending.

Although the Utility Systems' investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (the sale of utility services), since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**Table A-1: Condensed Statement of Net Position (Balance Sheets)**

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Assets</b>				
Current and Other Assets	\$ 6,974,854	\$ 5,408,951	\$ 1,565,903	28.95%
Restricted Assets	912,304	1,612,294	(699,990)	-43.42%
Capital Assets:				
Productive Asset in Service (net)	10,387,732	10,706,164	(318,432)	-2.97%
Other Assets	-	-	-	0.00%
<b>Total Assets</b>	<u>18,274,890</u>	<u>17,727,409</u>	<u>547,481</u>	<u>3.09%</u>
<b>Deferred Outflows of Resources</b>				
<b>Deferred Charges</b>	<u>882,661</u>	<u>1,096,470</u>	<u>(213,809)</u>	<u>-19.50%</u>
<b>Liabilities</b>				
Current Liabilities	1,176,228	1,432,654	(256,426)	-17.90%
Restricted Liabilities	97,199	92,692	4,507	4.86%
Long-term Debt Outstanding	6,632,154	6,863,134	(230,980)	-3.37%
Other Liabilities	614,232	600,977	13,255	2.21%
<b>Total Liabilities</b>	<u>8,519,813</u>	<u>8,989,457</u>	<u>(469,644)</u>	<u>-5.22%</u>
<b>Deferred Inflows of Resources</b>				
<b>Deferred Charges</b>	<u>341,299</u>	<u>712,677</u>	<u>(371,378)</u>	<u>-52.11%</u>
<b>Net Position</b>				
Invested in capital assets	5,083,428	5,165,717	(82,289)	-1.59%
Restricted	193,905	193,905	-	0.00%
Unrestricted	5,014,359	3,762,123	1,252,236	33.29%
<b>Total Net Position</b>	<u>\$ 10,291,692</u>	<u>\$ 9,121,745</u>	<u>\$ 1,169,947</u>	<u>12.83%</u>

The Utilities Systems' net position increased by \$1,169,947 from \$9,121,745 to \$10,291,692 (Exhibit A-1, A-2). Looking more carefully at the data, changes resulted from normal operations and increases in rates. A net decrease from fixed asset additions was also noted. The overall net increase reflects the Utility System' current policy of investing surplus internal resources, capital contributions, and earning and profits in productive capital assets in lieu of issuing additional debt during the year. During the fiscal year the Utility also made equity transfers between the inter-fund receivables and payables for deferred charges that were not practical to expect a realization of a return from those funds due to the substantial increase in revenues that would have to be burdened by the customers of the City of Robstown Utility System. The Utility also transferred \$1,922,038 to the City of Robstown's General Fund along with providing utility services of \$206,739 to the City of Robstown. (Exhibit A-2, B-2)

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**Table A-2: Condensed Statements of Revenues, Expenses and Changes in Net Position**

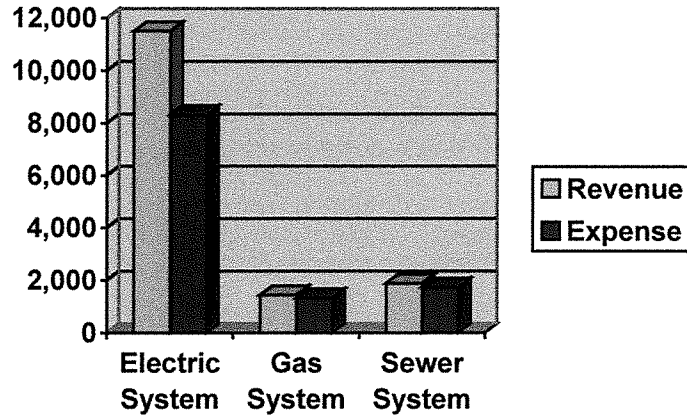
	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Charges for Services:				
Electric System	\$ 11,500,755	\$ 11,145,351	\$ 355,404	3.19%
Gas System	1,435,614	1,269,398	166,216	13.09%
Wastewater System	1,874,819	1,937,543	(62,724)	-3.24%
Total Charges for Services	<u>14,811,188</u>	<u>14,352,292</u>	458,896	3.20%
Interest Earnings	6,056	3,504	2,552	72.83%
Other	-	-	-	0.00%
<b>Total Revenues</b>	<u>14,817,244</u>	<u>14,355,796</u>	461,448	3.21%
Expenses:				
Division Operating Expenses:				
Electric System	8,336,501	9,010,509	(674,008)	-7.48%
Gas System	1,331,514	1,306,432	25,082	1.92%
Wastewater System	1,736,763	1,703,504	33,259	1.95%
Total Division Operating Expenses	<u>11,404,778</u>	<u>12,020,445</u>	(615,667)	-5.12%
Interest and Debt Expense	113,742	107,991	5,751	5.33%
Other Expenses - Note 1 Below	-	-	-	0.00%
Free Utility Service to City	206,739	364,016	(157,277)	-43.21%
<b>Total Expenses</b>	<u>11,725,259</u>	<u>12,492,452</u>	(767,193)	-6.14%
Income (loss) Before Transfers and Prior Period Adjustments	3,091,985	1,863,344	1,228,641	65.94%
Prior Period Adjustments	-	-	-	0.00%
Transfer to City	(1,922,038)	(1,055,681)	(866,357)	82.07%
<b>Increase (decrease) in Net Position</b>	<u>\$ 1,169,947</u>	<u>\$ 807,663</u>	<u>\$ 362,284</u>	<u>44.86%</u>

While the balance sheet shows a snapshot of the Utility Systems' financial position at the beginning and ending of the fiscal years, the above statement of revenues, expenses, and changes in net position provides answers as to the nature and source of these changes. In the table above, income before transfers of \$3,091,984 and transfers of \$1,922,038 resulted in an increase in 2017 of \$1,169,947, which differs from the 2016 where an increase of \$807,663 resulted. A comparison of the operating expenses shows the Utility Systems' operating expenses decreased by \$615,666 or 5.12% in 2017 over 2016, compared to a decrease by \$1,216,497 or 9.19% in 2016 over 2015. Also, the Utility Systems' revenue increased in 2017 by \$461,448 or 3.21% compared to 2016 which showed a decrease of \$387,467 or 2.63% over 2015. The fuel charge decrease resulted in the overall power costs due to the fuel and purchased power cost adjustment clause resulting in a decrease in fuel cost (fuel adjustment) and the Utility maintaining its overall positive operations including a transfer to the city resulted in an overall increase in the net position for 2017 of \$1,169,947 compared to 2016 which showed an increase of \$807,663 from 2015. The Utility Systems continues to monitor its operation costs and this resulted in a positive net income for 2017 before cash transfers to the City.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

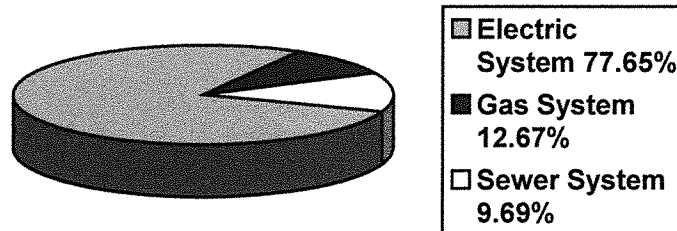
The following is a summary of the operating revenue and expense for each of the Utility Systems' operating divisions:

**Graph 1: Program Revenues to Activity Expenditures  
(in thousands of dollars)**



The following is a summary of the composition of 2017 Utility Systems' revenues by source:

**Chart A-1: Revenues- By Source  
Year Ended December 31, 2017**



During 2017, the overall demand for electricity and wastewater treatment services increased from the prior year but gas service demand decreased. Total electric kwh sales increased 3,940,345 or 4.23% in 2017 (97,115,447 kwh) from 2016 (93,175,102 kwh) sold. The number of electric customers decreased slightly to 4,506 from 4,566.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

The wastewater and gas system had different results for 2017. The actual number of customers decreased in the all divisions. The gas system decreased by 8.49% to 87,121 Mcf compared to 95,200 Mcf in 2016. The wastewater system experienced an increase of 4.34% to 438,000 MG in the volume of wastewater treated in 2017 compared to 419,750 MG treated in 2016.

The actual number of residential and commercial Utility Systems' customers were stable in the wastewater, gas and a slight decrease in all the divisions for 2017.

<u>Utility Operating Division</u>	<u>2017 Customers</u>	<u>2016 Customers</u>
Electric System	4,506	4,566
Gas System	3,011	3,073
Wastewater System	4,006	4,006

**Budgetary Highlights**

An annual revenue and expense budget is prepared for the combined electric, gas, and wastewater utility systems, and is approved by the Utility Systems Board. The budget remains in effect the entire year and can only be amended with the approval of the Utility Systems Board. Supplemental amendments were made in 2017.

**Table A-3: Schedule of Revenue, Receipts, Expenses and Disbursements-Budget-vs.-Actual**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue and Receipts:			
Electric System	10,568,703	11,500,755	932,052
Gas System	1,263,847	1,435,614	171,767
Wastewater System	1,803,207	1,874,819	71,612
	<u>13,635,757</u>	<u>14,811,188</u>	<u>1,175,431</u>
Operating Expenses:			
Purchased Power and Fuel	5,467,753	5,506,679	(38,926)
Operating & Maintenance	3,260,742	4,012,547	(751,805)
General Administration	2,485,931	1,885,552	600,379
Total Expenses	<u>11,214,426</u>	<u>11,404,778</u>	<u>(190,352)</u>
Non Operating Profit ( Loss)	<u>2,421,331</u>	<u>3,406,410</u>	<u>985,079</u>
Non Operating Revenues (Expenses)			
Interest and Other Income, (Expense)	(6,065)	6,056	12,121
Free Utility Service to City	(263,262)	(206,739)	56,523
Debt Service-Interest	(88,790)	(113,742)	(24,952)
Transfers In	-	-	-
Transfers Out to City	(1,923,000)	(1,922,038)	962
Total Non-Operating Revenues (Expenses)	<u>(2,281,117)</u>	<u>(2,236,463)</u>	<u>44,654</u>
Net Income	<u>\$ 140,214</u>	<u>\$ 1,169,947</u>	<u>\$ 1,029,733</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

The electric system revenues increased during the year along with the increase of the kwh usage. The gas system experienced a significant decrease in consumption resulting from a warmer winter temperatures. The natural gas cost increased by \$33,022 (Exhibit B-11) and this resulted in a pass-through of \$310,171 for actual cost of sales and a favorable budget variance of \$259,829 (in Gas revenues) (Exhibit B-12). Purchased power and fuel costs were decreased and stayed within budget (Exhibit B-9) regarding energy costs in the electric system. General and administrative costs were under budget by \$26,623 (Exhibit C-3) as a result of other various line items.

The Utility Systems' operating budget is prepared on a basis consistent with generally accepted accounting principals (GAAP). Other cash receipts and payments are treated as budgetary items to maintain effective fiscal and budgetary control over the collection and disposition of all Utility Systems' resources.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2017, the Utility Systems' net investment in capital assets amounted to \$10,387,731 which is stated net of \$28,703,100 less \$18,315,369 of accumulated depreciation including the general operating department.

This investment in capital assets includes:

- Land and land improvements
- Construction in progress,
- Gas distribution facilities,
- Wastewater collection and treatment facilities
- Machinery and Equipment

During 2017, the total decrease in the Utility Systems' investment in capital assets was \$318,433 compared to \$326,515 in 2016. (Exhibit A-1)

**Table A-4: Capital Assets (net of depreciation) at December 31, 2017.**

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>
Land and Land Rights	\$ 43,785	\$ 43,785	\$ -
Construction in Progress	372,586	372,586	-
Plant Project and Equipment	28,286,729	27,739,262	547,467
Accumulated Depreciation	(18,315,369)	(17,449,469)	(865,900)
Utility Plant, net	<u>\$ 10,387,731</u>	<u>\$ 10,706,164</u>	<u>\$ (318,433)</u>

**Long-term Debt and Debt Administration**

Table A-5 indicates that total long-term debt decreased by \$240,255 for 2017 or 6.23% compared to 2016 which increased by \$397,807 or 11.51%. Total debt outstanding at year end was \$3,613,245.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

The reductions in revenue bonds occurred through scheduled principal payments.

**Table A-5 Long-Term Liabilities-Current Leases at December 31, 2017**

	<u>Total</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Change</u>
			<u>17-16</u>	<u>17-16</u>
Revenue Bonds	\$ 2,795,000	\$ 2,880,000	\$ (85,000)	-2.95%
Capital Leases	-	-	-	0.00%
Notes Payable	589,960	743,288	(153,328)	-20.63%
Compensated Absences	228,285	230,212	(1,927)	-0.84%
Total Debt	<u>\$ 3,613,245</u>	<u>\$ 3,853,500</u>	<u>\$ (240,255)</u>	<u>-6.23%</u>

The revenue certificate debt coverage ratio is a useful indicator of the Utility Systems' debt coverage ratio and has continued to remain strong over the past two years even in year of debt issuance, as is summarized in the following tabulation:

**Table A-6: Debt Coverage Ratio**

	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 14,811,189	\$ 14,352,292
Interest and Other Income, Expense	6,056	3,505
Revenues per Certificate Resolution	<u>14,817,245</u>	<u>14,355,797</u>
Cost of Operation and Maintenance, Net of Depreciation and Required Payments to the City of Robstown	<u>10,252,098</u>	<u>10,721,273</u>
Net Revenues per Certificate Resolution	<u>\$ 4,565,147</u>	<u>\$ 3,634,524</u>
Annual Debt Service Requirement	<u>\$ 173,853</u>	<u>\$ 173,991</u>
Debt Service Coverage Ratio (times)	<u>26.26%</u>	<u>20.89%</u>

As of December 31, 2017 the Utility Systems had outstanding revenue bonds payable of \$2,795,000. All of these obligations are secured by a first lien on and a pledge of the net revenues of the Sewer Revenues. The debt coverage ratio requirement of 125% coverage was made after adding back the depreciation for 2011 and 2014 Sewer Series.

**FOR THE YEAR 2017 ADOPTED OPERATING BUDGET**

The adopted budget for fiscal year 2018 sets the Utility Systems' revenues from all sources at \$16,182,024 (which does not include interest income of \$18,500), and is down \$1,723,253 from the prior year's budget. The current year's actual sales were \$14,811,189 up from the prior year actual sales of \$14,352,292. This was a result of rate increases and overall pass-thru rates and not just consumption. At December 31, 2017, the Utility System Gas Department maintains a deficit net position in the unrestricted net position. This deficit is anticipated to be eliminated with future revenues. In March of 2014, the City/Utility approved rate increases in the Gas Department.



**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

In 2017, the Utility Systems' expenditures, including transfers to the City of \$1,922,038 and capital outlay of \$547,468, less depreciation and amortization budget of \$865,900, equal budgeted expenditures of \$14,445,373 for the 2017 budget year. The 2017 Budget operating expenses were comparable to the prior year's budget.

The Utility Systems' is projecting \$665,600 in capital expenditures for 2018 versus \$605,600 in 2017 budget.

Pension Plan

**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.

**Plan Description**

The City of Robstown Utility System, Robstown, Texas, participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. All eligible employees of the city are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

***Employees covered by benefit terms.***

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

	2015	2016
Inactive employees or beneficiaries currently receiving benefits	37	37
Inactive employees entitled to but not yet receiving benefits	44	42
Active employees	<u>45</u>	<u>44</u>
Total	<u>126</u>	<u>123</u>

**Contributions**

The contribution rates for employees in TMRS are 5% of employee gross earnings, and the city matching percentages are 200%, both as adopted by the governing body of the System. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Robstown Utility System were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Robstown Utility System were 16.77% and 17.13% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$393,303, and were equal to the required contributions.

