

CITY OF ROBSTOWN UTILITY SYSTEMS

**Annual Financial Report
For the Year Ended December 31, 2023**

**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, 2023

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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, 2023, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Robstown Utility System, Robstown, Texas as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Robstown, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robstown Utility System basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Ernest R Garza & Company, P.C.
Corpus Christi, Texas
May 28, 2024

A handwritten signature in black ink, appearing to read "Ernest R. Garza, P.C.", written in a cursive style.

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

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, 2023. 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 \$9,603,818. (Exhibit A-1).
- The net position of the Utility Systems decreased from \$10,812,262 to \$9,603,818 (a decrease of \$1,208,443). (Exhibit A-2). The net position decrease represents a 11.18% decrease over the prior year's results. The net position represents 77.10% of the total \$12,456,615 of expenses (\$11,865,690 operating expenses and non-operating expenses \$(590,925)) (Exhibit A-2) in expenses. The Utility Systems' unrestricted net position (Exhibit B-1) were \$3,406,137 or 28.66% of expenses (Exhibit B-2).
- Total assets were \$19,188,690 and deferred charges (Charges - \$6,800,000, Pension - \$1,250,431 and OPEB \$21,636) (Exhibit B-1); total liabilities for the Utility Systems were \$15,111,424 and deferred credits were \$2,506,485, deferred inflow of resources- Pension – \$0 and deferred inflow of resources – OPEB was \$39,030 (total deferred credits and inflows \$2,545,515 after the System made an equity transfer to net out inter-fund credits and charges).
- The ratio of total current assets to total current liabilities for the Utility Systems was 3.90 times excluding deferred charges and credits. (Exhibit B-1)
- The Utility Systems' quick ratio (current assets to current liabilities) (Exhibit A-1) was 5.75 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, 2023**

- 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 (67.15% - 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, 2023**

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

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets				
Current and Other Assets	\$ 9,853,321	\$ 10,285,717	\$ (432,396)	-4.20%
Restricted Assets	419,703	404,319	15,384	3.80%
Capital Assets:				
Productive Asset in Service (net)	9,048,161	9,395,252	(347,091)	-3.69%
Other Assets	-	-	-	0.00%
Total Assets	<u>19,321,185</u>	<u>20,085,288</u>	<u>(764,103)</u>	<u>-3.80%</u>
Deferred Outflows of Resources				
Deferred Charges	6,800,000	7,363,831	(563,831)	-7.66%
Deferred Resources Outflows	1,919,560	618,301	1,301,259	210.46%
Deferred Resources Outflows -OPEB	33,214	39,918	(6,704)	-16.79%
Total Deferred Outflows of Resources	<u>8,752,774</u>	<u>8,022,050</u>	<u>730,724</u>	<u>9.11%</u>
Liabilities				
Current Liabilities	1,713,610	1,876,753	(163,143)	-8.69%
Restricted Liabilities	105,000	103,436	1,564	1.51%
Long-term Debt Outstanding	13,362,796	11,307,117	2,055,679	18.18%
Other Liabilities	722,334	693,544	28,790	4.15%
Total Liabilities	<u>15,903,740</u>	<u>13,980,850</u>	<u>1,922,890</u>	<u>13.75%</u>
Deferred Inflows of Resources				
Deferred Credits	2,506,485	2,297,168	209,317	9.11%
Deferred Resources Inflows - Pension	-	1,008,262	(1,008,262)	-100.00%
Deferred Resources Inflows - OPEB	59,916	8,796	51,120	581.17%
Total Deferred Inflows of Resources	<u>2,566,401</u>	<u>3,314,226</u>	<u>(747,825)</u>	<u>-22.56%</u>
Net Position				
Invested in capital assets	6,449,153	6,695,450	(246,297)	-3.68%
Restricted	110,974	110,974	-	0.00%
Unrestricted	3,043,691	4,005,838	(962,147)	-24.02%
Total Net Position	<u>\$ 9,603,818</u>	<u>\$ 10,812,262</u>	<u>\$ (1,208,444)</u>	<u>-11.18%</u>

The Utility Systems' net position decreased by \$1,208,444 from \$10,812,262 to \$9,603,818 (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 decrease reflects the Utility System' current policy of investing surplus internal resources, capital contributions, and earning and profits in productive capital assets in lieu of issuing additional debt during the year. During the fiscal year the Utility also made equity transfers between the inter-fund receivables and payables for deferred charges that were not practical to expect a realization of a return from those funds due to the substantial increase in revenues that would have to be burdened by the customers of the City of Robstown Utility System. The Utility also transferred \$1,922,316 to the City of Robstown's General Fund along with providing utility services of \$200,324 to the City of Robstown. (Exhibit A-2, B-2)

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

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

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Charges for Services:				
Electric System	\$ 10,224,292	\$ 9,788,260	\$ 436,032	4.45%
Gas System	1,131,216	1,668,354	(537,138)	-32.20%
Wastewater System	1,814,978	2,102,091	(287,113)	-13.66%
Total Charges for Services	<u>13,170,486</u>	<u>13,558,705</u>	<u>(388,219)</u>	<u>-2.86%</u>
Interest Earnings	15,189	3,200	11,989	374.66%
Other	-	-	-	0.00%
Total Revenues	<u>13,185,675</u>	<u>13,561,905</u>	<u>(376,230)</u>	<u>-2.77%</u>
Expenses:				
Division Operating Expenses:				
Electric System	8,409,672	7,913,443	496,229	6.27%
Gas System	1,506,540	1,663,752	(157,212)	-9.45%
Wastewater System	1,949,478	1,657,456	292,022	17.62%
Total Division Operating Expenses	<u>11,865,690</u>	<u>11,234,651</u>	<u>631,039</u>	<u>5.62%</u>
Interest and Debt Expense	405,790	431,321	(25,531)	-5.92%
Other Expenses - Note 1 Below	-	-	-	0.00%
Free Utility Service to City	200,324	202,504	(2,180)	-1.08%
Total Expenses	<u>12,471,804</u>	<u>11,868,476</u>	<u>603,328</u>	<u>5.08%</u>
Income (loss) Before Transfers and Prior Period Adjustments	713,871	1,693,429	(979,558)	-57.84%
Prior Period Adjustments	-	-	-	0.00%
Transfer to City	<u>(1,922,316)</u>	<u>(1,973,810)</u>	<u>51,494</u>	<u>-2.61%</u>
Increase (decrease) in Net Position	<u>\$ (1,208,445)</u>	<u>\$ (280,381)</u>	<u>\$ (928,064)</u>	<u>331.00%</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 \$713,871, and transfers of \$1,922,316, resulted in a decrease in 2023 of \$(1,208,445) with a prior period adjustment of \$0, which differs from the 2022 where a decrease of \$(280,381) 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 \$631,039 or 5.62% in 2023 over 2022, compared to a decrease by \$686,613 or 5.47% in 2022 over 2021. Also, the Utility Systems' revenue decreased in 2023 by \$376,230 or 2.77% compared to 2022 which showed an increase of \$60,812 or 0.45% over 2021. 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 2023 of \$1,208,445 compared to 2022 which showed a decrease of \$280,381 from 2021. The Utility Systems continues to monitor its operation costs.

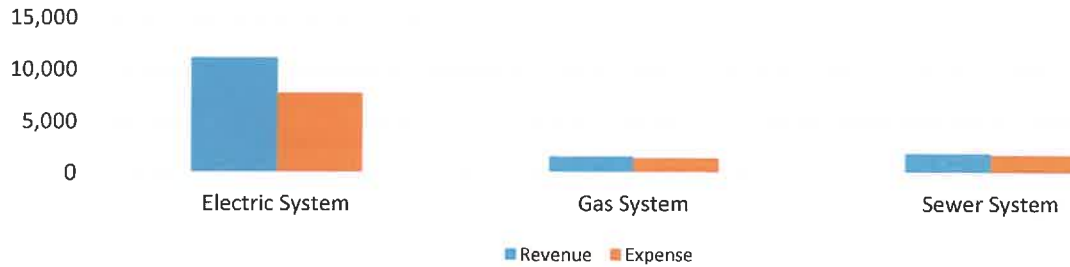
Winter Storm Event – On February 2021, a winter storm swept through the continental United States that severely affected the Texas electrical grid. As a result, the operations of the Utility Systems were significantly disrupted. In addition, Texas utilities, including the Utility Systems, were faced 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, 2023**

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

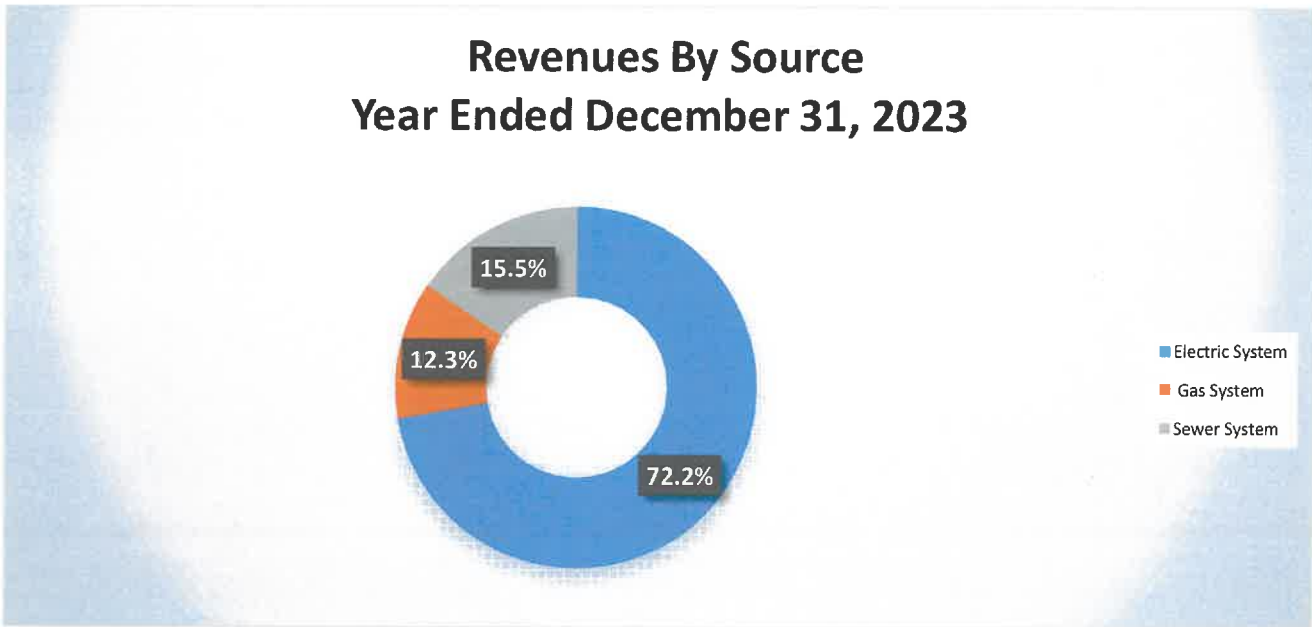
Graph 1:

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



The following is a summary of the composition of 2023 Utility Systems' revenues by source:

Chart A-1:



During 2023, the customer demand for electricity decreased slightly from 4,608 to 4,560. The demand for gas services decreased from the prior year from 2,810 to 2,794 and wastewater treatment services slightly decreased from 3,975 to 3,756, respectively. Total electric kwh sales decreased by 1,475,513 or 1.59% in 2023 (91,093,124 kwh) from 2022 (92,568,637 kwh) sold.

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

The gas system decreased by 17.48% to 74,264 Mcf compared to 89,993 Mcf in 2022. The wastewater system experienced a decrease of 7.15% to 315,330 MG in the volume of wastewater treated in 2023 compared to 340,685 MG treated in 2022.

The actual number of residential and commercial Utility Systems' customers were stable in the wastewater, gas and electric for all the divisions for 2023.

Utility Operating Division--Number of Customers

	2023	2022
	Customers	Customers
Electric	4,560	4,608
Gas	2,794	2,810
Wastewater System	3,756	3,975

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 2023.

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	10,256,053	10,224,292	(31,761)
Gas System	1,352,346	1,131,216	(221,130)
Wastewater System	1,828,672	1,814,978	(13,694)
	<u>13,437,071</u>	<u>13,170,486</u>	<u>(266,585)</u>
Operating Expenses:			
Purchased Power and Fuel	5,087,371	5,080,962	6,409
Operating & Maintenance	3,615,386	3,647,659	(32,273)
General Administration	2,405,773	3,137,069	(731,296)
Total Expenses	<u>11,108,530</u>	<u>11,865,690</u>	<u>(757,160)</u>
Non Operating Profit (Loss)	<u>2,328,541</u>	<u>1,304,796</u>	<u>(1,023,745)</u>
Non Operating Revenues (Expenses)			
Interest and Other Income, (Expense)	(116,548)	15,189	131,737
Free Utility Service to City	(200,323)	(200,324)	(1)
Debt Service-Interest	(293,224)	(405,790)	(112,566)
Transfers In	-	-	-
Transfers Out to City	(1,922,316)	(1,922,316)	-
Total Non-Operating Revenues (Expenses)	<u>(2,532,411)</u>	<u>(2,513,241)</u>	<u>19,170</u>
Net Income	<u>\$ (203,870)</u>	<u>\$ (1,208,444)</u>	<u>\$ (1,004,575)</u>

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

The electric system revenues decreased during the year but there was a decrease of the kwh usage. The gas system experienced a decrease in consumption. The natural gas cost decreased by \$221,713 (Exhibit B-11) and this resulted in a pass-through of \$276,054 for actual cost of sales and an unfavorable budget variance of \$(14,742) total net sales (in Gas revenues) resulted in a negative variance of \$(235,873) (Exhibit B-12). Electric purchased power costs stable compared to the 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 \$115,475 (Exhibit C-3) and passed thru to the other departments, this compares to the prior year 2022 where the System was under budget by \$17,173.

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 2023, the Utility Systems’ net investment in capital assets amounted to \$9,048,161 which is stated net of \$32,247,066 less \$23,198,905 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 2023, the total decrease in the Utility Systems’ investment in capital assets was \$347,090 compared to \$249,014 in 2022, this is net of capital acquired and depreciation costs. (Exhibit A-1)

Table A-4: Capital Assets (net of depreciation) at December 31, 2023.

