

**CITY OF ROBSTOWN UTILITY SYSTEMS**

**Annual Financial Report  
For the Year Ended December 31, 2021**

**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, 2021

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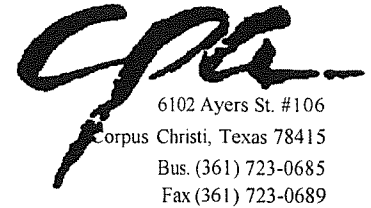
*FINANCIAL SECTION*



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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, 2021, 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, 2021 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.

**Emphasis of Matter**

As discussed in Note U to the financial statements, subsequent to the date of the financial statements, the City of Robstown Utility System has been impacted by the market response to the February 2021, Winter Storm Uri. Our opinions are not modified with respect to this matter.

**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 70-71, 76-77, 82-83, and 90-91 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  
July 14, 2022





**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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 \$11,092,643. (Exhibit A-1).
- The net position of the Utility Systems decreased from \$12,527,973 to \$11,092,643 (a decrease of \$1,435,330). (Exhibit A-2). The net position decrease represents a 11.46% decrease over the prior year's results. The net position represents 88.35% of the total \$12,555,054 of expenses (\$12,060,590 operating expenses and non-operating expenses \$494,464) (Exhibit A-2) in expenses. The Utility Systems' unrestricted net position (Exhibit B-1) were \$4,605,666 or 38.19% of expenses (Exhibit B-2).
- Total assets were \$19,492,946 and deferred charges (Charges - \$7,500,000, Pension - \$317,340 and OPEB \$30,330) were \$7,847,669 (Exhibit B-1); total liabilities for the Utility Systems were \$14,655,240 and deferred credits were \$1,318,746, deferred inflow of resources- Pension – \$264,954 and deferred inflow of resources – OPEB was \$9,034 (total deferred credits and inflows \$1,592,733) 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 4.27 times excluding deferred charges and credits. (Exhibit B-1)
- The Utility Systems' quick ratio (current assets to current liabilities) (Exhibit A-1) was 5.43 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, 2021**

- 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 (61.22% - 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, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Assets</b>				
Current and Other Assets	\$ 10,039,377	\$ 9,112,675	\$ 926,702	10.17%
Restricted Assets	401,120	563,484	(162,364)	-28.81%
Capital Assets:				
Productive Asset in Service (net)	9,644,265	10,121,330	(477,065)	-4.71%
Other Assets	-	-	-	0.00%
<b>Total Assets</b>	<u>20,084,762</u>	<u>19,797,489</u>	<u>287,273</u>	<u>1.45%</u>
<b>Deferred Outflows of Resources</b>				
Deferred Charges	7,500,000	45,016	7,454,984	16560.74%
Deferred Resources Outflows	500,415	350,137	150,278	42.92%
Deferred Resources Outflows -OPEB	47,827	33,703	14,124	41.91%
<b>Total Deferred Outflows of Resources</b>	<u>8,048,242</u>	<u>428,856</u>	<u>7,619,386</u>	<u>1776.68%</u>
<b>Liabilities</b>				
Current Liabilities	1,848,038	1,696,494	151,544	8.93%
Restricted Liabilities	100,000	96,817	3,183	3.29%
Long-term Debt Outstanding	9,750,383	4,507,630	5,242,753	116.31%
Other Liabilities	3,591,143	636,353	2,954,790	464.33%
<b>Total Liabilities</b>	<u>15,289,564</u>	<u>6,937,294</u>	<u>8,352,270</u>	<u>120.40%</u>
<b>Deferred Inflows of Resources</b>				
Deferred Credits	1,318,746	233,561	1,085,185	464.63%
Deferred Resources Inflows - Pension	417,807	513,799	(95,992)	-18.68%
Deferred Resources Inflows - OPEB	14,245	13,718	527	3.84%
<b>Total Deferred Inflows of Resources</b>	<u>1,750,798</u>	<u>761,078</u>	<u>989,720</u>	<u>130.04%</u>
<b>Net Position</b>				
Invested in capital assets	6,791,435	7,306,216	(514,781)	-7.05%
Restricted	110,974	110,974	-	0.00%
Unrestricted	4,190,234	5,110,783	(920,549)	-18.01%
<b>Total Net Position</b>	<u>\$ 11,092,643</u>	<u>\$ 12,527,973</u>	<u>\$ (1,435,330)</u>	<u>-11.46%</u>

The Utilities Systems' net position decreased by \$1,435,330 from \$12,527,973 to \$11,092,643 (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 \$1,996,263 to the City of Robstown's General Fund along with providing utility services of \$201,142 to the City of Robstown. (Exhibit A-2, B-2)

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Charges for Services:				
Electric System	\$ 10,221,709	\$ 10,277,818	\$ (56,109)	-0.55%
Gas System	1,470,951	1,418,032	52,919	3.73%
Wastewater System	1,808,398	1,782,167	26,231	1.47%
Total Charges for Services	<u>13,501,058</u>	<u>13,478,017</u>	<u>23,041</u>	<u>0.17%</u>
Interest Earnings	35	1,136	(1,101)	-96.92%
Other	-	-	-	0.00%
<b>Total Revenues</b>	<u>13,501,093</u>	<u>13,479,153</u>	<u>21,940</u>	<u>0.16%</u>
Expenses:				
Division Operating Expenses:				
Electric System	8,505,071	7,803,189	701,882	8.99%
Gas System	1,662,136	1,300,532	361,604	27.80%
Wastewater System	1,893,383	1,635,347	258,036	15.78%
Total Division Operating Expenses	<u>12,060,590</u>	<u>10,739,068</u>	<u>1,321,522</u>	<u>12.31%</u>
Interest and Debt Expense	293,357	101,066	192,291	190.26%
Other Expenses - Note 1 Below	-	-	-	0.00%
Free Utility Service to City	201,142	191,098	10,044	5.26%
<b>Total Expenses</b>	<u>12,555,089</u>	<u>11,031,232</u>	<u>1,523,857</u>	<u>13.81%</u>
Income (loss) Before Transfers and Prior Period Adjustments	946,004	2,447,921	(1,501,917)	-61.35%
Prior Period Adjustments	(385,071)	-	(385,071)	0.00%
Transfer to City	(1,996,263)	(1,868,169)	(128,094)	6.86%
<b>Increase (decrease) in Net Position</b>	<u>\$ (1,435,330)</u>	<u>\$ 579,752</u>	<u>\$ (2,015,082)</u>	<u>-347.58%</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 \$946,004, and transfers of \$1,996,263, resulted in a decrease in 2021 of \$1,435,330 with a prior period adjustment of \$385,071, which differs from the 2020 where an increase of \$579,752 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 \$1,523,857 or 13.81% in 2021 over 2020, compared to a decrease by \$986,477 or 8.21% in 2020 over 2019. Also, the Utility Systems' revenue increased in 2021 by \$21,940 or 0.002% compared to 2020 which showed a decrease of \$693,542 or 4.89% over 2019. The fuel charge increase resulted in the overall power costs due to the fuel and purchased power cost adjustment clause resulting in an increase in fuel cost (fuel adjustment) and the Utility maintaining its overall positive operations including a transfer to the city resulted in an overall decrease in the net position for 2021 of \$1,435,330 compared to 2020 which showed an increase of \$579,752 from 2020. The Utility Systems continues to monitor its operation costs and this resulted in a positive net income for 2021 before cash transfers to the City.

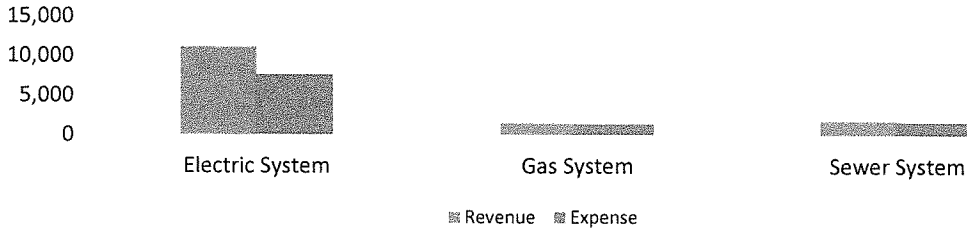
**Winter Storm Event** – On February 2021, a winter storm swept through the continental United States that severely affected the Texas electrical grid. As a result, the operations of the Utility Systems were significantly disrupted. In addition, Texas utilities, including the Utility Systems, were faced with unprecedented financial costs associated with the effects of the storm on electric and gas prices. See Note U- Other Events in Notes to the Financial Statements for further discussion of the impact of this event.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

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

**Graph 1:**

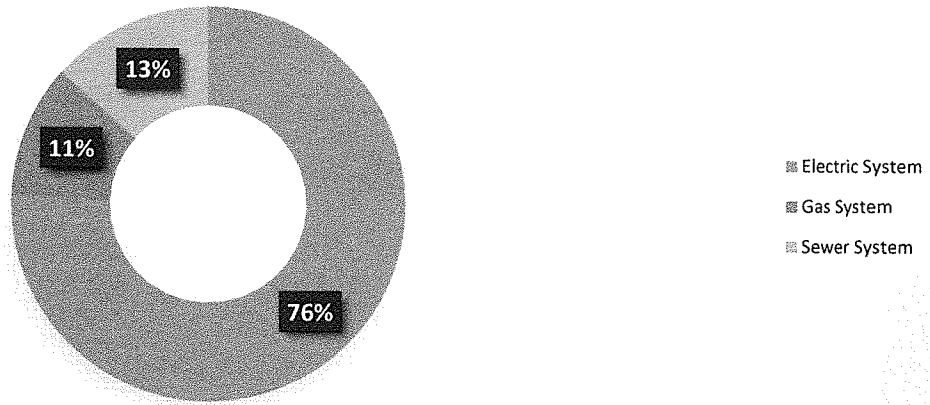
**Program Revenues to Activity Expenditures  
(in thousands of dollars)**



The following is a summary of the composition of 2021 Utility Systems' revenues by source:

**Chart A-1:**

**Revenues By Source  
Year Ended December 31, 2021**



During 2021, the customer demand for electricity decreased slightly from 4,605 to 4,561. The demand for gas services decreased from the prior year from 2,919 to 2,876 and wastewater treatment services slightly decreased from 4,012 to 3,983, respectively. Total electric kwh sales decreased 911,855 or 1.00% in 2021 (90,215,973 kwh) from 2020 (91,127,828 kwh) sold.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The gas system increased by 4.75% to 92,938 Mcf compared to 88,730 Mcf in 2020. The wastewater system experienced an increase of 1.31% to 380,489 MG in the volume of wastewater treated in 2021 compared to 375,484 MG treated in 2020.

The actual number of residential and commercial Utility Systems' customers were stable in the wastewater, gas and electric for all the divisions for 2021.

Utility Operating Division--Number of Customers

	2021	2020
	Customers	Customers
Electric	4,561	4,605
Gas	2,876	2,919
Wastewater System	3,983	4,012

**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 2021.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue and Receipts:			
Electric System	10,115,999	10,221,709	105,710
Gas System	1,485,136	1,470,951	(14,185)
Wastewater System	1,803,990	1,808,398	4,408
	<u>13,405,125</u>	<u>13,501,058</u>	<u>95,933</u>
Operating Expenses:			
Purchased Power and Fuel	5,105,266	5,105,286	(20)
Operating & Maintenance	3,359,924	4,494,014	(1,134,090)
General Administration	2,653,301	2,461,289	192,012
Total Expenses	<u>11,118,491</u>	<u>12,060,589</u>	<u>(942,098)</u>
Non Operating Profit ( Loss)	<u>2,286,634</u>	<u>1,440,469</u>	<u>(846,165)</u>
Non Operating Revenues (Expenses)			
Interest and Other Income, (Expense)	(60,176)	35	60,211
Free Utility Service to City	(201,142)	(201,142)	-
Debt Service-Interest	(202,882)	(293,357)	(90,475)
Transfers In	-	-	-
Transfers Out to City	(1,846,263)	(1,996,263)	(150,000)
Total Non-Operating Revenues (Expenses)	<u>(2,310,463)</u>	<u>(2,490,727)</u>	<u>(180,264)</u>
Net Income	<u>\$ (23,829)</u>	<u>\$ (1,050,258)</u>	<u>\$ (1,026,429)</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The electric system revenues decreased during the year along with the decrease of the kwh usage. The gas system experienced a significant increase in consumption resulting from a colder winter temperatures. The natural gas cost increased by \$88,454 (Exhibit B-11) and this resulted in a pass-through of \$304,273 for actual cost of sales and an unfavorable budget variance of \$20 (in Gas revenues) (Exhibit B-12). Electric purchased power and fuel costs were unfavorable and stayed slightly over budget (Exhibit B-9) regarding energy costs in the electric system. Both electric and gas obtained the Series 2020 Certificate of Obligations due to the excess costs due to the Uri Storm. General and administrative costs were over budget by \$303,599 (Exhibit C-3) and passed thru to the other departments, this compares to the prior year 2020 where the System was over budget by \$54,222.

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 2021, the Utility Systems' net investment in capital assets amounted to \$9,644,265 which is stated net of \$31,202,985 less \$21,558,720 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 2021, the total decrease in the Utility Systems' investment in capital assets was \$477,066 compared to \$30,276 in 2020, this is net of capital acquired and depreciation costs. (Exhibit A-1)

**Table A-4: Capital Assets (net of depreciation) at December 31, 2021.**

	<b>2021</b>	<b>2020</b>	<b>Dollar Change</b>
Land and Land Rights	\$ 43,785	\$ 43,785	\$ -
Construction in Progress	372,586	372,586	-
Plant Project and Equipment	30,786,614	30,455,785	330,829
Accumulated Depreciation	(21,558,720)	(20,750,825)	(807,895)
Utility Plant, net	<u>\$ 9,644,265</u>	<u>\$ 10,121,331</u>	<u>\$ (477,066)</u>

**Long-term Debt and Debt Administration**

Table A-5 indicates that total long-term debt increased by \$7,357,838 for 2021 or 234.64% compared to 2020 which decreased by \$204,063 or 6.11%. Total debt outstanding at year end was \$10,493,682 at 2021 which includes the compensated absences.

**CITY OF ROBSTOWN UTILITY SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

The reductions in revenue bonds occurred through scheduled principal payments.

**Table A-5 Long-Term Liabilities-Current Leases at December 31, 2021**

	<u>Total</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change</u>
			<u>20-21</u>	<u>20-21</u>
Revenue Bonds	\$ 2,435,000	\$ 2,525,000	\$ (90,000)	-3.56%
Certificate of Obligations	7,500,000	-	7,500,000	0.00%
Notes Payable	357,626	367,085	(9,459)	-2.58%
Compensated Absences	201,056	243,759	(42,703)	-17.52%
Total Debt	<u>\$10,493,682</u>	<u>\$ 3,135,844</u>	<u>\$ 7,357,838</u>	<u>234.64%</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>2021</u>	<u>2020</u>
Operating Revenue	\$ 13,501,057	\$ 13,478,017
Interest and Other Income, Expenses	35	1,136
Revenue per Certificate Resolution	13,501,092	13,479,153
Cost of Operation and Maintenance, Net of Depreciation and Required Payments to the City of Robstown	<u>10,767,491</u>	<u>10,259,173</u>
Net Revenue per Certificate Resolution	<u>\$ 2,733,601</u>	<u>\$ 3,219,980</u>
Annual Debt Service Requirements	<u>1,146,022</u>	<u>172,992</u>
Debt Service Coverage Ratio (times)	<u>2.39</u>	<u>18.61</u>

As of December 31, 2021 the Utility Systems had outstanding revenue bonds payable of \$2,435,000 and Series 2020 certificate of obligations of \$7,500,000 issued during the year due to the Uri Storm and the fuel costs related to this storm. All of these obligations are secured by a first lien on and a pledge of the net revenues of the Sewer Revenues and Electric Revenues. The debt coverage ratio requirement of 125% coverage was made after adding back the depreciation for 2011 and 2014 Sewer Series and Series 2020 Certificate of Obligations.