**THE UTILITY SYSTEMS' FINANCIAL MANAGEMENT**

This financial report is designed to provide the Robstown Utility Systems Board, citizens, taxpayers, customers, bondholders, creditors, and other governmental sectors with a general overview of the Utility Systems' financial condition and to demonstrate the Utility Systems' accountability for the funds it receives.

If you have any questions about this report or need additional information, contact:

The Robstown Utility Systems  
Finance Department  
P.O. Box 71  
Robstown, Texas 78380  
361.387.3554  
361.387.9353 (fax)

## BASIC FINANCIAL STATEMENTS

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**STATEMENTS OF NET POSITION**  
**ALL BUSINESS TYPE ACTIVITIES**  
**DECEMBER 31, 2017 AND 2016**

EXHIBIT A-1  
Page 1 of 2

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b>ASSETS</b>		
Current Assets:		
<i>Cash and cash equivalents</i>	\$ 3,254,990	2,589,400
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	3,170,823	2,300,356
<i>Materials &amp; Supplies Inventory</i>	475,037	473,519
<i>Prepaid Expenses</i>	74,003	45,676
<i>Total Current Assets</i>	<u>\$ 6,974,854</u>	<u>5,408,951</u>
Restricted Assets:		
<i>Cash and Bonds</i>	\$ 912,304	1,612,294
<i>Total Restricted Assets</i>	<u>\$ 912,304</u>	<u>1,612,294</u>
Fixed Assets:		
<i>Land</i>	\$ 43,785	43,785
<i>Construction in Progress</i>	372,586	372,586
<i>Property, Plant and Equipment</i>	28,286,730	27,739,262
<i>Less Accumulated Depreciation</i>	(18,315,369)	(17,449,469)
<i>Total Net Fixed Assets</i>	<u>\$ 10,387,732</u>	<u>10,706,164</u>
Intangible Assets		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 18,274,890</u></u>	<u><u>17,727,409</u></u>
<i>Deferred out flow of resources</i>		
<i>Deferred Fuel Charge</i>	\$ -	-
<i>Deferred Resources Outflows</i>	882,661	1,096,470

The accompanying notes are an integral part of this statement.

	December 31, 2017	December 31, 2016
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
<i>Accounts Payable and Other Payables</i>	\$ 12,559	117,589
<i>Administration Accounts Payable</i>	542,455	671,754
<i>Accumulated Compensation Absences</i>	228,285	230,212
<i>Accrued Wages</i>	97,318	111,872
<i>Other Liabilities</i>	4,114	4,064
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Notes Payable</i>	148,380	153,328
<i>Internal Balances</i>	143,118	143,835
<i>Total Current Liabilities</i>	<u>\$ 1,176,228</u>	<u>1,432,654</u>
<b>Payable from Restricted Assets:</b>		
<i>Accrued Interest Payable</i>	\$ 7,199	7,692
<i>Current Portion of Revenue Bonds Payable</i>	90,000	85,000
<i>Total Payable from Restricted Assets</i>	<u>\$ 97,199</u>	<u>92,692</u>
<b>Long-Term Liabilities</b>		
<i>Capital Leases Payable - Net of Current Portion</i>	\$ -	-
<i>Notes Payable</i>	441,580	589,960
<i>Pension Liability</i>	3,485,574	3,478,174
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,705,000	2,795,000
<i>Total Long-Term Liabilities</i>	<u>\$ 6,632,154</u>	<u>6,863,134</u>
<b>Other Liabilities</b>		
<i>Customer Deposits</i>	\$ 614,232	600,977
<i>Total Other Liabilities</i>	<u>614,232</u>	<u>600,977</u>
<i>Total Liabilities</i>	<u>\$ 8,519,813</u>	<u>8,989,457</u>
<b>Deferred inflow of resources</b>		
<i>Deferred Fuel Credits</i>	\$ 329,677	712,677
<i>Deferred Resources Outflows-Pension</i>	\$ 16,369	-
<b>Net Position:</b>		
<i>Invested in Capital Asset</i>	\$ 5,083,427	5,165,717
<i>Restricted for Revenue Bond Debt</i>	193,905	193,905
<i>Unrestricted</i>	5,014,359	3,762,123
<i>Total Net Position</i>	<u>\$ 10,291,692</u>	<u>9,121,745</u>

The accompanying notes are an integral part of this statement.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**ALL BUSINESS TYPE ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

EXHIBIT A-2

	December 31, 2017	December 31, 2016
Operating Revenues:		
<i>Sales and Service</i>	\$ 14,811,189	14,352,292
<i>Total Revenue</i>	<u>\$ 14,811,189</u>	<u>14,352,292</u>
Operating Expenses:		
<i>Cost of Sales</i>	\$ 5,506,679	6,033,190
<i>Cost of Services Provided</i>	1,885,552	1,914,318
<i>Power Plant Operations Expenses</i>	705	34,611
<i>Distribution Expenses</i>	1,960,485	2,063,117
<i>Substation Expenses</i>	39,830	2,456
<i>Plant and Operating Expenses</i>	1,138,841	1,108,901
<i>General and Administrative Expenses:</i>		
<i>Insurance/Retirement</i>	40,487	36,686
<i>Depreciation/Amortization</i>	832,200	827,164
<i>Bad Debts</i>	-	-
<i>Total Operating Expenses</i>	<u>\$ 11,404,779</u>	<u>12,020,443</u>
 Net Operating (Loss) Profit	 <u>\$ 3,406,410</u>	 <u>2,331,847</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 6,056	3,504
<i>Interest (Expense)</i>	(113,742)	(107,991)
<i>Loss on Disposal of Asset</i>	-	-
<i>Other Income (Expenses)</i>	-	-
<i>Free Utility Service to City</i>	(206,739)	(364,016)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (314,426)</u>	<u>(468,503)</u>
 <i>Net Income (Loss) for Year</i>	 <u>\$ 3,091,984</u>	 <u>1,863,344</u>
 <i>Net Position - Beginning</i>	 \$ 9,121,745	 8,314,082
<i>Prior Period Adjustment/Equity Transfers</i>	-	-
<i>Net Position - Beginning as Restated</i>	<u>\$ 9,121,745</u>	<u>8,314,082</u>
<i>Cash Transfers to City</i>	(1,922,038)	(1,055,681)
<i>Net Position - Ending</i>	<u>\$ 10,291,692</u>	<u>9,121,745</u>

The accompanying notes are an integral part of this statement.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**STATEMENT OF CASH FLOWS**  
**ALL BUSINESS TYPE ACTIVITIES**  
**DECEMBER 31, 2017 AND 2016**

Exhibit A-3

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Cash flow from operating activities:		
<i>Cash received from customers</i>	\$ 16,126,405	16,826,479
<i>Cash Receipts (Payments) for Interfund Services Provided and Used</i>	-	-
<i>Cash Payments to Employees for Services</i>	(3,297,030)	(3,332,760)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(9,810,292)	(10,203,005)
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,019,082</u>	<u>3,290,714</u>
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments from (for) Borrowings</i>	\$ (615,273)	438,741
<i>Other Proceeds</i>	551,583	(168,962)
<i>transfers Out to City and Free Service to City</i>	(2,116,701)	(1,440,962)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>\$ (2,180,392)</u>	<u>(1,171,183)</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long term Debt</i>	\$ (238,380)	310,129
<i>Principal and Interest Paid</i>	(108,345)	(39,815)
<i>Acquisition or Construction of Capital Assets</i>	(547,466)	(1,188,002)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>\$ (894,191)</u>	<u>(917,688)</u>
Cash Flows from Investing Activities:		
<i>Interest and Dividends on Investments</i>	\$ 21,101	10,808
Net Cash Provided (Used) for Investing Activities	<u>\$ 21,101</u>	<u>10,808</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (34,399)	1,212,651
Cash and Cash Equivalents at Beginning of Year	<u>4,201,694</u>	<u>2,989,043</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,167,295</u>	<u>4,201,694</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 3,391,365	2,324,725
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	865,900	861,487
<i>Provision for Uncollectible Accounts</i>	-	-
Change in Assets and Liabilities		
<i>Decrease (Increase) in Receivables</i>	(572,955)	554,800
<i>Decrease (Increase) in Inventories</i>	(1,518)	(25,075)
<i>Decrease (Increase) in Prepaid Expenses</i>	(28,327)	(13,814)
<i>Decrease (Increase) in Deferred Charges</i>	-	-
<i>Increase (Decrease) in Accounts Payable</i>	(129,299)	(67,701)
<i>Increase (Decrease) in Sales Tax Payable</i>	(105,030)	(802,256)
<i>Increase (Decrease) in Accrued Wages Payable</i>	(14,554)	4,527
<i>Increase (Decrease) in Accumulated Compensation Absences</i>	(1,927)	5,907
<i>Increase (Decrease) in Capital Leases</i>	-	(31,622)
<i>Increase (Decrease) in Notes Payable</i>	(839)	13,764
<i>Increase (Decrease) in Customer Deposits</i>	13,255	5,472
<i>Increase )Decrease) in Deferred Fuel Charges</i>	(371,213)	254,349
<i>Increase (Decrease) in Accrued Expense</i>	(25,775)	206,150
Total Adjustments	<u>\$ (372,283)</u>	<u>965,988</u>
Net Cash Provided by Operating Activities	<u>\$ 3,019,082</u>	<u>3,290,713</u>
<i>Cash and Cash Equivalents, Unrestricted</i>	\$ 3,262,867	2,589,400
<i>Cash and Cash Equivalents, Restricted</i>	904,427	1,612,294
	<u>\$ 4,167,295</u>	<u>4,201,694</u>

The accompanying notes are an integral part of this statement.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**COMBINING BALANCE SHEET**  
**ALL AGENCY FUND**  
**DECEMBER 31, 2017 AND 2016**

EXHIBIT A-4

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b>ASSETS</b>		
Current Assets:		
<i>Cash and cash equivalents</i>	\$ 200	199
<i>Account Receivable - Net of Provisions for Doubtful accounts</i>	323,610	324,956
<i>Due From Other Utility funds</i>	113,221	153,383
<i>Total Current Assets</i>	<u>\$ 437,031</u>	<u>478,538</u>
<b>TOTAL ASSETS</b>	<u>\$ 437,031</u>	<u>478,538</u>
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
<i>Sales Tax Payable</i>	\$ 22,448	9,824
<i>Due to Other Utility Funds</i>	(0)	9,548
<i>Due to Others</i>	414,583	459,166
<i>Total Current Liabilities</i>	<u>\$ 437,031</u>	<u>478,538</u>
<b>Total Liabilities</b>	<u>\$ 437,031</u>	<u>478,538</u>
<b>Net Position:</b>	<u>\$ -</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 437,031</u>	<u>478,538</u>



NOTES TO FINANCIAL STATEMENTS

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

A. Summary of Significant Accounting Policies

The combined financial statements of the City of Robstown Utility Systems (the “System) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In December 2010, the GASB issued Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. The adoption of GASB 62 does not have any impact on the System’s financial statements.

In June 2011, the GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of these Notes. The remainder of the Notes is organized to provide explanations, including required disclosures, on the System’s financial activities for the fiscal years ended December 31, 2017.

1. Reporting Entity

The System was established in 1939 by city ordinance and by the issuance of bonds. The System is owned by the City of Robstown and is managed by a publicly elected Board of Trustees in accordance with the City Charter. The issuance of revenue bonds and adoption of utility rates is subject to approval by the City Council. The governing Board approves the System’s budget. This budget is prepared by the System’s staff using generally accepted accounting principles in projecting anticipated revenue, expenses and capital improvements. The System is responsible for financing its own deficits and operating deficiencies.

The System’s combined financial statements include the accounts of all its operations. The System evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the System’s reporting entity, as set forth in GASB Statement No. 14, “The Financial Reporting Entity,” include whether:

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

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Based on these criteria, the System has no component units. However, the System is a component unit of the City of Robstown, Texas, as defined by the GASB Statement. In 2017 and 2016, the System provides monthly transfers as an operational fee to the City which totaled \$1,922,038, and \$1,055,681 and free service of \$206,739 and \$364,016 respectively.

Furthermore, the City does not subsidize any utility function through general tax revenues, nor does it have oversight over the System's budget. The City does, however, have ultimate authority over rate increases and the issuance of bonded indebtedness.

2. Basis of Presentation- Fund Accounting

System accounts are organized on the basis of fund groups, each of which is considered a separate accounting entity. The System has established several fund groups that are organized by sub-funds within a separate set of self-balancing accounts comprised of assets, liabilities, fund balance, revenues, and expenses. Resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. The fund types and funds utilized by the System are listed below:

a. Proprietary fund types include the following:

Enterprise Fund- is used to account for revenues and expenses related to goods or services sold to parties outside the System.

Internal Service Funds- are used to account for revenues and expenses related to services provided to parties inside the System. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

b. The Fiduciary fund type includes the following:

Agency Funds- the System uses Agency funds to account for resources held for others in a custodial capacity.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The modified accrual basis of accounting is used for the Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus and utilizes the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

When the Systems incur an expense for which both restricted and non-restricted resources may be used, it is the Systems' policy to use restricted resources first then unrestricted resources.

4. Budget Accounting

A flexible budget is used for the Proprietary Funds for planning, control, and evaluation purposes. However, because the fund revenues and expenses fluctuate with changing service delivery levels, the use of a fixed dollar budget is considered inappropriate. Within this report, budget comparisons for informational purposes are provided in the Supplemental Information section.

5. Accounts Receivable

Current earnings are charged with bad debts for accounts set aside in an allowance for doubtful accounts. Receivables are reflected in the balance sheet net of these accounts. Accounts deemed uncollectible are charged off to this allowance account.

6. Plant and Equipment

Total fixed assets are stated at historical cost less accumulated depreciation. Fixed assets accounted for in proprietary funds are depreciated using the straight-line method based on the useful lives of the assets. There was no interest capitalized in 2017. Donated fixed assets are stated at the fair market value on the date donated. The cost of maintenance, repairs, and replacement of minor items of property is charged to expense. Leases that meet the criteria of a capital lease, as defined by the Statement of Financial Accounting Standards No. 13, are capitalized.

7. Depreciation and Amortization

For financial reporting purposes, substantially all depreciation of fixed assets is computed on the straight-line method based on the estimated remaining useful lives of the properties, which are as follows:

	<u>Years</u>
Sewage System:	
Structures and Improvements	5-20
Transportation Equipment	5-10
Pumping Equipment	1-5
Main Line	10-25
Lift Station	5-30
Other Machinery and Equipment	2-10
Office Equipment and Furniture	5
Tools and Testing Equipment	3-5

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

	<u>Years</u>
Electric System:	
Structures and Improvements	5-30
Transportation Equipment	5-10
Office Equipment and Furniture	2-5
Other Machinery and Equipment	1-5
Engines, Generators, and Exciters	3-10
Cooling Water Systems	5
Distribution Improvements	5-30
Transportation Equipment	5-10
Underground Lines	1-5
Poles, Towers, and Fixtures	5
Overhead Lines	5-10
Line Transformers	5-30
Service, Regulators, and Meters	3-10
Street Light and Signal Systems	5
Security Systems	1-5
Substation	5-30
Office Lease Improvements	5
Tools/Testing and Accessory Equipment	1-5
Gas System:	
Office Lease Improvements	1-5
Transportation Equipment	5
Service, Regulators, and Meters	5-10
Main Line	5-10
Office Equipment and Furniture	5
Tools and Testing Equipment	3-5
Structures and Improvements	5
Heavy Equipment	5-15
Administration:	
Structures and Improvements	5-10
Transportation Equipment	5
Mechanic Shop Equipment	5
Office Equipment and Furniture	1-10
Office Lease Improvements	5
Communication Equipment	5

8. Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. Management also considers all investment pools to be cash equivalents due to their highly liquid nature.

9. Inventories

Inventories on the balance sheet are stated at the lower of cost or market. Inventory items are recorded as expenditures when they are consumed.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

10. Restricted Assets

Certain proceeds set aside for the retirement of revenue bonds, as well as certain investments which adhere to Utility customers as a result of customer utility meter deposits and the related receivables are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and state law.

