

CITY OF ROBSTOWN UTILITY SYSTEMS

**Annual Financial Report
For the Year Ended December 31, 2019**

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

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City of Robstown Utility Systems
Annual Financial Report
for the Year Ended December 31, 2019

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FINANCIAL SECTION



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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, 2019, 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, 2019 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.

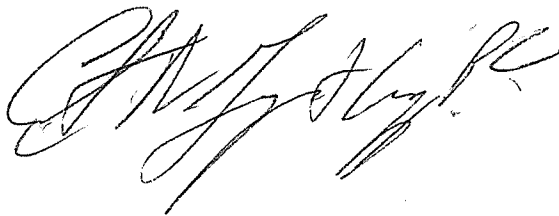
Other-Matters (include Required Supplementary Information)

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 68-69, 74-75, 80-81, and 88-89 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 25, 2020



**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

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, 2019. 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 \$11,941,691. (Exhibit A-1).
- The net position of the Utility Systems increased from \$11,708,814 to \$11,941,691 (an increase of \$232,877). (Exhibit A-2). The net position increase represents a 1.99% increase over the prior year's results. The net position represents 102.01% of the \$11,941,691 (Exhibit A-2) in expenses. The Utility Systems' unrestricted net position (Exhibit B-1) were \$7,091,388 or 60.58% of expenses (Exhibit B-2).
- Total assets were \$19,012,112 and deferred charges (Charges - \$9,750, Pension - \$553,350 and OPEB \$9,301) were \$572,400 (Exhibit B-1); total liabilities for the Utility Systems were \$7,127,888 and deferred credits were \$316,840, deferred inflow of resources- Pension – \$189,225 and deferred inflow of resources – OPEB was \$8,868 (total deferred credits and inflows \$514,933) 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 2.67 times excluding deferred charges and credits. (Exhibit B-1)
- The Utility Systems' quick ratio (current assets to current liabilities) (Exhibit A-1) was 5.20 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, 2019**

- 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 (51.59% - 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, 2019**

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

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets				
Current and Other Assets	\$ 8,905,354	\$ 8,615,840	\$ 289,514	3.36%
Restricted Assets	562,348	705,044	(142,696)	-20.24%
Capital Assets:				
Productive Asset in Service (net)	10,091,055	10,220,530	(129,475)	-1.27%
Other Assets	-	-	-	0.00%
Total Assets	<u>19,558,757</u>	<u>19,541,414</u>	<u>17,343</u>	<u>0.09%</u>
Deferred Outflows of Resources				
Deferred Charges	9,570	17,404	(7,834)	0.00%
Deferred Resources Outflows	888,308	326,308	562,000	0.00%
Deferred Resources Outflows -OPEB	14,926	15,490	(564)	0.00%
Total Deferred Outflows of Resources	<u>912,804</u>	<u>359,202</u>	<u>553,602</u>	<u>154.12%</u>
Liabilities				
Current Liabilities	1,287,482	1,200,133	87,349	7.28%
Restricted Liabilities	97,495	97,495	-	0.00%
Long-term Debt Outstanding	5,874,784	5,025,254	849,530	16.91%
Other Liabilities	635,368	621,178	14,190	2.28%
Total Liabilities	<u>7,895,129</u>	<u>6,944,060</u>	<u>951,069</u>	<u>13.70%</u>
Deferred Inflows of Resources				
Deferred Credits	316,840	617,935	(301,095)	0.00%
Deferred Resources Inflows - Pension	303,670			
Deferred Resources Inflows - OPEB	14,231	629,807	(615,576)	0.00%
Total Deferred Inflows of Resources	<u>634,741</u>	<u>1,247,742</u>	<u>(916,671)</u>	<u>-73.47%</u>
Net Position				
Invested in capital assets	5,250,086	5,844,442	(594,356)	-10.17%
Restricted	104,443	104,331	112	0.11%
Unrestricted	6,587,162	5,760,041	827,121	14.36%
Total Net Position	<u>\$ 11,941,691</u>	<u>\$ 11,708,814</u>	<u>\$ 232,877</u>	<u>1.99%</u>

The Utilities Systems' net position increased by \$232,877 from \$11,708,814 to \$11,941,691 (Exhibit A-1, A-2). Looking more carefully at the data, changes resulted from normal operations. 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 \$1,922,109 to the City of Robstown's General Fund along with providing utility services of \$202,798 to the City of Robstown. (Exhibit A-2, B-2)

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

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

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Charges for Services:				
Electric System	\$ 10,817,517	\$ 11,127,453	\$ (309,936)	-2.79%
Gas System	1,557,524	1,535,151	22,373	1.46%
Wastewater System	1,778,613	1,862,545	(83,932)	-4.51%
Total Charges for Services	<u>14,153,654</u>	<u>14,525,149</u>	<u>(371,495)</u>	<u>-2.56%</u>
Interest Earnings	19,041	9,315	9,726	104.41%
Other	-	-	-	0.00%
Total Revenues	<u>14,172,695</u>	<u>14,534,464</u>	<u>(361,769)</u>	<u>-2.49%</u>
Expenses:				
Division Operating Expenses:				
Electric System	8,373,010	7,646,406	726,604	9.50%
Gas System	1,458,130	1,394,166	63,964	4.59%
Wastewater System	1,875,263	1,684,622	190,641	11.32%
Total Division Operating Expenses	<u>11,706,403</u>	<u>10,725,194</u>	<u>981,209</u>	<u>9.15%</u>
Interest and Debt Expense	108,508	109,254	(746)	-0.68%
Other Expenses - Note 1 Below	-	-	-	0.00%
Free Utility Service to City	202,798	215,924	(13,126)	-6.08%
Total Expenses	<u>12,017,709</u>	<u>11,050,372</u>	<u>967,337</u>	<u>8.75%</u>
Income (loss) Before Transfers and Prior Period Adjustments	2,154,986	3,484,092	(1,329,106)	-38.15%
Prior Period Adjustments	-	(129,410)	129,410	0.00%
Transfer to City	(1,922,109)	(1,937,560)	15,451	-0.80%
Increase (decrease) in Net Position	<u>\$ 232,877</u>	<u>\$ 1,417,122</u>	<u>\$ (1,184,245)</u>	<u>-83.57%</u>

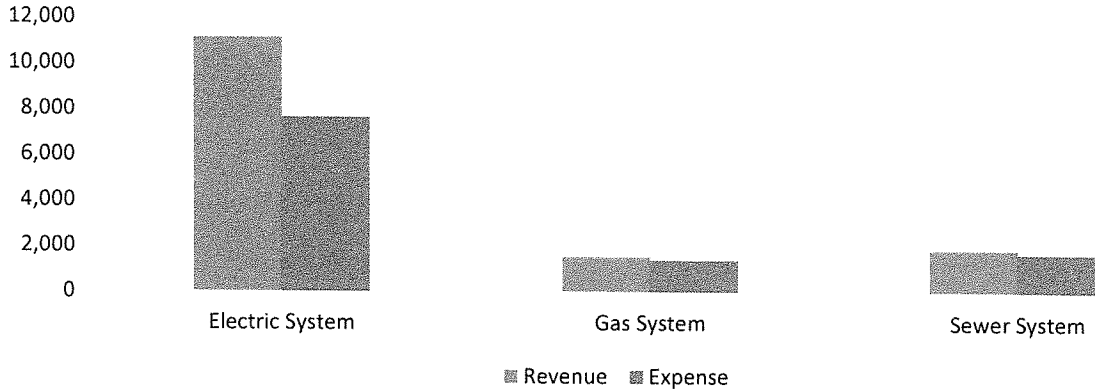
While the balance sheet shows a snapshot of the Utility Systems' financial position at the beginning and ending of the fiscal years, the above statement of revenues, expenses, and changes in net position provides answers as to the nature and source of these changes. In the table above, income before transfers of \$2,154,986, and transfers of \$1,922,109 resulted in an increase in 2019 of \$232,877, which differs from the 2018 where an increase of \$1,417,122 resulted after cash transfers and free service was accounted for to the City. A comparison of the operating expenses shows the Utility Systems' operating expenses increased by \$981,209 or 9.15% in 2019 over 2018, compared to a decrease by \$679,584 or 5.96% in 2018 over 2017. Also, the Utility Systems' revenue decreased in 2019 by \$371,495 or 2.56% compared to 2018 which showed a decrease of \$282,780 or 1.91% over 2017. 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 2019 of \$232,877 compared to 2018 which showed an increase of \$1,417,122 from 2017. The Utility Systems continues to monitor its operation costs and this resulted in a positive net income for 2019 before cash transfers to the City.

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

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

Graph 1:

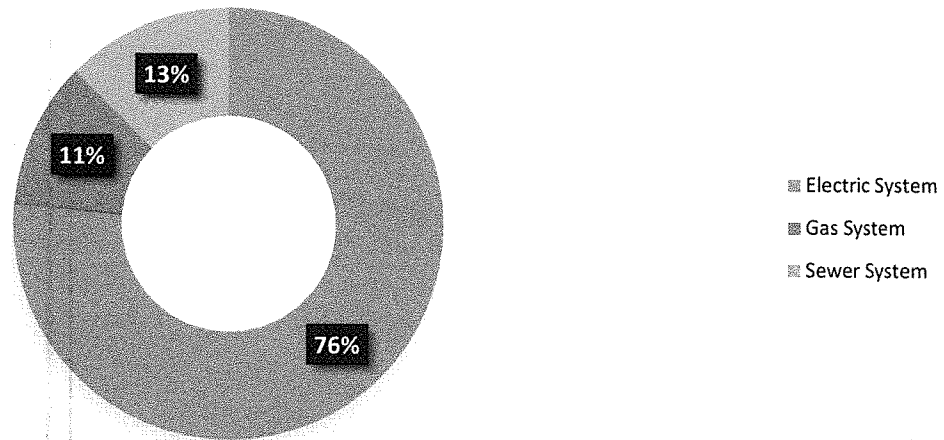
**Program Revenues to Activity Expenditures
(in thousands of dollars)**



The following is a summary of the composition of 2019 Utility Systems' revenues by source:

Chart A-1:

**Revenues By Source
Year Ended December 31, 2019**



During 2019, the customer demand for electricity increased slightly to 4,540 from 4,509. The demand for gas and wastewater treatment services decreased from the prior year from 3,025 to 2,977 and 4,007 to 3,982, respectively. Total electric kwh sales decreased 326,243 or 0.34% in 2019 (94,658,274 kwh) from 2018 (94,984,517 kwh) sold.

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

The gas system decreased by 6.48% to 101,645 Mcf compared to 108,686 Mcf in 2018. The wastewater system experienced a decrease of 7.09% to 378,000 MG in the volume of wastewater treated in 2019 compared to 406,841 MG treated in 2018.

The actual number of residential and commercial Utility Systems' customers were stable in the wastewater, gas and electric for all the divisions for 2019.

Utility Operating Division--Number of Customers

	2019	2018
	Customers	Customers
Electric	4,540	4,509
Gas	2,977	3,025
Wastewater System	3,982	4,007

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 2019.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenue and Receipts:			
Electric System	11,271,572	10,817,517	(454,055)
Gas System	1,566,344	1,557,524	(8,820)
Wastewater System	1,775,003	1,778,613	3,610
	<u>14,612,919</u>	<u>14,153,654</u>	<u>(459,265)</u>
Operating Expenses:			
Purchased Power and Fuel	5,503,597	5,510,027	(6,430)
Operating & Maintenance	3,058,440	4,076,860	(1,018,420)
General Administration	2,486,659	2,119,515	367,144
Total Expenses	<u>11,048,696</u>	<u>11,706,402</u>	<u>(657,706)</u>
Non Operating Profit (Loss)	<u>3,564,223</u>	<u>2,447,252</u>	<u>(1,116,971)</u>
Non Operating Revenues (Expenses)			
Interest and Other Income, (Expense)	(29,316)	19,041	48,357
Free Utility Service to City	(256,505)	(202,798)	53,707
Debt Service-Interest	(138,003)	(108,508)	29,495
Transfers In	-	-	-
Transfers Out to City	(1,922,109)	(1,922,109)	-
Total Non-Operating Revenues (Expenses)	<u>(2,345,933)</u>	<u>(2,214,374)</u>	<u>131,559</u>
Net Income	<u>\$ 1,218,290</u>	<u>\$ 232,878</u>	<u>\$ (985,412)</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

The electric system revenues decreased during the year along with the decrease of the kwh usage. The gas system experienced a significant decrease in consumption resulting from a warmer winter temperatures. The natural gas cost decreased by \$87,379 (Exhibit B-11) and this resulted in a pass-through of \$325,934 for actual cost of sales and an unfavorable budget variance of \$(6,430) (in Gas revenues) (Exhibit B-12). Electric 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 over budget by \$93,868 (Exhibit C-3) and passed thru to the other departments, this compares to the prior year 2018 where the System was under budget by \$93,039.

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 2019, the Utility Systems' net investment in capital assets amounted to \$10,091,055 which is stated net of \$30,015,835 less \$19,924,780 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 2019, the total decrease in the Utility Systems' investment in capital assets was \$129,475 compared to \$167,201 in 2018, this is net of capital acquired and depreciation costs. (Exhibit A-1)

Table A-4: Capital Assets (net of depreciation) at December 31, 2019.

	2019	2018	Dollar Change
Land and Land Rights	\$ 43,785	\$ 43,785	\$ -
Construction in Progress	372,586	372,586	-
Plant Project and Equipment	29,599,464	28,921,934	677,530
Accumulated Depreciation	(19,924,780)	(19,117,775)	(807,005)
Utility Plant, net	<u>\$ 10,091,055</u>	<u>\$ 10,220,530</u>	<u>\$ (129,475)</u>

Long-term Debt and Debt Administration

Table A-5 indicates that total long-term debt decreased by \$262,942 for 2019 or 7.30% compared to 2018 which decreased by \$10,396 or 0.29%. Total debt outstanding at year end was \$3,339,907 at 2019.

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

The reductions in revenue bonds occurred through scheduled principal payments.