**FOR THE YEAR 2022 ADOPTED OPERATING BUDGET**

The adopted budget for fiscal year 2022 sets the Utility Systems' revenues from all sources at \$17,185,204 (which does not include interest income of \$18,500), and is up \$238,463 from the prior year's budget. The current year's actual sales were \$13,501,057 (Exhibit A-2) and up from the prior year actual sales of \$13,478,017. At December 31, 2021, 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, 2021**

In 2021, the Utility Systems' expenditures, including transfers to the City of \$1,996,263 and capital outlay of \$330,828, less depreciation and amortization budget of \$807,893, this was part of the overall budgeted expenditures of \$16,407,835 for the 2021 budget year which includes the administration department. The 2021 Budget operating expenses were comparable to the prior year's budget.

The Utility Systems' is projecting to spend \$573,750 in capital expenditures for the year 2022 compared to the 2021 budget prior year which expended \$991,100.

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, 2021**

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

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

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	2019	2020
Inactive employees or beneficiaries currently receiving benefits	38	41
Inactive employees entitled to but not yet receiving benefits	56	41
Active employees	<u>43</u>	<u>46</u>
Total	<u>137</u>	<u>128</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 13.02% and 18.11% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for the year ended December 31, 2021, were \$461,997 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, 2021 AND 2020**

EXHIBIT A-1  
Page 1 of 2

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<b>ASSETS</b>		
Current Assets:		
<i>Cash and cash equivalents</i>	\$ 6,021,884	5,003,424
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	3,443,751	3,506,940
<i>Materials &amp; Supplies Inventory</i>	504,580	537,248
<i>Prepaid Expenses</i>	69,162	65,064
<i>Total Current Assets</i>	<u>\$ 10,039,377</u>	<u>9,112,675</u>
Restricted Assets:		
<i>Cash and Bonds</i>	\$ 401,120	563,484
<i>Total Restricted Assets</i>	<u>\$ 401,120</u>	<u>563,484</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>	30,786,613	30,455,785
<i>Less Accumulated Depreciation</i>	(21,558,718)	(20,750,825)
<i>Total Net Fixed Assets</i>	<u>\$ 9,644,265</u>	<u>10,121,330</u>
Intangible Assets		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 20,084,762</u></u>	<u><u>19,797,489</u></u>
<i>Deferred out flow of resources</i>		
<i>Deferred Fuel Charge</i>	\$ 7,500,000	45,016
<i>Deferred Resources Outflows- GASB 68</i>	500,415	350,137
<i>Deferred Resources Outflows-OPEB GASB 75</i>	47,827	33,703

The accompanying notes are an integral part of this statement.

	December 31, 2021	December 31, 2020
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
<i>Accounts Payable and Other Payables</i>	\$ 92,769	337,689
<i>Administration Accounts Payable</i>	648,106	548,148
<i>Accumulated Compensation Absences</i>	201,056	243,759
<i>Accrued Wages</i>	109,042	124,891
<i>Other Liabilities</i>	160,805	147,924
<i>Current Portion of Certificate of Obligations</i>	300,000	-
<i>Current Portion of Notes Payable</i>	142,243	143,238
<i>Internal Balances</i>	194,018	150,845
<i>Total Current Liabilities</i>	\$ 1,848,038	1,696,494
<b>Payable from Restricted Assets:</b>		
<i>Accrued Interest Payable</i>	\$ -	6,817
<i>Current Portion of Revenue Bonds Payable</i>	100,000	90,000
<i>Total Payable from Restricted Assets</i>	\$ 100,000	96,817
<b>Long-Term Liabilities</b>		
<i>Certificate of Obligations Payable - Net of Current Portion</i>	\$ 7,200,000	-
<i>Notes Payable</i>	215,383	223,847
<i>Pension Liability- GASB 68</i>	2,728,546	1,661,921
<i>OPEB Liability - GASB 75</i>	216,714	186,863
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,335,000	2,435,000
<i>Total Long-Term Liabilities</i>	\$ 12,695,643	4,507,631
<b>Other Liabilities</b>		
<i>Customer Deposits</i>	\$ 645,882	636,353
<i>Total Other Liabilities</i>	645,882	636,353
<i>Total Liabilities</i>	\$ 15,289,564	6,937,294
<b>Deferred inflow of resources</b>		
<i>Deferred Fuel Credits</i>	\$ 1,318,746	233,561
<i>Deferred Resources Inflows-Pension- GASB 68</i>	\$ 417,807	513,799
<i>Deferred Resources Inflows-OPEB - GASB 75</i>	14,245	13,718
<b>Net Position:</b>		
<i>Invested in Capital Asset</i>	\$ 6,791,434	7,306,216
<i>Restricted for Revenue Bond Debt</i>	110,974	110,974
<i>Unrestricted</i>	4,190,234	5,110,782
<i>Total Net Position</i>	\$ 11,092,643	12,527,973

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, 2021 AND 2020**

EXHIBIT A-2

	December 31, 2021	December 31, 2020
Operating Revenues:		
<i>Sales and Service</i>	\$ 13,501,057	13,478,017
<i>Total Revenue</i>	<u>\$ 13,501,057</u>	<u>13,478,017</u>
Operating Expenses:		
<i>Cost of Sales</i>	\$ 5,105,286	5,007,364
<i>Cost of Services Provided</i>	2,461,289	1,719,266
<i>Power Plant Operations Expenses</i>	-	60
<i>Distribution Expenses</i>	2,389,604	2,099,305
<i>Substation Expenses</i>	3,550	1,647
<i>Plant and Operating Expenses</i>	1,259,420	1,100,361
<i>General and Administrative Expenses:</i>		
<i>Insurance/Retirement</i>	42,842	39,005
<i>Depreciation/Amortization</i>	798,599	772,059
<i>Bad Debts</i>	-	-
<i>Total Operating Expenses</i>	<u>\$ 12,060,590</u>	<u>10,739,068</u>
 <i>Net Operating (Loss) Profit</i>	 <u>\$ 1,440,468</u>	 <u>2,738,949</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 35	1,136
<i>Interest (Expense)</i>	(293,357)	(101,066)
<i>Loss on Disposal of Asset</i>	-	-
<i>Other Income (Expenses)</i>	-	-
<i>Free Utility Service to City</i>	(201,142)	(191,098)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (494,464)</u>	<u>(291,029)</u>
 <i>Net Income (Loss) for Year</i>	 <u>\$ 946,003</u>	 <u>2,447,921</u>
 <i>Net Position - Beginning</i>	 \$ 12,527,973	 11,948,221
<i>Prior Period Adjustment/Equity Transfers</i>	(385,071)	-
<i>Net Position - Beginning as Restated</i>	<u>\$ 12,142,902</u>	<u>11,948,221</u>
<i>Cash Transfers to City</i>	(1,996,263)	(1,868,169)
<i>Net Position - Ending</i>	<u>\$ 11,092,643</u>	<u>12,527,973</u>

The accompanying notes are an integral part of this statement.

## CITY OF ROBSTOWN UTILITY SYSTEMS

Exhibit A-3

STATEMENT OF CASH FLOWS  
ALL BUSINESS TYPE ACTIVITIES  
DECEMBER 31, 2021 AND 2020

	December 31, 2021	December 31, 2020
Cash flow from operating activities:		
Cash received from customers	\$ 13,423,497	15,153,611
Cash Receipts (Payments) for Interfund Services Provided and Used	-	-
Cash Payments to Employees for Services	(4,092,427)	(3,347,649)
Cash Payments to Other Suppliers for Goods and Services	(8,429,124)	(8,396,899)
Net Cash Provided (Used) by Operating Activities	<u>\$ 901,946</u>	<u>3,409,063</u>
Cash Flows from Non-capital Financing Activities:		
Proceeds (Payments from (for) Borrowings	\$ 869,085	216,383
Other Proceeds	(2,813,750)	(527,987)
transfers Out to City and Free Service to City	(2,197,405)	(2,016,859)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>\$ (4,142,070)</u>	<u>(2,328,463)</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuance of Long term Debt	\$ (86,055)	(211,866)
Principal and Interest Paid	4,512,866	(104,896)
Acquisition or Construction of Capital Assets	(330,828)	(856,320)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>\$ 4,095,982</u>	<u>(1,173,082)</u>
Cash Flows from Investing Activities:		
Interest and Dividends on Investments	\$ 238	1,292
Net Cash Provided (Used) for Investing Activities	<u>\$ 238</u>	<u>1,292</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 856,096	(91,190)
Cash and Cash Equivalents at Beginning of Year	<u>5,566,908</u>	<u>5,658,098</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,423,004</u>	<u>5,566,908</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,442,998	2,742,233
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	841,607	825,946
Provision for Uncollectible Accounts	-	-
Change in Assets and Liabilities		
Decrease (Increase) in Receivables	63,189	(309,321)
Decrease (Increase) in Inventories	32,668	16,077
Decrease (Increase) in Prepaid Expenses	(4,098)	(6,404)
Decrease (Increase) in Deferred Charges	(2,653,533)	(35,446)
Increase (Decrease) in Accounts Payable	40,192	96,953
Increase (Decrease) in Sales Tax Payable	(185,155)	238,106
Increase (Decrease) in Accrued Wages Payable	(15,849)	24,180
Increase (Decrease) in Accumulated Compensation Absences	(42,703)	27,999
Increase (Decrease) in Capital Leases	108,000	-
Increase (Decrease) in Notes Payable	2,195	(102)
Increase (Decrease) in Customer Deposits	9,530	985
Increase )Decrease) in Deferred Fuel Charges	1,023,807	50,138
Increase (Decrease) in Accrued Expense	239,098	(262,281)
Total Adjustments	<u>\$ (541,052)</u>	<u>666,830</u>
Net Cash Provided by Operating Activities	<u>\$ 901,946</u>	<u>3,409,063</u>
Cash and Cash Equivalents, Unrestricted	\$ 8,201,916	5,003,424
Cash and Cash Equivalents, Restricted	(1,778,912)	563,484
	<u>\$ 6,423,004</u>	<u>5,566,908</u>

The accompanying notes are an integral part of this statement.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2021**

EXHIBIT A-4

	<u>December 31,</u> <u>2021</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 199
Account Receivable - Net of Provisions for Doubtful accounts	107,390
Due From Other Utility funds	194,018
Total Current Assets	<u>\$ 301,607</u>
 TOTAL ASSETS	 <u><u>\$ 301,607</u></u>
 <b>LIABILITIES AND NET POSITION</b>	
Current Liabilities:	
Sales Tax Payable	\$ 10,531
Due to Other Utility Funds	-
Due to Others	291,077
Total Current Liabilities	<u>\$ 301,607</u>
 Total Liabilities	 <u>\$ 301,607</u>
 Net Position:	 <u>\$ -</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 301,607</u></u>



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

EXHIBIT A-5

	<u>December 31,</u> <u>2021</u>
Additions:	\$
Contributions	-
Employer	-
Miscellaneous Additions	1,624,961
Total Additions	<u>\$ 1,624,961</u>
Deductions:	\$
Payroll Costs	
Other Deductions	<u>1,624,961</u>
	<u>\$ 1,624,961</u>
Changes in fiduciary net position	-
Fiduciary net position - beginning	<u>\$ -</u>
Fiduciary net position - ending	<u><u>\$ -</u></u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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, 2021.

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, 2021**

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 2021 and 2020, the System provides monthly transfers as an operational fee to the City which totaled \$1,996,263, and \$1,868,169 and free service of \$201,142 and \$191,098 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:

**Custodial Funds** – The System accounts for resources held for others in a custodial capacity in fiduciary funds. The District's Custodial Funds are the City and County Garbage accounts.

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, 2021**

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 2021. 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, 2021**

	<u>Years</u>
<b>Electric System:</b>	
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
<b>Gas System:</b>	
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
<b>Administration:</b>	
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, 2021**

10. Restricted Assets

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

11. Accumulated Unpaid Compensated Absences

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

12. Long-Term Debt

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

13. Inter-fund Transactions and Transfers

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

14. Rates, Revenues, and Fuel Expense

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

15. Use of Estimates and Assumptions

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

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**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, 2021 and 2020, the carrying amount of the Systems’ deposits (cash, certificates of deposit, and interest-bearing savings accounts including the temporary investments) was \$6,423,004, and \$5,566,908, respectively, and the temporary investment balance was \$3,693,716 and \$2,682,802 respectively. The System’s cash deposits at December 31, 2021 and 2020, and during the years ended December 31, 2021 and 2020, 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 2021 but not completely covered in 2020.