11. Accumulated Unpaid Compensated Absences

Accumulated unpaid compensated absences for vacation and sick leave are accrued when incurred. The accruals are reported as liabilities and expenses for the year incurred.

12. Long-Term Debt

Long-term liabilities of proprietary funds consist of bonds, notes, and other long-term liabilities directly related to and expected to be paid entirely by the proprietary funds. These liabilities are included in the financial statements of such funds.

13. Inter-fund Transactions and Transfers

Transactions between funds that would be treated as revenues or expenses if they involved organizations external to the System are accounted for as revenues or expenses in the funds involved. Reimbursements from one fund to another for expenses already made are recorded as expenses in the reimbursing fund and a reduction of the expenses of the reimbursed fund. Non-recurring or non-routine transfers of equity are treated as residual equity transfers. Residual equity transfers to proprietary funds are treated as contributed capital, and such transfers from proprietary funds are reported as reductions of retained earnings or contributed capital as appropriate in the circumstances. All other transfers are treated as operating transfers and are included in the results of operations.

14. Rates, Revenues, and Fuel Expense

Revenues are recognized based on monthly billings to customers. The rate schedules are approved by the Utility System Board of Trustees. The electric rate schedule contains an energy cost adjustment clause which reflects the cost of purchased power. The gas rate is composed of natural gas purchased as well and is passed thru to the customers. Generally, the effect of the increase/decrease in the cost of energy is recovered over a twelve month period and is determined as the difference between actual applicable fuel costs and the costs of actually billed during the same period.

15. Use of Estimates and Assumptions

In preparing financial statements that conform with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and amounts of revenues and expenses reflected during the reporting period. Actual results could differ from those estimates.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**B. Deposits and Investments**

The System’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the System’s agent bank approved pledged securities in an amount sufficient to protect the System’s funds on a day-to-day basis during the period of that contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

**1. Cash Deposits:**

At December 31, 2017 and 2016, the carrying amount of the Systems’ deposits (cash, certificates of deposit, and interest-bearing savings accounts including the temporary investments) was \$4,167,295, and \$2,989,043, respectively, and the bank balance and temporary investment balance was \$4,058,123 and \$1,612,294 respectively. The System’s cash deposits at December 31, 2017 and 2016, and during the years ended December 31, 2017 and 2016, were not entirely covered by FDIC insurance or by pledged collateral held by the System’s agent bank in the System’s name during the fiscal year.

**2. Investments:**

The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies the System adhered to the requirements of the Act. Additionally, investment practices of the System were in accordance with local policies. The Act determines the types of investments which are allowable for the System. These include, with certain restrictions, (1) obligations of the U.S Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The Systems’ investments are short-term and highly liquid, and therefore are included in cash and cash equivalents. The balances consist of the following at years ended December 31, 2017 and 2016:

December 31, 2017:

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Carrying Value</u>	<u>Market Value</u>
Texpool	N/A	AAAm (S&P)	\$ 910,568	\$ 910,566
Total Investments			<u>\$ 910,568</u>	<u>\$ 910,566</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

December 31, 2016:

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Texpool	N/A	AAAm (S&P)	\$ 3,136	\$ 3,136
Total Investments			<u>\$ 3,136</u>	<u>\$ 3,136</u>

Funds were also transferred to certificate of deposits which are included in the overall cash and cash equivalents from the Texpool Account.

Investment Accounting Policy

The Systems' general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report non participating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions, of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

The System's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

3. Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the System was exposed to the following specific investment risks at year end and if so the reporting of the certain related disclosures:

1. Credit Risks

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At the end of the period, the system was not significantly exposed to credit risk.

2. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the System's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not the System's name.

At the end of the period, the System was not exposed to custodial credit risk.

3. Concentration Risk

This risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. At the end of the period, the System was not exposed to concentration of credit risk.

4. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of investment. At the end of the period, the system was not exposed to interest rate risk.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

5. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At the end of the period, the System was not exposed to foreign currency risk.

C. Accounts Receivable

Accounts receivable from customers in the normal course of business at December 31, 2017, can be summarized as follows:

	Internal Service	Gas System	Electric Light & Power	Sewer System	Total Receivables
Accounts Receivable & Unbilled	\$ 3,600	\$ 433,844	\$ 2,523,724	\$ 455,517	\$ 3,416,685
Less: Allowance for Doubtful Accounts	-	(30,362)	(164,171)	(51,329)	(245,862)
Accounts Receivable, net	<u>\$ 3,600</u>	<u>\$ 403,482</u>	<u>\$ 2,359,553</u>	<u>\$ 404,188</u>	<u>\$ 3,170,823</u>

The Electric Department has a \$330,774 receivable from the City of Robstown which is reflected in the financial statements with the above \$1,859,352 for a total net receivable of \$1,754,707.

Accounts receivable from customers in the normal course of business at December 31, 2016, can be summarized as follows:

	Internal Service	Gas System	Electric Light & Power	Sewer System	Total Receivables
Accounts Receivable & Unbilled	\$ 6,836	\$ 233,478	\$ 1,859,352	\$ 355,148	\$ 2,454,814
Less: Allowance for Doubtful Accounts	-	(19,284)	(104,645)	(30,529)	(154,458)
Accounts Receivable, net	<u>\$ 6,836</u>	<u>\$ 214,194</u>	<u>\$ 1,754,707</u>	<u>\$ 324,619</u>	<u>\$ 2,300,356</u>

Adjustments were taken in the above calculations by separating the deferred charges that were included in the Gas System accounts receivables in the prior year. In addition adjustments were made to allowance accounts thus netted the true accounts receivables and unbilled are reflected above.

D. Risk Management

The System is exposed to various risks of loss related to torts, theft, damage of assets, errors and omissions, injuries to employees, and natural disasters. The System has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The System pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

The System continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**E. Inter-fund Receivables and Payables**

Balances due to and from other funds at December 31, 2017, consisted of the following:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Agency Funds	Internal Service Fund	\$ 113,221	Short-term Loans
Enterprise Funds	Other Enterprise Funds	-	Long-term Loans
	Internal Service Fund	3,481,104	Long-term Loans
Internal Service Funds	Enterprise Fund	204,919	Long-term Loans
	Total	<u>\$ 3,799,244</u>	

All amounts due are scheduled to be repaid within one year, except those noted as (1) long-term. Balances due to and from other funds at December 31, 2016, consisted of the following:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Agency Funds	Internal Service Fund	\$ 153,383	Short-term Loans
Enterprise Funds	Other Enterprise Funds	-	Long-term Loans
	Internal Service Fund	2,667,475	Long-term Loans
Internal Service Funds	Enterprise Fund	301,861	Long-term Loans
	Total	<u>\$ 3,122,719</u>	

All amounts due are scheduled to be repaid within one year, except those noted as (1) long-term.

**F. Fixed Assets**

A Summary of fixed assets at December 31, 2017, follows:

	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>General Operating</u>	<u>Total</u>
Land and Land Rights	1,414	22,371	-	20,000	43,785
Construction in Progress	372,586	-	-	-	372,586
Plant, Property, and Equipment	10,910,659	13,025,662	2,673,800	1,676,608	28,286,729
Less: Accumulated Depreciation	(5,096,735)	(9,908,517)	(1,949,817)	(1,360,300)	(18,315,369)
Totals	<u>6,187,924</u>	<u>3,139,516</u>	<u>723,983</u>	<u>336,308</u>	<u>10,387,731</u>

Above numbers have been adjusted for rounding.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Fixed asset activity for the period ended December 31, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 43,785	\$ -	\$ -	\$ 43,785
Construction in Progress	372,586	-	-	372,586
Total Capital Assets not Being Depreciated	<u>416,371</u>	<u>-</u>	<u>-</u>	<u>416,371</u>
<i>Capital Assets Being Depreciated:</i>				
Plant, Property, Equipment	<u>27,739,262</u>	<u>547,468</u>	<u>-</u>	<u>28,286,730</u>
Total Capital Assets Being Depreciated	<u>27,739,262</u>	<u>547,468</u>	<u>-</u>	<u>28,286,730</u>
Less Accumulated Depreciation for:				
Plant, Property and Equipment	<u>(17,449,469)</u>	<u>(865,900)</u>	<u>-</u>	<u>(18,315,369)</u>
Total Accumulated Depreciation	<u>(17,449,469)</u>	<u>(865,900)</u>	<u>-</u>	<u>(18,315,369)</u>
Total Capital Assets Being Depreciated, Net	<u>10,289,793</u>	<u>(318,432)</u>	<u>-</u>	<u>9,971,361</u>
Activities of Capital Assets, Net	<u>\$ 10,706,164</u>	<u>\$ (318,432)</u>	<u>\$ -</u>	<u>\$ 10,387,732</u>

Depreciation expense totaled \$865,900 for 2017.

A Summary of fixed assets at December 31, 2016, follows:

	Sewer	Electric	Gas	General Operating	Total
Land and Land Rights	1,414	22,371	-	20,000	43,785
Construction in Progress	372,586	-	-	-	372,586
Plant, Property, and Equipment	10,474,902	12,934,677	2,655,510	1,674,173	27,739,262
Less: Accumulated Depreciation	<u>(4,693,761)</u>	<u>(9,556,428)</u>	<u>(1,872,680)</u>	<u>(1,326,600)</u>	<u>(17,449,469)</u>
Totals	<u>6,155,141</u>	<u>3,400,620</u>	<u>782,830</u>	<u>367,573</u>	<u>10,706,164</u>

Fixed asset activity for the period ended December 31, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 43,785	\$ -	\$ -	\$ 43,785
Construction in Progress	372,586	-	-	372,586
Total Capital Assets not Being Depreciated	<u>416,371</u>	<u>-</u>	<u>-</u>	<u>416,371</u>
<i>Capital Assets Being Depreciated:</i>				
Plant, Property, Equipment	<u>26,551,260</u>	<u>1,188,002</u>	<u>-</u>	<u>27,739,262</u>
Total Capital Assets Being Depreciated	<u>26,551,260</u>	<u>1,188,002</u>	<u>-</u>	<u>27,739,262</u>
Less Accumulated Depreciation for:				
Plant, Property and Equipment	<u>(16,587,982)</u>	<u>(861,487)</u>	<u>-</u>	<u>(17,449,469)</u>
Total Accumulated Depreciation	<u>(16,587,982)</u>	<u>(861,487)</u>	<u>-</u>	<u>(17,449,469)</u>
Total Capital Assets Being Depreciated, Net	<u>9,963,278</u>	<u>326,515</u>	<u>-</u>	<u>10,289,793</u>
Activities of Capital Assets, Net	<u>\$ 10,379,649</u>	<u>\$ 326,515</u>	<u>\$ -</u>	<u>\$ 10,706,164</u>

Depreciation expense totaled \$861,487 for 2016.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**G. Changes in Long-Term Debt**

	Balance December 31, 2016	Issued	Retired	Balance December 31, 2017	Amounts Due Within One Year
Revenue Bonds	\$ 2,880,000	\$ -	\$ 85,000	\$ 2,795,000	\$ 85,000
Capital Leases	-	-	-	-	-
Notes Payable	743,288	-	153,328	589,960	153,328
Accrued Compensated Absences	201,875	-	20,188	181,687	18,169
<b>Totals</b>	<b>\$ 3,825,163</b>	<b>\$ -</b>	<b>\$ 258,516</b>	<b>\$ 3,566,647</b>	<b>\$ 256,497</b>

**H. Revenue Bonds and Notes Payable**

The following are long-term obligations of the System at December 31, 2017:

	2017	2016
Revenue Bonds Payable:		
\$490,000 Sewer Revenue Bonds, Series 2014; due in annual installments of \$20,000 to \$25,000 through 2035; interest at 0% to 1.91%, matures 12/1/2035 Secured by net revenue of the Sewer system.	\$ 430,000	\$ 450,000
Subtotal	430,000	450,000
Less: Current Portion Revenue Bond Payable	20,000	20,000
Long Term Revenue Bonds Payable	<u>\$ 410,000</u>	<u>\$ 430,000</u>
Series 2011 Sewer System Revenue Bonds \$2,635,000, due in annual installments of \$50,000 to \$160,000 through 2041; interest 4.35%. Secured by net Revenues of the Sewer System, matures 12/1/2041	\$ 2,365,000	\$ 2,430,000
Less: Current Portion Revenue Bond Payable	65,000	65,000
Long Term Revenue Bonds Payable	<u>2,300,000</u>	<u>2,365,000</u>
Total Bonds	<u>\$ 2,795,000</u>	<u>\$ 2,880,000</u>

The annual requirements to amortize the note payable obtained during the year are as follows:

Year Ended December 31	Principal	Interest	Total Requirements
2018	\$ 148,380	\$ 14,309	\$ 162,689
2019	84,882	11,558	96,440
2020	87,726	8,714	96,440
2021	90,665	5,775	96,440
2022	93,703	5,434	99,137
Thereafter	84,604	4,634	89,238
<b>Totals</b>	<b>\$ 589,960</b>	<b>\$ 50,424</b>	<b>\$ 640,384</b>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

The annual requirements to amortize all debt outstanding as of December 31, 2017, including interest payments are as follows:

Sewer Year Ended December 31	Revenue Bonds		Total
	Principal	Interest	Requirements
2018	90,000	91,304	181,304
2019	90,000	89,940	181,304
2020	90,000	88,400	179,940
2021	90,000	86,720	176,720
2022	90,000	86,720	176,720
Thereafter	2,345,000	928,792	3,273,792
Totals	<u>\$ 2,795,000</u>	<u>\$ 1,371,876</u>	<u>\$ 4,169,780</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the System is in compliance with all significant limitations and restrictions.

I. Commitments Under Capitalized Leases

The System software has entered into lease agreements as lessee for the acquisition of a motor control center and generators for the wastewater department, and other equipment as needed. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at December 31, 2017:

<u>Year Ending December 31:</u>	
2018	-
2019	-
2020	-
2021	0
2022	-
Total Minimum Lease Payments	<u>\$ -</u>
Less: Amount Representing Interest	<u>-</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ -</u></u>

J. Accumulated Unpaid Vacation and Sick Leave Benefits

Employees are credited with vacation at rates from ten days to twenty days each year depending on the length of their employment with the System and sick leave at the rate of twelve days each year.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Upon termination, employees are paid for any unused vacation (after the first anniversary) and sick leave in the amount of \$10 per day for over sixty days of the sick leave. The System records its obligation for unused vacation and sick leave benefits as they are earned by the employees. The total amount of accrued as of December 31, 2017 was \$228,285, respectively.

**K. Defined Benefit Pension Plan**

The City of Robstown Utility System participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the city are required to participate in TMRS.

**B. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

***Employees covered by benefit terms.***

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2015</u>	<u>2016</u>
Inactive employees or beneficiaries currently receiving benefits	37	37
Inactive employees entitled to but not yet receiving benefits	44	42
Active employees	<u>45</u>	<u>44</u>
Total	<u>126</u>	<u>123</u>

Continued-

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**C. Contributions**

The contribution rates for employees in TMRS are 5% of employee gross earnings, and the city matching percentages are 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Robstown Utility System were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City of Robstown Utility System were 16.77% and 17.13% in calendar years 2016 and 2017, respectively. The city's contributions to TMRS for the year ended December 31, 2017, were \$393,303, and were equal to the required contributions.

**D. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions:*

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) for 2014 are based on the UP-1984 Table with an age setback of two years for retirees and an age setback of eight years for beneficiaries. Beginning in 2027 the APRs will be based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. For members, a unisex blend of 70% of the males table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries. From 2015 through 2026, the fully generational APRs will be phased into.