	2023	2022	Dollar Change
Land and Land Rights	\$ 43,785	\$ 43,785	\$ -
Construction in Progress	372,586	372,586	-
Plant Project and Equipment	31,830,695	31,356,820	473,875
Accumulated Depreciation	(23,198,905)	(22,377,940)	(820,965)
Utility Plant, net	<u>\$ 9,048,161</u>	<u>\$ 9,395,251</u>	<u>\$ (347,090)</u>

Long-term Debt and Debt Administration

Table A-5 indicates that total long-term debt decreased by \$530,285 for 2023 or (5.31%) compared to 2022 which decreased by \$512,107 or (4.88%). Total debt outstanding at year end was \$9,452,621 at 2023 which includes the compensated absences.

**CITY OF ROBSTOWN UTILITY SYSTEMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

The reductions in revenue bonds occurred through scheduled principal payments.

Table A-5 Long-Term Liabilities-Current Leases at December 31, 2023

	<u>Total</u>		<u>Change</u>	
	<u>2023</u>	<u>2022</u>	<u>22-23</u>	<u>22-23</u>
Revenue Bonds	\$ 2,235,000	\$ 2,335,000	\$ (100,000)	-4.28%
Certificate of Obligations	6,800,000	7,200,000	(400,000)	0.00%
Notes Payable	210,344	246,434	(36,090)	-14.64%
Compensated Absences	207,277	201,472	5,805	2.88%
Total Debt	<u>\$ 9,452,621</u>	<u>\$ 9,982,906</u>	<u>\$ (530,285)</u>	<u>-5.31%</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>2023</u>	<u>2022</u>
Operating Revenue	\$ 13,170,486	\$ 13,558,705
Interest and Other Income, Expenses	15,189	3,200
Revenue per Certificate Resolution	13,185,675	13,561,905
Cost of Operation and Maintenance, Net of Depreciation and Required Payments to the City of Robstown	<u>10,472,128</u>	<u>11,381,653</u>
Net Revenue per Certificate Resolution	<u>\$ 2,713,547</u>	<u>\$ 2,180,252</u>
Annual Debt Service Requirements	<u>1,216,670</u>	<u>166,298</u>
Debt Service Coverage Ratio (times)	<u>2.23</u>	<u>13.11</u>

As of December 31, 2023 the Utility Systems had outstanding revenue bonds payable of \$1,935,000 and Series 2020 certificate of obligations of \$6,800,000 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 2024 ADOPTED OPERATING BUDGET

The adopted budget for fiscal year 2023 sets the Utility Systems' revenues from all sources at \$17,221,970 (which does not include interest income of \$18,500), and is up \$36,766 from the prior year's budget. The current year's actual sales were \$13,185,675 (Exhibit A-2) and down from the prior year actual sales of \$13,561,905. At December 31, 2023, 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, 2023**

In 2023, the Utility Systems' expenditures, including transfers to the City of \$1,922,316 cash transfers and capital outlay of \$473,874, less depreciation and amortization budget of \$820,965, this was part of the overall budgeted expenditures of \$15,285,024 for the 2023 budget year which includes the administration department. The 2023 Budget operating expenses were comparable to the prior year's budget.

The Utility Systems' is projecting to spend \$677,500 in capital expenditures for the year 2024 compared to the 2023 budget prior year which expended \$434,145.

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, 2023**

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

Employees covered by benefit terms.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	2021	2022
Inactive employees or beneficiaries currently receiving benefits	43	47
Inactive employees entitled to but not yet receiving benefits	46	48
Active employees	<u>43</u>	<u>43</u>
Total	<u>132</u>	<u>138</u>

Contributions

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

Employees for the City of Robstown Utility System were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Robstown Utility System were 18.32% and 18.60% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended December 31, 2023, were \$478,669 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, 2023 AND 2022

EXHIBIT A-1
Page 1 of 2

	December 31, 2023	December 31, 2022
ASSETS		
Current Assets:		
<i>Cash and cash equivalents</i>	\$ 5,935,274	6,537,244
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	3,299,036	3,200,858
<i>Materials & Supplies Inventory</i>	544,324	462,433
<i>Prepaid Expenses</i>	74,687	85,183
<i>Total Current Assets</i>	<u>\$ 9,853,321</u>	<u>10,285,717</u>
Restricted Assets:		
<i>Cash and Bonds</i>	\$ 419,703	404,319
<i>Total Restricted Assets</i>	<u>\$ 419,703</u>	<u>404,319</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>	31,830,695	31,356,821
<i>Less Accumulated Depreciation</i>	(23,198,905)	(22,377,940)
<i>Total Net Fixed Assets</i>	<u>\$ 9,048,161</u>	<u>9,395,251</u>
Intangible Assets		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	-	-
TOTAL ASSETS	<u>\$ 19,321,185</u>	<u>20,085,288</u>
<i>Deferred out flow of resources</i>		
<i>Deferred Fuel Charge</i>	\$ 6,800,000	7,363,831
<i>Deferred Resources Outflows- GASB 68</i>	1,919,560	618,301
<i>Deferred Resources Outflows-OPEB GASB 75</i>	33,214	39,918

The accompanying notes are an integral part of this statement.

	<u>December 31,</u> 2023	<u>December 31,</u> 2022
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 41,893	33,586
<i>Administration Accounts Payable</i>	491,642	733,218
<i>Accumulated Compensation Absences</i>	207,277	201,472
<i>Accrued Wages</i>	131,288	120,504
<i>Other Liabilities</i>	20,821	42,526
<i>Current Portion of Certificate of Obligations</i>	450,000	400,000
<i>Current Portion of Notes Payable</i>	90,931	123,019
<i>Internal Balances</i>	279,758	222,429
<i>Total Current Liabilities</i>	<u>\$ 1,713,610</u>	<u>1,876,753</u>
Payable from Restricted Assets:		
<i>Accrued Interest Payable</i>	\$ -	3,436
<i>Current Portion of Revenue Bonds Payable</i>	105,000	100,000
<i>Total Payable from Restricted Assets</i>	<u>\$ 105,000</u>	<u>103,436</u>
Long-Term Liabilities		
<i>Certificate of Obligations Payable - Net of Current Portion</i>	\$ 6,350,000	6,800,000
<i>Notes Payable</i>	119,413	123,415
<i>Pension Liability- GASB 68</i>	4,593,555	1,916,231
<i>OPEB Liability - GASB 75</i>	169,828	232,471
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,130,000	2,235,000
<i>Total Long-Term Liabilities</i>	<u>\$ 13,362,796</u>	<u>11,307,117</u>
Other Liabilities		
<i>Customer Deposits</i>	\$ 722,334	693,544
<i>Total Other Liabilities</i>	<u>722,334</u>	<u>693,544</u>
<i>Total Liabilities</i>	<u>\$ 15,903,739</u>	<u>13,980,850</u>
Deferred inflow of resources		
<i>Deferred Fuel Credits</i>	\$ 2,506,485	2,297,168
<i>Deferred Resources Inflows-Pension- GASB 68</i>	\$ -	1,008,262
<i>Deferred Resources Inflows-OPEB - GASB 75</i>	59,916	8,796
Net Position:		
<i>Invested in Capital Asset</i>	\$ 6,449,153	6,695,450
<i>Restricted for Revenue Bond Debt</i>	110,974	110,974
<i>Unrestricted</i>	3,043,692	4,005,838
<i>Total Net Position</i>	<u>\$ 9,603,818</u>	<u>10,812,262</u>

The accompanying notes are an integral part of this statement.

CITY OF ROBSTOWN UTILITY SYSTEMS
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
ALL BUSINESS TYPE ACTIVITIES
YEAR ENDED DECEMBER 31, 2023 AND 2022

EXHIBIT A-2

	December 31, 2023	December 31, 2022
Operating Revenues:		
<i>Sales and Service</i>	\$ 13,170,486	13,558,705
<i>Total Revenue</i>	<u>\$ 13,170,486</u>	<u>13,558,705</u>
Operating Expenses:		
<i>Cost of Sales</i>	\$ 5,080,962	5,229,447
<i>Cost of Services Provided</i>	2,294,502	1,889,738
<i>Power Plant Operations Expenses</i>	188,581	14,954
<i>Distribution Expenses</i>	2,231,564	2,220,211
<i>Substation Expenses</i>	4,698	11,179
<i>Plant and Operating Expenses</i>	1,222,816	1,037,350
<i>General and Administrative Expenses:</i>		
<i>Insurance/Retirement</i>	55,119	50,943
<i>Depreciation/Amortization</i>	787,449	780,828
<i>Bad Debts</i>	-	-
<i>Total Operating Expenses</i>	<u>\$ 11,865,690</u>	<u>11,234,650</u>
Net Operating (Loss) Profit	<u>\$ 1,304,796</u>	<u>2,324,055</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 15,189	3,200
<i>Interest (Expense)</i>	(405,790)	(431,321)
<i>Loss on Disposal of Asset</i>	-	-
<i>Other Income (Expenses)</i>	-	-
<i>Free Utility Service to City</i>	(200,324)	(202,504)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (590,925)</u>	<u>(630,626)</u>
<i>Net Income (Loss) for Year</i>	<u>\$ 713,871</u>	<u>1,693,429</u>
<i>Net Position - Beginning</i>	\$ 10,812,263	11,092,642
<i>Prior Period Adjustment/Equity Transfers</i>	-	-
<i>Net Position - Beginning as Restated</i>	<u>\$ 10,812,263</u>	<u>11,092,642</u>
<i>Cash Transfers to City</i>	(1,922,316)	(1,973,810)
<i>Net Position - Ending</i>	<u><u>\$ 9,603,818</u></u>	<u><u>10,812,262</u></u>

The accompanying notes are an integral part of this statement.

CITY OF ROBSTOWN UTILITY SYSTEMS
STATEMENT OF CASH FLOWS
ALL BUSINESS TYPE ACTIVITIES
DECEMBER 31, 2023 AND 2022

Exhibit A-3

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Cash flow from operating activities:		
<i>Cash received from customers</i>	\$ 15,623,347	15,851,819
<i>Cash Receipts (Payments) for Interfund Services Provided and Used</i>	-	-
<i>Cash Payments to Employees for Services</i>	(3,761,803)	(3,557,908)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(10,280,093)	(7,808,792)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,581,451</u>	<u>4,485,119</u>
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments from (for) Borrowings</i>	\$ (62,714)	1,454,022
<i>Other Proceeds</i>	1,189,274	(1,855,442)
<i>transfers Out to City and Free Service to City</i>	(2,107,901)	(2,191,053)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>\$ (981,341)</u>	<u>(2,592,473)</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long term Debt</i>	\$ (109,001)	(174,458)
<i>Principal and Interest Paid</i>	(669,788)	(634,824)
<i>Acquisition or Construction of Capital Assets</i>	(473,874)	(570,208)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>\$ (1,252,663)</u>	<u>(1,379,490)</u>
Cash Flows from Investing Activities:		
<i>Interest and Dividends on Investments</i>	\$ 65,968	3,722
Net Cash Provided (Used) for Investing Activities	<u>\$ 65,968</u>	<u>3,722</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (586,586)	516,878
Cash and Cash Equivalents at Beginning of Year	6,941,563	6,424,685
Cash and Cash Equivalents at End of Year	<u>\$ 6,354,977</u>	<u>6,941,563</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,254,375	2,323,900
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	820,965	819,222
<i>Provision for Uncollectible Accounts</i>	-	-
Change in Assets and Liabilities		
<i>Decrease (Increase) in Receivables</i>	(84,072)	228,786
<i>Decrease (Increase) in Inventories</i>	(81,890)	42,146
<i>Decrease (Increase) in Prepaid Expenses</i>	10,496	(16,021)
<i>Decrease (Increase) in Deferred Charges</i>	307,831	(57,283)
<i>Increase (Decrease) in Accounts Payable</i>	(241,576)	85,112
<i>Increase (Decrease) in Sales Tax Payable</i>	2,719	(59,183)
<i>Increase (Decrease) in Accrued Wages Payable</i>	10,784	11,462
<i>Increase (Decrease) in Accumulated Compensation Absences</i>	5,806	416
<i>Increase (Decrease) in Capital Leases</i>	18,000	36,000
<i>Increase (Decrease) in Notes Payable</i>	5,233	226
<i>Increase (Decrease) in Customer Deposits</i>	28,789	47,662
<i>Increase (Decrease) in Deferred Fuel Charges</i>	(450,751)	1,370,433
<i>Increase (Decrease) in Accrued Expense</i>	(25,258)	(347,759)
Total Adjustments	<u>\$ 327,075</u>	<u>2,161,219</u>
Net Cash Provided by Operating Activities	<u>\$ 1,581,451</u>	<u>4,485,119</u>
<i>Cash and Cash Equivalents, Unrestricted</i>	\$ 6,191,274	6,538,925
<i>Cash and Cash Equivalents, Restricted</i>	163,704	402,638
	<u>\$ 6,354,977</u>	<u>6,941,563</u>

The accompanying notes are an integral part of this statement.

CITY OF ROBSTOWN UTILITY SYSTEMS
STATEMENTS OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

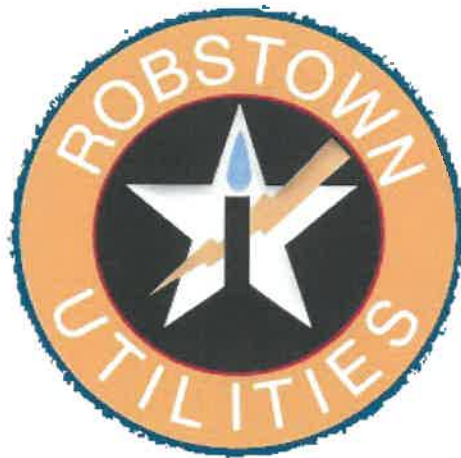
EXHIBIT A-4

	<u>December 31,</u> <u>2023</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 199
Account Receivable - Net of Provisions for Doubtful accounts	137,627
Due From Other Utility funds	279,758
Total Current Assets	<u>\$ 417,583</u>
TOTAL ASSETS	<u><u>\$ 417,583</u></u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Sales Tax Payable	\$ 10,737
Due to Other Utility Funds	-
Due to Others	406,846
Total Current Liabilities	<u>\$ 417,583</u>
Total Liabilities	<u>\$ 417,583</u>
Net Position:	<u>\$ -</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 417,583</u></u>

CITY OF ROBSTOWN UTILITY SYSTEMS
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2023

EXHIBIT A-5

	<u>December 31,</u> <u>2023</u>
Additions:	\$
Contributions	-
Employer	-
Miscellaneous Additions	1,771,738
Total Additions	\$ <u>1,771,738</u>
Deductions:	\$
Payroll Costs	
Other Deductions	<u>1,771,738</u>
	\$ <u>1,771,738</u>
Changes in fiduciary net position	-
Fiduciary net position - beginning	\$ <u>-</u>
Fiduciary net position - ending	\$ <u><u>-</u></u>



NOTES TO FINANCIAL STATEMENTS

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, 2023.