**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, 2021 and 2020:

December 31, 2021:

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Carrying Value</u>	<u>Market Value</u>
Texpool	N/A	AAAm (S&P)	\$ 3,693,716	\$ 3,693,716
Total Investments			<u>\$ 3,693,716</u>	<u>\$ 3,693,716</u>

December 31, 2020:

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Texpool	N/A	AAAm (S&P)	\$ 2,682,802	\$2,682,802
Total Investments			<u>\$ 2,682,802</u>	<u>\$2,682,802</u>

**7CITY 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.



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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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, 2021, 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 FIRREA1. 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, 2021:

- 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, 2021, 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	\$6,976	0	0	\$6,976
Commercial Paper	\$0	\$0	0	\$0
Total Fair Value	\$6,976	\$0	0	\$6,976

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

Security	Par	Coupon	Purchase Date	Maturity Date	Structure	Book Val.	Market Val.
31329JQK6	431,244	3.00%	2021	4/1/2043	Call Qtr 5 days	431,244	431,244
3140F4F76	347,676	2.50%	2021	5/1/2031	"	347,676	347,676
3140FCTG3	529,256	3.50%	2021	2/1/2047	"	529,256	529,256
3140GTUH1	356,733	4.00%	2021	7/1/2047	"	356,733	356,733
3140J8X40	318,008	3.00%	2021	4/1/2034	"	318,008	318,008
3140K14K9	1,483,628	3.50%	2021	12/1/2049	"	1,483,628	1,483,628
36179WE79	122,188	2.00%	2021	5/20/2051	"	122,188	122,188
36179WG28	11,949	2.00%	2021	5/20/2051	"	11,949	11,949
	<u>3,600,682</u>			Total		3,600,682	3,600,682

**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, 2021, can be summarized as follows:

	<u>Internal Service</u>	<u>Gas System</u>	<u>Electric Light &amp; Power</u>	<u>Sewer System</u>	<u>Total Receivables</u>
Accounts Receivable & Unbilled	\$ -	\$ 430,092	\$ 2,768,731	\$ 496,898	\$ 3,695,721
Less: Allowance for Doubtful Accounts	-	(24,651)	(184,586)	(42,733)	(251,970)
Accounts Receivable, net	<u>\$ -</u>	<u>\$ 405,441</u>	<u>\$ 2,584,145</u>	<u>\$ 454,165</u>	<u>\$ 3,443,751</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, 2020, can be summarized as follows:

	<u>Internal Service</u>	<u>Gas System</u>	<u>Electric Light &amp; Power</u>	<u>Sewer System</u>	<u>Total Receivables</u>
Accounts Receivable & Unbilled	\$ 45,950	\$ 442,818	\$ 2,818,334	\$ 498,100	\$ 3,805,202
Less: Allowance for Doubtful Accounts	-	(33,067)	(210,087)	(55,108)	(298,262)
Accounts Receivable, net	<u>\$ 45,950</u>	<u>\$ 409,751</u>	<u>\$ 2,608,247</u>	<u>\$ 442,992</u>	<u>\$ 3,506,940</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, 2021, consisted of the following:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Custodial Funds	Internal Service Fund	\$ 194,018	Short-term Loans
Enterprise Funds	Other Enterprise Funds	-	Long-term Loans
	Internal Service Fund	5,914,662	Long-term Loans
Internal Service Funds	Enterprise Fund	1,279,313	Long-term Loans
	Total	<u>\$ 7,387,993</u>	

All amounts due are scheduled to be repaid within one year, except those noted as (1) long-term.  
Balances due to and from other funds at December 31, 2020, 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	\$ 150,845	Short-term Loans
Enterprise Funds	Other Enterprise Funds	-	Long-term Loans
	Internal Service Fund	4,765,498	Long-term Loans
Internal Service Funds	Enterprise Fund	1,027,705	Long-term Loans
	Total	<u>\$ 5,944,048</u>	

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

**F. Fixed Assets**

A Summary of fixed assets at December 31, 2021, 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	11,939,285	14,077,443	2,818,951	1,950,934	30,786,613
Less: Accumulated Depreciation	(6,633,886)	(11,092,939)	(2,276,391)	(1,555,503)	(21,558,719)
Totals	<u>5,679,399</u>	<u>3,006,875</u>	<u>542,560</u>	<u>415,431</u>	<u>9,644,265</u>

Fixed asset activity for the period ended December 31, 2021, 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	<u>416,371</u>	<u>-</u>	<u>-</u>	<u>416,371</u>
<i>Capital Assets Being Depreciated:</i>				
Plant, Property, Equipment	30,455,786	330,828	-	30,786,614
Total Capital Assets Being Depreciated	<u>30,455,786</u>	<u>330,828</u>	<u>-</u>	<u>30,786,614</u>
Less Accumulated Depreciation for:				
Plant, Property and Equipment	(20,750,827)	(807,893)	-	(21,558,720)
Total Accumulated Depreciation	<u>(20,750,827)</u>	<u>(807,893)</u>	<u>-</u>	<u>(21,558,720)</u>
Total Capital Assets Being Depreciated, Net	<u>9,704,959</u>	<u>(477,065)</u>	<u>-</u>	<u>9,227,894</u>
Activities of Capital Assets, Net	<u>\$ 10,121,330</u>	<u>\$ (477,065)</u>	<u>\$ -</u>	<u>\$ 9,644,265</u>

Depreciation expense for 2021 was \$330,828

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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A Summary of fixed assets at December 31, 2020, 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	11,688,318	13,916,052	2,904,301	1,947,114	30,455,785
Less: Accumulated Depreciation	<u>(6,286,515)</u>	<u>(10,764,385)</u>	<u>(2,187,431)</u>	<u>(1,512,494)</u>	<u>(20,750,825)</u>
Totals	<u>5,775,803</u>	<u>3,174,038</u>	<u>716,870</u>	<u>454,620</u>	<u>10,121,331</u>

Fixed asset activity for the period ended December 31, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 43,785	\$ -	\$ -	\$ 43,785
Construction in Progress	372,586	-	-	372,586
Total Capital Assets not Being Depreciated	<u>416,371</u>	<u>-</u>	<u>-</u>	<u>416,371</u>
<i>Capital Assets Being Depreciated:</i>				
Plant, Property, Equipment	29,599,465	856,322	-	30,455,787
Total Capital Assets Being Depreciated	<u>29,599,465</u>	<u>856,322</u>	<u>-</u>	<u>30,455,787</u>
Less Accumulated Depreciation for:				
Plant, Property and Equipment	<u>(19,924,781)</u>	<u>(826,046)</u>	<u>-</u>	<u>(20,750,827)</u>
Total Accumulated Depreciation	<u>(19,924,781)</u>	<u>(826,046)</u>	<u>-</u>	<u>(20,750,827)</u>
Total Capital Assets Being Depreciated, Net	9,674,684	30,276	-	9,704,960
Activities of Capital Assets, Net	<u>\$ 10,091,055</u>	<u>\$ 30,276</u>	<u>\$ -</u>	<u>\$ 10,121,331</u>

Depreciation expense for 2020 was \$826,044

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

	Balance December 31, 2020	Issued	Retired	Balance December 31, 2021	Amounts Due Within One Year
Revenue Bonds	\$ 2,525,000	\$ -	\$ 90,000	\$ 2,435,000	\$ 100,000
2022 Cert. of Obligations	-	7,500,000	-	7,500,000	300,000
Notes Payable	367,085	-	9,459	357,626	142,243
Accrued Compensated Absences (Vac./Sick Leave)	243,759	201,056	243,759	201,056	20,106
Totals	<u>\$ 3,135,844</u>	<u>\$ 7,701,056</u>	<u>\$ 343,218</u>	<u>\$ 10,493,682</u>	<u>\$ 562,349</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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**H. Revenue Bonds and Notes Payable**

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

	2021	2020
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 12/1/35 Secured by net revenue of the Sewer system.	\$ 350,000	\$ 370,000
Subtotal	350,000	370,000
Less: Current Portion Revenue Bond Payable	25,000	20,000
Long Term Revenue Bonds Payable	\$ 325,000	\$ 350,000
Series 2011 Sewer System Rev Bonds, \$2,635,000 due in annual installments of \$50,000 to \$145,000 through 2041; interest of 4.35%. Secured by net Revenues of the Sewer System, matures 12/1/2041	\$ 2,085,000	\$ 2,155,000
Less: Current Portion Revenue Bond Payable	75,000	70,000
Long Term Revenue Bonds Payable	2,010,000	2,085,000
Total Sewer Bonds	\$ 2,435,000	\$ 2,525,000
Series 2021 Electric and Gas Bonds, \$7,500,000 due in annual installments from \$300,000 to \$1,250,000. interest at 4.610%, issued during 2021 fiscal year. Secured by net Revenues of the Sewer System, matures 12/1/2031	\$ 7,500,000	
Less: Current Portion Bond Payable	300,000	
Long Term Certificate of Oblig. Series 2022 Bonds Payable - Electric and Gas	7,200,000	
Total Bonds	\$ 9,935,000	

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

Year Ended December 31	Principal	Interest	Total Requirements
2022	\$ 142,243	\$ 9,987	\$ 152,230
2023	100,761	5,756	106,517
2024	59,347	3,239	62,586
2025	55,275	1,532	56,807
2026	-	-	-
Thereafter	-	-	-
Totals	\$ 357,626	\$ 20,514	\$ 378,140

The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments are as follows – Sewer System:

Sewer	Revenue Bonds		
	Year Ended December 31	Principal	Interest
2022	100,000	84,760	184,760
2023	100,000	82,466	182,466
2024	105,000	79,980	184,980
2025	105,000	77,186	182,186
2026	110,000	74,278	184,278
Thereafter	1,915,000	622,432	2,537,432
Totals	\$ 2,435,000	\$ 1,021,102	\$ 3,456,102

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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The annual requirements to amortize all debt outstanding as of December 31, 2021, including interest payments are as follows – Electric and Gas System, the bonds are shown 64% in the electric system and 36% in the Gas System:

Electric and Gas Bonds Year Ended December 31	Revenue Bonds		
	Principal	Interest	Total Requirements
2022	300,000	338,835	638,835
2023	400,000	322,700	722,700
2024	450,000	303,108	753,108
2025	500,000	281,211	781,211
2026	700,000	253,551	953,551
Thereafter	5,150,000	648,855	5,798,855
<b>Totals</b>	<b>\$ 7,500,000</b>	<b>\$ 2,148,260</b>	<b>\$ 9,648,260</b>

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, 2021:

Year Ending December 31:	
2022	-
2023	-
2024	-
2025	-
2026	-
Total Minimum Lease Payments	\$ -
Less: Amount Representing Interest	-
Present Value of Future Minimum Lease Payments	<u>\$ -</u>

**J. Accumulated Unpaid Vacation and Sick Leave Benefits**

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

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, 2021 was \$201,056, respectively.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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**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.tmrs.com](http://www.tmrs.com). All eligible employees of the city are required to participate in TMRS.

**B. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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***Employees covered by benefit terms.***

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2019</u>	<u>2020</u>
Inactive employees or beneficiaries currently receiving benefits	38	41
Inactive employees entitled to but not yet receiving benefits	56	41
Active employees	43	46
Total	<u>137</u>	<u>128</u>

**C. Contributions**

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

Employees for the City of Robstown Utility System were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City of Robstown Utility System were 12.72% and 18.11% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for the year ended December 31, 2021 and 2020, were \$461,977 and \$330,815 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, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% 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.

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.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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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 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

***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.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balance at 12/31/2019	\$ 15,964,982	\$ 14,303,060	\$ 1,661,922
Changes for the year:			
Service cost	315,158	-	315,158
Interest	1,137,201	-	1,137,201
Changes of Benefit Terms	1,095,467	-	1,095,467
Difference between Expected and Actual Experience	61,594	-	(61,594)
Changes in Assumptions	-	-	-
Contributions – Employer	-	334,068	(334,068)
Contributions – Employee	-	131,316	(131,316)
Net Investment Income	-	1,084,711	(1,084,711)
Benefit Payments, Including Refunds of Employee Contributions	(741,199)	(741,199)	-
Administrative Expense	-	(7,025)	7,025
Other Changes	-	(274)	274
Net Changes	\$ 1,868,221	\$ 801,598	\$ 1,066,623
<b>Balance at 12/31/2020</b>	<b>\$ 17,833,203</b>	<b>\$ 15,104,658</b>	<b>\$ 2,728,545</b>

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	\$4,977,690	\$2,728,545	\$847,571

***Pension Plan Fiduciary Net Position***

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

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

For the year ended, the City of Robstown Utility System recognized pension expense/(income) of \$1,258,426.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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At December 31, 2021, the system reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$38,438	\$16,906
Changes in actuarial assumptions	\$0	\$671
Difference between projected and actual investment earnings	\$0	\$400,230
Contributions subsequent to the measurement date	\$461,977	\$0
Total	\$500,415	\$417,807

\$461,977 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, 2021. 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:	
2021	\$(144,347)
2022	\$30,490
2023	\$(241,662)
2024	\$(23,850)
2025	\$0
Thereafter	\$0

**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.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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**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 0.30% and 0.38% in calendar years 2020 and 2021, respectively. The Utility's contributions to TMRS for the year ended December 31, 2021 were \$9,901 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.

**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.

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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**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 2.00%. 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>	<b>Total OPEB Liability (a)</b>
Balance at 12/31/2019	\$ 186,863
Changes for the year:	
Service cost	8,142
Interest	5,222
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(5,976)
Changes in Assumptions	24,564
Contributions – Employer	-
Contributions – Employee	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(2,101)
Administrative Expense	-
Other Changes	-
Net Changes	\$ 29,851
<b>Balance at 12/31/2020</b>	<b>\$ 216,714</b>

**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 2.00%, 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 (1.00%) or 1 percentage point higher (3.00%) than the current rate.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City’s net pension liability	\$256,015	216,714	\$184,721

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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](http://www.tmrs.com).

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$20,454.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$0	\$10,267
Changes in actuarial assumptions	\$37,926	\$0
Difference between projected and actual investment earnings	\$-0-	\$3,978
Contributions subsequent to the measurement date	\$0	\$0
Total	\$47,827	\$14,245

\$9,901 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, 2022. 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:	
2021	\$7,090
2022	\$4,948
2023	\$7,779
2024	\$3,681
2025	\$183
Thereafter	\$0

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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**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 2021	Plan Year 2020
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 2021, 2020 and 2019 were \$9,901, \$7,802, and \$7,948, respectively, which equaled the required contributions each year.

**M. Health Care Coverage**

During the year ended December 31, 2021, employees of the System were covered by a health insurance plan (the Plan). The System paid premiums of \$522.55 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. Custodial 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.



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

**O. Related Party Transactions**

During 2021, 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	\$ -	\$ -	\$ 1,996,263	\$ -	\$ 1,996,263
Free Utility to City	-	1,902	193,680	5,560	201,142
Total	<u>\$ -</u>	<u>\$ 1,902</u>	<u>\$ 2,189,943</u>	<u>\$ 5,560</u>	<u>\$ 2,197,405</u>

During 2020, 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	\$ -	\$ -	\$ 1,868,169	\$ -	\$ 1,868,169
Free Utility to City	-	2,092	182,608	6,398	191,098
Total	<u>\$ -</u>	<u>\$ 2,092</u>	<u>\$ 2,050,777</u>	<u>\$ 6,398</u>	<u>\$ 2,059,267</u>

**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 2021 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, 2021 is as follows:

	Gas System	Electric Light & Power System	Sewer System	Total
Income:				
Sales and Services	\$ 1,470,951	\$ 10,221,709	\$ 1,808,398	\$ 13,501,058
Operating Expenses:				
Cost of Sales	304,273	4,801,014	-	5,105,287
Operating, Transmission, and Distribution Expenses	1,013,671	1,379,483	1,259,420	3,652,574
General and Admin. Expenses	344,192	2,324,574	633,963	3,302,729
Total Operating Expenses	<u>1,662,136</u>	<u>8,505,071</u>	<u>1,893,383</u>	<u>12,060,590</u>
Net Profit (Loss) from Operations	<u>\$ (191,185)</u>	<u>\$ 1,716,638</u>	<u>\$ (84,985)</u>	<u>\$ 1,440,468</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Segment information at December 31, 2020 is as follows:

	Gas System	Electric Light & Power System	Sewer System	Total
Income:				
Sales and Services	\$ 1,418,032	\$ 10,277,818	\$ 1,782,167	\$ 13,478,017
Operating Expenses:				
Cost of Sales	215,819	4,791,546	-	5,007,365
Operating, Transmission, and Distribution Expenses	850,339	1,250,673	1,100,361	3,201,373
General and Admin. Expenses	234,374	1,760,969	534,986	2,530,329
Total Operating Expenses	<u>1,300,532</u>	<u>7,803,188</u>	<u>1,635,347</u>	<u>10,739,067</u>
Gross Profit (Loss) from Operations	<u>\$ 117,500</u>	<u>\$ 2,474,630</u>	<u>\$ 146,820</u>	<u>\$ 2,738,950</u>

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 be credited for future periods. (Electric Department)

S. Prior Period Adjustment

Adjustments were made for GASB 84 Fiduciary Funds. Adjustments were made to the fixed assets from prior escrowed funds for capital items that were not utilized.