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

***Discount Rate***

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee 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 employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balance at 12/31/2014	\$ 14,416,279	\$ 10,938,105	\$ 3,478,174
Changes for the year:			
Service cost	281,354	-	281,354
Interest	963,551	-	963,551
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	2,649	-	2,649
Changes in Assumptions	-	-	-
Contributions – Employer	-	391,152	(391,152)
Contributions – Employee	-	118,615	(118,615)
Net Investment Income	-	739,186	(739,186)
Benefit Payments, Including Refunds of Employee Contributions	(564,253)	(564,253)	-
Administrative Expense	-	(8,349)	8,349
Other Changes	-	(450)	450
Net Changes	\$ 683,301	\$ 675,901	\$ 7,400
<b>Balance at 12/31/2015</b>	<b>\$ 15,099,580</b>	<b>\$ 11,614,006</b>	<b>\$ 3,485,574</b>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the System, calculated using the discount rate of 6.75%, as well as what the City’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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
System’s net pension liability	\$5,447,751	\$3,485,574	\$1,853,675

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended, the City of Robstown Utility System recognized pension expense of \$541,562.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

At December 31, 2017, the system reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$13,054	\$15,678
Changes in actuarial assumptions	\$25,405	\$0
Difference between projected and actual investment earnings	\$450,899	\$691
Contributions subsequent to the measurement date	\$393,303	\$0
<b>Total</b>	<b>\$882,661</b>	<b>\$16,369</b>

\$393,303 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31:	
2017	\$182,611
2017	\$177,664
2018	\$150,237
2019	\$(172)
2020	\$-
Thereafter	\$510,340

Regarding supplemental Death Benefits in compliance with GASB Statement 45, the City does not offer supplemental death benefits to active or retirees for the 2017 plan years.

City supplemental death to:	Plan Year 2017	Plan Year 2016
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**Contributions**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before Nov. 1 of any year to be effective the following Jan. 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The city contributes to the Supplemental Death Benefits Fund at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the Supplemental Death Benefits Fund program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The city's contribution to the TMRS SDBF for the years ended 2017, 2016 and 2015 were \$1,424, \$1,420, and \$1,174, respectively, which equaled the required contributions each year.

K. Health Care Coverage

L.

During the year ended December 31, 2017, employees of the System were covered by a health insurance plan (the Plan). The System paid premiums of \$435.26 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the System and the licensed insurer is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Humana are available for the year ended December 31, 2017, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

M. Agency Funds

The System is acting as the collection agent for the City of Robstown, Texas, and for Absolute Industries for garbage services provided to the citizens of Robstown.

N. Related Party Transactions

During 2017, the System made transfers of cash and utility services to the City of Robstown, Texas. Cash transfers to the City are considered to be discretionary transfers of capital and are reflected as such in the financial statements. These transfers are summarized as follows:

	General Operating Fund	Gas System	Electric & Light Power System	Sewer System	Total
Cash Transfers to City	\$ -	\$ -	\$ 1,922,038	\$ -	\$ 1,922,038
Free Utility to City	-	1,593	198,749	6,398	206,740
Total	<u>\$ -</u>	<u>\$ 1,593</u>	<u>\$ 2,120,787</u>	<u>\$ 6,398</u>	<u>\$ 2,128,778</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

During 2016, the System made transfers of cash and utility services to the City of Robstown, Texas. Cash transfers to the City are considered to be discretionary transfers of capital and are reflected as such in the financial statements. These transfers are summarized as follows:

	General Operating Fund	Gas System	Electric & Light Power System	Sewer System	Total
Cash Transfers to City	\$ -	\$ -	\$ 1,055,681	\$ -	\$ 1,055,681
Free Utility to City	-	2,656	350,754	10,606	364,016
Total	<u>\$ -</u>	<u>\$ 2,656</u>	<u>\$ 1,406,435</u>	<u>\$ 10,606</u>	<u>\$ 1,419,697</u>

**O. Allocation of Administrative Expenses**

General and Administrative expenses are recorded through the General Operating Fund. These expenses are allocated to the various utility funds on the following basis: This allocation results in inter-fund receivables and payables as reflected in Note E. The allocation was changed during the 2017 fiscal year to the following:

Gas System	10%
Electric Light & Power System	80%
Sewer System	10%

**P. Segment Information**

Segment information at December 31, 2017 is as follows:

	Gas System	Electric Light & Power System	Sewer System	Total
<b>Income:</b>				
Sales and Services	\$ 1,435,614	\$ 11,500,755	\$ 1,874,819	\$ 14,811,188
<b>Operating Expenses:</b>				
Cost of Sales	310,171	5,196,508	-	5,506,679
Operating, Transmission, and Distribution Expenses	747,127	1,253,891	1,138,841	3,139,859
General and Admin. Expenses	274,216	1,886,102	597,922	2,758,240
Total Operating Expenses	1,331,514	8,336,501	1,736,763	11,404,778
Gross Profit (Loss) from Operations	<u>\$ 104,100</u>	<u>\$ 3,164,254</u>	<u>\$ 138,056</u>	<u>\$ 3,406,410</u>

Segment information at December 31, 2016 is as follows:

	Gas System	Electric Light & Power System	Sewer System	Total
<b>Income:</b>				
Sales and Services	\$ 1,269,398	\$ 11,145,351	\$ 1,937,543	\$ 14,352,292
<b>Operating Expenses:</b>				
Cost of Sales	277,148	5,756,042	-	6,033,190
Operating, Transmission, and Distribution Expenses	752,944	1,347,240	1,108,901	3,209,085
General and Admin. Expenses	276,341	1,907,227	594,603	2,778,171
Total Operating Expenses	1,306,433	9,010,509	1,703,504	12,020,446
Gross Profit (Loss) from Operations	<u>\$ (37,035)</u>	<u>\$ 2,134,842</u>	<u>\$ 234,039</u>	<u>\$ 2,331,846</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

Q. Deferred Charges/Deferred Credits

GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources.

The Utility System has recorded deferred fuel charges for amounts that are still a receivable from the customers for fuel charges that have not been assessed but will be assessed in a future period. (Gas Department). Likewise, the System has some deferred fuel charges – (credits) that will to be passed thru to the customers, these fuel charges pass thru for costs incurred and that will credited for future periods. (Electric Department)

R. Prior Period Adjustment

None

S. Equity Transfers

Cash transfers and services were provided to the City of Robstown and to the citizens of Robstown which is reflected in the financial statements.

T. Subsequent Events

The System has evaluated subsequent events through May 24, 2018, the date which the financial statements were available to be issued.

U. Deficit Balances - Net Position Deficit

At December 31, 2017, the Utility System Gas Department maintains a deficit net position in the unrestricted net position. This deficit is anticipated to be eliminated with future revenues.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF ROBSTOWN UTILITY SYSTEMS  
SCHEDULE OF CHANGES IN NET PENSION  
LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Plan Year Ended December 31,		
	2016	2015	2014
<b>Total Pension Liability</b>			
Service cost	\$ 281,354	\$268,794	\$237,759
Interest (on the total pension liability)	963,551	949,552	917,269
Changes of benefit terms	-	-	-
Difference between expected and actual experience	2,649	14,327	(158,149)
Change of assumptions	-	33,915	-
Benefit payments, including refunds of employee contributions	(564,253)	(561,887)	(540,517)
<b>Net Change in Total Pension Liability</b>	683,301	704,701	456,362
<b>Total Pension Liability - Beginning</b>	14,416,279	13,711,578	13,255,216
<b>Total Pension Liability - Ending (a)</b>	<u>\$15,099,580</u>	<u>\$14,416,279</u>	<u>\$13,711,578</u>
<b>Plan Fiduciary Net Position</b>			
Contributions – employer	\$ 391,152	\$ 407,155	\$ 377,200
Contributions – employee	118,615	120,126	110,734
Net investment income	739,186	16,182	596,612
Benefit payments, including refunds of employee contributions	(564,253)	(561,887)	(54,517)
Administrative expense	(8,349)	(9,857)	(6,229)
Other	(450)	(487)	(512)
<b>Net Change in Plan Fiduciary Net Position</b>	675,901	(28,768)	537,288
<b>Plan Fiduciary Net Position – Beginning</b>	10,938,105	10,966,873	10,429,585
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$11,614,006</u>	<u>\$10,938,105</u>	<u>\$10,966,873</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 3,485,574</u>	<u>\$3,478,174</u>	<u>\$2,744,705</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	76.92%	75.87%	79.98%
<b>Covered Employee Payroll</b>	\$ 2,372,290	\$2,347,542	\$2,214,670
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	146.93%	148.16%	123.93%



CITY OF ROBSTOWN UTILITY SYSTEM  
 SCHEDULE OF CONTRIBUTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Fiscal Year Ended December 31,		
	2017	2016	2015
Actuarially determined contribution	\$393,303	\$397,072	\$407,063
Contributions in relation to actuarially determined contribution	(393,303)	(397,072)	(407,063)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$2,295,989	\$2,367,754	\$2,347,537
Contributions as a percentage of covered employee payroll	17.13%	16.77%	17.34%

CITY OF ROBSTOWN UTILITY SYSTEM  
 NOTES TO SCHEDULE OF CONTRIBUTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

<b>Valuation Date:</b>	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market, 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the System's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 109% and projected on a fully generational basis with scale BB.
 <b>Other Information:</b>	 There were no benefit changes during the year.

COMBINING STATEMENTS AND BUDGET COMPARISONS



## ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**COMBINING STATEMENT OF NET POSITION**  
**ALL ENTERPRISE FUNDS**  
**DECEMBER 31, 2017 AND 2016**

	Sewage Fund	Electric Fund
<b>ASSETS</b>		
<b>Current Assets:</b>		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 404,188	2,359,553
<i>Materials &amp; Supplies Inventory</i>	-	438,008
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	-	3,467,110
<i>Total Current Assets</i>	<u>\$ 404,188</u>	<u>6,264,671</u>
<b>Restricted Assets:</b>		
<i>Cash</i>	\$ 577,142	154,387
<i>Total Restricted Assets</i>	<u>\$ 577,142</u>	<u>154,387</u>
<b>Capital Assets:</b>		
<i>Land</i>	\$ 1,414	22,371
<i>Construction in Progress</i>	372,586	-
<i>Property, Plant and Equipment</i>	10,910,659	13,025,662
<i>Less Accumulated Depreciation</i>	(5,096,735)	(9,908,517)
<i>Total Net Fixed Assets</i>	<u>\$ 6,187,924</u>	<u>3,139,516</u>
<b>Intangible Assets:</b>		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	-	-
<b>TOTAL ASSETS</b>	<u>\$ 7,169,253</u>	<u>9,558,573</u>
<i>Deferred outflow of resources</i>		
<i>Deferred Fuel Charges</i>	\$ -	-
<i>Deferred Resource Outflows - Pension</i>	150,052	255,972
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
<i>Accounts Payable and Other Payables</i>	\$ -	12,559
<i>Accumulated Compensation Absences</i>	48,513	71,483
<i>Accrued Wages</i>	-	38,388
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Notes Payable</i>	80,947	53,227
<i>Due to Other Utility Funds</i>	242,867	372,176
<i>Other Current Liabilities</i>	-	-
<i>Total Current Liabilities</i>	<u>\$ 372,327</u>	<u>547,833</u>
<b>Payable from Restricted Assets:</b>		
<i>Accrued Interest Payable</i>	\$ 7,199	-
<i>Current Portion of Revenue Bonds Payable</i>	90,000	-
<i>Total Payable from Restricted Assets</i>	<u>\$ 97,199</u>	<u>-</u>
<b>Long-Term Liabilities:</b>		
<i>Capital Leases Payable - Net of Current Portion</i>	\$ -	-
<i>Notes Payable</i>	276,033	90,604
<i>Pension Liability</i>	592,548	1,010,816
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,705,000	-
<i>Total Long-Term Liabilities</i>	<u>\$ 3,573,580</u>	<u>1,101,420</u>
<b>Other Liabilities:</b>		
<i>Customer Deposits</i>	\$ -	436,220
<i>Total Other Liabilities</i>	-	436,220
<b>Total Liabilities</b>	<u>\$ 4,043,106</u>	<u>2,085,473</u>
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ -	300,761
<i>Deferred inflow of resources - Pension</i>	2,783	4,747
<b>Net Position:</b>		
<i>Invested in Capital Assets</i>	\$ 2,443,396	2,038,095
<i>Restricted for Revenue Bond Debt</i>	193,905	-
<i>Unrestricted</i>	636,115	5,385,469
<i>Total Net Position</i>	<u>\$ 3,273,417</u>	<u>7,423,564</u>

## EXHIBIT B-1

Gas Fund	Totals	
	December 31, 2017	December 31, 2016
403,482	3,167,223	2,293,520
37,029	475,037	473,519
-	-	-
13,994	3,481,104	2,991,058
<u>454,506</u>	<u>7,123,364</u>	<u>5,758,097</u>
180,776	912,304	1,612,294
<u>180,776</u>	<u>912,304</u>	<u>1,612,294</u>
-	23,785	23,785
-	372,586	372,586
2,673,800	26,610,120	26,065,089
(1,949,817)	(16,955,069)	(16,122,869)
<u>723,983</u>	<u>10,051,422</u>	<u>10,338,591</u>
-	-	-
-	-	-
<u>1,359,264</u>	<u>18,087,091</u>	<u>17,708,982</u>
-	-	-
97,093	503,117	624,988
-	12,559	117,589
26,054	146,050	127,956
12,337	50,725	43,108
-	-	-
14,206	148,380	153,328
1,141,964	1,757,008	1,996,379
-	-	-
<u>1,194,560</u>	<u>2,114,720</u>	<u>2,438,360</u>
-	7,199	7,692
-	90,000	85,000
-	97,199	92,692
-	-	-
74,944	441,580	589,960
383,413	1,986,777	1,982,559
-	2,705,000	2,795,000
<u>458,357</u>	<u>5,133,357</u>	<u>5,367,519</u>
178,012	614,232	600,977
<u>178,012</u>	<u>614,232</u>	<u>600,977</u>
<u>1,830,930</u>	<u>7,959,508</u>	<u>8,499,548</u>
28,916	329,677	712,677
1,801	9,330	-
265,626	4,747,117	4,798,144
-	193,905	193,905
(670,915)	5,350,669	4,129,696
<u>(405,289)</u>	<u>10,291,692</u>	<u>9,121,745</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - ALL ENTERPRISE FUNDS**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

EXHIBIT B-2  
Page 1 of 2

	Sewage Fund	Electric Fund
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,874,819	11,500,755
<i>Total Revenue</i>	<u>\$ 1,874,819</u>	<u>11,500,755</u>
Operating Expenses:		
<i>Cost of Sales</i>	\$ -	5,196,508
<i>Power Plant Operations Expenses</i>	-	705
<i>Distribution Expenses</i>	-	1,213,358
<i>Substation Expenses</i>	-	39,830
<i>Plant and Operating Expenses</i>	1,138,841	-
<i>General and Administrative Expenses:</i>		
<i>General Operating (Admin.) Expense</i>	188,555	1,508,442
<i>Insurance</i>	6,393	25,571
<i>Depreciation/Amortization</i>	402,974	352,089
<i>Bad Debts</i>	-	-
<i>Total Operating Expenses</i>	<u>\$ 1,736,763</u>	<u>8,336,501</u>
Net Operating (Loss) Profit	<u>\$ 138,056</u>	<u>3,164,254</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 2,514	3,541
<i>Interest (Expense)</i>	(104,999)	(5,241)
<i>Loss on Disposal of Asset</i>	-	-
<i>Other Income (Expenses)</i>	-	-
<i>Transfers In</i>	-	-
<i>Transfers Out</i>	-	-
<i>Free Utility Service to City</i>	(6,398)	(198,749)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (108,883)</u>	<u>(200,449)</u>
Net Income (Loss) for Year	\$ 29,173	2,963,806
Net Position - Beginning	\$ 3,244,244	6,381,796
Equity Transfers/Prior Period Adjustments	-	-
Net Position - Beginning as Restated	\$ 3,244,244	6,381,796
Cash Transfers to City	-	(1,922,038)
Net Position - Ending	<u>\$ 3,273,417</u>	<u>7,423,564</u>