Table A-5 Long-Term Liabilities-Current Leases at December 31, 2019

	<u>Total</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Change</u>
			<u>19-18</u>	<u>19-18</u>
Revenue Bonds	\$ 2,615,000	\$ 2,705,000	\$ (90,000)	-3.33%
Capital Leases	-	-	-	0.00%
Notes Payable	509,147	690,244	(181,097)	-26.24%
Compensated Absences	215,760	207,605	8,155	3.93%
Total Debt	<u>\$ 3,339,907</u>	<u>\$ 3,602,849</u>	<u>\$ (262,942)</u>	<u>-7.30%</u>

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

Table A-6: Debt Coverage Ratio

	<u>2019</u>	<u>2018</u>
Operating Revenue	\$ 14,153,654	\$ 14,525,149
Interest and Other Income, Expenses	19,041	9,315
Revenue per Certificate Resolution	14,172,695	14,534,464
Cost of Operation and Maintenance, Net of Depreciation and Required Payments to the City of Robstown	10,637,008	9,646,901
Net Revenue per Certificate Resolution	<u>\$ 3,535,687</u>	<u>\$ 4,887,563</u>
Annual Debt Service Requirements	173,237	166,298
Debt Service Coverage Ratio (times)	<u>20.41</u>	<u>29.39</u>

As of December 31, 2019 the Utility Systems had outstanding revenue bonds payable of \$2,615,000. 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 2020 ADOPTED OPERATING BUDGET

The adopted budget for fiscal year 2020 sets the Utility Systems' revenues from all sources at \$17,065,041 (which does not include interest income of \$18,500), and is up \$208,390 from the prior year's budget. The current year's actual sales were \$14,153,654 (Exhibit A-2) and down from the prior year actual sales of \$14,525,149. At December 31, 2019, 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.

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

In 2019, the Utility Systems' expenditures, including transfers to the City of \$1,992,109 and capital outlay of \$677,530, less depreciation and amortization budget of \$807,004, equal budgeted expenditures of \$11,136,276 for the 2019 budget year. The 2019 Budget operating expenses were comparable to the prior year's budget.

The Utility Systems' is projecting to spend \$670,111 in capital expenditures for the year 2020 compared to the 2019 budget prior year which expended \$821,000.

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, 2019**

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.

Employees covered by benefit terms.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	2017	2018
Inactive employees or beneficiaries currently receiving benefits	38	38
Inactive employees entitled to but not yet receiving benefits	50	58
Active employees	<u>41</u>	<u>43</u>
Total	<u>129</u>	<u>139</u>

Contributions

The contribution rates for employees in TMRS are 5% of employee gross earnings, and the city matching percentages are 150%, 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 13.09% and 13.22% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended December 31, 2019, were \$315,176, 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, 2019 AND 2018

EXHIBIT A-1
Page 1 of 2

	December 31, 2019	December 31, 2018
ASSETS		
Current Assets:		
<i>Cash and cash equivalents</i>	\$ 5,095,750	4,856,086
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	3,197,619	3,185,896
<i>Materials & Supplies Inventory</i>	553,325	507,405
<i>Prepaid Expenses</i>	58,660	66,453
<i>Total Current Assets</i>	<u>\$ 8,905,354</u>	<u>8,615,840</u>
Restricted Assets:		
<i>Cash and Bonds</i>	\$ 562,348	705,044
<i>Total Restricted Assets</i>	<u>\$ 562,348</u>	<u>705,044</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>	29,599,464	28,921,934
<i>Less Accumulated Depreciation</i>	(19,924,780)	(19,117,775)
<i>Total Net Fixed Assets</i>	<u>\$ 10,091,055</u>	<u>10,220,530</u>
Intangible Assets		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 19,558,757</u>	<u>19,541,414</u>
<i>Deferred out flow of resources</i>		
<i>Deferred Fuel Charge</i>	\$ 9,570	17,404
<i>Deferred Resources Outflows</i>	888,308	326,308
<i>Deferred Resources Outflows-OPEB</i>	14,926	15,490

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET POSITION	December 31, 2019	December 31, 2018
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 54,442	5,497
<i>Administration Accounts Payable</i>	496,337	556,091
<i>Accumulated Compensation Absences</i>	215,760	207,605
<i>Accrued Wages</i>	100,711	100,285
<i>Other Liabilities</i>	141,504	19,905
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Notes Payable</i>	142,062	181,097
<i>Internal Balances</i>	136,666	129,654
<i>Total Current Liabilities</i>	<u>\$ 1,287,482</u>	<u>1,200,133</u>
Payable from Restricted Assets:		
<i>Accrued Interest Payable</i>	\$ 7,495	7,495
<i>Current Portion of Revenue Bonds Payable</i>	90,000	90,000
<i>Total Payable from Restricted Assets</i>	<u>\$ 97,495</u>	<u>97,495</u>
Long-Term Liabilities		
<i>Capital Leases Payable - Net of Current Portion</i>	\$ -	-
<i>Notes Payable</i>	367,085	509,147
<i>Pension Liability</i>	2,828,333	1,738,914
<i>OPEB Liability</i>	154,366	162,193
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,525,000	2,615,000
<i>Total Long-Term Liabilities</i>	<u>\$ 5,874,784</u>	<u>5,025,254</u>
Other Liabilities		
<i>Customer Deposits</i>	\$ 635,367	621,177
<i>Total Other Liabilities</i>	<u>635,367</u>	<u>621,177</u>
<i>Total Liabilities</i>	<u>\$ 7,895,128</u>	<u>6,944,059</u>
Deferred inflow of resources		
<i>Deferred Fuel Credits</i>	\$ 316,840	617,935
<i>Deferred Resources Inflows-Pension</i>	\$ 303,670	629,807
<i>Deferred Resources Inflows-OPEB</i>	14,231	-
Net Position:		
<i>Invested in Capital Asset</i>	\$ 5,250,086	5,844,442
<i>Restricted for Revenue Bond Debt</i>	104,443	104,331
<i>Unrestricted</i>	6,587,161	5,760,041
<i>Total Net Position</i>	<u>\$ 11,941,691</u>	<u>11,708,814</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, 2019 AND 2018

EXHIBIT A-2

	December 31, 2019	December 31, 2018
Operating Revenues:		
<i>Sales and Service</i>	\$ 14,153,654	14,525,149
<i>Total Revenue</i>	<u>\$ 14,153,654</u>	<u>14,525,149</u>
Operating Expenses:		
<i>Cost of Sales</i>	\$ 5,510,027	5,685,428
<i>Cost of Services Provided</i>	2,109,085	1,366,869
<i>Power Plant Operations Expenses</i>	715	966
<i>Distribution Expenses</i>	2,045,427	1,756,654
<i>Substation Expenses</i>	4,275	29,016
<i>Plant and Operating Expenses</i>	1,221,382	1,091,973
<i>General and Administrative Expenses:</i>		
<i>Insurance/Retirement</i>	57,403	41,172
<i>Depreciation/Amortization</i>	758,088	753,115
<i>Bad Debts</i>	-	-
<i>Total Operating Expenses</i>	<u>\$ 11,706,403</u>	<u>10,725,194</u>
Net Operating (Loss) Profit	<u>\$ 2,447,251</u>	<u>3,799,955</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 19,041	9,315
<i>Interest (Expense)</i>	(108,508)	(109,254)
<i>Loss on Disposal of Asset</i>	-	-
<i>Other Income (Expenses)</i>	-	-
<i>Free Utility Service to City</i>	(202,798)	(215,924)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (292,265)</u>	<u>(315,863)</u>
<i>Net Income (Loss) for Year</i>	<u>\$ 2,154,986</u>	<u>3,484,092</u>
<i>Net Position - Beginning</i>	\$ 11,708,814	10,291,692
<i>Prior Period Adjustment/Equity Transfers</i>	-	(129,410)
<i>Net Position - Beginning as Restated</i>	<u>\$ 11,708,814</u>	<u>10,162,282</u>
<i>Cash Transfers to City</i>	(1,922,109)	(1,937,560)
<i>Net Position - Ending</i>	<u>\$ 11,941,691</u>	<u>11,708,814</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, 2019 AND 2018

Exhibit A-3

	December 31, 2019	December 31, 2018
Cash flow from operating activities:		
<i>Cash received from customers</i>	\$ 16,250,020	16,261,907
<i>Cash Receipts (Payments) for Interfund Services Provided and Used</i>	-	-
<i>Cash Payments to Employees for Services</i>	(3,436,625)	(3,000,058)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(9,873,497)	(8,298,975)
Net Cash Provided (Used) by Operating Activities	\$ 2,939,898	4,962,874
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments from (for) Borrowings</i>	\$ (476,279)	695,301
<i>Other Proceeds</i>	787,956	(1,335,045)
<i>transfers Out to City and Free Service to City</i>	(2,167,316)	(2,139,489)
Net Cash Provided (Used) by Non-capital Financing Activities	\$ (1,855,639)	(2,779,233)
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long term Debt</i>	\$ (211,680)	(104,105)
<i>Principal and Interest Paid</i>	(146,827)	(104,298)
<i>Acquisition or Construction of Capital Assets</i>	(677,530)	(635,204)
Net Cash Provided (Used) for Capital & Related Financing Activities	\$ (1,036,037)	(843,607)
Cash Flows from Investing Activities:		
<i>Interest and Dividends on Investments</i>	\$ 48,744	53,802
Net Cash Provided (Used) for Investing Activities	\$ 48,744	53,802
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 96,967	1,393,836
Cash and Cash Equivalents at Beginning of Year	5,561,130	4,167,294
Cash and Cash Equivalents at End of Year	\$ 5,658,097	5,561,130
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 2,421,698	3,756,698
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	807,004	802,407
<i>Provision for Uncollectible Accounts</i>	-	-
Change in Assets and Liabilities		
<i>Decrease (Increase) in Receivables</i>	(11,723)	(15,073)
<i>Decrease (Increase) in Inventories</i>	(45,920)	(32,368)
<i>Decrease (Increase) in Prepaid Expenses</i>	7,793	7,550
<i>Decrease (Increase) in Deferred Charges</i>	7,834	(17,404)
<i>Increase (Decrease) in Accounts Payable</i>	(45,130)	13,636
<i>Increase (Decrease) in Sales Tax Payable</i>	34,321	(7,061)
<i>Increase (Decrease) in Accrued Wages Payable</i>	426	2,968
<i>Increase (Decrease) in Accumulated Compensation Absences</i>	8,155	(20,681)
<i>Increase (Decrease) in Capital Leases</i>	-	-
<i>Increase (Decrease) in Notes Payable</i>	(5,810)	7,389
<i>Increase (Decrease) in Customer Deposits</i>	14,190	6,945
<i>Increase)Decrease) in Deferred Fuel Charges</i>	(512,347)	683,742
<i>Increase (Decrease) in Accrued Expense</i>	259,406	(225,874)
Total Adjustments	\$ 518,199	1,206,176
Net Cash Provided by Operating Activities	\$ 2,939,898	4,962,874
<i>Cash and Cash Equivalents, Unrestricted</i>	\$ 5,095,749	5,150,260
<i>Cash and Cash Equivalents, Restricted</i>	562,348	410,870
	\$ 5,658,097	5,561,130

The accompanying notes are an integral part of this statement.

CITY OF ROBSTOWN UTILITY SYSTEMS
COMBINING BALANCE SHEET
ALL AGENCY FUND
DECEMBER 31, 2019 AND 2018

EXHIBIT A-4

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
ASSETS		
Current Assets:		
<i>Cash and cash equivalents</i>	\$ 199	200
<i>Account Receivable - Net of Provisions for Doubtful accounts</i>	406,211	403,658
<i>Due From Other Utility funds</i>	136,666	130,215
<i>Total Current Assets</i>	<u>\$ 543,076</u>	<u>534,073</u>
TOTAL ASSETS	<u><u>\$ 543,076</u></u>	<u><u>534,073</u></u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Sales Tax Payable</i>	\$ 13,448	9,428
<i>Due to Other Utility Funds</i>	-	449
<i>Due to Others</i>	529,628	524,196
<i>Total Current Liabilities</i>	<u>\$ 543,076</u>	<u>534,073</u>
Total Liabilities	<u>\$ 543,076</u>	<u>534,073</u>
Net Position:	<u>\$ -</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 543,076</u></u>	<u><u>534,073</u></u>

NOTES TO FINANCIAL STATEMENTS

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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, 2019.

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, 2019

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 2019 and 2018, the System provides monthly transfers as an operational fee to the City which totaled \$1,922,109, and \$1,937,560 and free service of \$202,798 and \$215,924 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, 2019

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 2019. 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, 2019

	<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, 2019

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.

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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, 2019 and 2018, the carrying amount of the Systems' deposits (cash, certificates of deposit, and interest-bearing savings accounts including the temporary investments) was \$5,658,098, and \$5,561,130, respectively, and the bank balance and temporary investment balance was \$3,003,000 and \$4,045,414 respectively. The System's cash deposits at December 31, 2019 and 2018, and during the years ended December 31, 2019 and 2018, were 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 2019 but not completely covered in 2018.

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, 2019 and 2018:

December 31, 2019:

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Carrying Value</u>	<u>Market Value</u>
Texpool	N/A	AAAm (S&P)	\$ 2,669,458	\$ 2,669,458
Total Investments			<u>\$ 2,669,458</u>	<u>\$ 2,669,458</u>

December 31, 2018:

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Texpool	N/A	AAAm (S&P)	\$ 927,670	\$ 927,670
Total Investments			<u>\$ 927,670</u>	<u>\$ 927,670</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
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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.

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.

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State law and the System adopted Investment Policy restricts both time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full insurance and/or collateralized from these depositories (banks and credit unions). Collateral, with a 102% margin, is required and collateral is limited to obligations of the US Government, its agencies or instrumentalities and municipal obligations rated no less than A or equivalent by two nationally recognized rating agencies (NRSRO). Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are monitored and priced at market on a daily basis as a contractual responsibility of the bank.

By policy and state law GICs and repurchase agreements are limited to those with defined termination dates executed with a Texas bank or a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard, written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed 90 days to stated maturity.

By policy and state law commercial paper must be rated A1/P1 or equivalent by two NRSROs. Bankers acceptances must have an issuer with a A1/P1 rating and be eligible for collateral at the Federal Reserve. Brokered certificate of deposit securities must be fully FDIC insured.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one NRSRO.

Concentration of Credit Risk

The System recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The System's adopted Investment Policy establishes diversification as a major objective of the investment program.

As of December 31, 2019, the System was well within the diversification objectives of the policy.

A segmented time distribution Report is provided below.

Interest Rate Risk

In order to limit interest and market rate risk from changes in interest rates, the System adopted Investment Policy sets a maximum stated maturity date of three years. The Policy establishes a maximum weighted average maturity (WAM) of one year for the total portfolio. A segmented time distribution analysis of the portfolio by market sector.

Custodial Credit Risk

To control custody and safekeeping risk, state law and the System's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the System and held in the System's name.

CITY OF ROBSTOWN UTILITY SYSTEMS
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The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Depository agreements are executed under the terms of FIRREA. The counter-party of each type transaction is held contractually responsible for monitoring and maintaining the required collateral margins on a daily basis.

Repurchase agreements, GICs, and deposits must be collateralized to 102% and be executed under written agreements with independent safekeeping.