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, 2023

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 2023 and 2022, the System provides monthly transfers as an operational fee to the City which totaled \$1,922,316, and \$1,826,561 and free service of \$200,324 and \$202,504 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, 2023

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 2023. 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, 2023

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

8. Cash Equivalents

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

9. Inventories

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

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023 and 2022, the carrying amount of the Systems’ deposits (cash, certificates of deposit, and interest-bearing savings accounts including the temporary investments) was \$6,354,977, and \$6,941,563, respectively, and the temporary investment balance was \$4,636,848 and \$4,002,393 respectively. The System’s cash deposits at December 31, 2023 and 2022, and during the years ended December 31, 2023 and 2022, 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 2023 and 2022.

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, 2023 and 2022:

December 31, 2023:

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Carrying Value</u>	<u>Market Value</u>
Texpool	N/A	AAAm (S&P)	\$ 4,636,848	\$ 4,636,848
Total Investments			\$ 4,636,848	\$ 4,636,848

December 31, 2022:

<u>Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Texpool	N/A	AAAm (S&P)	\$ 4,002,393	\$ 4,002,393
Total Investments			\$ 4,002,393	\$ 4,002,393

7CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
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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, 2023, 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, 2023:

- 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, 2023, 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	\$7,399	0	0	\$7,399
Commercial Paper	\$0	\$0	0	\$0
Total Fair Value	\$7,399	\$0	0	\$7,399

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

Security	Par	Coupon	Purchase Date	Maturity Date	Structure	Book Val.	Market Val.
64971XWP9	5,910,000	4.00%	2023	11/1/2046	Call Qtr 5 days	5,958,178	5,958,178
	<u>5,910,000</u>			Total		5,958,178	5,958,178

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, 2023, can be summarized as follows:

	<u>Internal Service</u>	<u>Gas System</u>	<u>Electric Light & Power</u>	<u>Sewer System</u>	<u>Total Receivables</u>
Accounts Receivable & Unbilled	\$ -	\$ 426,351	\$ 2,579,128	\$ 516,506	\$ 3,521,985
Less: Allowance for Doubtful Accounts	-	(23,398)	(160,176)	(39,374)	(222,948)
Accounts Receivable, net	<u>\$ -</u>	<u>\$ 402,953</u>	<u>\$ 2,418,952</u>	<u>\$ 477,132</u>	<u>\$ 3,299,037</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, 2022, can be summarized as follows:

	<u>Internal Service</u>	<u>Gas System</u>	<u>Electric Light & Power</u>	<u>Sewer System</u>	<u>Total Receivables</u>
Accounts Receivable & Unbilled	\$ -	\$ 471,974	\$ 2,439,843	\$ 500,841	\$ 3,412,658
Less: Allowance for Doubtful Accounts	-	(21,826)	(152,213)	(37,761)	(211,800)
Accounts Receivable, net	<u>\$ -</u>	<u>\$ 450,148</u>	<u>\$ 2,287,630</u>	<u>\$ 463,080</u>	<u>\$ 3,200,858</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 year.

CITY OF ROBSTOWN UTILITY SYSTEMS
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YEAR ENDED DECEMBER 31, 2023

E. Inter-fund Receivables and Payables

Balances due to and from other funds at December 31, 2023, 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	\$ 279,758	Short-term Loans
Enterprise Funds	Other Enterprise Funds	-	Long-term Loans
	Internal Service Fund	6,234,323	Long-term Loans
Custodial Funds	Enterprise Fund	1,757,636	Long-term Loans
	Total	<u>\$ 8,271,717</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, 2022, 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	\$ 222,429	Short-term Loans
Enterprise Funds	Other Enterprise Funds	-	Long-term Loans
	Internal Service Fund	6,480,095	Long-term Loans
Internal Service Funds	Enterprise Fund	1,486,243	Long-term Loans
	Total	<u>\$ 8,188,767</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, 2023, 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	12,496,820	14,478,377	2,891,228	1,964,269	31,830,694
Less: Accumulated Depreciation	<u>(7,406,577)</u>	<u>(11,728,004)</u>	<u>(2,436,912)</u>	<u>(1,627,412)</u>	<u>(23,198,905)</u>
Totals	<u>5,464,243</u>	<u>2,772,744</u>	<u>454,316</u>	<u>356,857</u>	<u>9,048,160</u>

Fixed asset activity for the period ended December 31, 2023, 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	31,356,821	473,873	-	31,830,694
Total Capital Assets Being Depreciated	<u>31,356,821</u>	<u>473,873</u>	<u>-</u>	<u>31,830,694</u>
Less Accumulated Depreciation for:				
Plant, Property and Equipment	<u>(22,377,941)</u>	<u>(820,964)</u>	<u>-</u>	<u>(23,198,905)</u>
Total Accumulated Depreciation	<u>(22,377,941)</u>	<u>(820,964)</u>	<u>-</u>	<u>(23,198,905)</u>
Total Capital Assets Being Depreciated, Net	<u>8,978,880</u>	<u>(347,091)</u>	<u>-</u>	<u>8,631,789</u>
Activities of Capital Assets, Net	<u>\$ 9,395,251</u>	<u>\$ (347,091)</u>	<u>\$ -</u>	<u>\$ 9,048,160</u>

Depreciation expense for 2022 was \$244,940

CITY OF ROBSTOWN UTILITY SYSTEMS
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A Summary of fixed assets at December 31, 2022, 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	12,216,357	14,305,956	2,870,239	1,964,269	31,356,821
Less: Accumulated Depreciation	(7,022,183)	(11,404,022)	(2,357,840)	(1,593,896)	(22,377,941)
Totals	<u>5,568,174</u>	<u>2,924,305</u>	<u>512,399</u>	<u>390,373</u>	<u>9,395,251</u>

Fixed asset activity for the period ended December 31, 2022, 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	30,786,614	570,207	-	31,356,821
Total Capital Assets Being Depreciated	<u>30,786,614</u>	<u>570,207</u>	<u>-</u>	<u>31,356,821</u>
Less Accumulated Depreciation for:				
Plant, Property and Equipment	(21,558,720)	(819,221)	-	(22,377,941)
Total Accumulated Depreciation	<u>(21,558,720)</u>	<u>(819,221)</u>	<u>-</u>	<u>(22,377,941)</u>
Total Capital Assets Being Depreciated, Net	9,704,959	(249,014)	-	8,978,880
Activities of Capital Assets, Net	<u>\$ 10,121,330</u>	<u>\$ (249,014)</u>	<u>\$ -</u>	<u>\$ 9,395,251</u>

Depreciation expense for 2023 was \$819,221

G. Changes in Long-Term Debt

	Balance December 31, 2022	Issued	Retired	Balance December 31, 2023	Amounts Due Within One Year
Revenue Bonds	\$ 2,335,000	\$ -	\$ 100,000	\$ 2,235,000	\$ 105,000
2022 Cert. of Obligations	7,200,000	-	400,000	6,800,000	450,000
Notes Payable	246,434	-	30,502	215,932	96,519
Accrued Compensated	201,472	5,805	-	207,277	20,728
Totals	<u>\$ 9,982,906</u>	<u>\$ 5,805</u>	<u>\$ 530,502</u>	<u>\$ 9,458,209</u>	<u>\$ 672,247</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, 2023 and 2022

	2023	2022
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.	\$ 300,000	\$ 325,000
Subtotal	300,000	325,000
Less: Current Portion Revenue Bond Payable	25,000	25,000
Long Term Revenue Bonds Payable	\$ 275,000	\$ 300,000
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	\$ 1,935,000	\$ 2,010,000
Less: Current Portion Revenue Bond Payable	80,000	75,000
Long Term Revenue Bonds Payable	1,855,000	1,935,000
Total Sewer Bonds	\$ 2,235,000	\$ 2,335,000
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	\$ 6,800,000	\$ 7,200,000
Less: Current Portion Bond Payable	450,000	400,000
Long Term Certificate of Oblig. Series 2022 Bonds Payable - Electric and Gas	6,350,000	6,800,000
Total Bonds	\$ 9,035,000	\$ 9,535,000

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

Year Ended December 31	Principal	Interest	Total Requirements
2024	77,754	4,436	62,586
2025	79,461	2,729	56,807
2026	46,072	2,009	-
2027	7,058	204	7,262
2028	-	-	-
Thereafter	-	-	-
Totals	\$ 210,345	\$ 9,378	\$ 219,723

The annual requirements to amortize all debt outstanding as of December 31, 2023, including interest payments are as follows – Sewer System:

	Revenue Bonds		
Sewer Year Ended December 31	Principal	Interest	Total Requirements
2024	105,000	79,980	184,980
2025	105,000	77,186	182,186
2026	110,000	74,278	184,278
2027	110,000	71,088	181,088
2028	115,000	67,788	182,788
Thereafter	1,690,000	483,556	2,173,556
Totals	\$ 2,235,000	\$ 853,876	\$ 3,088,876

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The annual requirements to amortize all debt outstanding as of December 31, 2023, 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		Total
	Principal	Interest	Requirements
2024	450,000	303,108	753,108
2025	500,000	281,211	781,211
2026	700,000	253,551	953,551
2027	800,000	218,975	1,018,975
2028	900,000	179,791	1,079,791
Thereafter	3,450,000	250,089	3,700,089
Totals	6,800,000	1,486,725	8,286,725

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. Right to Use

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 Right to Use 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 Right to Use lease payments under these capital leases and the present value of the net minimum lease payments at December 31, 2023:

Year Ending December 31:	
2024	-
2025	-
2026	-
2027	-
2028	-
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, 2023 was \$207,277, respectively.

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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. 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.

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

Employees covered by benefit terms.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2021</u>	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefits	43	47
Inactive employees entitled to but not yet receiving benefits	46	48
Active employees	<u>43</u>	<u>43</u>
Total	<u>132</u>	<u>138</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 18.32% and 18.60% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended December 31, 2023 and 2021, were \$492,708 and \$455,562 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, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Other Notes	Increased municipal matching ratio from 1.5 to 1 to 2 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
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public and Private Mkts	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Return	5.0%	6.9%
Private Equity	10.0%	11.8%
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
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 18,773,845	\$ 16,857,614	\$ 2,728,545
Changes for the year:			
Service cost	297,836	-	297,836
Interest	1,244,633	-	1,244,633
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	479,969	-	(479,969)
Changes in Assumptions	-	-	-
Contributions – Employer	-	447,251	(447,251)
Contributions – Employee	-	124,513	(124,513)
Net Investment Income	-	(1,228,729)	1,228,729
Benefit Payments, Including Refunds of Employee Contributions	(967,514)	(967,514)	-
Administrative Expense	-	(10,648)	10,648
Other Changes	-	12,707	(12,707)
Net Changes	\$ 1,054,924	\$ (1,622,420)	\$ (567,496)
Balance at 12/31/2022	\$ 19,828,769	\$ 15,235,194	\$ 4,593,575

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	\$7,032,078	\$4,593,575	\$2,554,436

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.

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 \$847,147.

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

At December 31, 2023, the system reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$304,156	\$0
Changes in actuarial assumptions	\$0	\$0
Difference between projected and actual investment earnings	\$1,893,294	\$0
Contributions subsequent to the measurement date	\$478,669	\$0
Total	\$1,919,560	\$0

\$478,669 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, 2023. 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:	
2023	\$295,404
2024	\$388,327
2025	\$283,836
2026	\$473,322
2027	\$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
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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 0.36% and 0.53% in calendar years 2021 and 2022, respectively. The Utility's contributions to TMRS for the year ended December 31, 2023 were \$14,040 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
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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 4.05%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute.

<i>Changes in the Net Pension Liability</i>	Total OPEB Liability (a)
Balance at 12/31/2021	\$ 232,471
Changes for the year:	
Service cost	9,712
Interest	4,321
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(4,075)
Changes in Assumptions	(67,620)
Contributions – Employer	-
Contributions – Employee	-
Net Investment Income	-
Benefit Payments, Including Refunds of Employee Contributions	(4,981)
Administrative Expense	-
Other Changes	-
Net Changes	\$ (62,643)
Balance at 12/31/2022	\$ 169,828

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 4.05%, 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 (3.05%) or 1 percentage point higher (5.05%) than the current rate.

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City’s net pension liability	\$196,730	169,828	\$148,063

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$5,237.

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$534	\$6,444
Changes in actuarial assumptions	\$18,640	\$53,472
Difference between projected and actual investment earnings	\$-0-	\$0
Contributions subsequent to the measurement date	\$14,040	\$0
Total	\$33,214	\$59,916

\$14,040 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, 2023. 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:	
2023	\$(5,965)
2024	\$(10,063)
2025	\$(13,561)
2026	\$(11,153)
2027	\$0
Thereafter	\$0

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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 2023	Plan Year 2022
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 2023, 2022 and 2021 were \$14,040, \$8,965, and \$9,901, respectively, which equaled the required contributions each year.