Gas Fund	Totals	
	December 31, 2017	December 31, 2016
1,435,614	14,811,189	14,352,292
<u>1,435,614</u>	<u>14,811,189</u>	<u>14,352,292</u>
310,171	5,506,679	6,033,190
-	705	34,611
747,127	1,960,485	2,063,117
-	39,830	2,456
-	1,138,841	1,108,901
188,555	1,885,552	1,914,318
8,524	40,487	36,686
77,137	832,200	827,166
-	-	-
<u>1,331,514</u>	<u>11,404,779</u>	<u>12,020,445</u>
104,100	3,406,410	2,331,847
1	6,056	3,505
(3,503)	(113,742)	(107,991)
-	-	-
-	-	-
-	-	-
-	-	-
(1,593)	(206,739)	(364,016)
<u>(5,094)</u>	<u>(314,426)</u>	<u>(468,502)</u>
99,006	3,091,984	1,863,345
(504,295)	9,121,745	8,314,082
-	-	-
(504,295)	9,121,745	8,314,082
-	(1,922,038)	(1,055,682)
<u>(405,289)</u>	<u>10,291,692</u>	<u>9,121,745</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**STATEMENT OF CASH FLOWS**  
**ALL BUSINESS TYPE ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

	Sewage Fund	Electric Fund
Cash flow from operating activities:		
<i>Cash received from customers</i>	\$ 2,092,762	10,889,366
<i>Cash Payments to Employees for Services</i>	(518,050)	(948,860)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(808,366)	(7,465,040)
Net Cash Provided (Used) by Operating Activities	<u>\$ 766,346</u>	<u>2,475,467</u>
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments) from (for) Borrowings-Other Funds</i>	\$ (448,010)	(1,129,932)
<i>Other Proceeds/Other Adjustment/Transfers</i>	35,881	386,571
<i>Transfers Out to City and Free Service to City</i>	(6,398)	(2,120,786)
<i>Operating Transfers From (To) Other Funds</i>	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>\$ (418,527)</u>	<u>(2,864,147)</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long term Debt</i>	\$ (170,947)	(46,531)
<i>Principal and Interest Paid</i>	(107,473)	2,631
<i>Acquisition or Construction of Capital Assets</i>	(435,757)	(90,984)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>\$ (714,177)</u>	<u>(134,884)</u>
Cash Flows from Investing Activities:		
<i>Interest and Dividends on Investments</i>	\$ 2,514	3,541
Net Cash Provided (Used) for Investing Activities	<u>\$ 2,514</u>	<u>3,541</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (363,844)	(520,023)
Cash and Cash Equivalents at Beginning of Year	940,986	666,533
Cash and Cash Equivalents at End of Year	<u>\$ 577,142</u>	<u>146,510</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ 138,056	3,164,254
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
<i>Depreciation</i>	402,974	352,089
<i>Provision for Uncollectible Accounts</i>	-	-
Change in Assets and Liabilities		
<i>Decrease (Increase) in Receivables</i>	217,943	(604,846)
<i>Decrease (Increase) in Inventories</i>	-	(6,543)
<i>Decrease (Increase) in Prepaid Expenses</i>	-	-
<i>Decrease (Increase) in Deferred Charges</i>	-	-
<i>Increase (Decrease) in Accounts Payable</i>	-	-
<i>Increase (Decrease) in Sales Tax Payable</i>	-	(102,649)
<i>Increase (Decrease) in Accrued Wages Payable</i>	-	3,714
<i>Increase (Decrease) in Accumulated Compensation Absences</i>	2,866	10,556
<i>Increase (Decrease) in Capital Leases</i>	-	-
<i>Increase (Decrease) in Notes Payable</i>	5,000	-
<i>Increase (Decrease) in Customer Deposits</i>	-	14,520
<i>Increase )Decrease) in Deferred Fuel Charges</i>	-	(330,297)
<i>Increase (Decrease) in Accrued Expense</i>	(494)	(25,331)
Total Adjustments	<u>\$ 628,290</u>	<u>(688,787)</u>
Net Cash Provided by Operating Activities	<u>\$ 766,346</u>	<u>2,475,467</u>

Gas Fund	Totals	
	December 31, 2017	December 31, 2016
1,251,351	14,233,479	14,881,575
(590,398)	(2,057,307)	(2,107,923)
(712,845)	(8,986,251)	(9,363,526)
<u>(51,892)</u>	<u>3,189,921</u>	<u>3,410,126</u>
233,968	(1,343,973)	(610,407)
26,134	448,586	(233,819)
(1,593)	(2,128,777)	(1,419,698)
12,076	12,076	(21,263)
<u>270,585</u>	<u>(3,012,089)</u>	<u>(2,285,187)</u>
(20,901)	(238,380)	310,128
(3,503)	(108,345)	(39,633)
(18,290)	(545,030)	(1,186,060)
<u>(42,693)</u>	<u>(891,754)</u>	<u>(915,565)</u>
1	6,056	3,505
<u>1</u>	<u>6,056</u>	<u>3,505</u>
176,001	(707,867)	212,879
4,775	1,612,294	1,399,415
<u>180,776</u>	<u>904,427</u>	<u>1,612,294</u>
104,100	3,406,410	2,331,847
77,137	832,200	827,164
-	-	-
(189,288)	(576,191)	554,357
5,025	(1,518)	(25,075)
-	-	-
-	-	-
-	-	-
(2,381)	(105,030)	(802,256)
3,903	7,617	3,633
4,672	18,094	853
-	-	(31,622)
(5,839)	(839)	13,764
(1,265)	13,255	5,472
(47,955)	(378,252)	301,234
-	(25,824)	230,755
<u>(155,992)</u>	<u>(216,489)</u>	<u>1,078,279</u>
<u>(51,892)</u>	<u>3,189,921</u>	<u>3,410,126</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWAGE FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017 AND 2016**

EXHIBIT B-4

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
<i>Accounts Receivable - Net of Provisions</i> <i>for Doubtful Accounts</i>	\$ 404,188	324,619
<i>Materials &amp; Supplies Inventory</i>	-	-
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	-	297,512
<i>Total Current Assets</i>	<u>\$ 404,188</u>	<u>622,131</u>
Non-Current Assets:		
<i>Restricted Assets:</i>		
<i>Cash- In Escrow-Other</i>	\$ 577,142	940,986
<i>Total Restricted Assets</i>	<u>\$ 577,142</u>	<u>940,986</u>
Capital Assets:		
<i>Land</i>	\$ 1,414	1,414
<i>Construction in Progress</i>	372,586	372,586
<i>Property, Plant and Equipment</i>	10,910,659	10,474,902
<i>Less Accumulated Depreciation</i>	<u>(5,096,735)</u>	<u>(4,693,761)</u>
<i>Total Net Fixed Assets</i>	<u>\$ 6,187,924</u>	<u>6,155,141</u>
Intangible Assets:		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	<u>\$ -</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,169,253</u>	<u>7,718,258</u>
Deferred Resource Outflows - Pension	\$ 150,052	186,400
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
<i>Accounts Payable</i>	\$ -	-
<i>Accrued Interest</i>	7,199	7,692
<i>Accumulated Compensation Absences</i>	48,513	45,647
<i>Accrued Wages</i>	-	-
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Notes Payable</i>	80,947	87,928
<i>Due to Other Utility Funds</i>	242,867	690,877
<i>Total Current Liabilities</i>	<u>\$ 379,526</u>	<u>832,144</u>
Payable from Restricted Assets:		
<i>Current Portion of Revenue Bonds Payable</i>	\$ 90,000	85,000
<i>Total Payable from Restricted Assets</i>	<u>\$ 90,000</u>	<u>85,000</u>
Long-Term Liabilities		
<i>Notes Payable/Leases Payable</i>	\$ 276,033	356,980
<i>Pension Liability</i>	592,548	591,290
<i>Revenue Bonds Payable - Net of Current Portion</i>	<u>2,705,000</u>	<u>2,795,000</u>
<i>Total Long-Term Liabilities</i>	<u>\$ 3,573,580</u>	<u>3,743,270</u>
<b>Total Liabilities</b>	<u>\$ 4,043,106</u>	<u>4,660,414</u>
Deferred Resource Inflows - Pension	\$ 2,783	-
Net Position:		
<i>Invested in Capital Assets</i>	\$ 2,443,396	2,238,942
<i>Restricted for Revenue Bond Debt</i>	193,905	193,905
<i>Unrestricted</i>	<u>636,115</u>	<u>811,397</u>
<i>Total Net Position</i>	<u>\$ 3,273,417</u>	<u>3,244,244</u>



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWAGE FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

EXHIBIT B-5  
Page 1 of 2

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,874,819	1,937,543
<i>Total Revenue</i>	<u>\$ 1,874,819</u>	<u>1,937,543</u>
Expenses:		
Plant and Operating Expenses		
<i>Salaries</i>	\$ 224,756	229,383
<i>Overtime and Standby Wages</i>	25,088	19,858
<i>Fringe Benefits</i>	8,890	9,554
<i>Social Security</i>	18,064	18,249
<i>Retirement</i>	40,610	39,495
<i>Insurance Benefits</i>	22,096	25,356
<i>Office Supplies and Expense</i>	1,965	2,152
<i>Computers/Related Expense</i>	6,365	3,150
<i>Contract Services</i>	16,095	8,431
<i>Professional Services</i>	24,845	10,699
<i>Utilities</i>	306,661	316,453
<i>Telephone</i>	1,349	1,751
<i>Fuel and Oil</i>	19,039	10,121
<i>Meals and Traveling</i>	1,450	2,529
<i>Tools and Supplies</i>	22,052	29,371
<i>Dues, Fees, and Subscriptions</i>	15,544	17,735
<i>Lab Supplies</i>	3,134	1,297
<i>Vehicle Maintenance</i>	33,009	30,746
<i>Plant Maintenance</i>	5,148	29,845
<i>Safety Relation-Job Training</i>	18,680	31,541
<i>Chemicals</i>	20,532	86,334
<i>Testing</i>	24,274	-
<i>Structure &amp; Improvement Maintenance</i>	261	2,243
<i>Non-capitalized outlay expenses</i>	-	-
<i>Miscellaneous</i>	2,214	5,888
<i>Collection Salaries</i>	87,218	75,389
<i>Overtime and Standby Wages</i>	14,353	10,584
<i>Fringe Benefits</i>	6,594	6,580
<i>Social Security</i>	7,314	6,306
<i>Retirement</i>	51,013	21,463
<i>Insurance Benefits</i>	14,921	16,478
<i>Contract Labor</i>	40,085	1,320
<i>Meals and Traveling</i>	-	608
<i>Tools and Supplies</i>	577	1,578
<i>Vehicle Maintenance</i>	-	554
<i>Construction</i>	-	-
<i>Bond Costs</i>	-	-
<i>Other Maintenance</i>	46,226	35,860
<i>Other Operating Expenses</i>	8,421	-
Total Plant and Operating Expenses	<u>\$ 1,138,841</u>	<u>1,108,901</u>
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	\$ 188,555	191,887
<i>Insurance</i>	6,393	5,793
<i>Depreciation/Amortization</i>	402,974	396,923
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 597,922</u>	<u>594,603</u>
Total Expenses	<u>\$ 1,736,763</u>	<u>1,703,504</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWAGE FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Net Operating (Loss) Profit	\$ 138,056	234,039
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	2,514	14
<i>Interest (Expense)</i>	(104,999)	(99,695)
<i>Loss on Disposal of Asset</i>	-	-
<i>Other Income (Expenses)</i>	-	-
<i>Transfers In</i>	-	-
<i>Transfers Out</i>	-	-
<i>Free Utility Service to City</i>	(6,398)	(10,606)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (108,883)</u>	<u>(110,287)</u>
<i>Net Income (Loss) for Year</i>	\$ 29,173	123,752
<i>Net Position - Beginning</i>	<u>\$ 3,244,244</u>	<u>3,120,492</u>
<i>Prior Period Adjustments/Equity Transfers</i>	-	-
<i>Net Position - Beginning as Restated</i>	<u>\$ 3,244,244</u>	<u>3,120,492</u>
<i>Net Position - Ending</i>	<u><u>\$ 3,273,417</u></u>	<u><u>3,244,244</u></u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWAGE FUND**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2017**

EXHIBIT B-6  
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenues:</b>				
<i>Sales and Service</i>	\$ 1,865,170	1,803,207	1,874,819	71,612
<i>Total Revenue</i>	\$ 1,865,170	1,803,207	1,874,819	71,612
<b>Expenses:</b>				
<b>Plant and Operating Expenses</b>				
<i>Salaries</i>	\$ 244,827	223,584	224,756	(1,172)
<i>Overtime and Standby Wages</i>	21,000	25,088	25,088	0
<i>Fringe Benefits</i>	7,755	33,734	8,890	24,844
<i>Social Security</i>	20,336	18,064	18,064	(0)
<i>Retirement</i>	45,536	40,610	40,610	(0)
<i>Insurance Benefits</i>	30,250	22,096	22,096	0
<i>Advertising and Public Relations</i>	800	-	-	-
<i>Office Supplies and Expense</i>	4,000	1,965	1,965	(0)
<i>Computers/Related Expense</i>	3,000	6,365	6,365	(0)
<i>Contract Services</i>	15,000	16,095	16,095	0
<i>Professional Services</i>	600	-	24,845	(24,845)
<i>Utilities</i>	270,000	306,661	306,661	0
<i>Telephone</i>	2,000	1,349	1,349	(0)
<i>Fuel and Oil</i>	15,000	19,039	19,039	0
<i>Meals and Traveling</i>	3,000	1,449	1,450	(1)
<i>Tools and Supplies</i>	23,000	22,052	22,052	(0)
<i>Dues, Fees, and Subscriptions</i>	12,000	15,544	15,544	(0)
<i>Lab Supplies</i>	1,000	3,134	3,134	0
<i>Vehicle Maintenance</i>	12,000	9,774	33,009	(23,235)
<i>Plant Maintenance</i>	20,000	5,148	5,148	(0)
<i>Safety Relation-Job Training</i>	20,500	18,679	18,680	(1)
<i>Chemicals</i>	52,000	20,532	20,532	0
<i>Testing</i>	10,000	24,274	24,274	-
<i>Structure &amp; Improvement Maintenance</i>	2,000	261	261	0
<i>Non-capitalized outlay expenses</i>	-	-	-	-
<i>Miscellaneous</i>	800	2,236	2,214	22
<i>Collection Salaries</i>	102,385	87,218	87,218	0
<i>Overtime and Standby Wages</i>	14,000	14,353	14,353	(0)
<i>Fringe Benefits</i>	6,904	6,594	6,594	0
<i>Social Security</i>	8,904	7,314	7,314	0
<i>Retirement</i>	19,937	16,599	51,013	(34,414)
<i>Insurance Benefits</i>	24,300	14,921	14,921	(0)
<i>Contract Labor</i>	1,500	40,085	40,085	-
<i>Advertising and Public Relations</i>	-	-	-	-
<i>Meals and Traveling</i>	523	-	-	-
<i>Tools and Supplies</i>	2,000	577	577	(0)
<i>Vehicle Maintenance</i>	12,000	23,235	-	23,235
<i>Bond Costs</i>	-	-	-	-
<i>Other Maintenance</i>	58,000	46,226	46,226	(0)
<i>Other Operating Expenses</i>	15,000	4,260	8,421	(4,161)
<b>Total Plant and Operating Expenses</b>	\$ 1,101,857	1,099,115	1,138,841	(39,726)
<b>General and Administrative Expenses:</b>				
<i>General Operating (Admin.) Expense</i>	\$ 310,332	459,617	188,555	271,062
<i>Insurance</i>	5,500	6,393	6,393	0
<i>Depreciation/Amortization</i>	-	-	402,974	(402,974)
<i>Bad Debts</i>	800	800	-	800
<b>Total General and Administrative Expenses</b>	\$ 316,632	466,810	597,922	131,112