As of December 31, 2019:

- all time and demand depository accounts were fully insured or collateralized to policy requirements,
 - the portfolio contained no repurchase agreements, and
- all pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

GASB Statement 72 regarding *Fair Value, Measurement and Application* for financial reporting purposes categorizes financial instruments within three different levels of risk dependent upon the measure of their fair value and pricing.

Because the investments are restricted by Policy and state law to active secondary market, the *market approach* is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The *exit* or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

For GASB Statement 72, as of December 31, 2019, the System had the following investments and the securities to be priced in the portfolio were:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$0	0	0	\$0
U.S. Gov't Agencies	\$3,617,335	0	0	\$3,617,335
Commercial Paper	\$0	\$0	0	\$0
Total Fair Value	\$3,617,335	\$0	0	\$3,617,335

Listing of Structured Notes with Interest Rate Risk – GASB 40 Reporting

Security	Par	Coupon	Purchase Date	Maturity Date	Structure	Book Val.	Market Val.
FN AR7285	100,627	3.50%	2019	7/1/2043	Call Qtr 5 days	100,627	106,158
FN BC 6743	98,002	2.50%	2019	5/1/2031	"	98,002	99,522
FN BH5083	3,154,887	4.00%	2019	7/1/2047	"	3,154,887	3,324,310
FN MA2287	87,877	3.00%	2019	6/1/2035	"	84,877	87,345
	<u>3,438,393</u>			Total		3,438,393	3,617,335

CITY OF ROBSTOWN UTILITY SYSTEMS
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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, 2019, can be summarized as follows:

	Internal Service	Gas System	Electric Light & Power	Sewer System	Total Receivables
Accounts Receivable & Unbilled	\$ 2,510	\$ 433,498	\$ 2,576,918	\$ 477,680	\$ 3,490,606
Less: Allowance for Doubtful Accounts	-	(32,112)	(207,019)	(53,856)	(292,987)
Accounts Receivable, net	<u>\$ 2,510</u>	<u>\$ 401,386</u>	<u>\$ 2,369,899</u>	<u>\$ 423,824</u>	<u>\$ 3,197,619</u>

The Electric Department has a \$330,774 receivable from the City of Robstown which is reflected in the financial statements with the above. In addition, the Robstown Improvement Development Corporation has a loan from the Utility System for \$215,000.

Accounts receivable from customers in the normal course of business at December 31, 2018, can be summarized as follows:

	Internal Service	Gas System	Electric Light & Power	Sewer System	Total Receivables
Accounts Receivable & Unbilled	\$ 2,657	\$ 459,261	\$ 2,524,754	\$ 485,848	\$ 3,472,520
Less: Allowance for Doubtful Accounts	-	(31,401)	(202,493)	(52,730)	(286,624)
Accounts Receivable, net	<u>\$ 2,657</u>	<u>\$ 427,860</u>	<u>\$ 2,322,261</u>	<u>\$ 433,118</u>	<u>\$ 3,185,896</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. 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.

CITY OF ROBSTOWN UTILITY SYSTEMS
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E. Inter-fund Receivables and Payables

Balances due to and from other funds at December 31, 2019, 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	\$ 136,666	Short-term Loans
Enterprise Funds	Other Enterprise Funds	-	Long-term Loans
	Internal Service Fund	5,114,501	Long-term Loans
Internal Service Funds	Enterprise Fund	1,174,941	Long-term Loans
	Total	\$ 6,426,108	

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, 2018, 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	\$ 130,215	Short-term Loans
Enterprise Funds	Other Enterprise Funds	-	Long-term Loans
	Internal Service Fund	4,821,844	Long-term Loans
Internal Service Funds	Enterprise Fund	106,950	Long-term Loans
	Total	\$ 5,059,009	

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, 2019, 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	11,449,462	13,424,267	2,783,002	1,942,734	29,599,465
Less: Accumulated Depreciation	(5,899,453)	(10,468,337)	(2,098,483)	(1,458,508)	(19,924,781)
Totals	5,924,009	2,978,301	684,519	504,226	10,091,055

Fixed asset activity for the period ended December 31, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<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	416,371	-	-	416,371
<i>Capital Assets Being Depreciated:</i>				
Plant, Property, Equipment	28,921,935	677,530	-	29,599,465
Total Capital Assets Being Depreciated	28,921,935	677,530	-	29,599,465
Less Accumulated Depreciation for:				
Plant, Property and Equipment	(19,117,776)	(807,005)	-	(19,924,781)
Total Accumulated Depreciation	(19,117,776)	(807,005)	-	(19,924,781)
Total Capital Assets Being Depreciated, Net	9,804,159	(129,475)	-	9,674,684
Activities of Capital Assets, Net	\$ 10,220,530	\$ (129,475)	\$ -	\$ 10,091,055

Depreciation expense for 2019 was \$807,005.

CITY OF ROBSTOWN UTILITY SYSTEMS
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A Summary of fixed assets at December 31, 2018, 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	11,121,318	13,129,857	2,729,925	1,940,834	28,921,934
Less: Accumulated Depreciation	<u>(5,477,853)</u>	<u>(10,207,986)</u>	<u>(2,022,345)</u>	<u>(1,409,591)</u>	<u>(19,117,775)</u>
Totals	<u>6,017,465</u>	<u>2,944,242</u>	<u>707,580</u>	<u>551,243</u>	<u>10,220,530</u>

Fixed asset activity for the period ended December 31, 2018, 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	416,371	-	-	416,371
<i>Capital Assets Being Depreciated:</i>				
Plant, Property, Equipment	28,286,730	635,205	-	28,921,935
Total Capital Assets Being Depreciated	28,286,730	635,205	-	28,921,935
Less Accumulated Depreciation for:				
Plant, Property and Equipment	(18,315,369)	(802,407)	-	(19,117,776)
Total Accumulated Depreciation	(18,315,369)	(802,407)	-	(19,117,776)
Total Capital Assets Being Depreciated, Net	9,971,361	(167,202)	-	9,804,159
Activities of Capital Assets, Net	<u>\$ 10,387,732</u>	<u>\$ (167,202)</u>	<u>\$ -</u>	<u>\$ 10,220,530</u>

Depreciation expense totaled \$802,407 for 2018.

G. Changes in Long-Term Debt

	Balance December 31, 2018	Issued	Retired	Balance December 31, 2019	Amounts Due Within One Year
Revenue Bonds	\$ 2,705,000	\$ -	\$ 90,000	\$ 2,615,000	\$ 90,000
Capital Leases	-	-	-	-	-
Notes Payable	690,243	-	181,096	509,147	142,062
Accrued Compensated Absences	207,604	11,589	3,433	215,760	21,576
Totals	<u>\$ 3,602,847</u>	<u>\$ 11,589</u>	<u>\$ 274,529</u>	<u>\$ 3,339,907</u>	<u>\$ 253,638</u>

H. Revenue Bonds and Notes Payable

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

	2019	2018
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.	\$ 390,000	\$ 410,000
Subtotal	390,000	410,000
Less: Current Portion Revenue Bond Payable	20,000	20,000
Long Term Revenue Bonds Payable	<u>\$ 370,000</u>	<u>\$ 390,000</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	\$ 2,225,000	\$ 2,295,000
Less: Current Portion Revenue Bond Payable	70,000	70,000
Long Term Revenue Bonds Payable	2,155,000	2,225,000
Total Bonds	<u>\$ 2,615,000</u>	<u>\$ 2,705,000</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
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The annual requirements to amortize the note payable obtained during the year are as follows:

Year Ended December 31	Principal	Interest	Total Requirements
2020	\$ 142,062	\$ 17,188	\$ 159,250
2021	143,238	11,802	155,040
2022	148,830	6,212	155,042
2023	75,017	1,080	76,097
2024	-	-	-
Thereafter	-	-	-
Totals	\$ 509,147	\$ 36,282	\$ 545,429

The annual requirements to amortize all debt outstanding as of December 31, 2019, including interest payments are as follows:

Sewer	Revenue Bonds		
	Year Ended December 31	Principal	Interest
2020	90,000	88,400	178,400
2021	90,000	86,720	176,720
2022	100,000	84,760	184,760
2023	100,000	82,466	182,466
2024	105,000	79,980	184,980
Thereafter	2,130,000	773,896	2,903,896
Totals	\$ 2,615,000	\$ 1,196,222	\$ 3,811,222

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, 2019:

<u>Year Ending December 31:</u>	
2019	-
2020	-
2021	-
2022	-
2023	-
Total Minimum Lease Payments	\$ -
Less: Amount Representing Interest	-
Present Value of Future Minimum Lease Payments	<u>\$ -</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
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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.

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, 2019 was \$215,760, respectively.

K. PENSIONS

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.

Defined Benefit Pension Plan

A. Plan Description

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.tmr.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.

CITY OF ROBSTOWN UTILITY SYSTEMS
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Continued-

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.

Employees covered by benefit terms.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2017</u>	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefits	38	38
Inactive employees entitled to but not yet receiving benefits	50	58
Active employees	<u>41</u>	<u>43</u>
Total	<u>129</u>	<u>139</u>

C. Contributions

The contribution rates for employees in TMRS are 5% of employee gross earnings, and the city matching percentages are 150%, 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 13.22% and 13.09% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended December 31, 2019 and 2018, were \$315,176 and \$295,225 respectively, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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
Other Notes	Decreased municipal matching ratio from 2-1 to 1.5 to 1.

CITY OF ROBSTOWN UTILITY SYSTEMS
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YEAR ENDED DECEMBER 31, 2019

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.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. 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.

<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 14,917,908	\$ 13,178,993	\$ 1,738,915
Changes for the year:			
Service cost	223,317	-	223,317
Interest	991,960	-	991,960
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(128,018)	-	(128,018)
Changes in Assumptions	-	-	-
Contributions – Employer	-	288,972	288,972
Contributions – Employee	-	111,658	111,658
Net Investment Income	-	(394,762)	(394,762)
Benefit Payments, Including Refunds of Employee Contributions	(667,717)	(667,717)	-
Administrative Expense	-	(7,630)	(7,630)
Other Changes	-	(397)	(397)
Net Changes	\$ 419,542	\$ (669,876)	\$ 1,089,418
Balance at 12/31/2018	\$ 15,337,450	\$ 12,509,117	\$ 2,828,333

Changes in a pension asset or liability occurs due to changes in the actuarial data – valuations, rates, changes in retirees and other pertinent data.

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	\$4,752,036	\$2,828,333	\$1,223,309

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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.tmr.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/(income) of \$389,338.

At December 31, 2019, the system reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$8,806	\$303,670
Changes in actuarial assumptions	\$16,895	\$0
Difference between projected and actual investment earnings	\$585,380	\$0
Contributions subsequent to the measurement date	\$307,227	\$0
Total	\$888,308	\$303,670

\$307,227 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, 2019. 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:	
2019	\$254,496
2020	\$104,198
2021	\$104,370
2022	\$119,189
2023	\$(139,313)
Thereafter	\$(165,529)

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Other Post-Employment Benefits (OPEB) – GASB 75

The total OPEB liability of the Texas Municipal Retirement System (the “TMRS”) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Benefits Provided

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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). The death benefit for retirees is considered another employment benefit and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund.

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each Utility. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the Utility. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Employees of the Utility were required to contribute 0.0% of their annual gross earnings during the fiscal year. The contribution rates for the Utility were 0.28% and 0.33% in calendar years 2018 and 2019, respectively. The Utility’s contributions to TMRS for the year ended December 31, 2019 were \$7,948 and were equal to the required contributions.

Total OPEB Liability

Actuarial assumptions. The actuarial assumptions used in the calculation of the funding valuation for the Supplemental Death Benefits Fund (SDBF) are based on the Mortality Experience Investigation Study covering 2010 through 2014, and dated December 31, 2014. These assumptions were first used in the December 31, 2017 valuation. For purposes of developing the SDBF contribution rates, no other demographic assumptions are applicable.

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

I. Assumptions

- A. Mortality Rates — Same as for the Pension Trust Fund.
- B. Investment Return — A statutory interest credit of 5% is allocated annually and is not dependent on investment earnings.
- C. Actuarial Cost Method — For the purpose of calculating an employer's actuarially determined contribution rate, the one-year term cost is used.
- D. Valuation of Assets — Assets in the SDBF are valued at fund value (or fund balance); however, since the contribution rates are based just on the one-year term cost, assets are not included in developing the rate.
- E. Changes in Actuarial Assumptions and Methods — There were no changes since the prior valuation.

II. Benefit Provisions

- A. Participation in SDBF — Participation in the SDBF is optional and may be rescinded. Each municipality that chooses to participate can elect to cover just active members, or both active and retired members.
- B. Benefit Eligibility — Benefits are payable if the death occurs during the period in which a municipality has elected to participate in the SDBF. For retirees who had service with multiple TMRS employers, benefits are payable only if the municipality from which the member retired participates in the SDBF when the death occurs.
- C. Benefit Amount — 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). The death benefit for retirees is a fixed amount of \$7,500.

Discount rate. The discount rate used to measure the Total OPEB Liability was 3.31%. 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.

<i>Changes in the Net Pension Liability</i>	Total OPEB Liability (a)
Balance at 12/31/2017	\$ 162,193
Changes for the year:	
Service cost	5,806
Interest	5,443
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(7,968)
Changes in Assumptions	(9,768)
Contributions – Employer	-
Contributions – Employee	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(1,340)
Administrative Expense	-
Other Changes	-
Net Changes	\$ (7,827)
Balance at 12/31/2018	\$ 154,366

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Sensitivity of the total OPEB liability to changes in the discount rate. The following shows the total OPEB liability calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate.

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
City's net pension liability	\$180,362	\$154,366	\$133,272

OPEB plan total liability. Detailed information about the OPEB plan's Total OPEB Liability is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended December 31, 2019, the City recognized OPEB expense of \$10,024.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$0	\$6,393
Changes in actuarial assumptions	\$6,978	\$7,838
Difference between projected and actual investment earnings	\$-0-	\$0
Contributions subsequent to the measurement date	\$7,948	\$0
Total	\$14,926	\$14,231

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

\$6,232 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, 2019. 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:	
2020	\$(1,225)
2021	\$(1,225)
2022	\$(1,225)
2023	\$(3,367)
2024	\$(211)
Thereafter	\$0

L. POST EMPLOYMENT HEALTH CARE BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid in full by the insured for the actual month covered. This program is offered for a period of 18 months after the termination date. There is no associated cost to the City under this program.

City supplemental death to:	Plan Year 2019	Plan Year 2018
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

Contributions

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 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 2019, 2018 and 2017 were \$7,948, \$6,232, and \$5,670, respectively, which equaled the required contributions each year.