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 July 11, 2022, the date which the financial statements were available to be issued. During the post audit period, the State of Texas was hit with an extremely hard freeze that caused fuel costs to spike. The Utility is studying its options to recover the devastating utility costs.

**COVID-19** – Worldwide, national and local community transmission of novel coronavirus, COVID-19, has resulted in economic uncertainties in all government levels. With temporary closures and restrictions affecting businesses and residential customers, the Utility System’s revenues were impacted, with usage increasing in some customer classes while decreasing in others. Additionally, the Utility Systems temporarily suspended service disconnects for all customers for a few months in 2021. As a result of this decision, outstanding customer accounts receivable increased with additional customers participating in deferred payment plans. Consequently, the allowance for doubtful accounts increased as the outstanding aged receivables balance has grown.



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
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**Direct Impact to the Systems** – Beginning February 12, 2021, and continuing over the next several days, the natural gas and real-time wholesale power markets experienced extreme price volatility. With the increasing demand for natural gas and electricity, the prices also increased. The Utility System’s gas distribution and electric generation needs increased in volumes of approximately 19.6% and 17.2% respectively. Gas that normally trades between \$2-\$4/MMBtu traded above \$100/MMBtu and in some cases up to \$400/MMBtu. Additionally, purchased power prices in ERCOT reached the market cap of \$9,000/MWh and remained at these levels through most of the winter storm.

**Financial Implications** – During the February 2021 winter storm, the Utility Systems incurred significant costs purchasing natural gas from its supplier in the amount of \$2,598,280 and purchased power from the ERCOT market in the amount of \$4,244,877 for a total cost of \$6,843,147.

**Liquidity and Short-Term Financing** – On March 29, 2021, the Utility Systems issued \$7.5 million in taxable loan and was used to pay off the natural gas and purchased power costs.

V. Deficit Balances - Net Position Deficit

At December 31, 2021, 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, 2021

	Plan Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service cost	\$ 315,158	\$ 240,373	\$ 223,317	\$ 272,764	\$ 281,354	\$ 268,794	\$ 237,759
Interest (on the total pension liability)	1,137,201	1,024,626	991,960	962,601	963,551	949,552	917,269
Changes of benefit terms	1,095,467	-	-	(706,204)	-	-	-
Difference between expected and actual experience	61,594	(78,384)	(128,018)	(172,840)	2,649	14,327	(158,149)
Change of assumptions	-	(3,113)	-	-	-	33,915	-
Benefit payments, including refunds of employee contributions	(741,199)	(555,970)	(667,717)	(537,993)	(564,253)	(561,887)	(540,517)
<b>Net Change in Total Pension Liability</b>	<b>1,868,221</b>	<b>627,532</b>	<b>419,542</b>	<b>(181,672)</b>	<b>683,301</b>	<b>704,701</b>	<b>456,362</b>
<b>Total Pension Liability - Beginning</b>	<b>15,964,982</b>	<b>15,337,450</b>	<b>14,917,908</b>	<b>15,099,580</b>	<b>14,416,279</b>	<b>13,711,578</b>	<b>13,255,216</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 17,833,203</b>	<b>\$ 15,964,982</b>	<b>\$ 15,337,450</b>	<b>\$ 14,917,908</b>	<b>\$ 15,099,580</b>	<b>\$ 14,416,279</b>	<b>\$ 13,711,578</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - employer	\$ 334,068	\$ 307,330	\$ 288,972	\$ 387,334	\$ 391,152	\$ 407,155	\$ 377,200
Contributions - employee	131,316	120,427	111,658	114,800	118,615	120,126	110,734
Net investment income	1,084,711	1,933,412	(394,762)	1,609,612	739,186	16,182	596,612
Benefit payments, including refunds of employee contributions	(741,199)	(555,970)	(667,717)	(537,993)	(564,253)	(561,887)	(540,517)
Administrative expense	(7,025)	(10,927)	(7,630)	(8,342)	(8,349)	(9,857)	(6,229)
Other	(274)	(328)	(399)	(423)	(450)	(487)	(512)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>801,597</b>	<b>1,793,944</b>	<b>(669,878)</b>	<b>1,564,988</b>	<b>675,901</b>	<b>(28,768)</b>	<b>537,288</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>14,303,060</b>	<b>12,509,117</b>	<b>13,178,993</b>	<b>11,614,006</b>	<b>10,938,105</b>	<b>10,966,873</b>	<b>10,429,585</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 15,104,657</b>	<b>\$ 14,303,061</b>	<b>\$ 12,509,115</b>	<b>\$ 13,178,994</b>	<b>\$ 11,614,006</b>	<b>\$ 10,938,105</b>	<b>\$ 10,966,873</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 2,728,546</b>	<b>\$ 1,661,921</b>	<b>\$ 2,828,335</b>	<b>\$ 1,738,914</b>	<b>\$ 3,485,574</b>	<b>\$ 3,478,174</b>	<b>\$ 2,744,705</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>84.70%</b>	<b>89.59%</b>	<b>81.56%</b>	<b>88.34%</b>	<b>76.92%</b>	<b>75.87%</b>	<b>79.98%</b>
<b>Covered Payroll</b>	<b>\$ 2,626,319</b>	<b>\$ 2,408,548</b>	<b>\$ 2,233,168</b>	<b>\$ 2,295,993</b>	<b>\$ 2,372,290</b>	<b>\$ 2,347,542</b>	<b>\$ 2,214,670</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>103.89%</b>	<b>69.00%</b>	<b>126.65%</b>	<b>75.74%</b>	<b>146.93%</b>	<b>148.16%</b>	<b>123.93%</b>

CITY OF ROBSTOWN UTILITY SYSTEMS  
SCHEDULE OF CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Fiscal Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 461,977	\$ 330,815	\$ 307,227	\$ 295,225	\$ 393,303	\$ 397,072	\$ 407,063
Contributions in relation to actuarially determined contribution	<u>(461,977)</u>	<u>(330,815)</u>	<u>(307,227)</u>	<u>(295,225)</u>	<u>(393,303)</u>	<u>(397,072)</u>	<u>(407,063)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,605,625	\$ 2,600,743	\$ 2,408,545	\$ 2,233,165	\$ 2,295,989	\$ 2,367,754	\$ 2,347,537
Contributions as a percentage of covered payroll	17.73%	12.72%	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, 2021

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(1) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:** 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, 2021

	Plan Year Ended December 31,			
	2020	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 8,142	\$ 5,540	\$ 5,806	\$ 5,051
Interest (on the total OPEB liability)	5,222	5,798	5,443	5,420
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(5,976)	(3,753)	(7,968)	-
Change of assumptions	24,564	26,598	(9,768)	11,538
Benefit payments, including refunds of employee contributions	(2,101)	(1,686)	(1,340)	(1,378)
<b>Net Change in Total OPEB Liability</b>	<u>29,851</u>	<u>32,497</u>	<u>(7,827)</u>	<u>20,631</u>
<b>Total OPEB Liability - Beginning</b>	<u>186,863</u>	<u>154,366</u>	<u>162,193</u>	<u>141,562</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 216,714</u>	<u>\$ 186,863</u>	<u>\$ 154,366</u>	<u>\$ 162,193</u>
<b>Covered Payroll</b>	\$ 2,626,319	\$ 2,408,548	\$ 2,233,168	\$ 2,295,993
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	8.25%	7.76%	6.91%	7.06%

CITY OF ROBSTOWN UTILITY SYSTEMS  
 NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

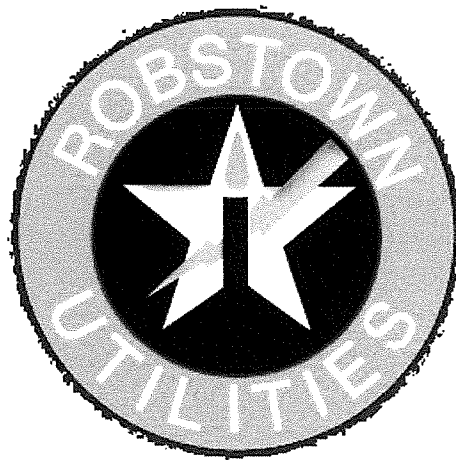
**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	N/A
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	N/A
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	2.00%
Retirement Age	N/A
Mortality	Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**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, 2021 AND 2020**

	Sewage Fund	Electric Fund
<b>ASSETS</b>		
<b>Current Assets:</b>		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 454,165	2,584,145
<i>Materials &amp; Supplies Inventory</i>	-	454,234
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	-	5,914,662
<i>Total Current Assets</i>	\$ 454,165	8,953,040
<b>Restricted Assets:</b>		
<i>Cash</i>	\$ 395,112	999
<i>Total Restricted Assets</i>	\$ 395,112	999
<b>Capital Assets:</b>		
<i>Land</i>	\$ 1,414	22,371
<i>Construction in Progress</i>	372,586	-
<i>Property, Plant and Equipment</i>	11,939,285	14,077,443
<i>Less Accumulated Depreciation</i>	(6,633,886)	(11,092,939)
<i>Total Net Fixed Assets</i>	\$ 5,679,398	3,006,875
<b>Intangible Assets:</b>		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	\$ -	-
<b>TOTAL ASSETS</b>	\$ 6,528,676	11,960,914
<i>Deferred outflow of resources</i>		
<i>Deferred Fuel Charges</i>	\$ -	4,801,452
<i>Deferred Resource Outflows - Pension</i>	80,652	137,982
<i>Deferred Resource Outflows - OPEB</i>	7,708	13,188
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities:</b>		
<i>Accounts Payable and Other Payables</i>	\$ -	82,396
<i>Accumulated Compensation Absences</i>	58,026	76,913
<i>Accrued Wages</i>	-	52,829
<i>Current Portion of Certificate of Obligations</i>	-	192,000
<i>Current Portion of Notes Payable</i>	39,608	72,349
<i>Due to Other Utility Funds</i>	500,176	233,033
<i>Other Current Liabilities</i>	-	-
<i>Total Current Liabilities</i>	\$ 597,810	709,520
<b>Payable from Restricted Assets:</b>		
<i>Accrued Interest Payable</i>	\$ -	-
<i>Current Portion of Revenue Bonds Payable</i>	100,000	-
<i>Total Payable from Restricted Assets</i>	\$ 100,000	-
<b>Long-Term Liabilities:</b>		
<i>Certificate of Obligations Payable - Net of Current Portion</i>	\$ -	4,608,000
<i>Notes Payable</i>	-	169,311
<i>Pension Liability</i>	439,761	752,356
<i>OPEB Liability</i>	34,928	59,756
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,335,000	-
<i>Total Long-Term Liabilities</i>	\$ 2,809,688	5,589,423
<b>Other Liabilities:</b>		
<i>Customer Deposits</i>	\$ -	461,450
<i>Total Other Liabilities</i>	-	461,450
<b>Total Liabilities</b>	\$ 3,507,499	6,760,393
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ -	1,318,746
<i>Deferred inflow of resources - Pension</i>	67,338	115,204
<i>Deferred inflow of resources - OPEB</i>	2,296	3,928
<b>Net Position:</b>		
<i>Invested in Capital Assets</i>	\$ 3,204,790	2,765,215
<i>Restricted for Revenue Bond Debt</i>	110,974	-
<i>Unrestricted</i>	(275,861)	5,950,050
<i>Total Net Position</i>	\$ 3,039,903	8,715,264

EXHIBIT B-1

Gas Fund	Totals	
	December 31, 2021	December 31, 2020
405,441	3,443,751	3,460,990
50,346	504,580	537,248
-	-	-
-	5,914,662	4,765,498
<u>455,787</u>	<u>9,862,992</u>	<u>8,763,736</u>
5,009	401,120	563,484
<u>5,009</u>	<u>401,120</u>	<u>563,484</u>
-	23,785	23,785
-	372,586	372,586
2,818,951	28,835,679	28,508,671
(2,276,391)	(20,003,216)	(19,238,331)
<u>542,560</u>	<u>9,228,834</u>	<u>9,666,711</u>
-	-	-
-	-	-
<u>1,003,357</u>	<u>19,492,946</u>	<u>18,993,931</u>
2,698,548	7,500,000	45,016
98,706	317,340	222,027
9,434	30,330	21,372
10,373	92,769	337,689
29,046	163,985	152,767
13,307	66,137	57,041
108,000	300,000	-
7,877	119,834	121,866
832,806	1,566,015	992,498
-	-	-
<u>1,001,409</u>	<u>2,308,739</u>	<u>1,661,862</u>
-	-	6,817
-	100,000	90,000
-	<u>100,000</u>	<u>96,817</u>
2,592,000	7,200,000	-
28,562	197,873	183,929
538,198	1,730,315	1,053,850
42,746	137,430	118,493
-	2,335,000	2,435,000
<u>3,201,507</u>	<u>11,600,618</u>	<u>3,791,272</u>
184,432	645,882	636,353
<u>184,432</u>	<u>645,882</u>	<u>636,353</u>
<u>4,387,348</u>	<u>14,655,240</u>	<u>6,186,303</u>
-	1,318,746	233,561
82,411	264,954	325,808
2,810	9,034	8,699
405,998	6,376,003	6,851,596
-	110,974	110,974
(1,068,523)	4,605,666	5,565,402
<u>(662,525)</u>	<u>11,092,643</u>	<u>12,527,973</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - ALL ENTERPRISE FUNDS**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

	Sewage Fund	Electric Fund
	<u>                    </u>	<u>                    </u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,808,398	10,221,709
<i>Total Revenue</i>	<u>\$ 1,808,398</u>	<u>10,221,709</u>
Operating Expenses:		
<i>Cost of Sales</i>	\$ -	4,801,014
<i>Power Plant Operations Expenses</i>	-	-
<i>Distribution Expenses</i>	-	1,375,933
<i>Substation Expenses</i>	-	3,550
<i>Plant and Operating Expenses</i>	1,259,420	-
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	246,130	1,969,030
<i>Insurance</i>	6,748	26,990
<i>Depreciation/Amortization</i>	381,085	328,554
<i>Bad Debts</i>	-	-
<i>Total Operating Expenses</i>	<u>\$ 1,893,383</u>	<u>8,505,071</u>
Net Operating (Loss) Profit	<u>\$ (84,985)</u>	<u>1,716,638</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 35	-
<i>Interest (Expense)</i>	(90,601)	(130,721)
<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>	(5,560)	(193,680)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (96,126)</u>	<u>(324,401)</u>
<i>Net Income (Loss) for Year</i>	\$ (181,111)	1,392,237
Net Position - Beginning	<u>\$ 3,221,014</u>	<u>9,498,368</u>
Equity Transfers/Prior Period Adjustments	-	(179,077)
Net Position - Beginning as Restated	<u>\$ 3,221,014</u>	<u>9,319,290</u>
Cash Transfers to City	-	(1,996,263)
Net Position - Ending	<u><u>\$ 3,039,903</u></u>	<u><u>8,715,264</u></u>