M. Health Care Coverage

During the year ended December 31, 2023, employees of the System were covered by a health insurance plan (the Plan). The System paid premiums of \$516.22 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, 2023

O. Related Party Transactions

During 2023, the System made transfers of cash and utility services to the City of Robstown, Texas. Cash transfers to the City are considered to be discretionary transfers of capital and are reflected as such in the financial statements. These transfers are summarized as follows:

	General Operating Fund	Gas System	Electric & Light Power System	Sewer System	Total
Cash Transfers to City	\$ -	\$ -	\$ 1,922,316	\$ -	\$ 1,922,316
Free Utility to City	-	2,560	191,960	5,803	200,323
Total	<u>\$ -</u>	<u>\$ 2,560</u>	<u>\$ 2,114,276</u>	<u>\$ 5,803</u>	<u>\$ 2,122,639</u>

During 2022, 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	\$ -	\$ -	\$ 1,973,810	\$ -	\$ 1,973,810
Free Utility to City	-	3,379	193,198	5,927	202,504
Total	<u>\$ -</u>	<u>\$ 3,379</u>	<u>\$ 2,167,008</u>	<u>\$ 5,927</u>	<u>\$ 2,176,314</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 2023 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, 2023 is as follows:

	Gas System	Electric Light & Power System	Sewer System	Total
Income:				
Sales and Services	\$ 1,131,216	\$ 10,224,292	\$ 1,814,978	\$ 13,170,486
Operating Expenses:				
Cost of Sales	276,054	4,993,489	-	5,269,543
Operating, Transmission, and Distribution Expenses	875,144	1,361,118	1,222,816	3,459,078
General and Admin. Expenses	355,342	2,055,064	726,662	3,137,068
Total Operating Expenses	<u>1,506,540</u>	<u>8,409,671</u>	<u>1,949,478</u>	<u>11,865,689</u>
Net Profit (Loss) from Operations	<u>\$ (375,324)</u>	<u>\$ 1,814,621</u>	<u>\$ (134,500)</u>	<u>\$ 1,304,797</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

Segment information at December 31, 2022 is as follows:

	Gas System	Electric Light & Power System	Sewer System	Total
Income:				
Sales and Services	\$ 1,668,354	\$ 9,788,260	\$ 2,102,091	\$ 13,558,705
Operating Expenses:				
Cost of Sales	497,767	4,731,681	-	5,229,448
Operating, Transmission, and Distribution Expenses	832,863	1,413,481	1,037,350	3,283,694
General and Admin. Expenses	333,122	1,768,281	620,105	2,721,508
Total Operating Expenses	1,663,752	7,913,443	1,657,455	11,234,650
Gross Profit (Loss) from Operations	\$ 4,602	\$ 1,874,817	\$ 444,636	\$ 2,324,055

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 May 28, 2024, 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.

CITY OF ROBSTOWN UTILITY SYSTEMS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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, 2023, 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 UTILITIES
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Plan Year Ended December 31,		
	2022	2021	2020
Total Pension Liability			
Service cost	\$ 297,836.00	\$ 315,020	\$ 315,158
Interest (on the total pension liability)	1,244,633.00	1,187,465	1,137,201
Changes of benefit terms	0	-	1,095,467
Difference between expected and actual experience	479,969.00	235,423	61,594
Change of assumptions	0	-	-
Benefit payments, including refunds of employee contributions	(967,514.00)	(797,266)	(741,199)
Net Change in Total Pension Liability	<u>1,054,924</u>	<u>940,642</u>	<u>1,868,221</u>
Total Pension Liability - Beginning	<u>18,773,845</u>	<u>17,833,203</u>	<u>15,964,982</u>
Total Pension Liability - Ending (a)	<u><u>\$ 19,828,769</u></u>	<u><u>\$ 18,773,845</u></u>	<u><u>\$ 17,833,203</u></u>
 Plan Fiduciary Net Position			
Contributions - employer	\$ 447,251	\$ 461,977	\$ 334,068
Contributions - employee	124,513	130,281	131,316
Net investment income	(1,228,729)	1,967,013	1,084,711
Benefit payments, including refunds of employee contributions	(967,514)	(797,266)	(741,199)
Administrative expense	(10,648)	(9,111)	(7,025)
Other	12,707	62	(274)
Net Change in Plan Fiduciary Net Position	<u>(1,622,420)</u>	<u>1,752,956</u>	<u>801,597</u>
Plan Fiduciary Net Position - Beginning	<u>16,857,614</u>	<u>15,104,658</u>	<u>14,303,060</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 15,235,194</u></u>	<u><u>\$ 16,857,614</u></u>	<u><u>\$ 15,104,657</u></u>
 Net Pension Liability - Ending (a) - (b)	<u><u>\$ 4,593,575</u></u>	<u><u>\$ 1,916,231</u></u>	<u><u>\$ 2,728,546</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.83%	89.79%	84.70%
 Covered Payroll	\$ 2,490,264	\$ 2,605,626	\$ 2,626,319
 Net Pension Liability as a Percentage of Covered Payroll	184.46%	73.54%	103.89%

2019	2018	2017	2016	2015	2014
\$ 240,373	\$ 223,317	\$ 272,764	\$ 281,354	\$ 268,794	\$ 237,759
1,024,626	991,960	962,601	963,551	949,552	917,269
-	-	(706,204)	-	-	-
(78,384)	(128,018)	(172,840)	2,649	14,327	(158,149)
(3,113)	-	-	-	33,915	-
(555,970)	(667,717)	(537,993)	(564,253)	(561,887)	(540,517)
627,532	419,542	(181,672)	683,301	704,701	456,362
15,337,450	14,917,908	15,099,580	14,416,279	13,711,578	13,255,216
<u>\$ 15,964,982</u>	<u>\$ 15,337,450</u>	<u>\$ 14,917,908</u>	<u>\$ 15,099,580</u>	<u>\$ 14,416,279</u>	<u>\$ 13,711,578</u>
\$ 307,330	\$ 288,972	\$ 387,334	\$ 391,152	\$ 407,155	\$ 377,200
120,427	111,658	114,800	118,615	120,126	110,734
1,933,412	(394,762)	1,609,612	739,186	16,182	596,612
(555,970)	(667,717)	(537,993)	(564,253)	(561,887)	(540,517)
(10,927)	(7,630)	(8,342)	(8,349)	(9,857)	(6,229)
(328)	(399)	(423)	(450)	(487)	(512)
1,793,944	(669,878)	1,564,988	675,901	(28,768)	537,288
12,509,116	13,178,994	11,614,006	10,938,105	10,966,873	10,429,585
<u>\$ 14,303,060</u>	<u>\$ 12,509,116</u>	<u>\$ 13,178,994</u>	<u>\$ 11,614,006</u>	<u>\$ 10,938,105</u>	<u>\$ 10,966,873</u>
<u>\$ 1,661,922</u>	<u>\$ 2,828,334</u>	<u>\$ 1,738,914</u>	<u>\$ 3,485,574</u>	<u>\$ 3,478,174</u>	<u>\$ 2,744,705</u>
89.59%	81.56%	88.34%	76.92%	75.87%	79.98%
\$ 2,408,548	\$ 2,233,168	\$ 2,295,993	\$ 2,372,290	\$ 2,347,542	\$ 2,214,670
69.00%	126.65%	75.74%	146.93%	148.16%	123.93%

CITY OF ROBSTOWN UTILITY SYSTEMS
 SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Fiscal Year Ended September 30,		
	2023	2022	2021
Actuarially determined contribution	\$ 478,669	\$ 408,335	\$ 461,977
Contributions in relation to actuarially determined contribution	<u>(478,669)</u>	<u>(408,335)</u>	<u>(461,977)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,648,977	\$ 2,274,697	\$ 2,605,625
Contributions as a percentage of covered payroll	18.07%	17.95%	17.73%

2020	2019	2018	2017	2016	2015
\$ 330,815	\$ 307,227	\$ 295,225	\$ 393,303	\$ 397,072	\$ 407,063
<u>(330,815)</u>	<u>(307,227)</u>	<u>(295,225)</u>	<u>(393,303)</u>	<u>(397,072)</u>	<u>(407,063)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,600,743	\$ 2,408,545	\$ 2,233,165	\$ 2,295,989	\$ 2,367,754	\$ 2,347,537
12.72%	12.76%	13.22%	17.13%	16.77%	17.34%

CITY OF ROBSTOWN UTILITY SYSTEM
 NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2023

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	N/A
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, 2023

	2022	2021
Total OPEB Liability		
Service cost	9,712	\$ 10,162
Interest (on the total OPEB liability)	4,321	4,379
Changes of benefit terms	(4,075)	-
Difference between expected and actual experience	-	888
Change of assumptions	(67,620)	6,060
Benefit payments, including refunds of employee contributions	(4,981)	(5,732)
Net Change in Total OPEB Liability	(62,643)	15,757
Total OPEB Liability - Beginning	232,471	216,714
Total OPEB Liability - Ending	\$ 169,828	\$ 232,471
 Covered Payroll	 \$ 2,490,264	 \$ 2,605,626
 Total OPEB Liability as a Percentage of Covered Payroll	 6.82%	 8.92%

Plan Year Ended December 31,			
2020	2019	2018	2017
\$ 8,142	\$ 5,540	\$ 5,806	\$ 5,051
5,222	5,798	5,443	5,420
-	-	-	-
(5,976)	(3,753)	(7,968)	-
24,564	26,598	(9,768)	11,538
(2,101)	(1,686)	(1,340)	(1,378)
29,851	32,497	(7,827)	20,631
186,863	154,366	162,193	141,562
<u>\$ 216,714</u>	<u>\$ 186,863</u>	<u>\$ 154,366</u>	<u>\$ 162,193</u>
\$ 2,626,319	\$2,408,548	\$ 2,233,168	\$ 2,295,993
8.25%	7.76%	6.91%	7.06%

CITY OF ROBSTOWN UTILITY SYSTEM
 NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2023

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	6.75%
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, 2023 AND 2022

	Sewage Fund	Electric Fund
ASSETS		
Current Assets:		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 477,132	2,418,952
<i>Materials & Supplies Inventory</i>	-	456,930
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	-	6,234,323
<i>Total Current Assets</i>	<u>\$ 477,132</u>	<u>9,110,205</u>
Restricted Assets:		
<i>Cash</i>	\$ 413,332	1,059
<i>Total Restricted Assets</i>	<u>\$ 413,332</u>	<u>1,059</u>
Capital Assets:		
<i>Land</i>	\$ 1,414	22,371
<i>Construction in Progress</i>	372,586	-
<i>Property, Plant and Equipment</i>	12,496,820	14,478,377
<i>Less Accumulated Depreciation</i>	(7,406,577)	(11,728,004)
<i>Total Net Fixed Assets</i>	<u>\$ 5,464,242</u>	<u>2,772,744</u>
Intangible Assets:		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	<u>\$ -</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 6,354,706</u></u>	<u><u>11,884,009</u></u>
Deferred outflow of resources		
<i>Deferred Fuel Charges</i>	\$ -	4,352,000
<i>Deferred Resource Outflows - Pension</i>	312,062	578,924
<i>Deferred Resource Outflows - OPEB</i>	5,400	10,017
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 5,588	33,788
<i>Accumulated Compensation Absences</i>	50,562	64,592
<i>Accrued Wages</i>	-	51,622
<i>Current Portion of Certificate of Obligations</i>	-	288,000
<i>Current Portion of Notes Payable</i>	30,488	52,107
<i>Due to Other Utility Funds</i>	362,636	-
<i>Other Current Liabilities</i>	-	-
<i>Total Current Liabilities</i>	<u>\$ 449,274</u>	<u>490,108</u>
Payable from Restricted Assets:		
<i>Accrued Interest Payable</i>	\$ -	-
<i>Current Portion of Revenue Bonds Payable</i>	105,000	-
<i>Total Payable from Restricted Assets</i>	<u>\$ 105,000</u>	<u>-</u>
Long-Term Liabilities:		
<i>Certificate of Obligations Payable - Net of Current Portion</i>	\$ -	4,064,000
<i>Notes Payable</i>	18,910	88,380
<i>Pension Liability</i>	746,756	1,385,386
<i>OPEB Liability</i>	27,609	51,219
<i>Revenue Bonds Payable - Net of Current Portion</i>	2,130,000	-
<i>Total Long-Term Liabilities</i>	<u>\$ 2,923,275</u>	<u>5,588,985</u>
Other Liabilities:		
<i>Customer Deposits</i>	\$ -	523,236
<i>Total Other Liabilities</i>	<u>-</u>	<u>523,236</u>
Total Liabilities	<u><u>\$ 3,477,549</u></u>	<u><u>6,602,330</u></u>
Deferred inflow of resources		
<i>Deferred Fuel Credits</i>	\$ -	2,506,485
<i>Deferred inflow of resources - Pension</i>	-	-
<i>Deferred inflow of resources - OPEB</i>	9,741	18,070
Net Position:		
<i>Invested in Capital Assets</i>	\$ 3,179,844	2,632,257
<i>Restricted for Revenue Bond Debt</i>	110,974	-
<i>Unrestricted</i>	(105,939)	5,065,808
<i>Total Net Position</i>	<u><u>\$ 3,184,879</u></u>	<u><u>7,698,066</u></u>

EXHIBIT B-1

Gas Fund	Totals	
	December 31, 2023	December 31, 2022
402,953	3,299,036	3,200,858
87,393	544,324	462,433
-	-	-
-	6,234,323	6,480,095
<u>490,346</u>	<u>10,077,683</u>	<u>10,143,385</u>
5,312	419,703	404,319
<u>5,312</u>	<u>419,703</u>	<u>404,319</u>
-	23,785	23,785
-	372,586	372,586
2,891,228	29,866,426	29,392,552
(2,436,912)	(21,571,493)	(20,784,044)
<u>454,317</u>	<u>8,691,303</u>	<u>9,004,878</u>
-	-	-
-	-	-
<u>949,974</u>	<u>19,188,690</u>	<u>19,552,583</u>
2,448,000	6,800,000	7,363,831
359,445	1,250,431	397,881
6,219	21,636	25,688
2,518	41,893	33,586
34,027	149,181	153,726
17,383	69,005	58,920
162,000	450,000	400,000
8,336	90,931	105,490
1,418,096	1,780,731	1,486,243
-	-	-
<u>1,642,360</u>	<u>2,581,742</u>	<u>2,237,966</u>
-	-	3,436
-	105,000	100,000
-	<u>105,000</u>	<u>103,436</u>
2,286,000	6,350,000	6,800,000
12,123	119,413	123,415
860,164	2,992,307	1,233,110
31,801	110,629	149,597
-	2,130,000	2,235,000
<u>3,190,088</u>	<u>11,702,348</u>	<u>10,541,122</u>
199,097	722,334	693,544
<u>199,097</u>	<u>722,334</u>	<u>693,544</u>
5,031,545	15,111,424	13,576,068
-	2,506,485	2,297,168
-	-	648,825
11,220	39,030	5,660
280,194	6,092,295	6,305,076
-	110,974	110,974
(1,559,320)	3,400,549	4,396,211
<u>(1,279,126)</u>	<u>9,603,818</u>	<u>10,812,262</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - ALL ENTERPRISE FUNDS
YEAR ENDED DECEMBER 31, 2023 AND 2022