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWAGE FUND**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2017**

EXHIBIT B-6  
Page 2 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Expenses	\$ 1,418,489	1,565,925	1,736,763	(170,838)
Net Operating (Loss) Profit	\$ 446,681	237,282	138,056	(99,226)
Non-Operating Revenues and (Expenses)				
<i>Investment Income</i>	\$ 5,000	1,852	2,514	662
<i>Interest (Expense)</i>	(105,464)	(83,442)	(104,999)	(21,557)
<i>Loss on Disposal of Asset</i>	-	-	-	-
<i>Other Income (Expenses)</i>	-	-	-	-
<i>Transfers In</i>	-	-	-	-
<i>Transfers Out</i>	-	-	-	-
<i>Free Utility Service to City</i>	(7,000)	(10,606)	(6,398)	4,208
<i>Total Non-Operating Revenue and (Expenses)</i>	\$ (107,464)	(92,196)	(108,883)	(16,687)
<i>Net Income (Loss) for Year</i>	\$ 339,217	145,086	29,173	(115,913)
<i>Net Position - Beginning</i>	\$ 3,244,244	3,244,244	3,244,244	-
<i>Equity Transfers</i>	-	-	-	-
<i>Net Position - Beginning as Restated</i>	\$ 3,244,244	3,244,244	3,244,244	-
<i>Cash Transfers to City</i>	-	-	-	-
<i>Net Position - Ending</i>	\$ 3,583,461	3,389,330	3,273,417	(115,913)

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017 AND 2016**

EXHIBIT B-7

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
<i>Accounts Receivable - Net of Provisions</i>		
<i>for Doubtful Accounts</i>	\$ 2,359,553	1,754,707
<i>Materials &amp; Supplies Inventory</i>	438,008	431,465
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	3,467,110	2,667,475
<i>Total Current Assets</i>	<u>\$ 6,264,671</u>	<u>4,853,647</u>
<b>Restricted Assets:</b>		
<i>Cash</i>	\$ 154,387	666,533
<i>Total Restricted Assets</i>	<u>\$ 154,387</u>	<u>666,533</u>
<b>Capital Assets:</b>		
<i>Land</i>	\$ 22,371	22,371
<i>Construction in Progress</i>	-	-
<i>Property, Plant and Equipment</i>	13,025,662	12,934,678
<i>Less Accumulated Depreciation</i>	(9,908,517)	(9,556,428)
<i>Total Net Fixed Assets</i>	<u>\$ 3,139,516</u>	<u>3,400,621</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,558,573</u>	<u>8,920,801</u>
<i>Deferred Resource Outflows - Pension</i>	\$ 255,972	317,976
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
<i>Accounts Payable and Other Payables</i>	\$ 12,559	115,208
<i>Accumulated Compensation Absences</i>	71,483	60,927
<i>Accrued Wages</i>	38,388	34,674
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Notes Payable</i>	53,227	45,355
<i>Due to Other Utility Funds</i>	372,176	397,507
<i>Total Current Liabilities</i>	<u>\$ 547,833</u>	<u>653,671</u>
<b>Payable from Restricted Assets:</b>		
<i>Current Portion of Revenue Bonds Payable</i>	\$ -	-
<i>Total Payable from Restricted Assets</i>	<u>\$ -</u>	<u>-</u>
<b>Long-Term Liabilities:</b>		
<i>Notes Payable</i>	\$ 90,604	137,135
<i>Pension Liability</i>	1,010,816	1,008,670
<i>Capital Lease Payable - Net of Current Portion</i>	-	-
<i>Total Long-Term Liabilities</i>	<u>\$ 1,101,420</u>	<u>1,145,805</u>
<b>Other Liabilities:</b>		
<i>Customer Deposits</i>	\$ 436,220	421,700
<i>Total Other Liabilities</i>	<u>\$ 436,220</u>	<u>421,700</u>
<b>Total Liabilities</b>	<u>\$ 2,085,473</u>	<u>2,221,176</u>
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ 300,761	635,805
<i>Deferred Resource Inflows - Pension</i>	4,747	-
<b>Net Position:</b>		
<i>Invested in Capital Assets</i>	\$ 2,038,095	2,254,815
<i>Restricted for Revenue Bond Debt</i>	-	-
<i>Unrestricted</i>	5,385,469	4,126,981
<i>Total Net Position</i>	<u>\$ 7,423,564</u>	<u>6,381,796</u>



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

EXHIBIT B-8  
Page 1 of 2

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 11,500,755	11,145,352
<i>Total Revenue</i>	<u>\$ 11,500,755</u>	<u>11,145,352</u>
Cost of Sales:		
<i>Purchased Power</i>	\$ 5,196,508	5,756,042
<i>Total Cost of Sales</i>	<u>\$ 5,196,508</u>	<u>5,756,042</u>
Net Sales	<u>\$ 6,304,247</u>	<u>5,389,310</u>
Expenses:		
Plant and Operating Expenses		
<i>Fringe Benefits</i>	\$ -	-
<i>Legal</i>	-	-
<i>Engineering</i>	-	33,909
<i>Utilities and Telephone</i>	705	702
<i>Contract Labor</i>	-	-
<i>Tools and Supplies</i>	-	-
<i>Dues, Fees, and Subscriptions</i>	-	-
<i>Miscellaneous</i>	-	-
Power Plant Maintenance		
<i>Vehicle/Structure Maintenance</i>	-	-
<i>Non-capitalized outlay expenses</i>	-	-
Total Power Plant Expenses	<u>\$ 705</u>	<u>34,611</u>
Distribution Expenses		
<i>Distribution Salaries</i>	\$ 592,814	698,794
<i>Overtime and Standby Wages</i>	61,577	42,307
<i>Fringe Benefits</i>	28,287	30,533
<i>Social Security</i>	46,181	53,962
<i>Retirement</i>	169,057	135,449
<i>Insurance Benefits</i>	65,214	85,328
<i>Professional Services</i>	-	-
<i>Office Supplies and Expenses</i>	3,120	1,378
<i>Contract Services</i>	71,292	56,795
<i>Utilities</i>	13,234	13,681
<i>Telephone</i>	2,039	2,111
<i>Fuel and Oil</i>	18,835	14,949
<i>Meals and Traveling</i>	510	902
<i>Tools and Supplies</i>	18,817	42,489
<i>Material Inventory Expenses</i>	11,790	-
<i>Dues, Fees, and Subscriptions</i>	2,384	3,507
<i>Computers/Related Expenses</i>	6,002	5,072
<i>Vehicle Maintenance</i>	29,153	30,221
<i>Safety Relation-Job Training</i>	3,293	3,676
<i>Other Equip, Structure, and Meter Maint.</i>	64,114	65,094
<i>Groundskeeping Maintenance</i>	706	2,907
<i>Construction</i>	-	-
<i>Construction</i>	-	-
<i>Inventory Adjustment</i>	(3,214)	17,283
<i>Miscellaneous</i>	8,154	3,735
<i>Non-capitalization outlay expenses</i>	0	-
Total Distribution Expenses	<u>\$ 1,213,358</u>	<u>1,310,173</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

EXHIBIT B-8  
Page 2 of 2

	<u>2017</u>	<u>2016</u>
Substation		
<i>Contract Labor</i>	\$ 33,885	-
<i>Utilities</i>	1,591	1,698
<i>Parts and Supplies</i>	4,354	758
Total Substation Expense	<u>\$ 39,830</u>	<u>2,456</u>
General and Administrative Expenses		
<i>General Operating (Admin.) Expenses</i>	\$ 1,508,442	1,530,545
<i>Insurance</i>	25,571	23,171
<i>Depreciation/Amortization</i>	352,089	353,511
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 1,886,101</u>	<u>1,907,227</u>
Total Expenses	<u>\$ 3,139,993</u>	<u>3,254,467</u>
Net Operating (Loss) Profit	<u>\$ 3,164,254</u>	<u>2,134,842</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 3,541	1,632
<i>Interest (Expense)</i>	(5,241)	(5,607)
<i>Other Income (Expense)</i>	-	-
<i>Transfers In (Out)</i>	-	-
<i>Free Utility Service to City</i>	(198,749)	(350,754)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (200,449)</u>	<u>(354,729)</u>
Net Income (Loss) for Year	\$ 2,963,806	1,780,113
Net Positions - Beginning	6,381,796	5,657,364
Equity Transfers/Prior Period Adjustment	-	-
Net Position - Beginning as Restated	<u>\$ 6,381,796</u>	<u>5,657,364</u>
Cash Transfers to City	(1,922,038)	(1,055,681)
Net Position - Ending	<u><u>\$ 7,423,564</u></u>	<u><u>6,381,796</u></u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC FUND**  
**ENTERPRISE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2017**

EXHIBIT B-9  
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Sales and Service</i>	\$ 12,152,762	10,568,703	11,500,755	932,052
<i>Total Revenue</i>	<u>\$ 12,152,762</u>	<u>10,568,703</u>	<u>11,500,755</u>	<u>932,052</u>
Cost of Sales:				
<i>Purchased Power</i>	\$ 6,800,000	5,196,508	5,196,508	(0)
<i>Total Cost of Sales</i>	<u>\$ 6,800,000</u>	<u>5,196,508</u>	<u>5,196,508</u>	<u>(0)</u>
Net Sales	<u>\$ 5,352,762</u>	<u>5,372,195</u>	<u>6,304,247</u>	<u>932,052</u>
Expenses:				
Plant and Operating Expenses				
<i>Fringe Benefits</i>	\$ -	-	-	-
<i>Legal</i>	-	-	-	-
<i>Engineering</i>	-	-	-	-
<i>Utilities and Telephone</i>	-	-	705	(705)
<i>Contract Labor</i>	-	-	-	-
<i>Tools and Supplies</i>	-	-	-	-
<i>Dues, Fees, and Subscriptions</i>	-	-	-	-
<i>Miscellaneous</i>	-	-	-	-
Power Plant Maintenance				
<i>Vehicle/Structure Maintenance</i>	-	-	-	-
<i>Non-capitalized outlay expenses</i>	-	-	-	-
Total Power Plant Expenses	<u>\$ -</u>	<u>-</u>	<u>705</u>	<u>(705)</u>
Distribution Expenses				
<i>Distribution Salaries</i>	\$ 714,533	714,533	592,814	121,719
<i>Overtime and Standby Wages</i>	35,500	62,500	61,577	923
<i>Fringe Benefits</i>	22,000	32,000	28,287	3,713
<i>Social Security</i>	57,378	47,378	46,181	1,197
<i>Retirement</i>	128,481	113,481	169,057	(55,576)
<i>Insurance Benefits</i>	97,000	87,364	65,214	22,150
<i>Professional Services</i>	-	-	-	-
<i>Office Supplies and Expenses</i>	2,500	3,500	3,120	380
<i>Contract Services</i>	83,000	109,000	71,292	37,708
<i>Utilities</i>	10,300	15,800	13,234	2,566
<i>Telephone</i>	2,000	2,050	2,039	11
<i>Fuel and Oil</i>	25,000	25,000	18,835	6,165
<i>Meals and Traveling</i>	4,000	4,000	510	3,490
<i>Tools and Supplies</i>	40,000	40,000	18,817	21,183
<i>Material Inventory Expenses</i>	2,000	2,000	11,790	(9,790)
<i>Dues, Fees, and Subscriptions</i>	4,000	4,000	2,384	1,616
<i>Computers/Related Expenses</i>	3,000	6,100	6,002	98
<i>Vehicle Maintenance</i>	35,000	31,000	29,153	1,847
<i>Safety Relation-Job Training</i>	5,500	5,575	3,293	2,282
<i>Other Equip, Structure, and Meter Maint.</i>	104,000	91,700	64,114	27,586
<i>Groundskeeping Maintenance</i>	6,000	3,000	706	2,294
<i>Construction-Boys &amp; Girls Club</i>	-	-	-	-
<i>Construction-Seale Jr. High</i>	-	-	-	-
<i>Inventory Adjustment</i>	-	-	(3,214)	3,214
<i>Miscellaneous</i>	5,500	4,000	8,154	(4,154)
<i>Non-capitalization outlay expenses</i>	-	-	0	(0)
Total Distribution Expenses	<u>\$ 1,386,692</u>	<u>1,403,981</u>	<u>1,213,358</u>	<u>190,623</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC FUND**  
**ENTERPRISE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2017**

EXHIBIT B-9  
Page 2 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Substation				
<i>Contract Labor</i>	\$ -	-	33,885	(33,885)
<i>Utilities</i>	-	-	1,591	(1,591)
<i>Parts and Supplies</i>	-	-	4,354	(4,354)
Total Substation Expense	<u>\$ -</u>	<u>-</u>	<u>39,830</u>	<u>(39,830)</u>
General and Administrative Expenses				
<i>General Operating (Admin.) Expenses</i>	\$ 1,448,217	1,408,661	1,508,442	(99,781)
<i>Insurance</i>	25,000	25,600	25,571	30
<i>Depreciation/Amortization</i>	289,000	307,000	352,089	(45,089)
<i>Bad Debts</i>	3,500	3,500	-	3,500
Total General and Administrative Expenses	<u>\$ 1,765,717</u>	<u>1,744,761</u>	<u>1,886,101</u>	<u>(141,340)</u>
Total Expenses	<u>\$ 3,152,409</u>	<u>3,148,742</u>	<u>3,139,993</u>	<u>8,749</u>
Net Operating (Loss) Profit	<u>\$ 2,200,353</u>	<u>2,223,453</u>	<u>3,164,254</u>	<u>940,801</u>
Non-Operating Revenues and (Expenses)				
<i>Investment Income</i>	\$ -	-	3,541	3,541
<i>Interest (Expense)</i>	(5,248)	(5,348)	(5,241)	107
<i>Other Income (Expense)</i>	-	-	-	-
<i>Transfers Out</i>	-	-	-	-
<i>Free Utility Service to City</i>	(250,000)	(250,000)	(198,749)	51,252
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (255,248)</u>	<u>(255,348)</u>	<u>(200,449)</u>	<u>54,899</u>
Net Income (Loss) for Year	<u>\$ 1,945,105</u>	<u>1,968,105</u>	<u>2,963,806</u>	<u>995,701</u>
Net Position - Beginning	\$ 6,381,796	6,381,796	6,381,796	-
Equity Transfers	-	-	-	-
Net Position - Beginning as Restated	<u>\$ 6,381,796</u>	<u>6,381,796</u>	<u>6,381,796</u>	<u>-</u>
Cash Transfers to City	(1,900,000)	(1,923,000)	(1,922,038)	962
Net Position - Ending	<u>\$ 6,426,901</u>	<u>6,426,901</u>	<u>7,423,564</u>	<u>996,663</u>

CITY OF ROBSTOWN UTILITY SYSTEMS  
GAS FUND  
ENTERPRISE FUND  
COMPARATIVE STATEMENT OF NET POSITION  
DECEMBER 31, 2017 AND 2016