Gas Fund	Totals	
	December 31, 2021	December 31, 2020
1,470,951	13,501,057	13,478,017
<u>1,470,951</u>	<u>13,501,057</u>	<u>13,478,017</u>
304,273	5,105,286	5,007,364
-	-	60
1,013,671	2,389,604	2,099,305
-	3,550	1,647
-	1,259,420	1,100,361
246,129	2,461,289	1,719,266
9,104	42,842	39,005
88,959	798,599	772,059
-	-	-
<u>1,662,136</u>	<u>12,060,590</u>	<u>10,739,068</u>
(191,185)	1,440,468	2,738,949
1	35	1,136
(72,035)	(293,357)	(101,066)
-	-	-
-	-	-
-	-	-
-	-	-
(1,902)	(201,142)	(191,098)
<u>(73,937)</u>	<u>(494,464)</u>	<u>(291,029)</u>
(265,122)	946,003	2,447,921
(191,409)	12,527,973	11,941,691
(205,993)	(385,071)	6,530
(397,403)	12,142,902	11,948,221
-	(1,996,263)	(1,868,169)
<u>(662,525)</u>	<u>11,092,643</u>	<u>12,527,973</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**STATEMENT OF CASH FLOWS**  
**ALL BUSINESS TYPE ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

	Sewage Fund	Electric Fund
Cash flow from operating activities:		
<i>Cash received from customers</i>	\$ 1,797,225	10,281,714
<i>Cash Payments to Employees for Services</i>	(744,425)	(1,075,587)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(821,370)	(5,929,872)
Net Cash Provided (Used) by Operating Activities	<u>\$ 231,430</u>	<u>3,276,255</u>
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments) from (for) Borrowings-Other Funds</i>	\$ 217,753	(90,219)
<i>Other Proceeds/Other Adjustment/Transfers</i>	97,166	(5,781,664)
<i>Transfers Out to City and Free Service to City</i>	(5,560)	(2,189,943)
<i>Operating Transfers From (To) Other Funds</i>	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>\$ 309,359</u>	<u>(8,061,827)</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long term Debt</i>	\$ (187,604)	94,712
<i>Principal and Interest Paid</i>	(111,028)	4,698,662
<i>Acquisition or Construction of Capital Assets</i>	(250,967)	(161,391)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>\$ (549,599)</u>	<u>4,631,983</u>
Cash Flows from Investing Activities:		
<i>Interest and Dividends on Investments</i>	\$ 35	-
Net Cash Provided (Used) for Investing Activities	<u>\$ 35</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (8,775)	(153,589)
Cash and Cash Equivalents at Beginning of Year	<u>403,888</u>	<u>154,588</u>
Cash and Cash Equivalents at End of Year	<u>\$ 395,112</u>	<u>999</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ (84,985)	1,716,638
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
<i>Depreciation</i>	381,085	328,554
<i>Provision for Uncollectible Accounts</i>	-	-
Change in Assets and Liabilities		
<i>Decrease (Increase) in Receivables</i>	(11,173)	24,102
<i>Decrease (Increase) in Inventories</i>	-	35,903
<i>Decrease (Increase) in Prepaid Expenses</i>	-	-
<i>Decrease (Increase) in Deferred Charges</i>	-	-
<i>Increase (Decrease) in Accounts Payable</i>	(59,766)	-
<i>Increase (Decrease) in Sales Tax Payable</i>	-	(152,135)
<i>Increase (Decrease) in Accrued Wages Payable</i>	-	8,437
<i>Increase (Decrease) in Accumulated Compensation Absences</i>	3,084	14,422
<i>Increase (Decrease) in Capital Leases</i>	-	-
<i>Increase (Decrease) in Notes Payable</i>	10,000	-
<i>Increase (Decrease) in Customer Deposits</i>	-	8,355
<i>Increase )Decrease) in Deferred Fuel Charges</i>	-	1,058,945
<i>Increase (Decrease) in Accrued Expense</i>	(6,817)	233,033
Total Adjustments	<u>\$ 316,414</u>	<u>1,559,617</u>
Net Cash Provided by Operating Activities	<u>\$ 231,430</u>	<u>3,276,255</u>

Gas Fund	Totals	
	December 31, 2021	December 31, 2020
(1,181,507)	10,897,432	13,192,768
(821,768)	(2,641,780)	(2,154,112)
(688,690)	(7,439,932)	(7,796,686)
<u>(2,691,965)</u>	<u>815,720</u>	<u>3,241,970</u>
122,730	250,264	199,820
2,550,985	(3,133,514)	(259,669)
(1,902)	(2,197,405)	(2,059,267)
-	-	42,408
<u>2,671,813</u>	<u>(5,080,654)</u>	<u>(2,076,708)</u>
6,837	(86,055)	(211,866)
(72,035)	4,515,599	(101,456)
85,350	(327,008)	(851,941)
<u>20,151</u>	<u>4,102,535</u>	<u>(1,165,263)</u>
1	35	1,136
<u>1</u>	<u>35</u>	<u>1,136</u>
(0)	(162,364)	1,135
5,009	563,484	562,349
<u>5,009</u>	<u>401,120</u>	<u>563,484</u>
(191,185)	1,440,468	2,738,949
88,959	798,599	772,059
-	-	-
4,309	17,239	(265,880)
(3,235)	32,668	16,077
-	-	-
(2,653,533)	(2,653,533)	(35,446)
-	(59,766)	45,142
(33,021)	(185,155)	238,106
658	9,095	5,911
(6,288)	11,218	18,278
108,000	108,000	-
(7,805)	2,195	(102)
1,175	9,530	985
-	1,058,945	(23,408)
-	226,217	(268,701)
<u>(2,500,779)</u>	<u>(624,748)</u>	<u>503,021</u>
<u>(2,691,965)</u>	<u>815,720</u>	<u>3,241,970</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWAGE FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

EXHIBIT B-4

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
<i>Accounts Receivable - Net of Provisions     for Doubtful Accounts</i>	\$ 454,165	442,992
<i>Materials &amp; Supplies Inventory</i>	-	-
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	-	-
<i>Total Current Assets</i>	<u>\$ 454,165</u>	<u>442,992</u>
Non-Current Assets:		
Restricted Assets:		
<i>Cash- In Escrow-Other</i>	\$ 395,112	403,888
<i>Total Restricted Assets</i>	<u>\$ 395,112</u>	<u>403,888</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>	11,939,285	11,688,318
<i>Less Accumulated Depreciation</i>	(6,633,886)	(6,286,515)
<i>Total Net Fixed Assets</i>	<u>\$ 5,679,398</u>	<u>5,775,802</u>
Intangible Assets:		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	\$ -	-
<b>TOTAL ASSETS</b>	<u><u>\$ 6,528,676</u></u>	<u><u>6,622,682</u></u>
Deferred Resource Outflows - Pension	\$ 80,652	56,568
Deferred Resource Outflows - OPEB	7,708	5,445
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
<i>Accounts Payable</i>	\$ -	59,766
<i>Accrued Interest</i>	-	6,817
<i>Accumulated Compensation Absences</i>	58,026	54,942
<i>Accrued Wages</i>	-	-
<i>Current Portion of Certificate of Obligations</i>	-	-
<i>Current Portion of Notes Payable</i>	39,608	63,218
<i>Due to Other Utility Funds</i>	500,176	282,422
<i>Total Current Liabilities</i>	<u>\$ 597,810</u>	<u>467,165</u>
Payable from Restricted Assets:		
<i>Current Portion of Revenue Bonds Payable</i>	\$ 100,000	90,000
<i>Total Payable from Restricted Assets</i>	<u>\$ 100,000</u>	<u>90,000</u>
Long-Term Liabilities		
<i>Certificate of Obligations/Notes Payable/Leases Payable</i>	\$ -	87,604
<i>Pension Liability</i>	439,761	268,497
<i>OPEB Liability</i>	34,928	30,189
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,335,000	2,435,000
<i>Total Long-Term Liabilities</i>	<u>\$ 2,809,688</u>	<u>2,821,291</u>
<b>Total Liabilities</b>	<u>\$ 3,507,499</u>	<u>3,378,455</u>
Deferred Resource Inflows - Pension	\$ 67,338	83,008
Deferred Resource Inflows - OPEB	2,296	2,216
Net Position:		
Invested in Capital Assets	\$ 3,204,790	3,099,980
Restricted for Revenue Bond Debt	110,974	110,974
Unrestricted	(275,861)	10,060
<i>Total Net Position</i>	<u>\$ 3,039,903</u>	<u>3,221,014</u>



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWAGE FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

EXHIBIT B-5  
Page 1 of 2

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,808,398	1,782,167
<i>Total Revenue</i>	<u>\$ 1,808,398</u>	<u>1,782,167</u>
Expenses:		
Plant and Operating Expenses		
<i>Salaries</i>	\$ 222,386	249,157
<i>Overtime and Standby Wages</i>	22,030	26,740
<i>Fringe Benefits</i>	14,024	14,277
<i>Social Security</i>	16,957	19,507
<i>Retirement-Pension</i>	164,508	27,654
<i>Retirement-OPEB</i>	1,708	1,550
<i>Insurance Benefits</i>	17,578	19,873
<i>Office Supplies and Expense</i>	1,342	642
<i>Computers/Related Expense</i>	1,282	1,893
<i>Contract Services</i>	9,330	4,197
<i>Professional Services</i>	23,557	16,646
<i>Utilities</i>	240,934	218,433
<i>Telephone</i>	-	272
<i>Fuel and Oil</i>	21,717	14,007
<i>Meals and Traveling</i>	57	69
<i>Tools and Supplies</i>	23,272	23,657
<i>Dues, Fees, and Subscriptions</i>	12,533	40,622
<i>Lab Supplies</i>	364	4,033
<i>Vehicle Maintenance</i>	35,710	54,083
<i>Plant Maintenance</i>	717	16,936
<i>Safety Relation-Job Training</i>	33,870	31,441
<i>Chemicals</i>	43,309	24,162
<i>Testing</i>	20,510	-
<i>Structure &amp; Improvement Maintenance</i>	596	8,199
<i>Non-capitalized outlay expenses</i>	-	-
<i>Miscellaneous</i>	188	228
<i>Collection Salaries</i>	167,030	127,188
<i>Overtime and Standby Wages</i>	23,174	21,078
<i>Fringe Benefits</i>	6,806	5,627
<i>Social Security</i>	14,169	10,975
<i>Retirement-Pension</i>	44,495	11,381
<i>Retirement-OPEB</i>	912	833
<i>Insurance Benefits</i>	31,732	24,424
<i>Contract Labor</i>	-	-
<i>Meals and Traveling</i>	-	-
<i>Tools and Supplies</i>	97	1,001
<i>Vehicle Maintenance</i>	-	-
<i>Construction</i>	-	-
<i>Bond Costs</i>	-	-
<i>Other Maintenance</i>	33,700	38,947
<i>Other Operating Expenses</i>	8,826	40,632
Total Plant and Operating Expenses	<u>\$ 1,259,420</u>	<u>1,100,361</u>
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	\$ 246,130	141,765
<i>Insurance</i>	6,748	6,159
<i>Depreciation/Amortization</i>	381,085	387,062
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 633,963</u>	<u>534,986</u>
Total Expenses	<u>\$ 1,893,383</u>	<u>1,635,347</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWAGE FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Net Operating (Loss) Profit	\$ (84,985)	146,820
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	35	1,108
<i>Interest (Expense)</i>	(90,601)	(93,365)
<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>	(5,560)	(6,398)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (96,126)</u>	<u>(98,655)</u>
<i>Net Income (Loss) for Year</i>	\$ (181,111)	48,165
<i>Net Position - Beginning</i>	<u>\$ 3,221,014</u>	<u>3,166,319</u>
<i>Prior Period Adjustments/Equity Transfers</i>	-	6,530
<i>Net Position - Beginning as Restated</i>	<u>\$ 3,221,014</u>	<u>3,172,849</u>
<i>Net Position - Ending</i>	<u><u>\$ 3,039,903</u></u>	<u><u>3,221,014</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, 2021**

EXHIBIT B-6  
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Sales and Service</i>	\$ 1,834,418	1,803,990	1,808,398	4,408
<i>Total Revenue</i>	\$ 1,834,418	1,803,990	1,808,398	4,408
Expenses:				
Plant and Operating Expenses				
<i>Salaries</i>	\$ 236,200	224,566	222,386	2,180
<i>Overtime and Standby Wages</i>	35,217	22,030	22,030	(0)
<i>Fringe Benefits</i>	14,000	11,844	14,024	(2,180)
<i>Social Security</i>	20,763	16,957	16,957	(0)
<i>Retirement-Pension</i>	34,931	44,138	164,508	(120,370)
<i>Retirement-OPEB</i>	-	-	1,708	(1,708)
<i>Insurance Benefits</i>	24,250	17,578	17,578	0
<i>Advertising and Public Relations</i>	800	-	-	-
<i>Office Supplies and Expense</i>	4,000	1,342	1,342	(0)
<i>Computers/Related Expense</i>	5,000	1,282	1,282	0
<i>Contract Services</i>	10,000	9,330	9,330	-
<i>Professional Services</i>	600	-	23,557	(23,557)
<i>Utilities</i>	225,000	240,934	240,934	0
<i>Telephone</i>	2,000	-	-	-
<i>Fuel and Oil</i>	20,000	21,717	21,717	0
<i>Meals and Traveling</i>	3,000	57	57	(0)
<i>Tools and Supplies</i>	15,000	23,272	23,272	0
<i>Dues, Fees, and Subscriptions</i>	12,000	12,633	12,533	100
<i>Lab Supplies</i>	4,000	364	364	(0)
<i>Vehicle Maintenance</i>	10,000	10,358	35,710	(25,352)
<i>Plant Maintenance</i>	10,000	717	717	(0)
<i>Safety Relation-Job Training</i>	20,500	33,870	33,870	(0)
<i>Chemicals</i>	48,460	43,309	43,309	0
<i>Testing</i>	5,000	20,510	20,510	-
<i>Structure &amp; Improvement Maintenance</i>	5,000	595	596	(1)
<i>Non-capitalized outlay expenses</i>	-	-	-	-
<i>Miscellaneous</i>	800	166	188	(22)
<i>Collection Salaries</i>	152,839	167,030	167,030	(0)
<i>Overtime and Standby Wages</i>	17,000	23,174	23,174	0
<i>Fringe Benefits</i>	7,000	6,806	6,806	0
<i>Social Security</i>	12,993	14,169	14,169	(0)
<i>Retirement-Pension</i>	21,858	33,421	44,495	(11,074)
<i>Retirement-OPEB</i>	-	-	912	(912)
<i>Insurance Benefits</i>	30,300	31,732	31,732	0
<i>Contract Labor</i>	7,396	38,557	-	38,557
<i>Advertising and Public Relations</i>	-	-	-	-
<i>Meals and Traveling</i>	523	-	-	-
<i>Tools and Supplies</i>	2,000	97	97	0
<i>Vehicle Maintenance</i>	15,000	25,353	-	25,353
<i>Bond Costs</i>	-	-	-	-
<i>Other Maintenance</i>	43,000	50,421	33,700	16,721
<i>Other Operating Expenses</i>	100,000	8,726	8,826	(100)
Total Plant and Operating Expenses	\$ 1,176,430	1,157,055	1,259,420	(102,365)
General and Administrative Expenses:				
<i>General Operating (Admin.) Expense</i>	\$ 203,660	219,295	246,130	(26,835)
<i>Insurance</i>	5,500	6,748	6,748	0
<i>Depreciation/Amortization</i>	-	-	381,085	(381,085)
<i>Bad Debts</i>	800	-	-	-
Total General and Administrative Expenses	\$ 209,960	226,043	633,963	407,920