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

M. Health Care Coverage

During the year ended December 31, 2019, employees of the System were covered by a health insurance plan (the Plan). The System paid premiums of \$435.12 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.

N. 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.

O. Related Party Transactions

During 2019, 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	\$ -	\$ -	\$ 1,992,109	\$ -	\$ 1,992,109
Free Utility to City	-	2,610	193,791	6,398	202,799
Total	<u>\$ -</u>	<u>\$ 2,610</u>	<u>\$ 2,185,900</u>	<u>\$ 6,398</u>	<u>\$ 2,194,908</u>

During 2018, 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	\$ -	\$ -	\$ 1,937,560	\$ -	\$ 1,937,560
Free Utility to City	-	2,505	207,021	6,398	215,924
Total	<u>\$ -</u>	<u>\$ 2,505</u>	<u>\$ 2,144,581</u>	<u>\$ 6,398</u>	<u>\$ 2,153,484</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

P. 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 the Notes. The allocation was changed during the 2019 fiscal year to the following to better allocate the applicable administration costs:

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

Q. Segment Information

Segment information at December 31, 2019 is as follows:

	Gas System	Electric Light & Power System	Sewer System	Total
Income:				
Sales and Services	\$ 1,557,524	\$ 10,817,517	\$ 1,778,613	\$ 14,153,654
Operating Expenses:				
Cost of Sales	325,934	5,184,808	-	5,510,742
Operating, Transmission, and Distribution Expenses	836,546	1,213,157	1,221,382	3,271,085
General and Admin. Expenses	295,650	1,975,046	653,880	2,924,576
Total Operating Expenses	1,458,130	8,373,011	1,875,262	11,706,403
Gross Profit (Loss) from Operations	\$ 99,394	\$ 2,444,506	\$ (96,649)	\$ 2,447,251

Segment information at December 31, 2018 is as follows:

	Gas System	Electric Light & Power System	Sewer System	Total
Income:				
Sales and Services	\$ 1,535,151	\$ 11,127,453	\$ 1,862,545	\$ 14,525,149
Operating Expenses:				
Cost of Sales	413,313	5,272,116	-	5,685,429
Operating, Transmission, and Distribution Expenses	762,970	1,023,666	1,091,973	2,878,609
General and Admin. Expenses	217,883	1,350,624	592,649	2,161,156
Total Operating Expenses	1,394,166	7,646,406	1,684,622	10,725,194
Gross Profit (Loss) from Operations	\$ 140,985	\$ 3,481,047	\$ 177,923	\$ 3,799,955

R. 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)

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

S. Prior Period Adjustment

Adjustments were made for the GASB 75 Pension liability.

T. 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.

U. Subsequent Events

The System has evaluated subsequent events through May 25, 2020, the date which the financial statements were available to be issued.

V. Deficit Balances - Net Position Deficit

At December 31, 2019, 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, 2019

	Plan Year Ended December 31,				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 223,317	\$ 272,764	\$ 281,354	\$ 268,794	\$ 237,759
Interest (on the total pension liability)	991,960	962,601	963,551	949,552	917,269
Changes of benefit terms	-	(706,204)	-	-	-
Difference between expected and actual experience	(128,018)	(172,840)	2,649	14,327	(158,149)
Change of assumptions	-	-	-	33,915	-
Benefit payments, including refunds of employee contributions	(667,717)	(537,993)	(564,253)	(561,887)	(540,517)
Net Change in Total Pension Liability	419,542	(181,672)	683,301	704,701	456,362
Total Pension Liability - Beginning	14,917,908	15,099,580	14,416,279	13,711,578	13,255,216
Total Pension Liability - Ending (a)	<u>\$ 15,337,450</u>	<u>\$ 14,917,908</u>	<u>\$ 15,099,580</u>	<u>\$ 14,416,279</u>	<u>\$ 13,711,578</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 288,972	\$ 387,334	\$ 391,152	\$ 407,155	\$ 377,200
Contributions - employee	111,658	114,800	118,615	120,126	110,734
Net investment income	(394,762)	1,609,612	739,186	16,182	596,612
Benefit payments, including refunds of employee contributions	(667,717)	(537,993)	(564,253)	(561,887)	(540,517)
Administrative expense	(7,630)	(8,342)	(8,349)	(9,857)	(6,229)
Other	(399)	(423)	(450)	(487)	(512)
Net Change in Plan Fiduciary Net Position	(669,878)	1,564,988	675,901	(28,768)	537,288
Plan Fiduciary Net Position - Beginning	13,178,993	11,614,006	10,938,105	10,966,873	10,429,585
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,509,115</u>	<u>\$ 13,178,994</u>	<u>\$ 11,614,006</u>	<u>\$ 10,938,105</u>	<u>\$ 10,966,873</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,828,335</u>	<u>\$ 1,738,914</u>	<u>\$ 3,485,574</u>	<u>\$ 3,478,174</u>	<u>\$ 2,744,705</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.56%	88.34%	76.92%	75.87%	79.98%
Covered Payroll	\$ 2,233,168	\$ 2,295,993	\$ 2,372,290	\$ 2,347,542	\$ 2,214,670
Net Pension Liability as a Percentage of Covered Payroll	126.65%	75.74%	146.93%	148.16%	123.93%

CITY OF ROBSTOWN UTILITY SYSTEMS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Fiscal Year Ended December 31,				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 307,227	\$ 295,225	\$ 393,303	\$ 397,072	\$ 407,063
Contributions in relation to actuarially determined contribution	(307,227)	(295,225)	(393,303)	(397,072)	(407,063)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 2,408,545	 \$2,233,165	 \$2,295,989	 \$2,367,754	 \$2,347,537
 Contributions as a percentage of covered payroll	 12.76%	 13.22%	 17.13%	 16.77%	 17.34%

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the Utility'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 103% and projected on a fully generational basis with scale BB.

Other Information: There were no benefit changes during the year.

CITY OF ROBSTOWN UTILITY SYSTEMS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Plan Year Ended December 31,	
	2018	2017
Total OPEB Liability		
Service cost	\$ 5,806	\$ 5,051
Interest (on the total OPEB liability)	5,443	5,420
Changes of benefit terms	-	-
Difference between expected and actual experience	(7,968)	-
Change of assumptions	(9,768)	11,538
Benefit payments, including refunds of employee contributions	(1,340)	(1,378)
Net Change in Total OPEB Liability	(7,827)	20,631
Total OPEB Liability - Beginning	162,193	141,562
Total OPEB Liability - Ending (a)	\$ 154,366	\$ 162,193
Covered Payroll	\$ 2,233,168	\$ 2,295,993
Total OPEB Liability as a Percentage of Covered Payroll	6.91%	7.06%

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the Utility'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 103% and projected on a fully generational basis with scale BB.

Other Information:

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, 2019 AND 2018

	Sewage Fund	Electric Fund
ASSETS		
Current Assets:		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 423,824	2,369,899
<i>Materials & Supplies Inventory</i>	-	486,113
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	-	5,072,093
<i>Total Current Assets</i>	\$ 423,824	7,928,105
Restricted Assets:		
<i>Cash</i>	\$ 402,779	154,583
<i>Total Restricted Assets</i>	\$ 402,779	154,583
Capital Assets:		
<i>Land</i>	\$ 1,414	22,371
<i>Construction in Progress</i>	372,586	-
<i>Property, Plant and Equipment</i>	11,449,462	13,424,267
<i>Less Accumulated Depreciation</i>	(5,899,453)	(10,468,337)
<i>Total Net Fixed Assets</i>	\$ 5,924,009	2,978,301
Intangible Assets:		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	\$ -	-
TOTAL ASSETS	\$ 6,750,612	11,060,989
<i>Deferred outflow of resources</i>		
<i>Deferred Fuel Charges</i>	\$ -	-
<i>Deferred Resource Outflows - Pension</i>	142,780	238,620
<i>Deferred Resource Outflows - OPEB</i>	2,399	4,009
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 14,624	35,830
<i>Accumulated Compensation Absences</i>	47,490	59,223
<i>Accrued Wages</i>	-	39,465
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Notes Payable</i>	61,571	44,325
<i>Due to Other Utility Funds</i>	301,956	268,021
<i>Other Current Liabilities</i>	-	-
<i>Total Current Liabilities</i>	\$ 425,641	446,864
Payable from Restricted Assets:		
<i>Accrued Interest Payable</i>	\$ 7,495	-
<i>Current Portion of Revenue Bonds Payable</i>	90,000	-
<i>Total Payable from Restricted Assets</i>	\$ 97,495	-
Long-Term Liabilities:		
<i>Capital Leases Payable - Net of Current Portion</i>	\$ -	-
<i>Notes Payable</i>	150,822	117,566
<i>Pension Liability</i>	454,606	759,756
<i>OPEB Liability</i>	24,812	41,466
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,525,000	-
<i>Total Long-Term Liabilities</i>	\$ 3,155,240	918,788
Other Liabilities:		
<i>Customer Deposits</i>	\$ -	455,055
<i>Total Other Liabilities</i>	-	455,055
Total Liabilities	\$ 3,678,376	1,820,706
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ -	316,840
<i>Deferred inflow of resources - Pension</i>	48,810	81,573
<i>Deferred inflow of resources - OPEB</i>	2,287	3,823
Net Position:		
<i>Invested in Capital Assets</i>	\$ 2,617,198	2,059,513
<i>Restricted for Revenue Bond Debt</i>	104,443	-
<i>Unrestricted</i>	444,678	7,021,163
<i>Total Net Position</i>	\$ 3,166,319	9,080,677

Gas Fund	Totals	
	December 31, 2019	December 31, 2018
401,386	3,195,110	3,183,239
67,211	553,325	507,405
-	-	-
42,408	5,114,501	4,821,844
<u>511,006</u>	<u>8,862,936</u>	<u>8,512,488</u>
4,985	562,348	705,044
<u>4,985</u>	<u>562,348</u>	<u>705,044</u>
-	23,785	23,785
-	372,586	372,586
2,783,002	27,656,731	26,981,100
(2,098,483)	(18,466,272)	(17,708,184)
<u>684,519</u>	<u>9,586,829</u>	<u>9,669,287</u>
-	-	-
-	-	-
<u>1,200,511</u>	<u>19,012,112</u>	<u>18,886,819</u>
9,570	9,570	17,404
172,129	553,530	202,533
2,892	9,301	9,614
3,988	54,442	5,497
27,776	134,488	126,775
11,666	51,131	47,102
-	-	-
15,784	121,680	161,659
773,909	1,343,886	1,116,550
-	-	-
<u>833,123</u>	<u>1,705,627</u>	<u>1,457,584</u>
-	7,495	7,495
-	90,000	90,000
-	<u>97,495</u>	<u>97,495</u>
-	-	-
37,407	305,795	427,475
548,052	1,762,413	1,079,310
29,912	96,190	100,670
-	2,525,000	2,615,000
<u>615,371</u>	<u>4,689,398</u>	<u>4,222,456</u>
180,312	635,367	621,177
<u>180,312</u>	<u>635,367</u>	<u>621,177</u>
<u>1,628,806</u>	<u>7,127,888</u>	<u>6,398,712</u>
-	316,840	617,935
58,843	189,225	390,909
2,758	8,868	-
69,148	4,745,859	5,293,200
-	104,443	104,331
(374,453)	7,091,388	6,311,283
<u>(305,305)</u>	<u>11,941,691</u>	<u>11,708,814</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - ALL ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2019 AND 2018

	Sewage Fund	Electric Fund
	<u> </u>	<u> </u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,778,613	10,817,517
<i>Total Revenue</i>	<u>\$ 1,778,613</u>	<u>10,817,517</u>
Operating Expenses:		
<i>Cost of Sales</i>	\$ -	5,184,093
<i>Power Plant Operations Expenses</i>	-	715
<i>Distribution Expenses</i>	-	1,208,881
<i>Substation Expenses</i>	-	4,275
<i>Plant and Operating Expenses</i>	1,221,382	-
<i>General and Administrative Expenses:</i>		
<i>General Operating (Admin.) Expense</i>	210,585	1,687,915
<i>Insurance</i>	21,695	26,781
<i>Depreciation/Amortization</i>	421,600	260,350
<i>Bad Debts</i>	-	-
<i>Total Operating Expenses</i>	<u>\$ 1,875,262</u>	<u>8,373,010</u>
Net Operating (Loss) Profit	<u>\$ (96,649)</u>	<u>2,444,506</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 9,399	5,974
<i>Interest (Expense)</i>	(98,019)	(8,351)
<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)	(193,791)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (95,018)</u>	<u>(196,167)</u>
Net Income (Loss) for Year	\$ (191,667)	2,248,339
Net Position - Beginning	\$ 3,357,986	8,754,447
Equity Transfers/Prior Period Adjustments	-	-
Net Position - Beginning as Restated	\$ 3,357,986	8,754,447
Cash Transfers to City	-	(1,922,109)
Net Position - Ending	<u>\$ 3,166,319</u>	<u>9,080,677</u>

Gas Fund	Totals	
	December 31, 2019	December 31, 2018
<u>1,557,524</u>	<u>14,153,654</u>	<u>14,525,149</u>
<u>1,557,524</u>	<u>14,153,654</u>	<u>14,525,149</u>
325,934	5,510,027	5,685,428
-	715	966
836,546	2,045,427	1,756,654
-	4,275	29,016
-	1,221,382	1,091,973
210,585	2,109,085	1,366,869
8,927	57,403	41,172
76,138	758,088	753,115
-	-	-
<u>1,458,130</u>	<u>11,706,403</u>	<u>10,725,194</u>
<u>99,394</u>	<u>2,447,251</u>	<u>3,799,955</u>
3,668	19,041	9,315
(2,138)	(108,508)	(109,254)
-	-	-
-	-	-
-	-	-
(2,610)	(202,798)	(215,924)
<u>(1,080)</u>	<u>(292,265)</u>	<u>(315,863)</u>
98,314	2,154,986	3,484,092
<u>(403,619)</u>	<u>11,708,814</u>	<u>10,291,692</u>
-	-	(129,410)
<u>(403,619)</u>	<u>11,708,814</u>	<u>10,162,282</u>
-	(1,922,109)	(1,937,560)
<u>(305,305)</u>	<u>11,941,691</u>	<u>11,708,814</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
STATEMENT OF CASH FLOWS
ALL BUSINESS TYPE ACTIVITIES
YEAR ENDED DECEMBER 31, 2019 AND 2018