EXHIBIT B-10

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 403,482	214,194
<i>Materials &amp; Supplies Inventory</i>	37,029	42,054
<i>Prepaid Expenses</i>	-	-
<i>Deferred Charges</i>	-	-
<i>Due from Other Utility Funds</i>	13,994	26,070
<i>Total Current Assets</i>	<u>\$ 454,506</u>	<u>282,318</u>
Restricted Assets:		
<i>Cash</i>	\$ 180,776	4,775
<i>Total Restricted Assets</i>	<u>\$ 180,776</u>	<u>4,775</u>
Fixed Asset:		
<i>Construction in Progress</i>	\$ -	-
<i>Property, Plant and Equipment</i>	2,673,800	2,655,510
<i>Less Accumulated Depreciation</i>	(1,949,817)	(1,872,680)
<i>Total Net Fixed Assets</i>	<u>\$ 723,983</u>	<u>782,830</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,359,264</u></u>	<u><u>1,069,923</u></u>
<i>Deferred out flow of resources</i>		
<i>Deferred Charges</i>	\$ -	-
<i>Deferred Resource Outflows</i>	97,093	120,612
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ -	2,381
<i>Accumulated Compensation Absences</i>	26,054	21,382
<i>Accrued Wages</i>	12,337	8,434
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Note Payable</i>	14,206	20,045
<i>Due to Other Utility Funds</i>	1,141,964	907,996
<i>Total Current Liabilities</i>	<u>\$ 1,194,560</u>	<u>960,238</u>
Long-Term Liabilities		
<i>Capital Leases Payable - Net of Current Portion</i>	\$ -	-
<i>Pension Liability</i>	383,413	382,599
<i>Notes Payable - Net of Current Portion</i>	74,944	95,845
<i>Total Long-Term Liabilities</i>	<u>\$ 458,357</u>	<u>478,444</u>
Other Liabilities		
<i>Customer Deposits</i>	\$ 178,012	179,277
<i>Total Other Liabilities</i>	<u>178,012</u>	<u>179,277</u>
<i>Total Liabilities</i>	<u>\$ 1,830,930</u>	<u>1,617,959</u>
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ 28,916	76,871
<i>Deferred inflow of resources-pension</i>	1,801	-
Net Position:		
<i>Invested in Capital Assets</i>	\$ 265,626	304,386
<i>Unrestricted</i>	(670,915)	(808,681)
<i>Total Net Position</i>	<u>\$ (405,289)</u>	<u>(504,295)</u>





**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GAS FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

EXHIBIT B-11  
Page 1 of 2

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,435,614	1,269,398
<i>Total Revenue</i>	<u>\$ 1,435,614</u>	<u>1,269,398</u>
Cost of Sales:		
<i>Natural Gas</i>	\$ 310,171	277,149
<i>Total Cost of Sales</i>	<u>\$ 310,171</u>	<u>277,149</u>
Net Sales	<u>\$ 1,125,443</u>	<u>992,249</u>
Expenses:		
Distribution Expenses		
<i>Distribution Salaries</i>	\$ 368,397	383,449
<i>Overtime and Standby Wages</i>	45,234	30,884
<i>Fringe Benefits</i>	15,393	17,560
<i>Social Security</i>	29,794	30,205
<i>Retirement</i>	96,206	73,900
<i>Insurance Benefits</i>	43,948	51,341
<i>Professional Services</i>	-	-
<i>Advertising and Public Relations</i>	800	410
<i>Office Supplies and Expense</i>	3,442	1,141
<i>Contract Services</i>	-	345
<i>Utilities</i>	9,124	10,352
<i>Telephone</i>	5,227	5,061
<i>Fuel and Oil</i>	13,554	9,110
<i>Meals and Traveling</i>	2,463	1,877
<i>Tools and Supplies</i>	28,453	42,975
<i>Dues, Fees, and Subscriptions</i>	15,278	18,896
<i>Computers/Related Expense</i>	7,136	5,041
<i>Vehicle Maintenance</i>	13,270	27,990
<i>Safety Relation-Job Training</i>	1,436	3,359
<i>Other Equip, Structure, and Meter Maint</i>	40,124	31,364
<i>Construction</i>	-	-
<i>Construction - Seale Jr. High</i>	-	-
<i>Inventory Adjustment</i>	429	4,569
<i>Miscellaneous</i>	7,419	3,115
Total Distribution Expenses	<u>\$ 747,127</u>	<u>752,944</u>
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	\$ 188,555	191,887
<i>Insurance</i>	8,524	7,723
<i>Depreciation/Amortization</i>	77,137	76,730
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 274,216</u>	<u>276,340</u>
Total Expenses	<u>\$ 1,021,343</u>	<u>1,029,284</u>
Net Operating (Loss) Profit	<u>\$ 104,100</u>	<u>(37,035)</u>

	<u>2017</u>	<u>2016</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 1	1,859
<i>Interest (Expense)</i>	(3,503)	(2,689)
<i>Other Income (Expenses)</i>	-	-
<i>Transfers In (Out)</i>	-	-
<i>Free Utility Service to City</i>	(1,593)	(2,656)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (5,094)</u>	<u>(3,486)</u>
 <i>Net Income (Loss) for Year</i>	 \$ 99,006	 (40,521)
 <i>Net Position - Beginning</i>	 <u>\$ (504,295)</u>	 <u>(463,774)</u>
<i>Equity Transfers/Prior Period Adjustment</i>	-	-
<i>Net Position - Beginning as Restated</i>	<u>\$ (504,295)</u>	<u>(463,774)</u>
 <i>Net Position - Ending</i>	 <u><u>\$ (405,289)</u></u>	 <u><u>(504,295)</u></u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GAS FUND**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2017**

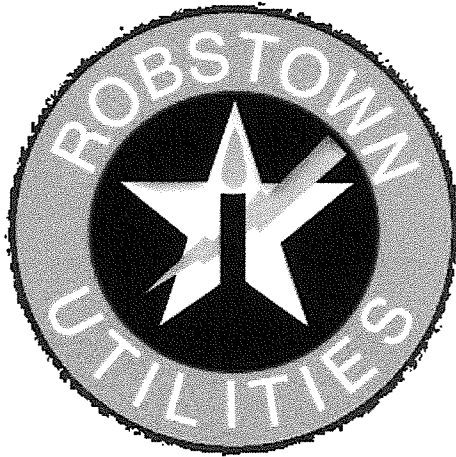
EXHIBIT B-12  
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
Sales and Service	\$ 1,802,240	1,263,847	1,435,614	171,767
Total Revenue	<u>1,802,240</u>	<u>1,263,847</u>	<u>1,435,614</u>	<u>171,767</u>
Cost of Sales:				
Natural Gas	570,000	271,245	310,171	(38,926)
Total Cost of Sales	<u>570,000</u>	<u>271,245</u>	<u>310,171</u>	<u>(38,926)</u>
Net Sales	\$ 1,232,240	992,602	1,125,443	132,841
Expenses:				
Distribution Expenses				
Distribution Salaries	\$ 394,587	383,449	368,397	15,052
Overtime and Standby Wages	30,000	30,884	45,234	(14,350)
Fringe Benefits	21,400	17,560	15,393	2,167
Social Security	32,481	30,205	29,794	411
Retirement	72,732	69,304	96,206	(26,902)
Insurance Benefits	49,500	51,341	43,948	7,393
Professional Services	-	-	-	-
Advertising and Public Relations	4,000	410	800	(390)
Office Supplies and Expense	4,000	1,141	3,442	(2,301)
Contract Services	7,000	345	-	345
Utilities	6,000	10,352	9,124	1,228
Telephone	3,000	5,061	5,227	(166)
Fuel and Oil	21,000	9,110	13,554	(4,444)
Meals and Traveling	2,000	1,877	2,463	(586)
Tools and Supplies	30,000	42,975	28,453	14,522
Dues, Fees, and Subscriptions	15,000	18,896	15,278	3,618
Computers/Related Expense	5,000	5,041	7,136	(2,095)
Vehicle Maintenance	15,000	27,990	13,270	14,720
Safety Relation-Job Training/TNRCC/ ER Prep.	3,500	3,359	1,436	1,923
Other Equip, Structure, and Meter Maint	56,000	41,959	40,124	1,835
Construction - Boys & Girls Club	-	-	-	-
Construction - Seale Jr. High	-	-	-	-
Inventory Adjustment	2,500	4,569	429	4,140
Miscellaneous	2,000	1,818	7,419	(5,601)
Total Distribution Expenses	\$ <u>776,700</u>	<u>757,646</u>	<u>747,127</u>	<u>10,519</u>
General and Administrative Expenses:				
General Operating (Admin.) Expense	\$ 310,332	189,157	188,555	602
Insurance	10,000	7,723	8,524	(801)
Depreciation/Amortization	128,000	76,730	77,137	(407)
Bad Debts	750	750	-	750
Total General and Administrative Expenses	\$ <u>449,082</u>	<u>274,360</u>	<u>274,216</u>	<u>144</u>
Total Expenses	\$ 1,225,782	1,032,006	1,021,343	10,663
Net Operating (Loss) Profit	\$ 6,458	(39,404)	104,100	(143,504)

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GAS FUND**  
**ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2017**

EXHIBIT B-12  
Page 2 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Non-Operating Revenues and (Expenses)				
Investment Income	\$ 3,500	1,409	1	(1,408)
Interest (Expense)	-	-	(3,503)	(3,503)
Other Income (Expenses)	(5,318)	(9,326)	-	9,326
Free Utility Service to City	(2,000)	(2,656)	(1,593)	1,063
Total Non-Operating Revenue and (Expenses)	<u>\$ (3,818)</u>	<u>(10,573)</u>	<u>(5,094)</u>	<u>(5,479)</u>
Net Income (Loss) for Year	\$ 2,640	(49,977)	99,006	148,983
Net Position - Beginning	<u>\$ (504,295)</u>	<u>(504,295)</u>	<u>(504,295)</u>	<u>-</u>
Equity Transfers/Prior Period Adjustment	-	49,979	-	(49,979)
Net Position - Beginning as Restated	<u>(504,295)</u>	<u>(454,316)</u>	<u>(504,295)</u>	<u>(49,979)</u>
Net Position - Ending	<u><u>\$ (501,655)</u></u>	<u><u>(504,293)</u></u>	<u><u>(405,289)</u></u>	<u><u>99,004</u></u>



## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GENERAL OPERATING**  
**INTERNAL SERVICE FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017 AND 2016**

EXHIBIT C-1

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
<i>Cash and Cash equivalents</i>	\$ 3,254,990	2,589,400
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	3,600	6,836
<i>Materials &amp; Supplies Inventory</i>	-	-
<i>Prepaid Expenses</i>	74,003	45,676
<i>Due from Other Utility Funds</i>	204,919	301,861
<i>Total Current Assets</i>	<u>\$ 3,537,513</u>	<u>2,943,773</u>
Fixed Asset:		
<i>Land</i>	\$ 20,000	20,000
<i>Property, Plant and Equipment</i>	1,676,609	1,674,173
<i>Less Accumulated Depreciation</i>	(1,360,300)	(1,326,600)
<i>Total Net Fixed Assets</i>	<u>\$ 336,310</u>	<u>367,573</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,873,822</u></u>	<u><u>3,311,346</u></u>
<i>Deferred out flow of resources</i>		
<i>Deferred Resource Outflows</i>	\$ 379,544	471,482
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 542,455	671,754
<i>Accumulated Compensation Absences</i>	82,236	102,256
<i>Accrued Wages</i>	46,593	68,764
<i>Other Liabilities</i>	4,114	4,064
<i>Due to Other Utility Funds</i>	2,072,134	1,440,375
<i>Total Current Liabilities</i>	<u>\$ 2,747,531</u>	<u>2,287,213</u>
Long-Term Liabilities		
<i>Pension Liability</i>	\$ 1,498,797	1,495,615
<i>Total Long-Term Liabilities</i>	<u>\$ 1,498,797</u>	<u>1,495,615</u>
<b>Total Liabilities</b>	<u>4,246,328</u>	<u>3,782,828</u>
<i>Deferred inflow of resources</i>		
<i>Deferred inflow of resources-pension</i>	\$ 7,039	-
Net Position:		
<i>Invested in Capital Assets</i>	\$ 336,310	367,573
<i>Unrestricted</i>	(336,310)	(367,573)
<i>Total Net Position</i>	<u>0</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 4,253,367</u></u>	<u><u>3,782,828</u></u>





**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GENERAL OPERATING**  
**INTERNAL SERVICE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

EXHIBIT C-2  
Page 1 of 2

	<u>2017</u>	<u>2016</u>
<b>Operating Revenues:</b>		
<i>Administrative Charge - Sewer</i>	\$ 188,555	193,186
<i>Administrative Charge - Electric</i>	1,508,442	1,546,086
<i>Administrative Charge - Gas</i>	188,555	193,186
<i>Other Revenues</i>	32,464	25,818
<i>Total Revenue</i>	<u>\$ 1,918,016</u>	<u>1,958,276</u>
<b>Cost of Administrative Services Provided:</b>		
<b>Administrative Expenses</b>		
<i>Administrative Salaries</i>	\$ 748,423	803,201
<i>Overtime and Standby Wages</i>	21,027	12,759
<i>Fringe Benefits</i>	18,029	16,595
<i>Social Security</i>	55,743	54,662
<i>Retirement</i>	138,420	154,776
<i>Insurance Benefits</i>	70,580	76,635
<i>Trustee Fees</i>	25,830	26,036
<i>Travel Allowance</i>	6,000	5,500
<i>Advertising and Public Relations</i>	17,917	10,197
<i>Contract Services/Engineering</i>	5,348	30,439
<i>Bad Debt Collection Fee</i>	-	-
<i>Utilities</i>	42,839	48,322
<i>Telephone</i>	40,675	33,641
<i>Fuel and Oil</i>	11,299	10,019
<i>Meals and Traveling</i>	10,985	21,750
<i>Office Supplies and Expense</i>	34,740	35,178
<i>Dues, Fees, and Subscriptions</i>	114,683	122,529
<i>Safety Relation-Job Training</i>	1,371	1,371
<i>Emergency Preparation</i>	300	-
<i>Vehicle Maintenance</i>	5,455	5,149
<i>Postage Expense</i>	21,614	21,061
<i>Computers/Related Expense</i>	51,918	71,379
<i>Structure Repair and Maintenance</i>	11,221	2,174
<i>Equipment Maintenance and Repairs</i>	5,498	4,051
<i>Computer Supplies and Maintenance</i>	7,902	6,267
<i>Employee Relations</i>	40,484	41,262
<i>Miscellaneous</i>	11,794	18,611
<i>Legal Fees</i>	72,901	22,566
<i>Contributions</i>	4,750	-
<i>Drug Policy Examinations</i>	5,889	4,907
<i>Auditing - Outside Services</i>	31,500	30,000
<i>Insurance</i>	92,462	89,228
<b>Total Administrative Expenses</b>	<u>\$ 1,727,598</u>	<u>1,780,265</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GENERAL OPERATING**  
**INTERNAL SERVICE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2017 AND 2016**

EXHIBIT C-2  
Page 2 of 2

	<u>2017</u>	<u>2016</u>
Mechanic Expenses		
<i>Mechanic Salaries</i>	\$ 103,589	81,692
<i>Overtime Wages</i>	2,481	146
<i>Fringe Benefits</i>	2,613	3,171
<i>Social Security</i>	7,486	5,977
<i>Retirement</i>	18,170	13,724
<i>Insurance Benefits</i>	10,970	7,447
<i>Fuel and Oil</i>	2,607	2,677
<i>Meals and Travel Expense</i>	-	-
<i>Emergency Preparation</i>	-	-
<i>Tools and Supplies</i>	9,507	9,498
<i>Telephone</i>	1,602	2,382
<i>Structure &amp; Improvement Maintenance</i>	1,798	2,071
<i>Vehicle Maintenance</i>	6,369	11,672
<i>Computers/Related Expenses</i>	2,015	6,774
<i>Miscellaneous</i>	2,556	3,580
<i>Total Mechanic Expenses</i>	<u>\$ 171,764</u>	<u>150,811</u>
General Operating Expenses		
Depreciation/Amortization	\$ 33,700	34,322
Total General Operating Expenses	<u>\$ 33,700</u>	<u>34,322</u>
Total Expenses	<u>\$ 1,933,061</u>	<u>1,965,398</u>
Net Operating (Loss) Profit	<u>\$ (15,045)</u>	<u>(7,122)</u>
Non-Operating Revenues and (Expenses)		
Investment Income	\$ 15,045	7,304
Interest (Expense)	-	(182)
Other Income (Expense)	-	-
Total Non-Operating Revenues and (Expenses)	<u>\$ 15,045</u>	<u>7,122</u>
Net Income (Loss) for Year	\$ 0	-
Net Position - Beginning	0	-
<i>Equity Transfers/Prior Period Adjustment</i>	-	-
<i>Net Position - Beginning as Restated</i>	<u>0</u>	<u>-</u>
Net Position - Ending	<u><u>\$ 0</u></u>	<u><u>-</u></u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GENERAL OPERATING**  
**INTERNAL SERVICE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2017**