**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, 2021**

EXHIBIT B-6  
Page 2 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Expenses	\$ 1,386,390	1,383,098	1,893,383	(510,285)
Net Operating (Loss) Profit	\$ 448,028	420,892	(84,985)	(505,877)
Non-Operating Revenues and (Expenses)				
<i>Investment Income</i>	\$ 5,000	35	35	(0)
<i>Interest (Expense)</i>	(92,094)	(90,601)	(90,601)	(0)
<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)	(5,560)	(5,560)	0
<i>Total Non-Operating Revenue and (Expenses)</i>	\$ (94,094)	(96,126)	(96,126)	(0)
<i>Net Income (Loss) for Year</i>	\$ 353,934	324,766	(181,111)	(505,877)
<i>Net Position - Beginning</i>	\$ 3,221,014	3,221,014	3,221,014	-
<i>Equity Transfers</i>	-	-	-	-
<i>Net Position - Beginning as Restated</i>	\$ 3,221,014	3,221,014	3,221,014	-
<i>Cash Transfers to City</i>	-	-	-	-
Net Position - Ending	\$ 3,574,948	3,545,780	3,039,903	(505,877)

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
 ELECTRIC FUND  
 ENTERPRISE FUND  
 COMPARATIVE STATEMENT OF NET POSITION  
 DECEMBER 31, 2021 AND 2020

EXHIBIT B-7

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
<i>Accounts Receivable - Net of Provisions         for Doubtful Accounts</i>	\$ 2,584,145	2,608,247
<i>Materials &amp; Supplies Inventory</i>	454,234	490,137
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	<u>5,914,662</u>	<u>4,765,498</u>
<i>Total Current Assets</i>	<u>\$ 8,953,040</u>	<u>7,863,881</u>
Restricted Assets:		
<i>Cash</i>	\$ 999	154,588
<i>Total Restricted Assets</i>	<u>\$ 999</u>	<u>154,588</u>
Capital Assets:		
<i>Land</i>	\$ 22,371	22,371
<i>Construction in Progress</i>	-	-
<i>Property, Plant and Equipment</i>	14,077,443	13,916,052
<i>Less Accumulated Depreciation</i>	<u>(11,092,939)</u>	<u>(10,764,385)</u>
<i>Total Net Fixed Assets</i>	<u>\$ 3,006,875</u>	<u>3,174,038</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 11,960,914</u></u>	<u><u>11,192,507</u></u>
<i>Deferred Fuel Charges</i>	\$ 4,801,452	-
<i>Deferred Resource Outflows - Pension</i>	137,982	96,389
<i>Deferred Resource Outflows - OPEB</i>	13,188	9,278
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 82,396	234,530
<i>Accumulated Compensation Absences</i>	76,913	62,490
<i>Accrued Wages</i>	52,829	44,392
<i>Current Portion of Certificate of Obligations</i>	192,000	-
<i>Current Portion of Notes Payable</i>	72,349	42,967
<i>Due to Other Utility Funds</i>	<u>233,033</u>	<u>-</u>
<i>Total Current Liabilities</i>	<u>\$ 709,520</u>	<u>384,379</u>
Payable from Restricted Assets:		
<i>Current Portion of Bonds Payable</i>	\$ -	-
<i>Total Payable from Restricted Assets</i>	<u>\$ -</u>	<u>-</u>
Long-Term Liabilities:		
<i>Notes Payable</i>	\$ 169,311	74,599
<i>Pension Liability</i>	752,356	457,511
<i>OPEB Asset/Liability</i>	59,756	51,442
<i>Certificate of Obligations Payable - Net of Current Portion</i>	<u>4,608,000</u>	<u>-</u>
<i>Total Long-Term Liabilities</i>	<u>\$ 5,589,423</u>	<u>583,551</u>
Other Liabilities:		
<i>Customer Deposits</i>	\$ 461,450	453,095
<i>Total Other Liabilities</i>	<u>\$ 461,450</u>	<u>453,095</u>
<b>Total Liabilities</b>	<u>\$ 6,760,393</u>	<u>1,421,026</u>
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ 1,318,746	233,561
<i>Deferred Resource Inflows - Pension</i>	115,204	141,444
<i>Deferred Resource Inflows - OPEB</i>	3,928	3,776
Net Position:		
<i>Invested in Capital Assets</i>	\$ 2,765,215	3,056,473
<i>Restricted for Revenue Bond Debt</i>	-	-
<i>Unrestricted</i>	<u>5,950,050</u>	<u>6,441,895</u>
<i>Total Net Position</i>	<u>\$ 8,715,264</u>	<u>9,498,368</u>



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

EXHIBIT B-8  
Page 1 of 2

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 10,221,709	10,277,818
<i>Total Revenue</i>	<u>\$ 10,221,709</u>	<u>10,277,818</u>
Cost of Sales:		
Purchased Power	\$ 4,801,014	4,791,546
<i>Total Cost of Sales</i>	<u>\$ 4,801,014</u>	<u>4,791,546</u>
Net Sales	<u>\$ 5,420,695</u>	<u>5,486,273</u>
Expenses:		
Plant and Operating Expenses		
<i>Fringe Benefits</i>	\$ -	-
<i>Legal</i>	-	-
<i>Engineering</i>	-	-
<i>Utilities and Telephone</i>	-	60
<i>Contract Labor</i>	-	-
<i>Tools and Supplies</i>	-	-
<i>Dues, Fees, and Subscriptions</i>	-	-
<i>Miscellaneous</i>	-	-
Power Plant Maintenance		
<i>Vehicle/Structure Maintenance</i>	-	-
<i>Non-capitalized outlay expenses</i>	-	-
Total Power Plant Expenses	<u>\$ -</u>	<u>60</u>
Distribution Expenses		
<i>Distribution Salaries</i>	\$ 668,388	680,267
<i>Overtime and Standby Wages</i>	43,599	42,493
<i>Fringe Benefits</i>	56,412	45,571
<i>Social Security</i>	49,309	50,484
<i>Retirement-Pension</i>	199,415	53,178
<i>Retirement-OPEB</i>	4,482	4,060
<i>Insurance Benefits</i>	76,842	69,471
<i>Professional Services</i>	36,437	-
<i>Office Supplies and Expenses</i>	3,803	2,278
<i>Contract Services</i>	39,797	74,143
<i>Utilities</i>	13,999	12,048
<i>Telephone</i>	-	819
<i>Fuel and Oil</i>	21,932	14,581
<i>Meals and Traveling</i>	579	52
<i>Tools and Supplies</i>	16,748	31,091
<i>Material Inventory Expenses</i>	12,532	-
<i>Dues, Fees, and Subscriptions</i>	4,705	2,783
<i>Computers/Related Expenses</i>	4,903	4,349
<i>Vehicle Maintenance</i>	32,784	22,874
<i>Safety Relation-Job Training</i>	1,844	2,912
<i>Other Equip, Structure, and Meter Maint.</i>	54,751	119,799
<i>Groundskeeping Maintenance</i>	-	-
<i>Construction</i>	-	-
<i>Construction</i>	-	-
<i>Inventory Adjustment</i>	7,085	5,823
<i>Miscellaneous</i>	25,588	9,890
<i>Non-capitalization outlay expenses</i>	-	-
Total Distribution Expenses	<u>\$ 1,375,933</u>	<u>1,248,966</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

EXHIBIT B-8  
Page 2 of 2

	<u>2021</u>	<u>2020</u>
Substation		
<i>Contract Labor</i>	\$ -	-
<i>Utilities</i>	-	611
<i>Parts and Supplies</i>	3,550	1,037
Total Substation Expense	<u>\$ 3,550</u>	<u>1,647</u>
General and Administrative Expenses		
<i>General Operating (Admin.) Expenses</i>	\$ 1,969,030	1,440,287
<i>Insurance</i>	26,990	24,635
<i>Depreciation/Amortization</i>	328,554	296,048
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 2,324,574</u>	<u>1,760,970</u>
Total Expenses	<u>\$ 3,704,057</u>	<u>3,011,643</u>
Net Operating (Loss) Profit	<u>\$ 1,716,638</u>	<u>2,474,630</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ -	5
<i>Interest (Expense)</i>	(130,721)	(6,167)
<i>Other Income (Expense)</i>	-	-
<i>Transfers In (Out)</i>	-	-
<i>Free Utility Service to City</i>	(193,680)	(182,608)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (324,401)</u>	<u>(188,770)</u>
Net Income (Loss) for Year	<u>\$ 1,392,237</u>	<u>2,285,860</u>
Net Positions - Beginning	9,498,368	9,080,677
Equity Transfers/Prior Period Adjustment	(179,077)	-
Net Position - Beginning as Restated	<u>\$ 9,319,290</u>	<u>9,080,677</u>
Cash Transfers to City	(1,996,263)	(1,868,169)
Net Position - Ending	<u>\$ 8,715,264</u>	<u>9,498,368</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, 2021**

EXHIBIT B-9  
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Sales and Service</i>	\$ 11,348,069	10,115,999	10,221,709	105,710
<i>Total Revenue</i>	\$ 11,348,069	10,115,999	10,221,709	105,710
Cost of Sales:				
<i>Purchased Power</i>	\$ 5,600,000	4,801,013	4,801,014	(1)
<i>Total Cost of Sales</i>	\$ 5,600,000	4,801,013	4,801,014	(1)
Net Sales	\$ 5,748,069	5,314,986	5,420,695	105,709
Expenses:				
Plant and Operating Expenses				
<i>Fringe Benefits</i>	\$ -	-	-	-
<i>Legal</i>	-	-	-	-
<i>Engineering</i>	-	-	-	-
<i>Utilities and Telephone</i>	1,000	-	-	-
<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>	5,000	-	-	-
<i>Non-capitalized outlay expenses</i>	100,000	-	-	-
Total Power Plant Expenses	\$ 106,000	-	-	-
Distribution Expenses				
<i>Distribution Salaries</i>	\$ 708,963	691,247	668,388	22,859
<i>Overtime and Standby Wages</i>	35,500	43,599	43,599	0
<i>Fringe Benefits</i>	21,265	33,553	56,412	(22,859)
<i>Social Security</i>	56,951	49,309	49,309	0
<i>Retirement-Pension</i>	95,812	129,039	199,415	(70,376)
<i>Retirement-OPEB</i>	-	-	4,482	(4,482)
<i>Insurance Benefits</i>	91,000	76,842	76,842	0
<i>Professional Services</i>	-	-	36,437	(36,437)
<i>Office Supplies and Expenses</i>	2,500	3,803	3,803	0
<i>Contract Services</i>	65,000	76,234	39,797	36,437
<i>Utilities</i>	15,000	13,999	13,999	0
<i>Telephone</i>	2,500	-	-	-
<i>Fuel and Oil</i>	17,666	21,932	21,932	(0)
<i>Meals and Traveling</i>	3,000	579	579	0
<i>Tools and Supplies</i>	25,000	16,748	16,748	(0)
<i>Material Inventory Expenses</i>	2,000	7,085	12,532	(5,447)
<i>Dues, Fees, and Subscriptions</i>	4,000	91,137	4,705	86,432
<i>Computers/Related Expenses</i>	5,000	4,903	4,903	(0)
<i>Vehicle Maintenance</i>	35,000	32,784	32,784	0
<i>Safety Relation-Job Training</i>	5,500	1,844	1,844	0
<i>Other Equip, Structure, and Meter Maint.</i>	76,000	58,301	54,751	3,550
<i>Groundskeeping Maintenance</i>	2,000	-	-	-
<i>Construction-Boys &amp; Girls Club</i>	-	-	-	-
<i>Construction-Seale Jr. High</i>	-	-	-	-
<i>Inventory Adjustment</i>	-	-	7,085	(7,085)
<i>Miscellaneous</i>	5,500	2,592	25,588	(22,996)
<i>Non-capitalization outlay expenses</i>	-	-	-	-
Total Distribution Expenses	\$ 1,275,157	1,355,530	1,375,933	(20,403)

**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, 2021**

EXHIBIT B-9  
Page 2 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Substation</b>				
<i>Contract Labor</i>	\$ 30,000	-	-	-
<i>Utilities</i>	2,000	-	-	-
<i>Parts and Supplies</i>	8,000	-	3,550	(3,550)
<b>Total Substation Expense</b>	<u>\$ 40,000</u>	<u>-</u>	<u>3,550</u>	<u>(3,550)</u>
<b>General and Administrative Expenses</b>				
<i>General Operating (Admin.) Expenses</i>	\$ 1,629,282	1,754,356	1,969,030	(214,674)
<i>Insurance</i>	30,000	26,990	26,990	(0)
<i>Depreciation/Amortization</i>	-	328,554	328,554	0
<i>Bad Debts</i>	3,500	-	-	-
<b>Total General and Administrative Expenses</b>	<u>\$ 1,662,782</u>	<u>2,109,900</u>	<u>2,324,574</u>	<u>(214,674)</u>
<b>Total Expenses</b>	<u>\$ 3,083,939</u>	<u>3,465,430</u>	<u>3,704,057</u>	<u>(238,627)</u>
<b>Net Operating (Loss) Profit</b>	<u>\$ 2,664,130</u>	<u>1,849,556</u>	<u>1,716,638</u>	<u>(132,918)</u>
<b>Non-Operating Revenues and (Expenses)</b>				
<i>Investment Income</i>	\$ 10,000	-	-	-
<i>Interest (Expense)</i>	(9,940)	(112,281)	(130,721)	(18,440)
<i>Other Income (Expense)</i>	(84,190)	-	-	-
<i>Transfers Out</i>	-	-	-	-
<i>Free Utility Service to City</i>	(250,000)	(193,680)	(193,680)	(0)
<b>Total Non-Operating Revenue and (Expenses)</b>	<u>\$ (334,130)</u>	<u>(305,961)</u>	<u>(324,401)</u>	<u>(18,440)</u>
<b>Net Income (Loss) for Year</b>	<u>\$ 2,330,000</u>	<u>1,543,595</u>	<u>1,392,237</u>	<u>(151,358)</u>
<b>Net Position - Beginning</b>	<u>\$ 9,498,368</u>	<u>9,498,368</u>	<u>9,498,368</u>	<u>-</u>
<b>Equity Transfers</b>	<u>-</u>	<u>-</u>	<u>(179,077)</u>	<u>(179,077)</u>
<b>Net Position - Beginning as Restated</b>	<u>\$ 9,498,368</u>	<u>9,498,368</u>	<u>9,319,290</u>	<u>(179,077)</u>
<b>Cash Transfers to City</b>	<u>(1,775,000)</u>	<u>(1,846,263)</u>	<u>(1,996,263)</u>	<u>(150,000)</u>
<b>Net Position - Ending</b>	<u>\$ 10,053,368</u>	<u>9,195,700</u>	<u>8,715,264</u>	<u>(480,435)</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GAS FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021 AND 2020**