	Sewage Fund	Electric Fund
	<u> </u>	<u> </u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,814,978	10,224,292
<i>Total Revenue</i>	<u>\$ 1,814,978</u>	<u>10,224,292</u>
Operating Expenses:		
<i>Cost of Sales</i>	\$ -	4,804,908
<i>Power Plant Operations Expenses</i>	-	188,581
<i>Distribution Expenses</i>	-	1,356,420
<i>Substation Expenses</i>	-	4,698
<i>Plant and Operating Expenses</i>	1,222,816	-
<i>General and Administrative Expenses:</i>		
<i>General Operating (Admin.) Expense</i>	333,565	1,696,271
<i>Insurance</i>	8,703	34,812
<i>Depreciation/Amortization</i>	384,395	323,983
<i>Bad Debts</i>	-	-
<i>Total Operating Expenses</i>	<u>\$ 1,949,479</u>	<u>8,409,672</u>
Net Operating (Loss) Profit	<u>\$ (134,500)</u>	<u>1,814,621</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ 15,189	-
<i>Interest (Expense)</i>	(82,468)	(206,775)
<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>	(5,803)	(191,960)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (73,082)</u>	<u>(398,735)</u>
Net Income (Loss) for Year	\$ (207,582)	1,415,886
Net Position - Beginning	\$ 3,392,461	8,204,496
Equity Transfers/Prior Period Adjustments	-	-
Net Position - Beginning as Restated	<u>\$ 3,392,461</u>	<u>8,204,496</u>
Cash Transfers to City	-	(1,922,316)
Net Position - Ending	<u>\$ 3,184,879</u>	<u>7,698,066</u>

Gas Fund	Totals	
	December 31, 2023	December 31, 2022
1,131,216	13,170,486	13,558,705
<u>1,131,216</u>	<u>13,170,486</u>	<u>13,558,705</u>
276,054	5,080,962	5,229,447
-	188,581	14,954
875,144	2,231,564	2,220,211
-	4,698	11,179
-	1,222,816	1,037,350
264,666	2,294,502	1,889,738
11,604	55,119	50,943
79,071	787,449	780,828
-	-	-
<u>1,506,540</u>	<u>11,865,690</u>	<u>11,234,650</u>
<u>(375,324)</u>	<u>1,304,796</u>	<u>2,324,055</u>
-	15,189	3,200
(116,548)	(405,790)	(431,321)
-	-	-
-	-	-
-	-	-
(2,560)	(200,324)	(202,504)
<u>(119,108)</u>	<u>(590,925)</u>	<u>(630,626)</u>
(494,432)	713,871	1,693,429
<u>(784,694)</u>	<u>10,812,263</u>	<u>11,092,642</u>
-	-	-
<u>(784,694)</u>	<u>10,812,263</u>	<u>11,092,642</u>
-	(1,922,316)	(1,973,810)
<u>(1,279,126)</u>	<u>9,603,818</u>	<u>10,812,262</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
STATEMENT OF CASH FLOWS
ALL BUSINESS TYPE ACTIVITIES
YEAR ENDED DECEMBER 31, 2023 AND 2022

	Sewage Fund	Electric Fund
Cash flow from operating activities:		
<i>Cash received from customers</i>	\$ 1,815,034	10,041,104
<i>Cash Payments to Employees for Services</i>	(621,322)	(1,165,585)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(933,287)	(6,988,814)
Net Cash Provided (Used) by Operating Activities	<u>\$ 260,425</u>	<u>1,886,706</u>
Cash Flows from Non-capital Financing Activities:		
<i>Proceeds (Payments) from (for) Borrowings-Other Funds</i>	\$ 106,430	125,612
<i>Other Proceeds/Other Adjustment/Transfers</i>	86,863	510,013
<i>Transfers Out to City and Free Service to City</i>	(5,803)	(2,114,276)
<i>Operating Transfers From (To) Other Funds</i>	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>\$ 187,490</u>	<u>(1,478,651)</u>
Cash Flows from Capital and Related Financing Activities:		
<i>Proceeds from Issuance of Long term Debt</i>	\$ (86,090)	(14,576)
<i>Principal and Interest Paid</i>	(81,462)	(477,008)
<i>Acquisition or Construction of Capital Assets</i>	(280,463)	(172,422)
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>\$ (448,015)</u>	<u>(664,005)</u>
Cash Flows from Investing Activities:		
<i>Interest and Dividends on Investments</i>	\$ 15,189	-
Net Cash Provided (Used) for Investing Activities	<u>\$ 15,189</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 15,089	(255,951)
Cash and Cash Equivalents at Beginning of Year	398,243	1,010
Cash and Cash Equivalents at End of Year	<u>\$ 413,332</u>	<u>(254,940)</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$ (134,500)	1,814,621
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
<i>Depreciation</i>	384,395	323,983
<i>Provision for Uncollectible Accounts</i>	-	-
Change in Assets and Liabilities		
<i>Decrease (Increase) in Receivables</i>	56	(131,324)
<i>Decrease (Increase) in Inventories</i>	-	(51,864)
<i>Decrease (Increase) in Prepaid Expenses</i>	-	-
<i>Decrease (Increase) in Deferred Charges</i>	-	-
<i>Increase (Decrease) in Accounts Payable</i>	5,588	-
<i>Increase (Decrease) in Sales Tax Payable</i>	-	3,672
<i>Increase (Decrease) in Accrued Wages Payable</i>	-	4,289
<i>Increase (Decrease) in Accumulated Compensation Absences</i>	3,323	(11,296)
<i>Increase (Decrease) in Capital Leases</i>	-	-
<i>Increase (Decrease) in Notes Payable</i>	5,000	-
<i>Increase (Decrease) in Customer Deposits</i>	-	26,055
<i>Increase)Decrease) in Deferred Fuel Charges</i>	-	(91,314)
<i>Increase (Decrease) in Accrued Expense</i>	(3,436)	(117)
Total Adjustments	<u>\$ 394,926</u>	<u>72,085</u>
Net Cash Provided by Operating Activities	<u>\$ 260,425</u>	<u>1,886,706</u>

EXHIBIT B-3

Gas Fund	Totals	
	December 31, 2023	December 31, 2022
1,456,216	13,312,355	13,772,355
(696,113)	(2,483,020)	(2,345,236)
(702,118)	(8,624,219)	(7,166,987)
<u>57,985</u>	<u>2,205,116</u>	<u>4,260,132</u>
188,175	420,217	780,407
(112,219)	484,657	(1,485,380)
(2,560)	(2,122,640)	(2,176,314)
14,739	14,739	(14,739)
<u>88,134</u>	<u>(1,203,027)</u>	<u>(2,896,026)</u>
(8,336)	(109,001)	(174,458)
(116,548)	(675,018)	(634,456)
(20,989)	(473,874)	(555,192)
<u>(145,873)</u>	<u>(1,257,893)</u>	<u>(1,364,106)</u>
-	15,189	3,200
<u>-</u>	<u>15,189</u>	<u>3,200</u>
246	(240,616)	3,200
5,066	404,320	401,120
<u>5,312</u>	<u>163,704</u>	<u>404,320</u>
(375,324)	1,304,796	2,324,055
79,071	787,449	780,828
-	-	-
47,195	(84,072)	228,788
(30,026)	(81,890)	42,146
-	-	-
307,831	307,831	(57,283)
-	5,588	-
(953)	2,719	(59,183)
5,795	10,084	(7,216)
3,428	(4,545)	(10,259)
18,000	18,000	36,000
233	5,233	226
2,734	28,789	47,662
-	(91,314)	1,163,849
-	(3,553)	(229,481)
<u>433,309</u>	<u>900,320</u>	<u>1,936,077</u>
<u>57,985</u>	<u>2,205,116</u>	<u>4,260,132</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
SEWAGE FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022

EXHIBIT B-4

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	\$ 477,132	463,081
<i>Materials & Supplies Inventory</i>	-	-
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	-	14,107
<i>Total Current Assets</i>	<u>\$ 477,132</u>	<u>477,188</u>
Non-Current Assets:		
Restricted Assets:		
<i>Cash- In Escrow-Other</i>	\$ 413,332	398,243
<i>Total Restricted Assets</i>	<u>\$ 413,332</u>	<u>398,243</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>	12,496,820	12,216,357
<i>Less Accumulated Depreciation</i>	<u>(7,406,577)</u>	<u>(7,022,182)</u>
<i>Total Net Fixed Assets</i>	<u>\$ 5,464,242</u>	<u>5,568,174</u>
Intangible Assets:		
<i>Unamortized Bond Issue Cost</i>	\$ -	-
<i>Total Intangible Assets</i>	<u>\$ -</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 6,354,706</u></u>	<u><u>6,443,605</u></u>
Deferred Resource Outflows - Pension	\$ 312,062	93,260
Deferred Resource Outflows - OPEB	5,400	6,021
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 5,588	-
<i>Accrued Interest</i>	-	3,436
<i>Accumulated Compensation Absences</i>	50,562	47,239
<i>Accrued Wages</i>	-	-
<i>Current Portion of Certificate of Obligations</i>	-	-
<i>Current Portion of Notes Payable</i>	30,488	31,046
<i>Due to Other Utility Funds</i>	<u>362,636</u>	<u>256,206</u>
<i>Total Current Liabilities</i>	<u>\$ 449,274</u>	<u>337,927</u>
Payable from Restricted Assets:		
<i>Current Portion of Revenue Bonds Payable</i>	\$ 105,000	100,000
<i>Total Payable from Restricted Assets</i>	<u>\$ 105,000</u>	<u>100,000</u>
Long-Term Liabilities		
<i>Certificate of Obligations/Notes Payable/Leases Payable</i>	\$ 18,910	-
<i>Pension Liability</i>	746,756	289,029
<i>OPEB Liability</i>	27,609	35,064
<i>Revenue Bonds Payable - Net of Current Portion</i>	<u>2,130,000</u>	<u>2,235,000</u>
<i>Total Long-Term Liabilities</i>	<u>\$ 2,923,275</u>	<u>2,559,093</u>
<i>Total Liabilities</i>	<u>\$ 3,477,549</u>	<u>2,997,020</u>
Deferred Resource Inflows - Pension	\$ -	152,078
Deferred Resource Inflows - OPEB	9,741	1,327
Net Position:		
<i>Invested in Capital Assets</i>	\$ 3,179,844	3,202,128
<i>Restricted for Revenue Bond Debt</i>	110,974	110,974
<i>Unrestricted</i>	<u>(105,939)</u>	<u>79,359</u>
<i>Total Net Position</i>	<u>\$ 3,184,879</u>	<u>3,392,461</u>



CITY OF ROBSTOWN UTILITY SYSTEMS
SEWAGE FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023 AND 2022

EXHIBIT B-5
Page 1 of 2

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,814,978	2,102,091
<i>Total Revenue</i>	<u>\$ 1,814,978</u>	<u>2,102,091</u>
Expenses:		
Plant and Operating Expenses		
<i>Salaries</i>	\$ 172,227	187,425
<i>Overtime and Standby Wages</i>	13,169	15,456
<i>Fringe Benefits</i>	14,420	635
<i>Social Security</i>	14,047	14,178
<i>Retirement-Pension</i>	59,797	37,168
<i>Retirement-OPEB</i>	-	-
<i>Insurance Benefits</i>	12,417	15,360
<i>Office Supplies and Expense</i>	1,249	1,132
<i>Computers/Related Expense</i>	9,201	2,349
<i>Contract Services</i>	12,665	46,246
<i>Professional Services</i>	17,148	19,412
<i>Utilities</i>	281,747	213,909
<i>Telephone</i>	-	-
<i>Fuel and Oil</i>	27,135	30,766
<i>Meals and Traveling</i>	183	-
<i>Tools and Supplies</i>	21,778	13,780
<i>Dues, Fees, and Subscriptions</i>	11,631	14,576
<i>Lab Supplies</i>	1,558	1,043
<i>Vehicle Maintenance</i>	28,972	19,140
<i>Plant Maintenance</i>	4,266	3,089
<i>Safety Relation-Job Training</i>	24,385	24,221
<i>Chemicals</i>	44,392	43,278
<i>Testing</i>	46,890	13,392
<i>Structure & Improvement Maintenance</i>	2,008	3,152
<i>Non-capitalized outlay expenses</i>	-	-
<i>Miscellaneous</i>	2,584	4,969
<i>Collection Salaries</i>	214,996	150,204
<i>Overtime and Standby Wages</i>	34,508	26,072
<i>Fringe Benefits</i>	6,051	9,494
<i>Social Security</i>	18,912	12,844
<i>Retirement-Pension</i>	64,100	30,600
<i>Retirement-OPEB</i>	-	-
<i>Insurance Benefits</i>	-	26,900
<i>Contract Labor</i>	-	1,770
<i>Meals and Traveling</i>	-	-
<i>Tools and Supplies</i>	1,409	1,770
<i>Vehicle Maintenance</i>	-	-
<i>Construction</i>	-	-
<i>Bond Costs</i>	-	-
<i>Other Maintenance</i>	48,370	35,444
<i>Other Operating Expenses</i>	10,602	17,575
Total Plant and Operating Expenses	<u>\$ 1,222,816</u>	<u>1,037,350</u>
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	\$ 333,565	223,766
<i>Insurance</i>	8,703	8,044
<i>Depreciation/Amortization</i>	384,395	388,296
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 726,663</u>	<u>620,106</u>
Total Expenses	<u>\$ 1,949,479</u>	<u>1,657,456</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
SEWAGE FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Net Operating (Loss) Profit	\$ (134,500)	444,636
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	15,189	3,131
<i>Interest (Expense)</i>	(82,468)	(89,282)
<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>	(5,803)	(5,927)
<i>Total Non-Operating Revenue and (Expenses)</i>	\$ (73,082)	(92,078)
<i>Net Income (Loss) for Year</i>	\$ (207,582)	352,557
<i>Net Position - Beginning</i>	\$ 3,392,461	3,039,903
<i>Prior Period Adjustments/Equity Transfers</i>	-	-
<i>Net Position - Beginning as Restated</i>	\$ 3,392,461	3,039,903
Net Position - Ending	\$ 3,184,879	3,392,461