	Sewage Fund	Electric Fund
Cash flow from operating activities:		
<i>Cash received from customers</i>	\$ 1,787,907	10,750,359
<i>Cash Payments to Employees for Services</i>	(565,927)	(941,980)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(867,621)	(7,368,898)
Net Cash Provided (Used) by Operating Activities	<u>\$ 354,359</u>	<u>2,439,480</u>
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments) from (for) Borrowings-Other Funds</i>	\$ 195,567	(638,143)
<i>Other Proceeds/Other Adjustment/Transfers</i>	38,412	533,445
<i>Transfers Out to City and Free Service to City</i>	(6,398)	(2,115,900)
<i>Operating Transfers From (To) Other Funds</i>	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>\$ 227,581</u>	<u>(2,220,598)</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long term Debt</i>	\$ (151,571)	(44,325)
<i>Principal and Interest Paid</i>	(100,080)	(40,458)
<i>Acquisition or Construction of Capital Assets</i>	(328,144)	(294,410)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>\$ (579,794)</u>	<u>(379,193)</u>
Cash Flows from Investing Activities:		
<i>Interest and Dividends on Investments</i>	\$ 9,399	5,974
Net Cash Provided (Used) for Investing Activities	<u>\$ 9,399</u>	<u>5,974</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 11,545	(154,336)
Cash and Cash Equivalents at Beginning of Year	391,235	308,919
Cash and Cash Equivalents at End of Year	<u>\$ 402,780</u>	<u>154,583</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ (96,649)	2,444,506
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
<i>Depreciation</i>	421,600	260,350
<i>Provision for Uncollectible Accounts</i>	-	-
Change in Assets and Liabilities		
<i>Decrease (Increase) in Receivables</i>	9,293	(47,638)
<i>Decrease (Increase) in Inventories</i>	-	(19,520)
<i>Decrease (Increase) in Prepaid Expenses</i>	-	-
<i>Decrease (Increase) in Deferred Charges</i>	-	-
<i>Increase (Decrease) in Accounts Payable</i>	14,624	-
<i>Increase (Decrease) in Sales Tax Payable</i>	-	31,033
<i>Increase (Decrease) in Accrued Wages Payable</i>	-	2,620
<i>Increase (Decrease) in Accumulated Compensation Absences</i>	5,491	3,845
<i>Increase (Decrease) in Capital Leases</i>	-	-
<i>Increase (Decrease) in Notes Payable</i>	-	-
<i>Increase (Decrease) in Customer Deposits</i>	-	14,370
<i>Increase)Decrease) in Deferred Fuel Charges</i>	-	(387,893)
<i>Increase (Decrease) in Accrued Expense</i>	-	137,806
Total Adjustments	<u>\$ 451,008</u>	<u>(5,026)</u>
Net Cash Provided by Operating Activities	<u>\$ 354,359</u>	<u>2,439,480</u>

EXHIBIT B-3

Gas Fund	Totals	
	December 31, 2019	December 31, 2018
1,565,432	14,103,698	14,459,361
(669,024)	(2,176,931)	(1,903,192)
(715,886)	(8,952,405)	(7,874,293)
<u>180,523</u>	<u>2,974,362</u>	<u>4,681,876</u>
(106,037)	(548,612)	(1,272,432)
37,958	609,815	(908,378)
(2,610)	(2,124,907)	(2,153,483)
(42,408)	(42,408)	13,994
<u>(113,097)</u>	<u>(2,106,113)</u>	<u>(4,320,299)</u>
(15,784)	(211,680)	(104,105)
(2,138)	(142,676)	(103,067)
<u>(53,077)</u>	<u>(675,630)</u>	<u>(370,980)</u>
<u>(70,999)</u>	<u>(1,029,986)</u>	<u>(578,152)</u>
3,668	19,041	9,315
<u>3,668</u>	<u>19,041</u>	<u>9,315</u>
95	(142,696)	(207,260)
4,891	705,044	912,304
<u>4,985</u>	<u>562,348</u>	<u>705,044</u>
99,394	2,447,251	3,799,955
76,138	758,088	753,115
-	-	-
26,474	(11,870)	(16,016)
(26,400)	(45,920)	(32,368)
-	-	-
7,834	7,834	(17,404)
-	14,624	-
3,288	34,321	(7,061)
1,408	4,028	(3,622)
(1,623)	7,713	(19,274)
-	-	-
(5,810)	(5,810)	7,389
(180)	14,190	6,945
-	(387,893)	451,883
-	137,806	(241,666)
<u>81,129</u>	<u>527,111</u>	<u>881,921</u>
<u>180,523</u>	<u>2,974,362</u>	<u>4,681,876</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
SEWAGE FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2019 AND 2018

EXHIBIT B-4

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
<i>Accounts Receivable - Net of Provisions</i>		
<i>for Doubtful Accounts</i>	\$ 423,824	433,118
<i>Materials & Supplies Inventory</i>	-	-
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	-	-
<i>Total Current Assets</i>	<u>\$ 423,824</u>	<u>433,118</u>
Non-Current Assets:		
<i>Restricted Assets:</i>		
<i>Cash- In Escrow-Other</i>	\$ 402,779	391,235
<i>Total Restricted Assets</i>	<u>\$ 402,779</u>	<u>391,235</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>	11,449,462	11,121,318
<i>Less Accumulated Depreciation</i>	(5,899,453)	(5,477,853)
<i>Total Net Fixed Assets</i>	<u>\$ 5,924,009</u>	<u>6,017,465</u>
Intangible Assets:		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	<u>\$ -</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 6,750,612</u></u>	<u><u>6,841,817</u></u>
Deferred Resource Outflows - Pension	\$ 142,780	51,712
Deferred Resource Outflows - OPEB	2,399	2,455
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 14,624	-
<i>Accrued Interest</i>	7,495	7,495
<i>Accumulated Compensation Absences</i>	47,490	41,999
<i>Accrued Wages</i>	-	-
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Notes Payable</i>	61,571	63,632
<i>Due to Other Utility Funds</i>	301,956	106,389
<i>Total Current Liabilities</i>	<u>\$ 433,136</u>	<u>219,515</u>
Payable from Restricted Assets:		
<i>Current Portion of Revenue Bonds Payable</i>	\$ 90,000	90,000
<i>Total Payable from Restricted Assets</i>	<u>\$ 90,000</u>	<u>90,000</u>
Long-Term Liabilities		
<i>Notes Payable/Leases Payable</i>	\$ 150,822	212,393
<i>Pension Liability</i>	454,606	275,577
<i>OPEB Liability</i>	24,812	25,704
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,525,000	2,615,000
<i>Total Long-Term Liabilities</i>	<u>\$ 3,155,240</u>	<u>3,128,674</u>
Total Liabilities	<u>\$ 3,678,376</u>	<u>3,438,188</u>
Deferred Resource Inflows - Pension	\$ 48,810	99,810
Deferred Resource Inflows - OPEB	2,287	-
Net Position:		
Invested in Capital Assets	\$ 2,617,198	2,735,160
<i>Restricted for Revenue Bond Debt</i>	104,443	104,331
<i>Unrestricted</i>	444,678	518,495
<i>Total Net Position</i>	<u>\$ 3,166,319</u>	<u>3,357,986</u>



CITY OF ROBSTOWN UTILITY SYSTEMS
 SEWAGE FUND
 ENTERPRISE FUND
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 YEAR ENDED DECEMBER 31, 2019 AND 2018

EXHIBIT B-5
 Page 1 of 2

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,778,613	1,862,545
<i>Total Revenue</i>	<u>\$ 1,778,613</u>	<u>1,862,545</u>
Expenses:		
Plant and Operating Expenses		
<i>Salaries</i>	\$ 239,444	223,126
<i>Overtime and Standby Wages</i>	29,648	31,886
<i>Fringe Benefits</i>	9,427	29,914
<i>Social Security</i>	19,850	18,477
<i>Retirement-Pension</i>	79,627	34,069
<i>Retirement-OPEB</i>	-	1,761
<i>Insurance Benefits</i>	21,786	20,343
<i>Office Supplies and Expense</i>	2,251	1,923
<i>Computers/Related Expense</i>	3,141	3,881
<i>Contract Services</i>	47,100	12,425
<i>Professional Services</i>	23,930	11,133
<i>Utilities</i>	219,083	304,562
<i>Telephone</i>	1,575	1,465
<i>Fuel and Oil</i>	16,987	20,535
<i>Meals and Traveling</i>	41	1,756
<i>Tools and Supplies</i>	16,925	19,695
<i>Dues, Fees, and Subscriptions</i>	41,839	27,480
<i>Lab Supplies</i>	2,311	4,247
<i>Vehicle Maintenance</i>	42,211	25,823
<i>Plant Maintenance</i>	1,371	5,996
<i>Safety Relation-Job Training</i>	33,747	27,407
<i>Chemicals</i>	37,755	34,398
<i>Testing</i>	-	20,835
<i>Structure & Improvement Maintenance</i>	4,831	2,292
<i>Non-capitalized outlay expenses</i>	-	-
<i>Miscellaneous</i>	2,112	278
<i>Collection Salaries</i>	91,740	80,056
<i>Overtime and Standby Wages</i>	18,981	14,919
<i>Fringe Benefits</i>	5,434	3,683
<i>Social Security</i>	8,242	6,470
<i>Retirement-Pension</i>	27,583	11,622
<i>Retirement-OPEB</i>	518	-
<i>Insurance Benefits</i>	19,139	18,041
<i>Contract Labor</i>	-	3,584
<i>Meals and Traveling</i>	-	-
<i>Tools and Supplies</i>	-	1,060
<i>Vehicle Maintenance</i>	-	450
<i>Construction</i>	-	-
<i>Bond Costs</i>	-	-
<i>Other Maintenance</i>	104,550	56,592
<i>Other Operating Expenses</i>	48,206	9,791
Total Plant and Operating Expenses	<u>\$ 1,221,382</u>	<u>1,091,973</u>
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	\$ 210,585	205,030
<i>Insurance</i>	21,695	6,501
<i>Depreciation/Amortization</i>	421,600	381,118
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 653,881</u>	<u>592,649</u>
Total Expenses	<u>\$ 1,875,262</u>	<u>1,684,622</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
SEWAGE FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Net Operating (Loss) Profit	\$ <u>(96,649)</u>	<u>177,922</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	9,399	7,341
<i>Interest (Expense)</i>	(98,019)	(101,183)
<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)	(6,398)
<i>Total Non-Operating Revenue and (Expenses)</i>	\$ <u>(95,018)</u>	<u>(100,240)</u>
<i>Net Income (Loss) for Year</i>	\$ (191,667)	77,682
<i>Net Position - Beginning</i>	\$ <u>3,357,986</u>	<u>3,273,417</u>
<i>Prior Period Adjustments/Equity Transfers</i>	-	6,887
<i>Net Position - Beginning as Restated</i>	\$ <u>3,357,986</u>	<u>3,280,304</u>
<i>Net Position - Ending</i>	\$ <u><u>3,166,319</u></u>	<u><u>3,357,986</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, 2019

EXHIBIT B-6
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Sales and Service</i>	\$ 1,874,418	1,775,003	1,778,613	3,610
<i>Total Revenue</i>	\$ 1,874,418	1,775,003	1,778,613	3,610
Expenses:				
Plant and Operating Expenses				
<i>Salaries</i>	\$ 231,058	245,046	239,444	5,602
<i>Overtime and Standby Wages</i>	25,000	29,647	29,648	(1)
<i>Fringe Benefits</i>	7,500	32,906	9,427	23,479
<i>Social Security</i>	19,588	19,850	19,850	(0)
<i>Retirement-Pension</i>	33,518	35,957	79,627	(43,670)
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	24,250	21,786	21,786	0
<i>Advertising and Public Relations</i>	800	-	-	-
<i>Office Supplies and Expense</i>	4,000	2,251	2,251	0
<i>Computers/Related Expense</i>	5,000	3,141	3,141	0
<i>Contract Services</i>	10,000	37,236	47,100	(9,864)
<i>Professional Services</i>	600	-	23,930	(23,930)
<i>Utilities</i>	280,000	219,083	219,083	0
<i>Telephone</i>	2,000	1,575	1,575	(0)
<i>Fuel and Oil</i>	20,000	16,987	16,987	0
<i>Meals and Traveling</i>	3,000	41	41	0
<i>Tools and Supplies</i>	15,000	16,925	16,925	0
<i>Dues, Fees, and Subscriptions</i>	12,000	40,565	41,839	(1,274)
<i>Lab Supplies</i>	4,000	2,311	2,311	0
<i>Vehicle Maintenance</i>	10,000	17,642	42,211	(24,569)
<i>Plant Maintenance</i>	10,000	1,371	1,371	0
<i>Safety Relation-Job Training</i>	20,500	32,448	33,747	(1,299)
<i>Chemicals</i>	70,000	37,665	37,755	(90)
<i>Testing</i>	5,000	-	-	-
<i>Structure & Improvement Maintenance</i>	2,000	5,137	4,831	306
<i>Non-capitalized outlay expenses</i>	-	-	-	-
<i>Miscellaneous</i>	800	1,929	2,112	(183)
<i>Collection Salaries</i>	108,877	91,740	91,740	0
<i>Overtime and Standby Wages</i>	14,000	18,981	18,981	0
<i>Fringe Benefits</i>	7,000	5,434	5,434	(0)
<i>Social Security</i>	9,400	8,242	8,242	(0)
<i>Retirement-Pension</i>	16,085	14,592	27,583	(12,991)
<i>Retirement-OPEB</i>	-	-	518	(518)
<i>Insurance Benefits</i>	24,300	19,139	19,139	0
<i>Contract Labor</i>	21,000	-	-	-
<i>Advertising and Public Relations</i>	-	-	-	-
<i>Meals and Traveling</i>	523	-	-	-
<i>Tools and Supplies</i>	2,000	-	-	-
<i>Vehicle Maintenance</i>	15,000	24,570	-	24,570
<i>Bond Costs</i>	-	-	-	-
<i>Other Maintenance</i>	43,000	77,663	104,550	(26,887)
<i>Other Operating Expenses</i>	70,000	47,246	48,206	(960)
Total Plant and Operating Expenses	\$ 1,146,799	1,129,106	1,221,382	(92,276)
General and Administrative Expenses:				
<i>General Operating (Admin.) Expense</i>	\$ 196,376	201,199	210,585	(9,386)
<i>Insurance</i>	5,500	21,695	21,695	(0)
<i>Depreciation/Amortization</i>	-	-	421,600	(421,600)
<i>Bad Debts</i>	800	-	-	-
Total General and Administrative Expenses	\$ 202,676	222,894	653,881	430,987