EXHIBIT B-10

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 405,441	409,751
<i>Materials &amp; Supplies Inventory</i>	50,346	47,111
<i>Prepaid Expenses</i>	-	-
<i>Deferred Charges</i>	-	-
<i>Due from Other Utility Funds</i>	-	-
<i>Total Current Assets</i>	<u>\$ 455,787</u>	<u>456,862</u>
Restricted Assets:		
<i>Cash</i>	\$ 5,009	5,009
<i>Total Restricted Assets</i>	<u>\$ 5,009</u>	<u>5,009</u>
Fixed Asset:		
<i>Construction in Progress</i>	\$ -	-
<i>Property, Plant and Equipment</i>	2,818,951	2,904,301
<i>Less Accumulated Depreciation</i>	<u>(2,276,391)</u>	<u>(2,187,431)</u>
<i>Total Net Fixed Assets</i>	<u>\$ 542,560</u>	<u>716,869</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,003,357</u></u>	<u><u>1,178,740</u></u>
<i>Deferred out flow of resources</i>		
<i>Deferred Charges</i>	\$ 2,698,548	45,016
<i>Deferred Resource Outflows-Pension</i>	98,706	69,071
<i>Deferred Resource Outflows-OPEB</i>	9,434	6,649
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 10,373	43,394
<i>Accumulated Compensation Absences</i>	29,046	35,334
<i>Accrued Wages</i>	13,307	12,649
<i>Current Portion of Certificate of Obligations</i>	108,000	-
<i>Current Portion of Note Payable</i>	7,877	15,682
<i>Due to Other Utility Funds</i>	<u>832,806</u>	<u>710,076</u>
<i>Total Current Liabilities</i>	<u>\$ 1,001,409</u>	<u>817,134</u>
Long-Term Liabilities		
<i>Certificate of Obligations Payable - Net of Current Portion</i>	\$ 2,592,000	-
<i>Pension Liability</i>	538,198	327,843
<i>OPEB Liability</i>	42,746	36,862
<i>Notes Payable - Net of Current Portion</i>	<u>28,562</u>	<u>21,726</u>
<i>Total Long-Term Liabilities</i>	<u>\$ 3,201,507</u>	<u>386,430</u>
Other Liabilities		
<i>Customer Deposits</i>	\$ 184,432	183,257
<i>Total Other Liabilities</i>	<u>184,432</u>	<u>183,257</u>
<i>Total Liabilities</i>	<u>\$ 4,387,348</u>	<u>1,386,821</u>
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ -	-
<i>Deferred inflow of resources-pension</i>	82,411	101,356
<i>Deferred inflow of resources-OPEB</i>	2,810	2,706
Net Position:		
<i>Invested in Capital Assets</i>	\$ 405,998	695,144
<i>Unrestricted</i>	<u>(1,068,523)</u>	<u>(886,553)</u>
<i>Total Net Position</i>	<u>\$ (662,525)</u>	<u>(191,409)</u>





**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**GAS FUND**  
**ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**

EXHIBIT B-11  
Page 1 of 2

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,470,951	1,418,032
<i>Total Revenue</i>	<u>\$ 1,470,951</u>	<u>1,418,032</u>
Cost of Sales:		
<i>Natural Gas</i>	\$ 304,273	215,819
<i>Total Cost of Sales</i>	<u>\$ 304,273</u>	<u>215,819</u>
Net Sales	<u>\$ 1,166,678</u>	<u>1,202,213</u>
Expenses:		
Distribution Expenses		
<i>Distribution Salaries</i>	\$ 426,828	477,534
<i>Overtime and Standby Wages</i>	43,067	40,381
<i>Fringe Benefits</i>	12,639	21,920
<i>Social Security</i>	34,588	38,123
<i>Retirement-Pension</i>	246,441	42,479
<i>Retirement-OPEB</i>	3,206	2,909
<i>Insurance Benefits</i>	49,368	49,169
<i>Professional Services</i>	-	-
<i>Advertising and Public Relations</i>	3,831	-
<i>Office Supplies and Expense</i>	5,883	4,495
<i>Contract Services</i>	-	-
<i>Utilities</i>	8,826	7,420
<i>Telephone</i>	-	2,111
<i>Fuel and Oil</i>	14,125	9,249
<i>Meals and Traveling</i>	246	60
<i>Tools and Supplies</i>	25,631	20,703
<i>Dues, Fees, and Subscriptions</i>	71,177	16,886
<i>Computers/Related Expense</i>	2,932	6,442
<i>Vehicle Maintenance</i>	17,605	29,041
<i>Safety Relation-Job Training</i>	1,562	1,480
<i>Other Equip, Structure, and Meter Maint</i>	42,196	67,403
<i>Construction</i>	-	-
<i>Construction - Seale Jr. High</i>	-	-
<i>Inventory Adjustment</i>	1,333	-
<i>Miscellaneous</i>	2,188	12,535
Total Distribution Expenses	<u>\$ 1,013,671</u>	<u>850,339</u>
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	\$ 246,129	137,215
<i>Insurance</i>	9,104	8,212
<i>Depreciation/Amortization</i>	88,959	88,949
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 344,192</u>	<u>234,375</u>
Total Expenses	<u>\$ 1,357,863</u>	<u>1,084,713</u>
Net Operating (Loss) Profit	<u>\$ (191,185)</u>	<u>117,500</u>

	<u>2021</u>	<u>2020</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 1	23
<i>Interest (Expense)</i>	(72,035)	(1,535)
<i>Other Income (Expenses)</i>	-	-
<i>Transfers In (Out)</i>	-	-
<i>Free Utility Service to City</i>	<u>(1,902)</u>	<u>(2,092)</u>
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (73,937)</u>	<u>(3,604)</u>
 <i>Net Income (Loss) for Year</i>	 \$ (265,122)	 113,896
 <i>Net Position - Beginning</i>	 <u>\$ (191,409)</u>	 <u>(305,305)</u>
<i>Equity Transfers/Prior Period Adjustment</i>	(205,993)	-
<i>Net Position - Beginning as Restated</i>	<u>\$ (397,403)</u>	<u>(305,305)</u>
 <i>Net Position - Ending</i>	 <u><u>\$ (662,525)</u></u>	 <u><u>(191,409)</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, 2021**

EXHIBIT B-12  
Page 1 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues:</b>				
Sales and Service	\$ 1,651,427	1,485,136	1,470,951	(14,185)
Total Revenue	<u>1,651,427</u>	<u>1,485,136</u>	<u>1,470,951</u>	<u>(14,185)</u>
<b>Cost of Sales:</b>				
Natural Gas	370,000	304,253	304,273	(20)
Total Cost of Sales	<u>370,000</u>	<u>304,253</u>	<u>304,273</u>	<u>(20)</u>
<b>Net Sales</b>	<b>\$ <u>1,281,427</u></b>	<b><u>1,180,883</u></b>	<b><u>1,166,678</u></b>	<b><u>(14,205)</u></b>
<b>Expenses:</b>				
<b>Distribution Expenses</b>				
Distribution Salaries	\$ 464,301	421,199	426,828	(5,629)
Overtime and Standby Wages	30,000	43,067	43,067	(0)
Fringe Benefits	21,400	18,269	12,639	5,630
Social Security	37,814	34,588	34,588	(0)
Retirement-Pension	63,593	84,668	246,441	(161,773)
Retirement-OPEB	-	-	3,206	(3,206)
Insurance Benefits	54,500	49,368	49,368	(0)
Professional Services	-	-	-	-
Advertising and Public Relations	4,000	3,831	3,831	0
Office Supplies and Expense	4,000	5,883	5,883	(0)
Contract Services	2,000	-	-	-
Utilities	8,000	8,826	8,826	0
Telephone	4,000	-	-	-
Fuel and Oil	11,000	14,125	14,125	0
Meals and Traveling	1,000	246	246	0
Tools and Supplies	22,000	25,631	25,631	(0)
Dues, Fees, and Subscriptions	15,000	71,177	71,177	(0)
Computers/Related Expense	5,000	2,932	2,932	0
Vehicle Maintenance	12,000	20,758	17,605	3,153
Safety Relation-Job Training/TNRCC/ ER Prep.	3,500	1,562	1,562	0
Other Equip, Structure, and Meter Maint	49,500	42,196	42,196	(0)
Construction - Boys & Girls Club	-	-	-	-
Construction - Seale Jr. High	-	-	-	-
Inventory Adjustment	2,000	(3,153)	1,333	(4,486)
Miscellaneous	2,000	2,166	2,188	(22)
<b>Total Distribution Expenses</b>	<b>\$ <u>816,608</u></b>	<b><u>847,339</u></b>	<b><u>1,013,671</u></b>	<b><u>(166,332)</u></b>
<b>General and Administrative Expenses:</b>				
General Operating (Admin.) Expense	\$ 203,660	219,295	246,129	(26,834)
Insurance	10,000	9,104	9,104	0
Depreciation/Amortization	-	88,959	88,959	(0)
Bad Debts	750	-	-	-
<b>Total General and Administrative Expenses</b>	<b>\$ <u>214,410</u></b>	<b><u>317,358</u></b>	<b><u>344,192</u></b>	<b><u>(26,834)</u></b>
<b>Total Expenses</b>	<b>\$ <u>1,031,018</u></b>	<b><u>1,164,697</u></b>	<b><u>1,357,863</u></b>	<b><u>(193,166)</u></b>
<b>Net Operating (Loss) Profit</b>	<b>\$ <u>250,409</u></b>	<b><u>16,186</u></b>	<b><u>(191,185)</u></b>	<b><u>207,371</u></b>

**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, 2021**

EXHIBIT B-12  
Page 2 of 2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Non-Operating Revenues and (Expenses)				
Investment Income	\$ 3,500	-	1	1
Interest (Expense)	-	-	(72,035)	(72,035)
Other Income (Expenses)	(23,947)	(60,211)	-	60,211
Free Utility Service to City	(2,000)	(1,902)	(1,902)	(0)
Total Non-Operating Revenue and (Expenses)	<u>\$ (22,447)</u>	<u>(62,113)</u>	<u>(73,937)</u>	<u>11,824</u>
 Net Income (Loss) for Year	 \$ 227,962	 (45,927)	 (265,122)	 (219,195)
 Net Position - Beginning	 <u>\$ (191,409)</u>	 <u>(191,409)</u>	 <u>(191,409)</u>	 <u>-</u>
<i>Equity Transfers/Prior Period Adjustment</i>	<i>-</i>	<i>-</i>	<i>(205,993)</i>	<i>(205,993)</i>
<i>Net Position - Beginning as Restated</i>	<u>(191,409)</u>	<u>(191,409)</u>	<u>(397,403)</u>	<u>(205,993)</u>
 Net Position - Ending	 <u><u>\$ 36,553</u></u>	 <u><u>(237,336)</u></u>	 <u><u>(662,525)</u></u>	 <u><u>(425,189)</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, 2021 AND 2020**

EXHIBIT C-1

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
<i>Cash and Cash equivalents</i>	\$ 6,021,884	5,003,424
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	-	45,950
<i>Materials &amp; Supplies Inventory</i>	-	-
<i>Prepaid Expenses</i>	69,162	65,064
<i>Due from Other Utility Funds</i>	1,279,313	1,027,705
<i>Total Current Assets</i>	<u>\$ 7,370,359</u>	<u>6,142,143</u>
Fixed Asset:		
<i>Land</i>	\$ 20,000	20,000
<i>Property, Plant and Equipment</i>	1,950,934	1,947,114
<i>Less Accumulated Depreciation</i>	(1,555,503)	(1,512,494)
<i>Total Net Fixed Assets</i>	<u>\$ 415,431</u>	<u>454,620</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,785,791</u>	<u>6,596,763</u>
<i>Deferred out flow of resources</i>		
<i>Deferred Resource Outflows-Pension</i>	\$ 183,075	128,110
<i>Deferred Resource Outflows-OPEB</i>	17,497	12,331
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 648,106	548,148
<i>Accumulated Compensation Absences</i>	37,071	90,992
<i>Accrued Wages</i>	42,906	67,850
<i>Other Liabilities</i>	160,805	147,924
<i>Current Portion - Note Payable</i>	22,409	21,372
<i>Due to Other Utility Funds</i>	5,821,978	4,951,549
<i>Total Current Liabilities</i>	<u>\$ 6,733,274</u>	<u>5,827,835</u>
Long-Term Liabilities		
<i>Pension Liability</i>	\$ 998,231	608,071
<i>OPEB Liability</i>	79,284	68,370
<i>Long Term Portion of Note Payable</i>	17,510	39,918
<i>Total Long-Term Liabilities</i>	<u>\$ 1,095,025</u>	<u>716,359</u>
<b>Total Liabilities</b>	<u>7,828,298</u>	<u>6,544,194</u>
<i>Deferred inflow of resources</i>		
<i>Deferred inflow of resources-pension</i>	\$ 152,853	187,991
<i>Deferred inflow of resources-OPEB</i>	5,211	5,019
Net Position:		
<i>Invested in Capital Assets</i>	\$ 415,431	454,620
<i>Unrestricted</i>	(415,431)	(454,620)
<i>Total Net Position</i>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 7,986,363</u>	<u>6,737,204</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, 2021 AND 2020

EXHIBIT C-2  
Page 1 of 2

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
<i>Administrative Charge - Sewer</i>	\$ 246,130	141,765
<i>Administrative Charge - Electric</i>	1,969,030	1,440,287
<i>Administrative Charge - Gas</i>	246,129	137,215
<i>Other Revenues</i>	22,925	291,421
<i>Total Revenue</i>	<u>\$ 2,484,214</u>	<u>2,010,687</u>
Cost of Administrative Services Provided:		
Administrative Expenses		
<i>Administrative Salaries</i>	\$ 779,485	818,490
<i>Overtime and Standby Wages</i>	20,731	19,293
<i>Fringe Benefits</i>	20,335	40,045
<i>Social Security</i>	60,338	58,362
<i>Retirement-Pension</i>	238,594	62,145
<i>Retirement-OPEB</i>	5,946	5,396
<i>Insurance Benefits</i>	69,303	62,768
<i>Trustee Fees</i>	26,072	25,968
<i>Travel Allowance</i>	3,500	6,000
<i>Advertising and Public Relations</i>	30,104	35,476
<i>Contract Services/Engineering</i>	9,558	10,782
<i>Bad Debt Collection Fee</i>	-	-
<i>Utilities</i>	43,703	39,898
<i>Telephone</i>	34,328	49,521
<i>Fuel and Oil</i>	4,493	2,571
<i>Meals and Traveling</i>	2,620	3,431
<i>Office Supplies and Expense</i>	35,099	39,971
<i>Dues, Fees, and Subscriptions</i>	184,625	128,785
<i>Safety Relation-Job Training</i>	1,498	1,440
<i>Emergency Preparation</i>	3,700	22,333
<i>Vehicle Maintenance</i>	7,878	5,792
<i>Postage Expense</i>	26,184	24,806
<i>Computers/Related Expense</i>	79,632	76,155
<i>Structure Repair and Maintenance</i>	5,086	13,349
<i>Equipment Maintenance and Repairs</i>	7,411	3,171
<i>Computer Supplies and Maintenance</i>	5,494	5,942
<i>Employee Relations</i>	57,832	59,433
<i>Miscellaneous</i>	17,587	11,867
<i>Legal Fees</i>	13,419	6,435
<i>Contributions</i>	2,000	5,000
<i>Drug Policy Examinations</i>	7,088	8,272
<i>Auditing - Outside Services</i>	33,000	32,500
<i>Insurance</i>	215,938	89,777
Total Administrative Expenses	<u>\$ 2,052,583</u>	<u>1,775,172</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, 2021 AND 2020**