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, 2023

EXHIBIT B-6
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Sales and Service</i>	\$ 1,912,783	1,828,672	1,814,978	(13,694)
<i>Total Revenue</i>	<u>\$ 1,912,783</u>	<u>1,828,672</u>	<u>1,814,978</u>	<u>(13,694)</u>
Expenses:				
Plant and Operating Expenses				
<i>Salaries</i>	\$ 250,985	175,874	172,227	3,647
<i>Overtime and Standby Wages</i>	25,000	13,169	13,169	(0)
<i>Fringe Benefits</i>	14,328	27,472	14,420	13,052
<i>Social Security</i>	21,113	14,047	14,047	0
<i>Retirement-Pension</i>	51,333	34,484	59,797	(25,313)
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	25,759	13,200	12,417	783
<i>Advertising and Public Relations</i>	1,300	-	-	-
<i>Office Supplies and Expense</i>	2,000	1,249	1,249	0
<i>Computers/Related Expense</i>	3,000	9,201	9,201	0
<i>Contract Services</i>	15,000	12,665	12,665	(0)
<i>Professional Services</i>	600	450	17,148	(16,698)
<i>Utilities</i>	220,000	281,747	281,747	(0)
<i>Telephone</i>	1,000	-	-	-
<i>Fuel and Oil</i>	20,000	27,135	27,135	(0)
<i>Meals and Traveling</i>	1,500	183	183	0
<i>Tools and Supplies</i>	15,000	21,778	21,778	-
<i>Dues, Fees, and Subscriptions</i>	11,240	11,631	11,631	0
<i>Lab Supplies</i>	3,000	1,558	1,558	0
<i>Vehicle Maintenance</i>	10,000	9,236	28,972	(19,736)
<i>Plant Maintenance</i>	7,000	4,266	4,266	0
<i>Safety Relation-Job Training</i>	20,500	24,385	24,385	(0)
<i>Chemicals</i>	38,000	44,392	44,392	0
<i>Testing</i>	15,000	46,890	46,890	(0)
<i>Structure & Improvement Maintenance</i>	5,000	2,008	2,008	(0)
<i>Non-capitalized outlay expenses</i>	-	-	-	-
<i>Miscellaneous</i>	800	496	2,584	(2,088)
<i>Collection Salaries</i>	159,640	214,996	214,996	(0)
<i>Overtime and Standby Wages</i>	27,000	34,508	34,508	(0)
<i>Fringe Benefits</i>	7,000	6,051	6,051	(0)
<i>Social Security</i>	14,278	18,912	18,912	0
<i>Retirement-Pension</i>	34,715	46,408	64,100	(17,692)
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	32,186	38,389	-	38,389
<i>Contract Labor</i>	16,148	-	-	-
<i>Advertising and Public Relations</i>	-	-	-	-
<i>Meals and Traveling</i>	507	-	-	-
<i>Tools and Supplies</i>	1,000	1,409	1,409	0
<i>Vehicle Maintenance</i>	10,000	21,824	-	21,824
<i>Bond Costs</i>	-	-	-	-
<i>Other Maintenance</i>	31,000	48,370	48,370	0
<i>Other Operating Expenses</i>	31,927	10,602	10,602	-
Total Plant and Operating Expenses	<u>\$ 1,143,859</u>	<u>1,218,985</u>	<u>1,222,816</u>	<u>(3,831)</u>
General and Administrative Expenses:				
<i>General Operating (Admin.) Expense</i>	\$ 311,952	237,424	333,565	(96,141)
<i>Insurance</i>	5,500	8,703	8,703	0
<i>Depreciation/Amortization</i>	-	-	384,395	(384,395)
<i>Bad Debts</i>	800	-	-	-
Total General and Administrative Expenses	<u>\$ 318,252</u>	<u>246,127</u>	<u>726,663</u>	<u>480,536</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, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Expenses	\$ 1,462,111	1,465,112	1,949,479	(484,367)
Net Operating (Loss) Profit	\$ 450,672	363,560	(134,500)	(498,060)
Non-Operating Revenues and (Expenses)				
Investment Income	\$ -	-	15,189	15,189
Interest (Expense)	(84,234)	(83,096)	(82,468)	629
Loss on Disposal of Asset	-	-	-	-
Other Income (Expenses)	(16,292)	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Free Utility Service to City	(7,000)	(5,803)	(5,803)	(0)
Total Non-Operating Revenue and (Expenses)	\$ (107,526)	(88,899)	(73,082)	15,817
Net Income (Loss) for Year	\$ 343,146	274,661	(207,582)	(482,243)
Net Position - Beginning	\$ 3,392,461	3,392,461	3,392,461	-
Equity Transfers	-	-	-	-
Net Position - Beginning as Restated	\$ 3,392,461	3,392,461	3,392,461	-
Cash Transfers to City	-	-	-	-
Net Position - Ending	\$ 3,735,607	3,667,122	3,184,879	(482,243)

CITY OF ROBSTOWN UTILITY SYSTEMS
ELECTRIC FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022

EXHIBIT B-7

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
<i>Accounts Receivable - Net of Provisions</i>		
<i>for Doubtful Accounts</i>	\$ 2,418,952	2,287,628
<i>Materials & Supplies Inventory</i>	456,930	405,066
<i>Prepaid Expenses</i>	-	-
<i>Due from Other Utility Funds</i>	6,234,323	6,451,249
<i>Total Current Assets</i>	<u>\$ 9,110,205</u>	<u>9,143,943</u>
Restricted Assets:		
<i>Cash</i>	\$ 1,059	1,010
<i>Total Restricted Assets</i>	<u>\$ 1,059</u>	<u>1,010</u>
Capital Assets:		
<i>Land</i>	\$ 22,371	22,371
<i>Construction in Progress</i>	-	-
<i>Property, Plant and Equipment</i>	14,478,377	14,305,956
<i>Less Accumulated Depreciation</i>	(11,728,004)	(11,404,021)
<i>Total Net Fixed Assets</i>	<u>\$ 2,772,744</u>	<u>2,924,305</u>
TOTAL ASSETS	<u>\$ 11,884,009</u>	<u>12,069,259</u>
<i>Deferred Fuel Charges</i>	\$ 4,352,000	4,608,000
<i>Deferred Resource Outflows - Pension</i>	578,924	184,357
<i>Deferred Resource Outflows - OPEB</i>	10,017	11,902
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 33,788	30,115
<i>Accumulated Compensation Absences</i>	64,592	75,888
<i>Accrued Wages</i>	51,622	47,333
<i>Current Portion of Certificate of Obligations</i>	288,000	256,000
<i>Current Portion of Notes Payable</i>	52,107	66,340
<i>Due to Other Utility Funds</i>	-	117
<i>Total Current Liabilities</i>	<u>\$ 490,108</u>	<u>475,792</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>	\$ 88,380	102,955
<i>Pension Liability</i>	1,385,386	571,357
<i>OPEB Asset/Liability</i>	51,219	69,315
<i>Certificate of Obligations Payable - Net of Current Portion</i>	4,064,000	4,352,000
<i>Total Long-Term Liabilities</i>	<u>\$ 5,588,985</u>	<u>5,095,627</u>
Other Liabilities:		
<i>Customer Deposits</i>	\$ 523,236	497,181
<i>Total Other Liabilities</i>	<u>\$ 523,236</u>	<u>497,181</u>
Total Liabilities	<u>\$ 6,602,330</u>	<u>6,068,601</u>
<i>Deferred inflow of resources</i>		
<i>Deferred Fuel Credits</i>	\$ 2,506,485	2,297,168
<i>Deferred Resource Inflows - Pension</i>	-	300,630
<i>Deferred Resource Inflows - OPEB</i>	18,070	2,623
Net Position:		
<i>Invested in Capital Assets</i>	\$ 2,632,257	2,755,010
<i>Restricted for Revenue Bond Debt</i>	-	-
<i>Unrestricted</i>	5,065,808	5,449,486
<i>Total Net Position</i>	<u>\$ 7,698,066</u>	<u>8,204,496</u>



CITY OF ROBSTOWN UTILITY SYSTEMS
ELECTRIC FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023 AND 2022

EXHIBIT B-8
Page 1 of 2

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 10,224,292	9,788,260
<i>Total Revenue</i>	<u>\$ 10,224,292</u>	<u>9,788,260</u>
Cost of Sales:		
<i>Purchased Power</i>	\$ 4,804,908	4,731,681
<i>Total Cost of Sales</i>	<u>\$ 4,804,908</u>	<u>4,731,681</u>
Net Sales	<u>\$ 5,419,384</u>	<u>5,056,579</u>
Expenses:		
Plant and Operating Expenses		
<i>Fringe Benefits</i>	\$ -	-
<i>Legal</i>	-	-
<i>Engineering</i>	61,993	5,454
<i>Utilities and Telephone</i>	-	-
<i>Contract Labor</i>	67,948	9,500
<i>Tools and Supplies</i>	-	-
<i>Dues, Fees, and Subscriptions</i>	-	-
<i>Miscellaneous</i>	-	-
Power Plant Maintenance		
<i>Vehicle/Structure Maintenance</i>	17,639	-
<i>Non-capitalized outlay expenses</i>	41,000	-
Total Power Plant Expenses	<u>\$ 188,581</u>	<u>14,954</u>
Distribution Expenses		
<i>Distribution Salaries</i>	\$ 757,457	701,527
<i>Overtime and Standby Wages</i>	49,352	47,997
<i>Fringe Benefits</i>	26,403	27,240
<i>Social Security</i>	57,933	51,350
<i>Retirement-Pension</i>	179,364	196,636
<i>Retirement-OPEB</i>	-	-
<i>Insurance Benefits</i>	88,070	90,442
<i>Professional Services</i>	-	14,535
<i>Office Supplies and Expenses</i>	2,728	2,555
<i>Contract Services</i>	63,811	43,818
<i>Utilities</i>	14,283	13,954
<i>Telephone</i>	-	-
<i>Fuel and Oil</i>	25,517	33,675
<i>Meals and Traveling</i>	514	498
<i>Tools and Supplies</i>	16,589	24,576
<i>Material Inventory Expenses</i>	-	13,187
<i>Dues, Fees, and Subscriptions</i>	9,458	5,210
<i>Computers/Related Expenses</i>	8,225	4,070
<i>Vehicle Maintenance</i>	29,564	19,823
<i>Safety Relation-Job Training</i>	3,477	549
<i>Other Equip, Structure, and Meter Maint.</i>	22,708	72,128
<i>Groundskeeping Maintenance</i>	-	-
<i>Construction</i>	-	-
<i>Construction</i>	-	-
<i>Inventory Adjustment</i>	-	18,753
<i>Miscellaneous</i>	969	4,824
<i>Non-capitalization outlay expenses</i>	-	-
Total Distribution Expenses	<u>\$ 1,356,420</u>	<u>1,387,348</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
ELECTRIC FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Substation		
<i>Contract Labor</i>	\$ -	3,450
<i>Utilities</i>	-	-
<i>Parts and Supplies</i>	4,698	7,729
Total Substation Expense	<u>\$ 4,698</u>	<u>11,179</u>
General and Administrative Expenses		
<i>General Operating (Admin.) Expenses</i>	\$ 1,696,271	1,425,023
<i>Insurance</i>	34,812	32,175
<i>Depreciation/Amortization</i>	323,983	311,083
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 2,055,065</u>	<u>1,768,281</u>
Total Expenses	<u>\$ 3,604,763</u>	<u>3,181,762</u>
Net Operating (Loss) Profit	<u>\$ 1,814,621</u>	<u>1,874,817</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ -	11
<i>Interest (Expense)</i>	(206,775)	(218,589)
<i>Other Income (Expense)</i>	-	-
<i>Transfers In (Out)</i>	-	-
<i>Free Utility Service to City</i>	(191,960)	(193,198)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (398,735)</u>	<u>(411,775)</u>
Net Income (Loss) for Year	<u>\$ 1,415,886</u>	<u>1,463,041</u>
Net Positions - Beginning	8,204,496	8,715,264
Equity Transfers/Prior Period Adjustment	-	-
Net Position - Beginning as Restated	<u>\$ 8,204,496</u>	<u>8,715,264</u>
Cash Transfers to City	(1,922,316)	(1,973,810)
Net Position - Ending	<u>\$ 7,698,066</u>	<u>8,204,496</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, 2023

EXHIBIT B-9
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Sales and Service</i>	\$ 11,563,141	10,256,053	10,224,292	(31,761)
<i>Total Revenue</i>	\$ 11,563,141	10,256,053	10,224,292	(31,761)
Cost of Sales:				
<i>Purchased Power</i>	\$ 5,600,000	4,826,059	4,804,908	21,151
<i>Total Cost of Sales</i>	\$ 5,600,000	4,826,059	4,804,908	21,151
Net Sales	\$ 5,963,141	5,429,994	5,419,384	(10,610)
Expenses:				
Plant and Operating Expenses				
<i>Fringe Benefits</i>	\$ -	-	-	-
<i>Legal</i>	-	-	-	-
<i>Engineering</i>	-	54,494	61,993	(7,499)
<i>Utilities and Telephone</i>	-	-	-	-
<i>Contract Labor</i>	-	-	67,948	(67,948)
<i>Tools and Supplies</i>	-	-	-	-
<i>Dues, Fees, and Subscriptions</i>	-	-	-	-
<i>Miscellaneous</i>	-	-	-	-
Power Plant Maintenance				
<i>Vehicle/Structure Maintenance</i>	-	-	17,639	(17,639)
<i>Non-capitalized outlay expenses</i>	50,000	93,086	41,000	52,086
Total Power Plant Expenses	\$ 50,000	147,580	188,581	(41,001)
Distribution Expenses				
<i>Distribution Salaries</i>	\$ 767,515	750,450	757,457	(7,007)
<i>Overtime and Standby Wages</i>	47,000	49,353	49,352	1
<i>Fringe Benefits</i>	21,265	33,410	26,403	7,007
<i>Social Security</i>	62,310	57,933	57,933	0
<i>Retirement-Pension</i>	151,500	149,771	179,364	(29,593)
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	96,657	88,070	88,070	(0)
<i>Professional Services</i>	-	-	-	-
<i>Office Supplies and Expenses</i>	2,000	2,728	2,728	(0)
<i>Contract Services</i>	80,000	63,811	63,811	0
<i>Utilities</i>	15,000	14,283	14,283	0
<i>Telephone</i>	1,500	-	-	-
<i>Fuel and Oil</i>	17,666	25,517	25,517	0
<i>Meals and Traveling</i>	3,000	514	514	0
<i>Tools and Supplies</i>	20,000	16,589	16,589	0
<i>Material Inventory Expenses</i>	2,000	-	-	-
<i>Dues, Fees, and Subscriptions</i>	4,000	9,458	9,458	0
<i>Computers/Related Expenses</i>	3,000	8,225	8,225	(0)
<i>Vehicle Maintenance</i>	16,000	29,564	29,564	(0)
<i>Safety Relation-Job Training</i>	4,500	3,476	3,477	(1)
<i>Other Equip, Structure, and Meter Maint.</i>	72,592	16,647	22,708	(6,061)
<i>Groundskeeping Maintenance</i>	1,000	-	-	-
<i>Construction-Boys & Girls Club</i>	-	-	-	-
<i>Construction-Seale Jr. High</i>	-	-	-	-
<i>Inventory Adjustment</i>	-	-	-	-
<i>Miscellaneous</i>	3,000	969	969	0
<i>Non-capitalization outlay expenses</i>	-	-	-	-
Total Distribution Expenses	\$ 1,391,505	1,320,768	1,356,420	(35,652)