EXHIBIT C-3  
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenues:</b>				
<i>Administrative Charge - Sewer</i>	\$ 310,332	285,931	188,555	(97,376)
<i>Administrative Charge - Electric</i>	1,448,217	1,429,655	1,508,442	78,787
<i>Administrative Charge - Gas</i>	310,332	189,157	188,555	(602)
<i>Other Revenue</i>	16,225	32,464	25,032	(7,432)
<i>Total Revenue</i>	<u>\$ 2,085,106</u>	<u>1,937,207</u>	<u>1,910,584</u>	<u>(26,623)</u>
<b>Cost of Administrative Services Provided:</b>				
<b>Administrative Expenses</b>				
<i>Administrative Salaries</i>	\$ 790,334	790,614	748,423	42,191
<i>Overtime and Standby Wages</i>	10,000	21,027	21,027	0
<i>Fringe Benefits</i>	9,500	18,029	18,029	(0)
<i>Social Security</i>	61,226	55,743	55,743	(0)
<i>Retirement</i>	137,097	138,199	138,420	(221)
<i>Insurance Benefits</i>	84,924	70,580	70,580	(0)
<i>Trustee Fees</i>	21,000	25,830	25,830	-
<i>Travel Allowance</i>	6,000	6,000	6,000	-
<i>Advertising and Public Relations</i>	3,500	17,917	17,917	0
<i>Contract Services/Engineering</i>	95,000	5,349	5,348	1
<i>Bad Debt Collection Fee</i>	200	-	-	-
<i>Utilities</i>	40,000	42,156	42,839	(683)
<i>Telephone</i>	30,000	40,675	40,675	0
<i>Fuel and Oil</i>	10,000	11,299	11,299	(0)
<i>Meals and Traveling</i>	40,000	10,985	10,985	(0)
<i>Office Supplies and Expense</i>	64,500	34,740	34,740	(0)
<i>Dues, Fees, and Subscriptions</i>	90,000	116,054	114,683	1,371
<i>Safety Relation-Job Training</i>	-	-	1,371	(1,371)
<i>Emergency Preparation</i>	-	300	300	-
<i>Vehicle Maintenance</i>	10,000	5,477	5,455	22
<i>Postage Expense</i>	27,000	21,614	21,614	1
<i>Computers/Related Expense</i>	50,000	50,285	51,918	(1,633)
<i>Structure Repair and Maintenance</i>	3,000	12,854	11,221	1,633
<i>Equipment Maintenance and Repairs</i>	4,000	5,498	5,498	(0)
<i>Computer Supplies and Maintenance</i>	40,000	7,902	7,902	0
<i>Employee Relations</i>	30,000	40,484	40,484	(0)
<i>Miscellaneous</i>	50,600	11,771	11,794	(23)
<i>Legal Fees</i>	25,000	72,901	72,901	(0)
<i>Contributions</i>	5,000	4,750	4,750	-
<i>Drug Policy Examinations</i>	10,000	5,889	5,889	1
<i>Auditing - Outside Services</i>	30,000	31,500	31,500	-
<i>Insurance</i>	70,000	63,315	92,462	(29,147)
<b>Total Administrative Expenses</b>	<u>\$ 1,847,881</u>	<u>1,739,737</u>	<u>1,727,598</u>	<u>12,139</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GENERAL OPERATING**  
**INTERNAL SERVICE FUND**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2017**

EXHIBIT C-3  
Page 2 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Mechanic Expenses</b>				
<i>Mechanic Salaries</i>	100,629	103,589	103,589	0
<i>Overtime Wages</i>	1,000	2,481	2,481	0
<i>Fringe Benefits</i>	2,202	2,613	2,613	0
<i>Social Security</i>	7,775	7,486	7,486	(0)
<i>Retirement</i>	17,409	18,170	18,170	0
<i>Insurance Benefits</i>	12,120	10,970	10,970	(0)
<i>Fuel and Oil</i>	5,000	2,607	2,607	(0)
<i>Meals and Travel Expense</i>	2,000	-	-	-
<i>Emergency Preparation</i>	1,000	-	-	-
<i>Tools and Supplies</i>	18,000	9,507	9,507	0
<i>Telephone/Utilities</i>	1,550	2,285	1,602	683
<i>Structure &amp; Improvement Maintenance</i>	3,000	1,798	1,798	(0)
<i>Vehicle Maintenance</i>	15,000	6,369	6,369	0
<i>Computers/Related Expenses</i>	9,000	2,015	2,015	(0)
<i>Miscellaneous</i>	3,500	2,778	2,556	222
<b>Total Mechanic Expenses</b>	<u>199,185</u>	<u>172,668</u>	<u>171,764</u>	<u>904</u>
<b>General Operating Expenses</b>				
Depreciation/Amortization	22,000	39,845	33,700	6,145
<b>Total General Operating Expenses</b>	<u>22,000</u>	<u>39,845</u>	<u>33,700</u>	<u>6,145</u>
<b>Total Expenses</b>	<u>2,069,066</u>	<u>1,952,250</u>	<u>1,933,061</u>	<u>19,189</u>
<b>Net Operating (Loss) Profit</b>	<u>16,040</u>	<u>(15,043)</u>	<u>(22,477)</u>	<u>(7,434)</u>
<b>Non-Operating Revenues and (Expenses)</b>				
Investment Income	10,000	15,045	22,477	7,432
Interest (Expense)	-	-	-	-
Other Income (Expense)	26,041	-	-	-
<b>Total Non-Operating Revenues and (Expenses)</b>	<u>36,041</u>	<u>15,045</u>	<u>22,477</u>	<u>7,432</u>
<b>Net Income (Loss) for Year</b>	52,081	2	0	(2)
<b>Net Position - Beginning</b>	-	-	-	-
<i>Equity Transfers/Prior Period Adjustment</i>	-	-	-	-
<i>Net Position - Beginning as Restated</i>	-	-	-	-
<b>Net Position - Ending</b>	<u>52,081</u>	<u>2</u>	<u>0</u>	<u>2</u>



## TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
<b>GARBAGE - CITY</b>				
<b>ASSETS</b>				
Cash & Investments	106	1,423,829	1,423,829	106
Accounts Receivable, Net	297,675	1,541,002	1,532,152	306,526
Due from Other Funds	134,551	4,640,191	4,640,119	134,623
<b>Total Assets</b>	<u>432,332</u>	<u>7,605,023</u>	<u>7,596,100</u>	<u>441,254</u>
<b>LIABILITIES</b>				
Accrued Sales Tax Payable	479	138,323	124,992	13,809
Due to Other Funds	-	5,443,420	5,443,420	-
Due to Others	431,853	1,657,729	1,662,137	427,445
<b>Total Liabilities</b>	<u>432,332</u>	<u>7,239,471</u>	<u>7,230,549</u>	<u>441,254</u>
<b>GARBAGE - COUNTY</b>				
<b>ASSETS</b>				
Cash & Investments	93	129,424	129,424	93
Accounts Receivable, Net	27,280	131,868	130,650	28,498
Due from Other Funds	18,833	508,352	518,064	9,120
<b>Total Assets</b>	<u>46,206</u>	<u>769,644</u>	<u>778,139</u>	<u>37,711</u>
<b>LIABILITIES</b>				
Accrued Sales Tax Payable	9,345	23,963	24,577	8,731
Due to Other Funds	9,548	500,842	509,766	624
Due to Others	27,313	129,136	128,093	28,356
<b>Total Liabilities</b>	<u>46,206</u>	<u>653,941</u>	<u>662,436</u>	<u>37,711</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash & Investments	199	1,553,254	1,553,254	200
Accounts Receivable, Net	324,955	2,007,894	2,009,239	323,610
Due from Other Funds	153,384	5,148,543	5,188,706	113,221
<b>Total Assets</b>	<u>478,538</u>	<u>8,709,691</u>	<u>8,751,198</u>	<u>437,031</u>
<b>LIABILITIES</b>				
Accrued Sales Tax Payable	9,824	162,286	149,662	22,448
Due to Other Funds	9,548	5,944,261	5,953,810	(0)
Due to Others	459,166	1,786,865	1,831,448	414,583
<b>Total Liabilities</b>	<u>478,538</u>	<u>7,893,412</u>	<u>7,934,920</u>	<u>437,031</u>



#### OTHER SUPPLEMENTAL INFORMATION

Other supplemental information regarding the system consists of gas and electric connections along with bond payment schedules, the list of the ten largest customers and various insurance coverage of the City of Robstown Utility Systems.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GAS SYSTEM**  
**METERED CUSTOMERS AND NATURAL GAS SOLD**  
**YEAR ENDED DECEMBER 31, 2017 and 2016**

Table F-1

At December 31, 2017 and 2016, the System had gas meter connections as follows:

	<u>2017</u>	<u>2016</u>
Active	3,011	3,073
Inactive	<u>153</u>	<u>157</u>
Total	<u><u>3,164</u></u>	<u><u>3,230</u></u>
MCF - Thousand Cubic Feet of gas sold was:	87,121	95,200

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC LIGHT AND POWER COMPANY**  
**METERED CUSTOMERS AND KILOWATT-HOURS SOLD**  
**YEAR ENDED DECEMBER 31, 2017 and 2016**

Table F-2

At December 31, 2017 and 2016, the System had lighting and power connections as follows:

	<u>2017</u>	<u>2016</u>
Active	4,506	4,566
Inactive	<u>143</u>	<u>130</u>
Total	<u><u>4,649</u></u>	<u><u>4,696</u></u>
 Kilowatt-hours of electricity sold was:	 97,115,447	 93,175,102

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWER SYSTEM**  
**BOND INDEBTNESS AND BOND INTEREST REQUIREMENTS**  
**SEWER SYSTEM REVENUE BONDS - SERIES 2011**  
**DECEMBER 31, 2017**

TABLE F-3

Bonds Due April 1, Year Ending December 31	Principal Amount	1-Jun	1-Dec	Total Annual Requirements	Balance Outstanding End of Year
2017 \$					2,365,000
2018	70,000	43,191	43,191	156,382	2,295,000
2019	70,000	42,509	42,509	155,018	2,225,000
2020	70,000	41,739	41,739	153,478	2,155,000
2021	70,000	40,899	40,899	151,798	2,085,000
2022	75,000	39,971	39,971	154,942	2,010,000
2023	75,000	38,902	38,902	152,804	1,935,000
2024	80,000	37,759	37,759	155,518	1,855,000
2025	80,000	36,479	36,479	152,958	1,775,000
2026	85,000	35,159	35,159	155,318	1,690,000
2027	85,000	33,714	33,714	152,428	1,605,000
2028	90,000	32,226	32,226	154,452	1,515,000
2029	90,000	30,606	30,606	151,212	1,425,000
2030	95,000	28,964	28,964	152,928	1,330,000
2031	100,000	27,182	27,182	154,364	1,230,000
2032	105,000	25,258	25,258	155,516	1,125,000
2033	105,000	23,210	23,210	151,420	1,020,000
2034	110,000	21,162	21,162	152,324	910,000
2035	115,000	18,963	18,963	152,926	795,000
2036	120,000	16,605	16,605	153,210	675,000
2037	125,000	14,115	14,115	153,230	550,000
2038	130,000	11,521	11,521	153,042	420,000
2039	135,000	8,824	8,824	152,648	285,000
2040	140,000	6,023	6,023	152,046	145,000
2041	145,000	3,117	3,117	151,234	-
	<u>2,365,000</u>	<u>658,098</u>	<u>658,098</u>	<u>3,681,196</u>	

**CITY OF ROBSTOWN UTILITY SYSTEMS**

**TABLE F-4**

**SEWER SYSTEM**

**BOND INDEBTNESS AND BOND INTEREST REQUIREMENTS**

**SEWER SYSTEM REVENUE BONDS - SERIES 2014--TWDB CWSRF Loan**

**DECEMBER 31, 2017**

Bonds Due Dec 31st & June 30th,

Year Ending December 31	Amount	30-Jun	31-Dec	Total Annual Requirements	Balance Outstanding End of Year
12/31/17 \$					430,000
12/31/18	20,000	2,461	2,461	24,922	410,000
12/31/19	20,000	2,461	2,461	24,922	390,000
12/31/20	20,000	2,461	2,461	24,922	370,000
12/31/21	20,000	2,461	2,461	24,922	350,000
12/31/22	25,000	2,409	2,409	29,818	325,000
12/31/23	25,000	2,331	2,331	29,662	300,000
12/31/24	25,000	2,231	2,231	29,462	275,000
12/31/25	25,000	2,114	2,114	29,228	250,000
12/31/26	25,000	1,980	1,980	28,960	225,000
12/31/27	25,000	1,830	1,830	28,660	200,000
12/31/28	25,000	1,668	1,668	28,336	175,000
12/31/29	25,000	1,494	1,494	27,988	150,000
12/31/30	25,000	1,309	1,309	27,618	125,000
12/31/31	25,000	1,114	1,114	27,228	100,000
12/31/32	25,000	909	909	26,818	75,000
12/31/33	25,000	694	694	26,388	50,000
12/31/34	25,000	470	470	25,940	25,000
12/31/35	25,000	239	239	25,478	-
	<u>430,000</u>	<u>30,636</u>	<u>30,633</u>	<u>491,269</u>	

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**INSURANCE IN FORCE - ALL FUNDS**  
**YEAR ENDED DECEMBER 31, 2017**

	Policy Number	Coverage	Amount
POWER PLANT BUILDING AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief.	\$ 2,944,368
MECHANIC SHOP AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. Power Plant Rd.	\$ 183,838
WAREHOUSE AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. Power Plant Rd.	\$ 2,948,083
OFFICE BUILDINGS AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. 101 E. Main	\$ 983,677
WASTE WATER BUILDING AND IMPROVEMENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. 35000 Highway 44	\$ 4,333,441
GENERAL LIABILITY Texas Municipal League	9123	Commercial General Liability coverage. Comprehensive auto and general liability, vandalism and malicious mischief. 80% co-insurance.	\$ 4,000,000
Swanter and Gordon	--	Employee Dishonesty	\$ 100,000
Texas Municipal League	9123	Errors and Omissions Liability	\$ 2,000,000
SYSTEM-WIDE Victor O. Schionerer	44158601	Windstorm and Hail	\$ 11,526,680

TABLE F-5

Period		Amount
From	To	
10/1/2017	10/1/2018	\$ 11,065
10/1/2017	10/1/2018	Included
10/1/2017	10/1/2018	Included
10/1/2017	10/1/2018	Included
10/1/2017	10/1/2018	Included
10/1/2017	10/1/2018	\$ 28,136
2/1/2017	2/1/2018	\$ 1,007
10/1/2017	10/1/2018	\$ 4,438
7/17/2017	7/17/2018	\$ 56,490

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
STATISTICAL INFORMATION  
LIST OF TEN LARGEST USERS OF UTILITIES - ALPHABETICAL ORDER  
YEAR ENDED DECEMBER 31, 2017

TABLE F-6

- 1 HEB Groceries
- 2 Nueces County Library
- 3 McDonald's Restaurant
- 4 Frontier Southwest Inc.
- 5 Whataburger
- 6 H&M Hennes & Mauritz LP
- 7 630 Regional Support Command
- 8 Christus Spohn - Robstown
- 9 U.S. Army Reserves
- 10 Robstown Management LLC