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, 2019

EXHIBIT B-6
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	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Expenses	\$ 1,349,475	1,352,000	1,875,262	(523,262)
Net Operating (Loss) Profit	\$ 524,943	423,003	(96,649)	(519,652)
Non-Operating Revenues and (Expenses)				
<i>Investment Income</i>	\$ -	-	9,399	9,399
<i>Interest (Expense)</i>	(99,083)	(98,192)	(98,019)	173
<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)	(7,500)	(6,398)	1,102
<i>Total Non-Operating Revenue and (Expenses)</i>	\$ (106,083)	(105,692)	(95,018)	10,674
<i>Net Income (Loss) for Year</i>	\$ 418,860	317,311	(191,667)	(508,978)
<i>Net Position - Beginning</i>	\$ 3,357,986	3,357,986	3,357,986	-
<i>Equity Transfers</i>	-	-	-	-
<i>Net Position - Beginning as Restated</i>	\$ 3,357,986	3,357,986	3,357,986	-
<i>Cash Transfers to City</i>	-	-	-	-
<i>Net Position - Ending</i>	\$ 3,776,846	3,675,297	3,166,319	(508,978)

CITY OF ROBSTOWN UTILITY SYSTEMS
ELECTRIC FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2019 AND 2018

EXHIBIT B-7

	2019	2018
ASSETS		
Current Assets:		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 2,369,899	2,322,261
<i>Materials & Supplies Inventory</i>	486,113	466,594
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	5,072,093	4,821,844
<i>Total Current Assets</i>	\$ 7,928,105	7,610,698
Restricted Assets:		
<i>Cash</i>	\$ 154,583	308,919
<i>Total Restricted Assets</i>	\$ 154,583	308,919
Capital Assets:		
<i>Land</i>	\$ 22,371	22,371
<i>Construction in Progress</i>	-	-
<i>Property, Plant and Equipment</i>	13,424,267	13,129,857
<i>Less Accumulated Depreciation</i>	(10,468,337)	(10,207,986)
<i>Total Net Fixed Assets</i>	\$ 2,978,301	2,944,242
TOTAL ASSETS	\$ 11,060,989	10,863,859
<i>Deferred Resource Outflows - Pension</i>	\$ 238,620	87,235
<i>Deferred Resource Outflows - OPEB</i>	4,009	4,141
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 35,830	4,797
<i>Accumulated Compensation Absences</i>	59,223	55,377
<i>Accrued Wages</i>	39,465	36,845
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Notes Payable</i>	44,325	76,433
<i>Due to Other Utility Funds</i>	268,021	130,215
<i>Total Current Liabilities</i>	\$ 446,864	303,667
Payable from Restricted Assets:		
<i>Current Portion of Revenue Bonds Payable</i>	\$ -	-
<i>Total Payable from Restricted Assets</i>	\$ -	-
Long-Term Liabilities:		
<i>Notes Payable</i>	\$ 117,566	161,891
<i>Pension Liability</i>	759,756	464,879
<i>OPEB Asset/Liability</i>	41,466	43,360
<i>Capital Lease Payable - Net of Current Portion</i>	-	-
<i>Total Long-Term Liabilities</i>	\$ 918,788	670,130
Other Liabilities:		
<i>Customer Deposits</i>	\$ 455,055	440,685
<i>Total Other Liabilities</i>	\$ 455,055	440,685
Total Liabilities	\$ 1,820,706	1,414,482
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ 316,840	617,935
<i>Deferred Resource Inflows - Pension</i>	81,573	168,372
<i>Deferred Resource Inflows - OPEB</i>	3,823	-
Net Position:		
<i>Invested in Capital Assets</i>	\$ 2,059,513	2,274,112
<i>Restricted for Revenue Bond Debt</i>	-	-
<i>Unrestricted</i>	7,021,163	6,480,334
<i>Total Net Position</i>	\$ 9,080,677	8,754,447



CITY OF ROBSTOWN UTILITY SYSTEMS
ELECTRIC FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019 AND 2018

EXHIBIT B-8
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	<u>2019</u>	<u>2018</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 10,817,517	11,127,453
<i>Total Revenue</i>	<u>\$ 10,817,517</u>	<u>11,127,453</u>
Cost of Sales:		
<i>Purchased Power</i>	\$ 5,184,093	5,272,116
<i>Total Cost of Sales</i>	<u>\$ 5,184,093</u>	<u>5,272,116</u>
Net Sales	<u>\$ 5,633,423</u>	<u>5,855,338</u>
Expenses:		
Plant and Operating Expenses		
<i>Fringe Benefits</i>	\$ -	-
<i>Legal</i>	-	-
<i>Engineering</i>	-	-
<i>Utilities and Telephone</i>	715	715
<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>	-	251
<i>Non-capitalized outlay expenses</i>	-	-
Total Power Plant Expenses	<u>\$ 715</u>	<u>966</u>
Distribution Expenses		
<i>Distribution Salaries</i>	\$ 610,949	551,038
<i>Overtime and Standby Wages</i>	38,081	39,365
<i>Fringe Benefits</i>	31,028	20,592
<i>Social Security</i>	45,728	43,230
<i>Retirement-Pension</i>	153,179	80,384
<i>Retirement-OPEB</i>	-	2,970
<i>Insurance Benefits</i>	69,481	60,517
<i>Professional Services</i>	-	-
<i>Office Supplies and Expenses</i>	2,485	1,712
<i>Contract Services</i>	49,481	52,458
<i>Utilities</i>	12,579	12,880
<i>Telephone</i>	2,258	2,349
<i>Fuel and Oil</i>	19,278	20,284
<i>Meals and Traveling</i>	2,459	1,376
<i>Tools and Supplies</i>	20,673	16,886
<i>Material Inventory Expenses</i>	-	-
<i>Dues, Fees, and Subscriptions</i>	4,883	4,407
<i>Computers/Related Expenses</i>	1,423	5,384
<i>Vehicle Maintenance</i>	47,022	30,065
<i>Safety Relation-Job Training</i>	1,792	2,137
<i>Other Equip, Structure, and Meter Maint.</i>	106,034	45,586
<i>Groundskeeping Maintenance</i>	1,783	490
<i>Construction</i>	-	-
<i>Construction</i>	-	-
<i>Inventory Adjustment</i>	(14,389)	(2,632)
<i>Miscellaneous</i>	2,675	2,204
<i>Non-capitalization outlay expenses</i>	-	-
Total Distribution Expenses	<u>\$ 1,208,881</u>	<u>993,684</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
ELECTRIC FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Substation		
<i>Contract Labor</i>	\$ -	-
<i>Utilities</i>	1,545	1,504
<i>Parts and Supplies</i>	2,731	27,512
Total Substation Expense	<u>\$ 4,275</u>	<u>29,016</u>
General and Administrative Expenses		
<i>General Operating (Admin.) Expenses</i>	\$ 1,687,915	1,025,152
<i>Insurance</i>	26,781	26,003
<i>Depreciation/Amortization</i>	260,350	299,469
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 1,975,046</u>	<u>1,350,625</u>
Total Expenses	<u>\$ 3,188,917</u>	<u>2,374,291</u>
Net Operating (Loss) Profit	<u>\$ 2,444,506</u>	<u>3,481,047</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 5,974	16
<i>Interest (Expense)</i>	(8,351)	(5,600)
<i>Other Income (Expense)</i>	-	-
<i>Transfers In (Out)</i>	-	-
<i>Free Utility Service to City</i>	(193,791)	(207,021)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (196,167)</u>	<u>(212,605)</u>
Net Income (Loss) for Year	\$ 2,248,339	3,268,442
Net Positions - Beginning	8,754,447	7,423,564
Equity Transfers/Prior Period Adjustment	-	-
Net Position - Beginning as Restated	<u>\$ 8,754,447</u>	<u>7,423,564</u>
Cash Transfers to City	(1,922,109)	(1,937,560)
Net Position - Ending	<u>\$ 9,080,677</u>	<u>8,754,447</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, 2019

EXHIBIT B-9
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Sales and Service</i>	\$ 11,359,022	11,271,572	10,817,517	(454,055)
<i>Total Revenue</i>	\$ 11,359,022	11,271,572	10,817,517	(454,055)
Cost of Sales:				
<i>Purchased Power</i>	\$ 5,600,000	5,184,093	5,184,093	(0)
<i>Total Cost of Sales</i>	\$ 5,600,000	5,184,093	5,184,093	(0)
Net Sales	\$ 5,759,022	6,087,479	5,633,423	(454,056)
Expenses:				
Plant and Operating Expenses				
<i>Fringe Benefits</i>	\$ -	-	-	-
<i>Legal</i>	-	-	-	-
<i>Engineering</i>	-	-	-	-
<i>Utilities and Telephone</i>	-	-	715	(715)
<i>Contract Labor</i>	-	-	-	-
<i>Tools and Supplies</i>	-	-	-	-
<i>Dues, Fees, and Subscriptions</i>	-	-	-	-
<i>Miscellaneous</i>	11,000	-	-	-
Power Plant Maintenance				
<i>Vehicle/Structure Maintenance</i>	-	-	-	-
<i>Non-capitalized outlay expenses</i>	399,000	-	-	-
Total Power Plant Expenses	\$ 410,000	-	715	(715)
Distribution Expenses				
<i>Distribution Salaries</i>	\$ 639,635	608,329	610,949	(2,620)
<i>Overtime and Standby Wages</i>	35,500	38,081	38,081	(0)
<i>Fringe Benefits</i>	20,914	27,182	31,028	(3,846)
<i>Social Security</i>	51,648	45,728	45,728	(0)
<i>Retirement-Pension</i>	88,375	84,480	153,179	(68,699)
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	85,000	69,481	69,481	(0)
<i>Professional Services</i>	-	-	-	-
<i>Office Supplies and Expenses</i>	2,500	2,421	2,485	(64)
<i>Contract Services</i>	53,000	48,413	49,481	(1,068)
<i>Utilities</i>	15,000	14,838	12,579	2,259
<i>Telephone</i>	2,500	2,258	2,258	(0)
<i>Fuel and Oil</i>	20,000	19,278	19,278	(0)
<i>Meals and Traveling</i>	3,000	2,459	2,459	0
<i>Tools and Supplies</i>	25,000	20,508	20,673	(165)
<i>Material Inventory Expenses</i>	2,000	(11,024)	-	(11,024)
<i>Dues, Fees, and Subscriptions</i>	4,000	4,883	4,883	(0)
<i>Computers/Related Expenses</i>	5,000	1,423	1,423	0
<i>Vehicle Maintenance</i>	35,000	46,775	47,022	(247)
<i>Safety Relation-Job Training</i>	5,500	1,792	1,792	0
<i>Other Equip, Structure, and Meter Maint.</i>	76,000	108,399	106,034	2,365
<i>Groundskeeping Maintenance</i>	2,000	1,783	1,783	(0)
<i>Construction-Boys & Girls Club</i>	-	-	-	-
<i>Construction-Seale Jr. High</i>	-	-	-	-
<i>Inventory Adjustment</i>	-	-	(14,389)	14,389
<i>Miscellaneous</i>	5,500	2,675	2,675	0
<i>Non-capitalization outlay expenses</i>	-	-	-	-
Total Distribution Expenses	\$ 1,177,072	1,140,162	1,208,881	(68,719)

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, 2019

EXHIBIT B-9
Page 2 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Substation				
<i>Contract Labor</i>	\$ 40,000	-	-	-
<i>Utilities</i>	2,000	-	1,545	(1,545)
<i>Parts and Supplies</i>	8,000	-	2,731	(2,731)
Total Substation Expense	<u>\$ 50,000</u>	<u>-</u>	<u>4,275</u>	<u>(4,275)</u>
General and Administrative Expenses				
<i>General Operating (Admin.) Expenses</i>	\$ 1,571,011	1,612,820	1,687,915	(75,095)
<i>Insurance</i>	30,000	26,781	26,781	(0)
<i>Depreciation/Amortization</i>	-	306,763	260,350	46,413
<i>Bad Debts</i>	3,500	3,500	-	3,500
Total General and Administrative Expenses	<u>\$ 1,604,511</u>	<u>1,949,864</u>	<u>1,975,046</u>	<u>(25,182)</u>
Total Expenses	<u>\$ 3,241,583</u>	<u>3,090,026</u>	<u>3,188,917</u>	<u>(98,891)</u>
Net Operating (Loss) Profit	<u>\$ 2,517,439</u>	<u>2,997,453</u>	<u>2,444,506</u>	<u>(552,947)</u>
Non-Operating Revenues and (Expenses)				
<i>Investment Income</i>	\$ -	-	5,974	5,974
<i>Interest (Expense)</i>	(139,811)	(39,811)	(8,351)	31,460
<i>Other Income (Expense)</i>	(102,625)	-	-	-
<i>Transfers Out</i>	-	-	-	-
<i>Free Utility Service to City</i>	(250,000)	(247,005)	(193,791)	53,214
Total Non-Operating Revenue and (Expenses)	<u>\$ (492,436)</u>	<u>(286,816)</u>	<u>(196,167)</u>	<u>90,649</u>
Net Income (Loss) for Year	<u>\$ 2,025,003</u>	<u>2,710,637</u>	<u>2,248,339</u>	<u>(462,298)</u>
Net Position - Beginning	<u>\$ 8,754,447</u>	<u>8,754,447</u>	<u>8,754,447</u>	<u>-</u>
Equity Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Beginning as Restated	<u>\$ 8,754,447</u>	<u>8,754,447</u>	<u>8,754,447</u>	<u>-</u>
Cash Transfers to City	<u>(1,775,000)</u>	<u>(1,922,109)</u>	<u>(1,922,109)</u>	<u>0</u>
Net Position - Ending	<u>\$ 9,004,450</u>	<u>9,542,975</u>	<u>9,080,677</u>	<u>(462,298)</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
GAS FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2019 AND 2018