EXHIBIT C-2  
Page 2 of 2

	<u>2021</u>	<u>2020</u>
Mechanic Expenses		
<i>Mechanic Salaries</i>	\$ 114,384	122,390
<i>Overtime Wages</i>	915	437
<i>Fringe Benefits</i>	4,167	3,508
<i>Social Security</i>	8,612	9,187
<i>Retirement-Pension</i>	37,105	9,429
<i>Retirement-OPEB</i>	-	-
<i>Insurance Benefits</i>	11,867	10,078
<i>Fuel and Oil</i>	2,587	1,811
<i>Meals and Travel Expense</i>	-	-
<i>Emergency Preparation</i>	-	-
<i>Tools and Supplies</i>	6,188	8,526
<i>Telephone</i>	-	155
<i>Structure &amp; Improvement Maintenance</i>	230	-
<i>Vehicle Maintenance</i>	4,682	5,274
<i>Computers/Related Expenses</i>	2,372	2,893
<i>Miscellaneous/Administrative</i>	192,984	4,657
<i>Total Mechanic Expenses</i>	<u>\$ 386,092</u>	<u>178,345</u>
General Operating Expenses		
Depreciation/Amortization	\$ 43,009	53,886
Total General Operating Expenses	<u>\$ 43,009</u>	<u>53,886</u>
Total Expenses	<u>\$ 2,481,684</u>	<u>2,007,403</u>
Net Operating (Loss) Profit	<u>\$ 2,531</u>	<u>3,283</u>
Non-Operating Revenues and (Expenses)		
Investment Income	\$ 202	156
Interest (Expense)	(2,733)	(3,440)
Other Income (Expense)	-	-
Total Non-Operating Revenues and (Expenses)	<u>\$ (2,531)</u>	<u>(3,283)</u>
Net Income (Loss) for Year	\$ 0	-
Net Position - Beginning	-	-
<i>Equity Transfers/Prior Period Adjustment</i>	-	-
<i>Net Position - Beginning as Restated</i>	<u>-</u>	<u>-</u>
Net Position - Ending	<u>\$ 0</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, 2021**

EXHIBIT C-3  
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenues:</b>				
<i>Administrative Charge - Sewer</i>	\$ 203,660	219,295	246,130	26,835
<i>Administrative Charge - Electric</i>	1,629,282	1,754,356	1,969,030	214,674
<i>Administrative Charge - Gas</i>	203,660	219,295	246,129	26,834
<i>Other Revenue</i>	16,225	4,567	22,011	17,444
<i>Total Revenue</i>	<u>\$ 2,052,827</u>	<u>2,197,513</u>	<u>2,483,300</u>	<u>285,787</u>
<b>Cost of Administrative Services Provided:</b>				
<b>Administrative Expenses</b>				
<i>Administrative Salaries</i>	\$ 788,532	779,485	779,485	(0)
<i>Overtime and Standby Wages</i>	10,000	20,731	20,731	(0)
<i>Fringe Benefits</i>	9,500	20,335	20,335	0
<i>Social Security</i>	61,088	60,338	60,338	(0)
<i>Retirement-Pension</i>	102,771	159,707	238,594	(78,887)
<i>Retirement-OPEB</i>	-	-	5,946	
<i>Insurance Benefits</i>	85,000	69,303	69,303	0
<i>Trustee Fees</i>	26,000	26,072	26,072	-
<i>Travel Allowance</i>	6,000	3,500	3,500	-
<i>Advertising and Public Relations</i>	20,000	30,104	30,104	0
<i>Contract Services/Engineering</i>	45,000	9,558	9,558	(0)
<i>Bad Debt Collection Fee</i>	200	-	-	-
<i>Utilities</i>	45,000	42,748	43,703	(955)
<i>Telephone</i>	40,000	34,328	34,328	(0)
<i>Fuel and Oil</i>	5,000	4,493	4,493	0
<i>Meals and Traveling</i>	20,000	2,620	2,620	(0)
<i>Office Supplies and Expense</i>	40,000	35,098	35,099	(1)
<i>Dues, Fees, and Subscriptions</i>	120,000	186,123	184,625	1,498
<i>Safety Relation-Job Training</i>	-	-	1,498	(1,498)
<i>Emergency Preparation</i>	-	3,700	3,700	0
<i>Vehicle Maintenance</i>	10,000	8,190	7,878	312
<i>Postage Expense</i>	27,000	26,184	26,184	(0)
<i>Computers/Related Expense</i>	60,000	79,632	79,632	0
<i>Structure Repair and Maintenance</i>	21,000	5,086	5,086	(0)
<i>Equipment Maintenance and Repairs</i>	6,000	7,099	7,411	(312)
<i>Computer Supplies and Maintenance</i>	32,000	5,494	5,494	0
<i>Employee Relations</i>	40,000	57,832	57,832	(0)
<i>Miscellaneous</i>	15,600	17,870	17,587	283
<i>Legal Fees</i>	20,000	13,419	13,419	(0)
<i>Contributions</i>	5,000	2,000	2,000	-
<i>Drug Policy Examinations</i>	10,000	7,088	7,088	(0)
<i>Auditing - Outside Services</i>	35,000	33,000	33,000	-
<i>Insurance</i>	125,000	220,461	215,938	4,523
<b>Total Administrative Expenses</b>	<u>\$ 1,830,691</u>	<u>1,971,598</u>	<u>2,052,583</u>	<u>(80,985)</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, 2021**

EXHIBIT C-3  
Page 2 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Mechanic Expenses				
<i>Mechanic Salaries</i>	-	-	114,384	(114,384)
<i>Overtime Wages</i>	112,626	114,384	915	113,469
<i>Fringe Benefits</i>	13,822	42,232	4,167	38,065
<i>Social Security</i>	-	-	8,612	(8,612)
<i>Retirement-Pension</i>	-	-	37,105	(37,105)
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	14,624	-	11,867	(11,867)
<i>Fuel and Oil</i>	500	-	2,587	(2,587)
<i>Meals and Travel Expense</i>	-	3,320	-	3,320
<i>Emergency Preparation</i>	-	-	-	-
<i>Tools and Supplies</i>	5,000	-	6,188	(6,188)
<i>Telephone/Utilities</i>	12,500	2,587	-	2,587
<i>Structure &amp; Improvement Maintenance</i>	4,000	-	230	(230)
<i>Vehicle Maintenance</i>	-	-	4,682	(4,682)
<i>Computers/Related Expenses</i>	-	955	2,372	(1,417)
<i>Miscellaneous</i>	1,000	-	192,984	(192,984)
<i>Total Mechanic Expenses</i>	<u>164,072</u>	<u>163,478</u>	<u>386,092</u>	<u>(222,614)</u>
General Operating Expenses				
Depreciation/Amortization	-	43,009	43,009	0
Total General Operating Expenses	<u>-</u>	<u>43,009</u>	<u>43,009</u>	<u>0</u>
Total Expenses	<u>1,994,763</u>	<u>2,178,085</u>	<u>2,481,684</u>	<u>(303,599)</u>
Net Operating (Loss) Profit	<u>58,064</u>	<u>19,428</u>	<u>1,617</u>	<u>(17,811)</u>
Non-Operating Revenues and (Expenses)				
Investment Income	10,000	202	1,116	914
Interest (Expense)	(2,450)	-	(2,733)	2,733
Other Income (Expense)	21,372	2,733	-	2,733
Total Non-Operating Revenues and (Expenses)	<u>28,922</u>	<u>2,935</u>	<u>(1,617)</u>	<u>(4,552)</u>
Net Income (Loss) for Year	86,986	22,363	0	(22,363)
Net Position - Beginning	-	-	-	-
<i>Equity Transfers/Prior Period Adjustment</i>	-	-	-	-
<i>Net Position - Beginning as Restated</i>	-	-	-	-
Net Position - Ending	<u>86,986</u>	<u>22,363</u>	<u>0</u>	<u>22,363</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/ELECTRIC LIGHT AND POWER COMPANY**  
**METERED CUSTOMERS AND NATURAL GAS SOLD, KILOWATT -HOURS SOLD**  
**YEAR ENDED DECEMBER 31, 2021 and 2020**

Table F-1

At December 31, 2021 and 2020, the System had gas meter connections as follows:

	<u>2021</u>	<u>2020</u>
Active	2,876	2,919
Inactive	<u>154</u>	<u>160</u>
Total	<u><u>3,030</u></u>	<u><u>3,079</u></u>
MCF - Thousand Cubic Feet of gas sold was:	92,938	88,730

At December 31, 2021 and 2020, the System had lighting and power connections as follows:

	<u>2021</u>	<u>2020</u>
Active	4,561	4,605
Inactive	<u>74</u>	<u>116</u>
Total	<u><u>4,635</u></u>	<u><u>4,721</u></u>
Kilowatt-hours of electricity sold was:	90,215,973	91,127,828



**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**ELECTRIC AND GAS - SERIES 2021**  
**BOND INDEBTNESS AND BOND INTEREST REQUIREMENTS**  
**BOND PAID 64% ELECTRIC AND 36% GAS**  
**DECEMBER 31, 2021**

TABLE F-2

Bonds Due June 1, Year Ending December 31	Principal Amount	Interest Rate	1-Jun	1-Dec	Total Annual Requirements	Balance Outstanding End of Year
2021					-	7,500,000
2022	300,000	4.61%	172,875	165,960	638,835	7,200,000
2023	400,000	4.61%	165,960	156,740	722,700	6,800,000
2024	450,000	4.61%	156,740	146,368	753,108	6,350,000
2025	500,000	4.61%	146,368	134,843	781,210	5,850,000
2026	700,000	4.61%	134,843	118,708	953,550	5,150,000
2027	800,000	4.61%	118,708	100,268	1,018,975	4,350,000
2028	900,000	4.61%	100,268	79,523	1,079,790	3,450,000
2029	1,000,000	4.61%	79,523	56,473	1,135,995	2,450,000
2030	1,200,000	4.61%	56,473	28,813	1,285,285	1,250,000
2031	1,250,000	4.61%	28,813	-	1,278,813	-
	<u>7,500,000</u>		<u>1,160,568</u>	<u>987,693</u>	<u>9,648,260</u>	

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWER SYSTEM**  
**BOND INDEBTNESS AND BOND INTEREST REQUIREMENTS**  
**SEWER SYSTEM REVENUE BONDS - SERIES 2011**  
**DECEMBER 31, 2021**

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
2021				-	2,225,000
2022	75,000	39,971	39,971	154,942	2,150,000
2023	75,000	38,902	38,902	152,804	2,075,000
2024	80,000	37,759	37,759	155,518	1,995,000
2025	80,000	36,479	36,479	152,958	1,915,000
2026	85,000	35,159	35,159	155,318	1,830,000
2027	85,000	33,714	33,714	152,428	1,745,000
2028	90,000	32,226	32,226	154,452	1,655,000
2029	90,000	30,606	30,606	151,212	1,565,000
2030	95,000	28,964	28,964	152,928	1,470,000
2031	100,000	27,182	27,182	154,364	1,370,000
2032	105,000	25,258	25,258	155,516	1,265,000
2033	105,000	23,210	23,210	151,420	1,160,000
2034	110,000	21,162	21,162	152,324	1,050,000
2035	115,000	18,963	18,963	152,926	935,000
2036	120,000	16,605	16,605	153,210	815,000
2037	125,000	14,115	14,115	153,230	690,000
2038	130,000	11,521	11,521	153,042	560,000
2039	135,000	8,824	8,824	152,648	425,000
2040	140,000	6,023	6,023	152,046	285,000
2041	145,000	3,117	3,117	151,234	140,000
	<u>2,085,000</u>	<u>489,760</u>	<u>489,760</u>	<u>3,064,520</u>	

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**SEWER SYSTEM**  
**BOND INDEBTNESS AND BOND INTEREST REQUIREMENTS**  
**SEWER SYSTEM REVENUE BONDS - SERIES 2014--TWDB CWSRF Loan**  
**DECEMBER 31, 2021**

TABLE F-4

Bonds Due Dec 31st & June 30th, Year Ending December 31	Amount	30-Jun	31-Dec	Total Annual Requirements	Balance Outstanding End of Year
2021				-	370,000
2022	25,000	2,409	2,409	29,818	345,000
2023	25,000	2,331	2,331	29,662	320,000
2024	25,000	2,231	2,231	29,462	295,000
2025	25,000	2,114	2,114	29,228	270,000
2026	25,000	1,980	1,980	28,960	245,000
2027	25,000	1,830	1,830	28,660	220,000
2028	25,000	1,668	1,668	28,336	195,000
2029	25,000	1,494	1,494	27,988	170,000
2030	25,000	1,309	1,309	27,618	145,000
2031	25,000	1,114	1,114	27,228	120,000
2032	25,000	909	909	26,818	95,000
2033	25,000	694	694	26,388	70,000
2034	25,000	470	470	25,940	45,000
2035	25,000	239	239	25,478	20,000
	<u>350,000</u>	<u>20,792</u>	<u>20,790</u>	<u>391,582</u>	

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
**INSURANCE IN FORCE - ALL FUNDS**  
**YEAR ENDED DECEMBER 31, 2021**

	Policy Number	Coverage	Amount
POWER PLANT BUILDING AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief.	\$ 3,701,668
MECHANIC SHOP AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. Power Plant Rd.	\$ 199,034
WAREHOUSE AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. Power Plant Rd.	\$ 2,511,259
OFFICE BUILDINGS AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. 101 E. Main	\$ 1,039,942
WASTE WATER BUILDING AND IMPROVEMENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. 35000 Highway 44	\$ 4,400,740
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. Schinoerer	44,158,601	Windstorm and Hail	\$ 11,736,833

TABLE F-5

Period		Amount
From	To	
10/1/2021	10/1/2022	\$ 14,730
10/1/2021	10/1/2022	Included
10/1/2021	10/1/2022	Included
10/1/2021	10/1/2022	Included
10/1/2021	10/1/2022	Included
10/1/2021	10/1/2022	\$ 32,636
2/1/2020	2/1/2021	\$ 1,068
10/1/2021	10/1/2022	\$ 5,190
7/17/2020	7/17/2021	\$ 138,995

**CITY OF ROBSTOWN UTILITY SYSTEMS**  
STATISTICAL INFORMATION  
LIST OF TEN LARGEST USERS OF UTILITIES - ALPHABETICAL ORDER  
YEAR ENDED DECEMBER 31, 2021

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	Robstown Utility Systems Waste Water Plant
10	Whataburger