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, 2023

EXHIBIT B-9
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	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Substation				
<i>Contract Labor</i>	\$ -	-	-	-
<i>Utilities</i>	2,000	-	-	-
<i>Parts and Supplies</i>	5,000	45,698	4,698	41,000
Total Substation Expense	<u>\$ 7,000</u>	<u>45,698</u>	<u>4,698</u>	<u>41,000</u>
General and Administrative Expenses				
<i>General Operating (Admin.) Expenses</i>	\$ 1,559,762	1,515,416	1,696,271	(180,855)
<i>Insurance</i>	25,000	34,812	34,812	0
<i>Depreciation/Amortization</i>	-	323,983	323,983	0
<i>Bad Debts</i>	2,000	-	-	-
Total General and Administrative Expenses	<u>\$ 1,586,762</u>	<u>1,874,211</u>	<u>2,055,065</u>	<u>(180,854)</u>
Total Expenses	<u>\$ 3,035,267</u>	<u>3,388,257</u>	<u>3,604,763</u>	<u>(216,506)</u>
Net Operating (Loss) Profit	<u>\$ 2,927,874</u>	<u>2,041,737</u>	<u>1,814,621</u>	<u>(227,116)</u>
Non-Operating Revenues and (Expenses)				
<i>Investment Income</i>	\$ -	-	-	-
<i>Interest (Expense)</i>	(206,528)	(210,128)	(206,775)	3,353
<i>Other Income (Expense)</i>	(256,000)	-	-	-
<i>Transfers Out</i>	-	-	-	-
<i>Free Utility Service to City</i>	(200,000)	(191,960)	(191,960)	(0)
Total Non-Operating Revenue and (Expenses)	<u>\$ (662,528)</u>	<u>(402,088)</u>	<u>(398,735)</u>	<u>3,353</u>
Net Income (Loss) for Year	<u>\$ 2,265,346</u>	<u>1,639,649</u>	<u>1,415,886</u>	<u>(223,763)</u>
Net Position - Beginning	<u>\$ 8,204,496</u>	<u>8,204,496</u>	<u>8,204,496</u>	<u>-</u>
Equity Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Beginning as Restated	<u>\$ 8,204,496</u>	<u>8,204,496</u>	<u>8,204,496</u>	<u>-</u>
Cash Transfers to City	<u>(1,844,750)</u>	<u>(1,922,316)</u>	<u>(1,922,316)</u>	<u>0</u>
Net Position - Ending	<u>\$ 8,625,092</u>	<u>7,921,829</u>	<u>7,698,066</u>	<u>(223,763)</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
GAS FUND
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022

EXHIBIT B-10

	2023	2022
ASSETS		
Current Assets:		
<i>Accounts Receivable - Net of Provisions</i>		
<i>for Doubtful Accounts</i>	\$ 402,953	450,148
<i>Materials & Supplies Inventory</i>	87,393	57,367
<i>Prepaid Expenses</i>	-	-
<i>Deferred Charges</i>	-	-
<i>Due from Other Utility Funds</i>	-	14,739
<i>Total Current Assets</i>	\$ 490,346	522,254
Restricted Assets:		
<i>Cash</i>	\$ 5,312	5,066
<i>Total Restricted Assets</i>	\$ 5,312	5,066
Fixed Asset:		
<i>Construction in Progress</i>	\$ -	-
<i>Property, Plant and Equipment</i>	2,891,228	2,870,239
<i>Less Accumulated Depreciation</i>	(2,436,912)	(2,357,840)
<i>Total Net Fixed Assets</i>	\$ 454,317	512,399
TOTAL ASSETS	\$ 949,974	1,039,719
Deferred out flow of resources		
<i>Deferred Charges</i>	\$ 2,448,000	2,755,831
<i>Deferred Resource Outflows-Pension</i>	359,445	120,265
<i>Deferred Resource Outflows-OPEB</i>	6,219	7,764
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable and Other Payables</i>	\$ 2,518	3,471
<i>Accumulated Compensation Absences</i>	34,027	30,599
<i>Accrued Wages</i>	17,383	11,588
<i>Current Portion of Certificate of Obligations</i>	162,000	144,000
<i>Current Portion of Note Payable</i>	8,336	8,103
<i>Due to Other Utility Funds</i>	1,418,096	1,229,921
<i>Total Current Liabilities</i>	\$ 1,642,360	1,427,682
Long-Term Liabilities		
<i>Certificate of Obligations Payable - Net of Current Portion</i>	\$ 2,286,000	2,448,000
<i>Pension Liability</i>	860,164	372,725
<i>OPEB Liability</i>	31,801	45,218
<i>Notes Payable - Net of Current Portion</i>	12,123	20,459
<i>Total Long-Term Liabilities</i>	\$ 3,190,088	2,886,402
Other Liabilities		
<i>Customer Deposits</i>	\$ 199,097	196,363
<i>Total Other Liabilities</i>	199,097	196,363
<i>Total Liabilities</i>	\$ 5,031,545	4,510,447
Deferred inflow of resources		
<i>Deferred Fuel Credits</i>	\$ -	-
<i>Deferred inflow of resources-pension</i>	-	196,116
<i>Deferred inflow of resources-OPEB</i>	11,220	1,711
Net Position:		
<i>Invested in Capital Assets</i>	\$ 280,194	347,939
<i>Unrestricted</i>	(1,559,320)	(1,132,634)
<i>Total Net Position</i>	\$ (1,279,126)	(784,695)



CITY OF ROBSTOWN UTILITY SYSTEMS
GAS FUND
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023 AND 2022

EXHIBIT B-11
Page 1 of 2

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
<i>Sales and Service</i>	\$ 1,131,216	1,668,354
<i>Total Revenue</i>	<u>\$ 1,131,216</u>	<u>1,668,354</u>
Cost of Sales:		
<i>Natural Gas</i>	\$ 276,054	497,767
<i>Total Cost of Sales</i>	<u>\$ 276,054</u>	<u>497,767</u>
Net Sales	<u>\$ 855,162</u>	<u>1,170,588</u>
Expenses:		
Distribution Expenses		
<i>Distribution Salaries</i>	\$ 450,996	442,429
<i>Overtime and Standby Wages</i>	49,939	46,523
<i>Fringe Benefits</i>	26,250	17,273
<i>Social Security</i>	36,794	34,451
<i>Retirement-Pension</i>	86,276	94,039
<i>Retirement-OPEB</i>	-	-
<i>Insurance Benefits</i>	55,082	51,518
<i>Professional Services</i>	-	-
<i>Advertising and Public Relations</i>	-	5,527
<i>Office Supplies and Expense</i>	4,472	5,242
<i>Contract Services</i>	15,004	-
<i>Utilities</i>	8,666	8,569
<i>Telephone</i>	-	-
<i>Fuel and Oil</i>	17,946	21,842
<i>Meals and Traveling</i>	-	-
<i>Tools and Supplies</i>	15,675	9,759
<i>Dues, Fees, and Subscriptions</i>	22,039	16,312
<i>Computers/Related Expense</i>	4,895	3,926
<i>Vehicle Maintenance</i>	12,593	18,120
<i>Safety Relation-Job Training</i>	1,797	-
<i>Other Equip, Structure, and Meter Maint</i>	66,131	51,635
<i>Construction</i>	-	-
<i>Construction - Seale Jr. High</i>	-	-
<i>Inventory Adjustment</i>	-	4,117
<i>Miscellaneous</i>	588	1,580
Total Distribution Expenses	<u>\$ 875,144</u>	<u>832,863</u>
General and Administrative Expenses:		
<i>General Operating (Admin.) Expense</i>	\$ 264,666	240,948
<i>Insurance</i>	11,604	10,725
<i>Depreciation/Amortization</i>	79,071	81,450
<i>Bad Debts</i>	-	-
Total General and Administrative Expenses	<u>\$ 355,342</u>	<u>333,122</u>
Total Expenses	<u>\$ 1,230,486</u>	<u>1,165,985</u>
Net Operating (Loss) Profit	<u>\$ (375,324)</u>	<u>4,602</u>

	<u>2023</u>	<u>2022</u>
Non-Operating Revenues and (Expenses)		
<i>Investment Income</i>	\$ -	57
<i>Interest (Expense)</i>	(116,548)	(123,450)
<i>Other Income (Expenses)</i>	-	-
<i>Transfers In (Out)</i>	-	-
<i>Free Utility Service to City</i>	(2,560)	(3,379)
<i>Total Non-Operating Revenue and (Expenses)</i>	<u>\$ (119,108)</u>	<u>(126,772)</u>
 <i>Net Income (Loss) for Year</i>	 \$ (494,432)	 (122,170)
 <i>Net Position - Beginning</i>	 <u>\$ (784,694)</u>	 <u>(662,525)</u>
<i>Equity Transfers/Prior Period Adjustment</i>	-	-
<i>Net Position - Beginning as Restated</i>	<u>\$ (784,694)</u>	<u>(662,525)</u>
 <i>Net Position - Ending</i>	 <u><u>\$ (1,279,126)</u></u>	 <u><u>(784,694)</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, 2023

EXHIBIT B-12
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
Sales and Service	\$ 1,658,641	1,352,346	1,131,216	(221,131)
Total Revenue	<u>1,658,641</u>	<u>1,352,346</u>	<u>1,131,216</u>	<u>(221,131)</u>
Cost of Sales:				
Natural Gas	370,000	261,312	276,054	(14,742)
Total Cost of Sales	<u>370,000</u>	<u>261,312</u>	<u>276,054</u>	<u>(14,742)</u>
Net Sales	\$ 1,288,641	1,091,034	855,162	(235,873)
Expenses:				
Distribution Expenses				
Distribution Salaries	\$ 444,941	460,220	450,996	9,224
Overtime and Standby Wages	45,000	49,939	49,939	0
Fringe Benefits	21,400	17,026	26,250	(9,224)
Social Security	37,480	36,794	36,794	0
Retirement-Pension	91,106	93,174	86,276	6,898
Retirement-OPEB	-	-	-	-
Insurance Benefits	52,894	55,082	55,082	(0)
Professional Services	-	-	-	-
Advertising and Public Relations	3,000	-	-	-
Office Supplies and Expense	4,000	4,472	4,472	(0)
Contract Services	500	15,004	15,004	(0)
Utilities	7,213	8,666	8,666	(0)
Telephone	2,000	-	-	-
Fuel and Oil	10,000	17,946	17,946	0
Meals and Traveling	500	-	-	-
Tools and Supplies	15,000	15,675	15,675	(0)
Dues, Fees, and Subscriptions	15,000	22,039	22,039	(0)
Computers/Related Expense	3,000	4,895	4,895	(0)
Vehicle Maintenance	10,000	12,593	12,593	(0)
Safety Relation-Job Training/TNRCC/ ER Prep.	2,000	1,798	1,797	1
Other Equip, Structure, and Meter Maint	26,000	66,131	66,131	(0)
Construction - Boys & Girls Club	-	-	-	-
Construction - Seale Jr. High	-	-	-	-
Inventory Adjustment	1,000	-	-	-
Miscellaneous	2,000	901	588	313
Total Distribution Expenses	\$ 794,034	882,355	875,144	7,211
General and Administrative Expenses:				
General Operating (Admin.) Expense	\$ 207,968	194,760	264,666	(69,906)
Insurance	8,000	11,604	11,604	0
Depreciation/Amortization	-	79,071	79,071	(0)
Bad Debts	750	-	-	-
Total General and Administrative Expenses	\$ 216,718	285,435	355,342	(69,907)
Total Expenses	\$ 1,010,752	1,167,790	1,230,486	(62,696)
Net Operating (Loss) Profit	\$ 277,889	(76,756)	(375,324)	298,568

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, 2023

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	\$ -	-	-	-
Interest (Expense)	(128,769)	-	(116,548)	(116,548)
Other Income (Expenses)	(111,960)	(116,548)	-	116,548
Free Utility Service to City	(2,000)	(2,560)	(2,560)	(0)
Total Non-Operating Revenue and (Expenses)	<u>\$ (242,729)</u>	<u>(119,108)</u>	<u>(119,108)</u>	<u>(0)</u>
Net Income (Loss) for Year	\$ 35,160	(195,864)	(494,432)	(298,568)
Net Position - Beginning	\$ (784,694)	(784,694)	(784,694)	-
Equity Transfers/Prior Period Adjustment	-	-	-	-
Net Position - Beginning as Restated	<u>(784,694)</u>	<u>(784,694)</u>	<u>(784,694)</u>	<u>-</u>
Net Position - Ending	<u>\$ (749,534)</u>	<u>(980,558)</u>	<u>(1,279,126)</u>	<u>(298,568)</u>



ADMINISTRATION FUND

Administration Fund 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
ADMINISTRATION FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022