EXHIBIT B-10

	2019	2018
ASSETS		
Current Assets:		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 401,386	427,861
<i>Materials & Supplies Inventory</i>	67,211	40,811
<i>Prepaid Expenses</i>	-	-
<i>Deferred Charges</i>	-	-
<i>Due from Other Utility Funds</i>	42,408	-
<i>Total Current Assets</i>	\$ 511,006	468,672
Restricted Assets:		
<i>Cash</i>	\$ 4,985	4,891
<i>Total Restricted Assets</i>	\$ 4,985	4,891
Fixed Asset:		
<i>Construction in Progress</i>	\$ -	-
<i>Property, Plant and Equipment</i>	2,783,002	2,729,925
<i>Less Accumulated Depreciation</i>	(2,098,483)	(2,022,345)
<i>Total Net Fixed Assets</i>	\$ 684,519	707,580
TOTAL ASSETS	\$ 1,200,511	1,181,143
Deferred out flow of resources		
<i>Deferred Charges</i>	\$ 9,570	17,404
<i>Deferred Resource Outflows-Pension</i>	172,129	63,586
<i>Deferred Resource Outflows-OPEB</i>	2,892	3,018
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 3,988	701
<i>Accumulated Compensation Absences</i>	27,776	29,399
<i>Accrued Wages</i>	11,666	10,257
<i>Current Portion of Capital Leases Payable</i>	-	-
<i>Current Portion of Note Payable</i>	15,784	21,594
<i>Due to Other Utility Funds</i>	773,909	879,946
<i>Total Current Liabilities</i>	\$ 833,123	941,897
Long-Term Liabilities		
<i>Capital Leases Payable - Net of Current Portion</i>	\$ -	-
<i>Pension Liability</i>	548,052	338,855
<i>OPEB Liability</i>	29,912	31,606
<i>Notes Payable - Net of Current Portion</i>	37,407	53,192
<i>Total Long-Term Liabilities</i>	\$ 615,371	423,652
Other Liabilities		
<i>Customer Deposits</i>	\$ 180,312	180,492
<i>Total Other Liabilities</i>	180,312	180,492
<i>Total Liabilities</i>	\$ 1,628,806	1,546,042
Deferred inflow of resources		
<i>Deferred Fuel Credits</i>	\$ -	-
<i>Deferred inflow of resources-pension</i>	58,843	122,728
<i>Deferred inflow of resources-OPEB</i>	2,758	-
Net Position:		
<i>Invested in Capital Assets</i>	\$ 69,148	283,928
<i>Unrestricted</i>	(374,453)	(687,547)
<i>Total Net Position</i>	\$ (305,305)	(403,619)



CITY OF ROBSTOWN UTILITY SYSTEMS
GAS FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019 AND 2018

EXHIBIT B-11
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	<u>2019</u>	<u>2018</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,557,524	1,535,151
<i>Total Revenue</i>	<u>\$ 1,557,524</u>	<u>1,535,151</u>
Cost of Sales:		
<i>Natural Gas</i>	\$ 325,934	413,313
<i>Total Cost of Sales</i>	<u>\$ 325,934</u>	<u>413,313</u>
Net Sales	<u>\$ 1,231,590</u>	<u>1,121,838</u>
Expenses:		
Distribution Expenses		
<i>Distribution Salaries</i>	\$ 422,829	390,536
<i>Overtime and Standby Wages</i>	41,661	39,815
<i>Fringe Benefits</i>	16,559	15,886
<i>Social Security</i>	34,322	31,789
<i>Retirement-Pension</i>	102,539	57,426
<i>Retirement-OPEB</i>	2,153	2,165
<i>Insurance Benefits</i>	48,746	50,217
<i>Professional Services</i>	-	-
<i>Advertising and Public Relations</i>	863	-
<i>Office Supplies and Expense</i>	5,838	5,356
<i>Contract Services</i>	-	3,201
<i>Utilities</i>	7,710	8,918
<i>Telephone</i>	5,220	4,897
<i>Fuel and Oil</i>	11,736	14,814
<i>Meals and Traveling</i>	395	1,087
<i>Tools and Supplies</i>	25,886	29,670
<i>Dues, Fees, and Subscriptions</i>	22,966	23,576
<i>Computers/Related Expense</i>	2,188	6,049
<i>Vehicle Maintenance</i>	20,634	23,812
<i>Safety Relation-Job Training</i>	-	1,398
<i>Other Equip, Structure, and Meter Maint</i>	62,630	44,305
<i>Construction</i>	-	-
<i>Construction - Seale Jr. High</i>	-	-
<i>Inventory Adjustment</i>	-	6,045
<i>Miscellaneous</i>	1,671	2,012
Total Distribution Expenses	<u>\$ 836,546</u>	<u>762,970</u>
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	\$ 210,585	136,687
<i>Insurance</i>	8,927	8,668
<i>Depreciation/Amortization</i>	76,138	72,528
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 295,650</u>	<u>217,883</u>
Total Expenses	<u>\$ 1,132,196</u>	<u>980,853</u>
Net Operating (Loss) Profit	<u>\$ 99,394</u>	<u>140,985</u>

	<u>2019</u>	<u>2018</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 3,668	1,958
<i>Interest (Expense)</i>	(2,138)	(2,471)
<i>Other Income (Expenses)</i>	-	-
<i>Transfers In (Out)</i>	-	-
<i>Free Utility Service to City</i>	(2,610)	(2,505)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (1,080)</u>	<u>(3,018)</u>
 <i>Net Income (Loss) for Year</i>	 \$ 98,314	 137,968
 <i>Net Position - Beginning</i>	 <u>\$ (403,619)</u>	 <u>(405,289)</u>
<i>Equity Transfers/Prior Period Adjustment</i>	-	(136,297)
<i>Net Position - Beginning as Restated</i>	<u>\$ (403,619)</u>	<u>(541,587)</u>
 <i>Net Position - Ending</i>	 <u><u>\$ (305,305)</u></u>	 <u><u>(403,619)</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, 2019

EXHIBIT B-12
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
Sales and Service	\$ 1,648,225	1,566,344	1,557,524	(8,820)
Total Revenue	<u>1,648,225</u>	<u>1,566,344</u>	<u>1,557,524</u>	<u>(8,820)</u>
Cost of Sales:				
Natural Gas	370,000	319,504	325,934	(6,430)
Total Cost of Sales	<u>370,000</u>	<u>319,504</u>	<u>325,934</u>	<u>(6,430)</u>
Net Sales	\$ 1,278,225	1,246,840	1,231,590	(15,250)
Expenses:				
Distribution Expenses				
Distribution Salaries	\$ 410,827	424,453	422,829	1,624
Overtime and Standby Wages	30,000	41,660	41,661	(1)
Fringe Benefits	21,400	15,458	16,559	(1,101)
Social Security	33,723	34,322	34,322	(0)
Retirement-Pension	57,704	60,940	102,539	(41,599)
Retirement-OPEB	-	-	2,153	(2,153)
Insurance Benefits	54,500	48,746	48,746	0
Professional Services	-	-	-	-
Advertising and Public Relations	4,000	863	863	0
Office Supplies and Expense	4,000	5,838	5,838	(0)
Contract Services	7,000	-	-	-
Utilities	10,000	7,710	7,710	0
Telephone	5,000	5,220	5,220	(0)
Fuel and Oil	21,000	11,736	11,736	0
Meals and Traveling	2,000	395	395	(0)
Tools and Supplies	30,000	25,491	25,886	(395)
Dues, Fees, and Subscriptions	20,000	22,623	22,966	(343)
Computers/Related Expense	5,000	2,188	2,188	0
Vehicle Maintenance	15,000	20,627	20,634	(7)
Safety Relation-Job Training/TNRCC/ ER Prep.	3,500	-	-	-
Other Equip, Structure, and Meter Maint	74,000	58,242	62,630	(4,388)
Construction - Boys & Girls Club	-	-	-	-
Construction - Seale Jr. High	-	-	-	-
Inventory Adjustment	2,500	(5)	-	(5)
Miscellaneous	2,000	2,665	1,671	994
Total Distribution Expenses	\$ 813,154	789,172	836,546	(47,374)
General and Administrative Expenses:				
General Operating (Admin.) Expense	\$ 196,376	201,199	210,585	(9,386)
Insurance	10,000	8,927	8,927	(0)
Depreciation/Amortization	-	103,025	76,138	26,887
Bad Debts	750	750	-	750
Total General and Administrative Expenses	\$ 207,126	313,901	295,650	18,251
Total Expenses	\$ 1,020,280	1,103,073	1,132,196	(29,123)
Net Operating (Loss) Profit	\$ 257,945	143,767	99,394	44,373

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, 2019

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	\$ (46,500)	-	3,668	3,668
Interest (Expense)	(40,000)	-	(2,138)	(2,138)
Other Income (Expenses)	(23,610)	(29,316)	-	29,316
Free Utility Service to City	(2,000)	(2,000)	(2,610)	(610)
Total Non-Operating Revenue and (Expenses)	<u>\$ (112,110)</u>	<u>(31,316)</u>	<u>(1,080)</u>	<u>(30,236)</u>
Net Income (Loss) for Year	\$ 145,835	112,451	98,314	(14,137)
Net Position - Beginning	<u>\$ (403,619)</u>	<u>(403,619)</u>	<u>(403,619)</u>	<u>-</u>
Equity Transfers/Prior Period Adjustment	-	-	-	-
Net Position - Beginning as Restated	<u>(403,619)</u>	<u>(403,619)</u>	<u>(403,619)</u>	<u>-</u>
Net Position - Ending	<u><u>\$ (257,784)</u></u>	<u><u>(291,168)</u></u>	<u><u>(305,305)</u></u>	<u><u>(14,137)</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, 2019 AND 2018

EXHIBIT C-1

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
<i>Cash and Cash equivalents</i>	\$ 5,095,750	4,856,086
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	2,510	2,657
<i>Materials & Supplies Inventory</i>	-	-
<i>Prepaid Expenses</i>	58,660	66,453
<i>Due from Other Utility Funds</i>	1,174,941	106,950
<i>Total Current Assets</i>	<u>\$ 6,331,860</u>	<u>5,032,146</u>
Fixed Asset:		
<i>Land</i>	\$ 20,000	20,000
<i>Property, Plant and Equipment</i>	1,942,734	1,940,834
<i>Less Accumulated Depreciation</i>	<u>(1,458,507)</u>	<u>(1,409,592)</u>
<i>Total Net Fixed Assets</i>	<u>\$ 504,226</u>	<u>551,242</u>
TOTAL ASSETS	<u>\$ 6,836,086</u>	<u>5,583,389</u>
<i>Deferred out flow of resources</i>		
<i>Deferred Resource Outflows-Pension</i>	\$ 334,778	123,775
<i>Deferred Resource Outflows-OPEB</i>	5,625	5,876
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 496,337	556,091
<i>Accumulated Compensation Absences</i>	81,272	80,829
<i>Accrued Wages</i>	49,581	53,183
<i>Other Liabilities</i>	141,504	19,905
<i>Current Portion - Note Payable</i>	20,382	19,438
<i>Due to Other Utility Funds</i>	5,082,222	3,941,898
<i>Total Current Liabilities</i>	<u>\$ 5,871,296</u>	<u>4,671,343</u>
Long-Term Liabilities		
<i>Pension Liability</i>	\$ 1,065,920	659,604
<i>OPEB Liability</i>	58,176	61,523
<i>Long Term Portion of Note Payable</i>	61,290	81,671
<i>Total Long-Term Liabilities</i>	<u>\$ 1,185,386</u>	<u>802,798</u>
Total Liabilities	<u>7,056,682</u>	<u>5,474,141</u>
<i>Deferred inflow of resources</i>		
<i>Deferred inflow of resources-pension</i>	\$ 114,445	238,898
<i>Deferred inflow of resources-OPEB</i>	5,363	-
Net Position:		
<i>Invested in Capital Assets</i>	\$ 504,226	551,242
<i>Unrestricted</i>	<u>(504,226)</u>	<u>(551,242)</u>
<i>Total Net Position</i>	<u>(0)</u>	<u>0</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,176,490</u>	<u>5,713,039</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, 2019 AND 2018

EXHIBIT C-2
Page 1 of 2

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
<i>Administrative Charge - Sewer</i>	\$ 210,585	205,030
<i>Administrative Charge - Electric</i>	1,687,915	1,025,152
<i>Administrative Charge - Gas</i>	210,585	136,687
<i>Other Revenues</i>	29,297	427,183
<i>Total Revenue</i>	<u>\$ 2,138,382</u>	<u>1,794,052</u>
Cost of Administrative Services Provided:		
Administrative Expenses		
<i>Administrative Salaries</i>	\$ 766,036	721,198
<i>Overtime and Standby Wages</i>	11,918	9,293
<i>Fringe Benefits</i>	16,582	17,107
<i>Social Security</i>	52,979	50,419
<i>Retirement-Pension</i>	181,825	97,550
<i>Retirement-OPEB</i>	586	4,215
<i>Insurance Benefits</i>	65,737	60,856
<i>Trustee Fees</i>	25,497	25,860
<i>Travel Allowance</i>	6,000	6,000
<i>Advertising and Public Relations</i>	37,746	33,596
<i>Contract Services/Engineering</i>	46,593	37,443
<i>Bad Debt Collection Fee</i>	-	-
<i>Utilities</i>	43,559	47,559
<i>Telephone</i>	54,603	62,018
<i>Fuel and Oil</i>	3,681	5,255
<i>Meals and Traveling</i>	10,561	15,894
<i>Office Supplies and Expense</i>	32,262	36,165
<i>Dues, Fees, and Subscriptions</i>	142,925	117,092
<i>Safety Relation-Job Training</i>	104	1,614
<i>Emergency Preparation</i>	-	280
<i>Vehicle Maintenance</i>	12,329	5,182
<i>Postage Expense</i>	26,792	22,217
<i>Computers/Related Expense</i>	77,966	76,324
<i>Structure Repair and Maintenance</i>	33,770	7,492
<i>Equipment Maintenance and Repairs</i>	4,494	5,088
<i>Computer Supplies and Maintenance</i>	5,241	8,134
<i>Employee Relations</i>	46,668	42,947
<i>Miscellaneous</i>	14,053	10,046
<i>Legal Fees</i>	22,128	17,922
<i>Contributions</i>	5,000	5,000
<i>Drug Policy Examinations</i>	8,237	8,152
<i>Auditing - Outside Services</i>	32,500	31,500
<i>Insurance</i>	134,265	26,731
Total Administrative Expenses	<u>\$ 1,922,638</u>	<u>1,616,149</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, 2019 AND 2018

EXHIBIT C-2
Page 2 of 2

	<u>2019</u>	<u>2018</u>
Mechanic Expenses		
<i>Mechanic Salaries</i>	\$ 122,839	106,720
<i>Overtime Wages</i>	1,056	495
<i>Fringe Benefits</i>	3,328	2,615
<i>Social Security</i>	9,275	8,012
<i>Retirement-Pension</i>	13,413	14,174
<i>Retirement-OPEB</i>	-	-
<i>Insurance Benefits</i>	10,960	9,395
<i>Fuel and Oil</i>	2,779	2,264
<i>Meals and Travel Expense</i>	-	-
<i>Emergency Preparation</i>	-	-
<i>Tools and Supplies</i>	10,243	7,367
<i>Telephone</i>	1,281	1,807
<i>Structure & Improvement Maintenance</i>	-	-
<i>Vehicle Maintenance</i>	11,402	5,818
<i>Computers/Related Expenses</i>	1,495	6,724
<i>Miscellaneous</i>	4,311	6,476
<i>Total Mechanic Expenses</i>	<u>\$ 192,382</u>	<u>171,867</u>
General Operating Expenses		
Depreciation/Amortization	\$ 48,916	49,292
Total General Operating Expenses	<u>\$ 48,916</u>	<u>49,292</u>
Total Expenses	<u>\$ 2,163,935</u>	<u>1,837,309</u>
Net Operating (Loss) Profit	<u>\$ (25,553)</u>	<u>(43,257)</u>
Non-Operating Revenues and (Expenses)		
Investment Income	\$ 29,703	44,487
Interest (Expense)	(4,150)	(1,230)
Other Income (Expense)	-	-
Total Non-Operating Revenues and (Expenses)	<u>\$ 25,553</u>	<u>43,257</u>
Net Income (Loss) for Year	\$ (0)	-
Net Position - Beginning	-	-
<i>Equity Transfers/Prior Period Adjustment</i>	-	-
<i>Net Position - Beginning as Restated</i>	-	-
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, 2019

EXHIBIT C-3
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Administrative Charge - Sewer</i>	\$ 196,376	201,199	210,585	9,386
<i>Administrative Charge - Electric</i>	1,571,011	1,612,820	1,687,915	75,095
<i>Administrative Charge - Gas</i>	196,376	201,199	210,585	9,386
<i>Other Revenue</i>	16,225	108	108	0
<i>Total Revenue</i>	<u>\$ 1,979,988</u>	<u>2,015,326</u>	<u>2,109,194</u>	<u>93,868</u>
Cost of Administrative Services Provided:				
Administrative Expenses				
<i>Administrative Salaries</i>	\$ 710,634	769,638	766,036	3,602
<i>Overtime and Standby Wages</i>	10,000	11,918	11,918	0
<i>Fringe Benefits</i>	9,500	16,139	16,582	(443)
<i>Social Security</i>	55,129	52,979	52,979	(0)
<i>Retirement-Pension</i>	94,331	103,091	181,825	(78,734)
<i>Retirement-OPEB</i>	-	-	586	-
<i>Insurance Benefits</i>	79,000	65,737	65,737	(0)
<i>Trustee Fees</i>	26,000	25,497	25,497	-
<i>Travel Allowance</i>	6,000	6,000	6,000	-
<i>Advertising and Public Relations</i>	20,000	37,681	37,746	(65)
<i>Contract Services/Engineering</i>	55,000	46,594	46,593	1
<i>Bad Debt Collection Fee</i>	200	-	-	-
<i>Utilities</i>	45,000	42,276	43,559	(1,283)
<i>Telephone</i>	40,000	51,486	54,603	(3,117)
<i>Fuel and Oil</i>	10,000	3,681	3,681	0
<i>Meals and Traveling</i>	40,000	10,561	10,561	(0)
<i>Office Supplies and Expense</i>	45,000	31,661	32,262	(601)
<i>Dues, Fees, and Subscriptions</i>	120,000	139,491	142,925	(3,434)
<i>Safety Relation-Job Training</i>	-	-	104	(104)
<i>Emergency Preparation</i>	-	-	-	-
<i>Vehicle Maintenance</i>	10,000	12,329	12,329	(0)
<i>Postage Expense</i>	27,000	26,792	26,792	(0)
<i>Computers/Related Expense</i>	60,000	77,467	77,966	(499)
<i>Structure Repair and Maintenance</i>	4,000	33,874	33,770	104
<i>Equipment Maintenance and Repairs</i>	6,000	3,861	4,494	(633)
<i>Computer Supplies and Maintenance</i>	40,000	5,241	5,241	0
<i>Employee Relations</i>	40,000	44,339	46,668	(2,329)
<i>Miscellaneous</i>	20,600	3,469	14,053	(10,584)
<i>Legal Fees</i>	35,000	22,128	22,128	(0)
<i>Contributions</i>	5,000	5,000	5,000	-
<i>Drug Policy Examinations</i>	10,000	8,236	8,237	(1)
<i>Auditing - Outside Services</i>	25,000	32,500	32,500	-
<i>Insurance</i>	90,000	134,405	134,265	140
Total Administrative Expenses	<u>\$ 1,738,394</u>	<u>1,824,071</u>	<u>1,922,638</u>	<u>(98,567)</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, 2019

EXHIBIT C-3
Page 2 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Mechanic Expenses				
<i>Mechanic Salaries</i>	120,253	122,839	122,839	(0)
<i>Overtime Wages</i>	1,000	-	1,056	(1,056)
<i>Fringe Benefits</i>	2,202	14,288	3,328	10,960
<i>Social Security</i>	9,276	-	9,275	(9,275)
<i>Retirement-Pension</i>	15,872	-	13,413	(13,413)
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	12,120	16,218	10,960	5,258
<i>Fuel and Oil</i>	5,000	-	2,779	(2,779)
<i>Meals and Travel Expense</i>	2,000	-	-	-
<i>Emergency Preparation</i>	1,000	-	-	-
<i>Tools and Supplies</i>	10,000	2,779	10,243	(7,464)
<i>Telephone/Utilities</i>	1,550	12,458	1,281	11,177
<i>Structure & Improvement Maintenance</i>	3,000	1,495	-	1,495
<i>Vehicle Maintenance</i>	10,000	-	11,402	(11,402)
<i>Computers/Related Expenses</i>	9,000	-	1,495	(1,495)
<i>Miscellaneous</i>	3,500	-	4,311	(4,311)
<i>Total Mechanic Expenses</i>	<u>205,773</u>	<u>170,077</u>	<u>192,382</u>	<u>(22,305)</u>
General Operating Expenses				
Depreciation/Amortization	16,000	39,845	48,916	(9,071)
Total General Operating Expenses	<u>16,000</u>	<u>39,845</u>	<u>48,916</u>	<u>(9,071)</u>
Total Expenses	<u>1,960,167</u>	<u>2,033,993</u>	<u>2,163,935</u>	<u>(129,942)</u>
Net Operating (Loss) Profit	<u>19,821</u>	<u>(18,667)</u>	<u>(54,742)</u>	<u>(36,075)</u>
Non-Operating Revenues and (Expenses)				
Investment Income	10,000	58,892	58,892	0
Interest (Expense)	-	(4,150)	(4,150)	0
Other Income (Expense)	23,822	-	-	-
Total Non-Operating Revenues and (Expenses)	<u>33,822</u>	<u>54,742</u>	<u>54,742</u>	<u>(0)</u>
Net Income (Loss) for Year	53,643	36,075	(0)	(36,075)
Net Position - Beginning	-	-	-	-
Equity Transfers/Prior Period Adjustment	-	-	-	-
Net Position - Beginning as Restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Ending	<u>53,643</u>	<u>36,075</u>	<u>(0)</u>	<u>36,075</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, 2019

	Balance December 31, 2018	Additions	Deductions	Balance December 31, 2019
GARBAGE - CITY				
ASSETS				
Cash & Investments	106	1,403,869	1,403,869	106
Accounts Receivable, Net	364,936	62,607	59,856	367,687
Due from Other Funds	130,215	1,534,800	1,539,131	125,885
Total Assets	<u>495,257</u>	<u>3,001,276</u>	<u>3,002,855</u>	<u>493,678</u>
LIABILITIES				
Accrued Sales Tax Payable	8,813	10,566	13,809	5,570
Due to Other Funds	-	1,404,519	1,404,519	-
Due to Others	486,444	484,643	482,979	488,108
Total Liabilities	<u>495,257</u>	<u>1,899,727</u>	<u>1,901,307</u>	<u>493,678</u>
GARBAGE - COUNTY				
ASSETS				
Cash & Investments	93	105,096	105,096	93
Accounts Receivable, Net	38,723	15,508	15,707	38,524
Due from Other Funds	-	125,909	115,128	10,781
Total Assets	<u>38,816</u>	<u>246,514</u>	<u>235,932</u>	<u>49,398</u>
LIABILITIES				
Accrued Sales Tax Payable	615	16,008	8,745	7,878
Due to Other Funds	449	105,720	106,169	-
Due to Others	37,752	37,752	33,984	41,520
Total Liabilities	<u>38,816</u>	<u>159,480</u>	<u>148,898</u>	<u>49,398</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash & Investments	199	1,508,965	1,508,965	199
Accounts Receivable, Net	403,659	78,115	75,563	406,211
Due from Other Funds	130,215	1,660,710	1,654,259	136,666
Total Assets	<u>534,073</u>	<u>3,247,790</u>	<u>3,238,787</u>	<u>543,076</u>
LIABILITIES				
Accrued Sales Tax Payable	9,428	26,574	22,554	13,448
Due to Other Funds	449	1,510,239	1,510,688	-
Due to Others	524,196	522,395	516,963	529,628
Total Liabilities	<u>534,073</u>	<u>2,059,208</u>	<u>2,050,205</u>	<u>543,076</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, 2019 and 2018

Table F-1

At December 31, 2019 and 2018, the System had gas meter connections as follows:

	<u>2019</u>	<u>2018</u>
Active	2,977	3,025
Inactive	<u>165</u>	<u>164</u>
Total	<u><u>3,142</u></u>	<u><u>3,189</u></u>
MCF - Thousand Cubic Feet of gas sold was:	101,645	108,686

CITY OF ROBSTOWN UTILITY SYSTEMS
ELECTRIC LIGHT AND POWER COMPANY
METERED CUSTOMERS AND KILOWATT-HOURS SOLD
YEAR ENDED DECEMBER 31, 2019 and 2018

Table F-2

At December 31, 2019 and 2018, the System had lighting and power connections as follows:

	<u>2019</u>	<u>2018</u>
Active	4,540	4,509
Inactive	<u>117</u>	<u>138</u>
Total	<u><u>4,657</u></u>	<u><u>4,647</u></u>
 Kilowatt-hours of electricity sold was:	 94,658,274	 94,984,517

CITY OF ROBSTOWN UTILITY SYSTEMS
SEWER SYSTEM
BOND INDEBTNESS AND BOND INTEREST REQUIREMENTS
SEWER SYSTEM REVENUE BONDS - SERIES 2011
DECEMBER 31, 2019

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
2019 \$					2,295,000
2020	70,000	41,739	41,739	153,478	2,225,000
2021	70,000	40,899	40,899	151,798	2,155,000
2022	75,000	39,971	39,971	154,942	2,080,000
2023	75,000	38,902	38,902	152,804	2,005,000
2024	80,000	37,759	37,759	155,518	1,925,000
2025	80,000	36,479	36,479	152,958	1,845,000
2026	85,000	35,159	35,159	155,318	1,760,000
2027	85,000	33,714	33,714	152,428	1,675,000
2028	90,000	32,226	32,226	154,452	1,585,000
2029	90,000	30,606	30,606	151,212	1,495,000
2030	95,000	28,964	28,964	152,928	1,400,000
2031	100,000	27,182	27,182	154,364	1,300,000
2032	105,000	25,258	25,258	155,516	1,195,000
2033	105,000	23,210	23,210	151,420	1,090,000
2034	110,000	21,162	21,162	152,324	980,000
2035	115,000	18,963	18,963	152,926	865,000
2036	120,000	16,605	16,605	153,210	745,000
2037	125,000	14,115	14,115	153,230	620,000
2038	130,000	11,521	11,521	153,042	490,000
2039	135,000	8,824	8,824	152,648	355,000
2040	140,000	6,023	6,023	152,046	215,000
2041	145,000	3,117	3,117	151,234	70,000
	<u>2,225,000</u>	<u>572,398</u>	<u>572,398</u>	<u>3,369,796</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, 2019

Bonds Due Dec 31st & June 30th,

Year

Ending

December 31

Amount

30-Jun

31-Dec

Total
Annual
Requirements

Balance
Outstanding
End of Year

2019 \$					390,000
2020	20,000	2,461	2,461	24,922	370,000
2021	20,000	2,461	2,461	24,922	350,000
2022	25,000	2,409	2,409	29,818	325,000
2023	25,000	2,331	2,331	29,662	300,000
2024	25,000	2,231	2,231	29,462	275,000
2025	25,000	2,114	2,114	29,228	250,000
2026	25,000	1,980	1,980	28,960	225,000
2027	25,000	1,830	1,830	28,660	200,000
2028	25,000	1,668	1,668	28,336	175,000
2029	25,000	1,494	1,494	27,988	150,000
2030	25,000	1,309	1,309	27,618	125,000
2031	25,000	1,114	1,114	27,228	100,000
2032	25,000	909	909	26,818	75,000
2033	25,000	694	694	26,388	50,000
2034	25,000	470	470	25,940	25,000
2035	25,000	239	239	25,478	-
	<u>390,000</u>	<u>25,714</u>	<u>25,712</u>	<u>441,426</u>	

CITY OF ROBSTOWN UTILITY SYSTEMS
INSURANCE IN FORCE - ALL FUNDS
YEAR ENDED DECEMBER 31, 2019

	Policy Number	Coverage	Amount
POWER PLANT BUILDING AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief.	\$ 3,586,787
MECHANIC SHOP AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. Power Plant Rd.	\$ 182,587
WAREHOUSE AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. Power Plant Rd.	\$ 2,363,489
OFFICE BUILDINGS AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. 101 E. Main	\$ 993,161
WASTE WATER BUILDING AND IMPROVEMENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. 35000 Highway 44	\$ 4,170,019
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
Higginbotham	--	Employee Dishonesty	\$ 100,000
Texas Municipal League	9123	Errors and Omissions Liability	\$ 2,000,000
SYSTEM-WIDE Victor O. Schionerer	44158601	Windstorm and Hail	\$ 11,508,860

TABLE F-5

Period		Amount
From	To	
10/1/2019	10/1/2020	\$ 12,244
10/1/2019	10/1/2020	Included
10/1/2019	10/1/2020	Included
10/1/2019	10/1/2020	Included
10/1/2019	10/1/2020	Included
10/1/2019	10/1/2020	\$ 19,696
2/1/2019	2/1/2020	\$ 1,068
10/1/2019	10/1/2020	\$ 3,856
7/17/2019	7/17/2020	\$ 70,175

CITY OF ROBSTOWN UTILITY SYSTEMS
STATISTICAL INFORMATION
LIST OF TEN LARGEST USERS OF UTILITIES - ALPHABETICAL ORDER
YEAR ENDED DECEMBER 31, 2019

TABLE F-6

1	Frontier Southwest Inc.
2	HEB Groceries
3	McDonald's Restaurant
4	Nueces County Building
5	Nueces County Library
6	Nueces County Water Control #3
7	Regency Insurance of Robstown
8	Robstown Independent School District
9	Taqueria Jalisco
10	Whataburger