EXHIBIT C-1

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
<i>Cash and Cash equivalents</i>	\$ 5,935,274	6,537,244
<i>Accounts Receivable - Net of Provisions for Doubtful Accounts</i>	0	-
<i>Materials & Supplies Inventory</i>	-	-
<i>Prepaid Expenses</i>	74,687	85,183
<i>Due from Other Utility Funds</i>	1,757,636	1,486,243
<i>Total Current Assets</i>	<u>\$ 7,767,597</u>	<u>8,108,670</u>
Fixed Asset:		
<i>Land</i>	\$ 20,000	20,000
<i>Property, Plant and Equipment</i>	1,964,269	1,964,269
<i>Less Accumulated Depreciation</i>	(1,627,412)	(1,593,896)
<i>Total Net Fixed Assets</i>	<u>\$ 356,857</u>	<u>390,373</u>
TOTAL ASSETS	<u>\$ 8,124,455</u>	<u>8,499,043</u>
<i>Deferred out flow of resources</i>		
<i>Deferred Resource Outflows-Pension</i>	\$ 669,129	220,419
<i>Deferred Resource Outflows-OPEB</i>	11,578	14,230
LIABILITIES AND NET POSITION		
Current Liabilities:		
<i>Accounts Payable</i>	\$ 491,642	733,218
<i>Accumulated Compensation Absences</i>	58,096	47,746
<i>Accrued Wages</i>	62,283	61,583
<i>Other Liabilities</i>	20,821	42,526
<i>Current Portion - Note Payable</i>	-	17,529
<i>Due to Other Utility Funds</i>	6,490,986	6,702,523
<i>Total Current Liabilities</i>	<u>\$ 7,123,827</u>	<u>7,605,125</u>
Long-Term Liabilities		
<i>Pension Liability</i>	\$ 1,601,248	683,121
<i>OPEB Liability</i>	59,199	82,874
<i>Long Term Portion of Note Payable</i>	-	-
<i>Total Long-Term Liabilities</i>	<u>\$ 1,660,448</u>	<u>765,995</u>
Total Liabilities	<u>8,784,275</u>	<u>8,371,120</u>
<i>Deferred inflow of resources</i>		
<i>Deferred inflow of resources-pension</i>	\$ -	359,437
<i>Deferred inflow of resources-OPEB</i>	20,886	3,136
Net Position:		
<i>Invested in Capital Assets</i>	\$ 356,857	390,373
<i>Unrestricted</i>	(356,857)	(390,373)
<i>Total Net Position</i>	<u>(0)</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,805,161</u>	<u>8,733,693</u>



CITY OF ROBSTOWN UTILITY SYSTEMS
GENERAL OPERATING
ADMINISTRATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
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YEAR ENDED DECEMBER 31, 2023 AND 2022

EXHIBIT C-2
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	<u>2023</u>	<u>2022</u>
Operating Revenues:		
<i>Administrative Charge - Sewer</i>	\$ 248,972	189,660
<i>Administrative Charge - Electric</i>	1,607,796	1,517,283
<i>Administrative Charge - Gas</i>	206,307	189,660
<i>Other Revenues</i>	237,421	198,881
<i>Total Revenue</i>	<u>\$ 2,300,496</u>	<u>2,095,485</u>
Cost of Administrative Services Provided:		
Administrative Expenses		
<i>Administrative Salaries</i>	\$ 832,182	769,838
<i>Overtime and Standby Wages</i>	5,813	25,770
<i>Fringe Benefits</i>	29,130	49,905
<i>Social Security</i>	58,268	52,351
<i>Retirement-Pension</i>	163,430	144,294
<i>Retirement-OPEB</i>	-	-
<i>Insurance Benefits</i>	72,279	63,235
<i>Trustee Fees</i>	25,992	25,930
<i>Travel Allowance</i>	6,000	3,000
<i>Advertising and Public Relations</i>	24,084	49,581
<i>Contract Services/Engineering</i>	6,238	6,203
<i>Bad Debt Collection Fee</i>	-	-
<i>Utilities</i>	42,689	42,853
<i>Telephone</i>	20,846	15,756
<i>Fuel and Oil</i>	4,220	6,468
<i>Meals and Traveling</i>	8,250	7,211
<i>Office Supplies and Expense</i>	32,861	35,789
<i>Dues, Fees, and Subscriptions</i>	224,311	153,172
<i>Safety Relation-Job Training</i>	-	7,753
<i>Emergency Preparation</i>	2,146	1,770
<i>Vehicle Maintenance</i>	5,203	37,606
<i>Postage Expense</i>	20,406	22,751
<i>Computers/Related Expense</i>	65,636	73,900
<i>Structure Repair and Maintenance</i>	10,747	3,889
<i>Equipment Maintenance and Repairs</i>	8,548	3,738
<i>Computer Supplies and Maintenance</i>	-	21,104
<i>Employee Relations</i>	49,203	41,297
<i>Miscellaneous</i>	15,562	13,313
<i>Legal Fees</i>	9,415	20,455
<i>Contributions</i>	7,500	6,000
<i>Drug Policy Examinations</i>	10,408	7,793
<i>Auditing - Outside Services</i>	36,000	36,000
<i>Insurance</i>	271,087	159,002
Total Administrative Expenses	<u>\$ 2,068,453</u>	<u>1,907,725</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
GENERAL OPERATING
ADMINISTRATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023 AND 2022

EXHIBIT C-2
Page 2 of 2

	<u>2022</u>	<u>2021</u>
Mechanic Expenses		
<i>Mechanic Salaries</i>	\$ 94,526	100,491
<i>Overtime Wages</i>	-	42
<i>Fringe Benefits</i>	3,434	3,589
<i>Social Security</i>	6,924	7,113
<i>Retirement-Pension</i>	17,582	18,417
<i>Retirement-OPEB</i>	-	-
<i>Insurance Benefits</i>	6,265	6,982
<i>Fuel and Oil</i>	1,655	-
<i>Meals and Travel Expense</i>	-	-
<i>Emergency Preparation</i>	-	-
<i>Tools and Supplies</i>	5,844	2,206
<i>Telephone</i>	-	-
<i>Structure & Improvement Maintenance</i>	67	165
<i>Vehicle Maintenance</i>	102,026	5,107
<i>Computers/Related Expenses</i>	2,538	3,749
<i>Miscellaneous/Administrative</i>	8,088	1,662
<i>Total Mechanic Expenses</i>	<u>\$ 248,948</u>	<u>149,521</u>
General Operating Expenses		
Depreciation/Amortization	<u>\$ 33,516</u>	<u>38,393</u>
Total General Operating Expenses	<u>\$ 33,516</u>	<u>38,393</u>
Total Expenses	<u>\$ 2,350,917</u>	<u>2,095,640</u>
Net Operating (Loss) Profit	<u>\$ (50,421)</u>	<u>(155)</u>
Non-Operating Revenues and (Expenses)		
Investment Income	\$ 50,779	523
Interest (Expense)	(358)	(368)
Other Income (Expense)	-	-
Total Non-Operating Revenues and (Expenses)	<u>\$ 50,421</u>	<u>155</u>
Net Income (Loss) for Year	<u>\$ (0)</u>	<u>-</u>
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
ADMINISTRATION FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

EXHIBIT C-3
Page 1 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:				
<i>Administrative Charge - Sewer</i>	\$ 311,952	237,424	248,972	11,548
<i>Administrative Charge - Electric</i>	1,559,762	1,515,416	1,607,796	92,380
<i>Administrative Charge - Gas</i>	207,968	194,760	206,307	11,547
<i>Other Revenue</i>	16,225	2,966	2,966	0
<i>Total Revenue</i>	<u>\$ 2,095,907</u>	<u>1,950,566</u>	<u>2,066,041</u>	<u>115,475</u>
Cost of Administrative Services Provided:				
Administrative Expenses				
<i>Administrative Salaries</i>	\$ 846,011	843,232	832,182	11,050
<i>Overtime and Standby Wages</i>	15,000	5,813	5,813	(0)
<i>Fringe Benefits</i>	9,500	18,080	29,130	(11,050)
<i>Social Security</i>	65,867	58,268	58,268	(0)
<i>Retirement-Pension</i>	151,637	151,289	163,430	(12,141)
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	85,000	72,280	72,279	1
<i>Trustee Fees</i>	26,000	25,992	25,992	-
<i>Travel Allowance</i>	6,000	6,000	6,000	-
<i>Advertising and Public Relations</i>	20,000	24,084	24,084	0
<i>Contract Services/Engineering</i>	13,000	6,238	6,238	(0)
<i>Bad Debt Collection Fee</i>	200	-	-	-
<i>Utilities</i>	45,000	41,948	42,689	(741)
<i>Telephone</i>	30,000	20,846	20,846	0
<i>Fuel and Oil</i>	5,000	4,220	4,220	0
<i>Meals and Traveling</i>	10,000	8,250	8,250	(0)
<i>Office Supplies and Expense</i>	32,500	32,861	32,861	0
<i>Dues, Fees, and Subscriptions</i>	120,000	224,311	224,311	(0)
<i>Safety Relation-Job Training</i>	-	-	-	-
<i>Emergency Preparation</i>	-	2,046	2,146	(100)
<i>Vehicle Maintenance</i>	3,000	5,203	5,203	0
<i>Postage Expense</i>	20,000	20,406	20,406	(0)
<i>Computers/Related Expense</i>	70,000	65,636	65,636	0
<i>Structure Repair and Maintenance</i>	4,000	10,847	10,747	100
<i>Equipment Maintenance and Repairs</i>	6,000	8,548	8,548	0
<i>Computer Supplies and Maintenance</i>	10,000	-	-	-
<i>Employee Relations</i>	40,000	49,203	49,203	(0)
<i>Miscellaneous</i>	15,600	15,563	15,562	1
<i>Legal Fees</i>	15,000	9,414	9,415	(1)
<i>Contributions</i>	10,000	7,500	7,500	-
<i>Drug Policy Examinations</i>	8,000	10,408	10,408	0
<i>Auditing - Outside Services</i>	36,000	36,000	36,000	-
<i>Insurance</i>	130,000	271,087	271,087	0
Total Administrative Expenses	<u>\$ 1,848,315</u>	<u>2,055,573</u>	<u>2,068,453</u>	<u>(12,880)</u>

CITY OF ROBSTOWN UTILITY SYSTEMS
GENERAL OPERATING
ADMINISTRATION FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED DECEMBER 31, 2023

EXHIBIT C-3
Page 2 of 2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Mechanic Expenses				
<i>Mechanic Salaries</i>	127,399	94,526	94,526	(0)
<i>Overtime Wages</i>	1,000	-	-	-
<i>Fringe Benefits</i>	1,500	2,952	3,434	(482)
<i>Social Security</i>	9,823	6,924	6,924	0
<i>Retirement-Pension</i>	23,882	17,582	17,582	0
<i>Retirement-OPEB</i>	-	-	-	-
<i>Insurance Benefits</i>	13,576	6,748	6,265	483
<i>Fuel and Oil</i>	2,500	1,655	1,655	0
<i>Meals and Travel Expense</i>	-	-	-	-
<i>Emergency Preparation</i>	500	-	-	-
<i>Tools and Supplies</i>	7,500	10,375	5,844	4,531
<i>Telephone/Utilities</i>	2,050	741	-	741
<i>Structure & Improvement Maintenance</i>	500	67	67	0
<i>Vehicle Maintenance</i>	2,500	2,026	102,026	(100,000)
<i>Computers/Related Expenses</i>	3,000	2,538	2,538	0
<i>Miscellaneous</i>	1,500	222	8,088	(7,866)
Total Mechanic Expenses	<u>197,230</u>	<u>146,356</u>	<u>248,948</u>	<u>(102,592)</u>
General Operating Expenses				
Depreciation/Amortization	-	33,516	33,516	0
Total General Operating Expenses	<u>-</u>	<u>33,516</u>	<u>33,516</u>	<u>0</u>
Total Expenses	<u>2,045,545</u>	<u>2,235,445</u>	<u>2,350,917</u>	<u>(115,472)</u>
Net Operating (Loss) Profit	<u>50,362</u>	<u>(284,879)</u>	<u>(284,876)</u>	<u>3</u>
Non-Operating Revenues and (Expenses)				
Investment Income	10,000	285,234	285,234	0
Interest (Expense)	-	-	(358)	358
Other Income (Expense)	(26,363)	(358)	-	(358)
Total Non-Operating Revenues and (Expenses)	<u>(16,363)</u>	<u>284,876</u>	<u>284,876</u>	<u>(0)</u>
Net Income (Loss) for Year	33,999	(3)	(0)	3
Net Position - Beginning	-	-	-	-
<i>Equity Transfers/Prior Period Adjustment</i>	-	-	-	-
<i>Net Position - Beginning as Restated</i>	-	-	-	-
Net Position - Ending	<u>33,999</u>	<u>(3)</u>	<u>(0)</u>	<u>(3)</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, 2023 and 2022

Table F-1

At December 31, 2023 and 2022, the System had gas meter connections as follows:

	<u>2023</u>	<u>2022</u>
Active	2,794	2,810
Inactive	<u>138</u>	<u>165</u>
Total	<u><u>2,932</u></u>	<u><u>2,975</u></u>
MCF - Thousand Cubic Feet of gas sold was:	79,264	89,993

At December 31, 2023 and 2022, the System had lighting and power connections as follows:

	<u>2023</u>	<u>2022</u>
Active	4,560	4,608
Inactive	<u>129</u>	<u>111</u>
Total	<u><u>4,689</u></u>	<u><u>4,719</u></u>
Kilowatt-hours of electricity sold was:	91,093,124	92,568,637

CITY OF ROBSTOWN UTILITY SYSTEMS
SEWER SYSTEM
BOND INDEBTNESS AND BOND INTEREST REQUIREMENTS
SEWER SYSTEM REVENUE BONDS - SERIES 2011
DECEMBER 31, 2023

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
2023					1,935,000
2024	80,000	37,759	37,759	155,518	1,855,000
2025	80,000	36,479	36,479	152,958	1,775,000
2026	85,000	35,159	35,159	155,318	1,690,000
2027	85,000	33,714	33,714	152,428	1,605,000
2028	90,000	32,226	32,226	154,452	1,515,000
2029	90,000	30,606	30,606	151,212	1,425,000
2030	95,000	28,964	28,964	152,928	1,330,000
2031	100,000	27,182	27,182	154,364	1,230,000
2032	105,000	25,258	25,258	155,516	1,125,000
2033	105,000	23,210	23,210	151,420	1,020,000
2034	110,000	21,162	21,162	152,324	910,000
2035	115,000	18,963	18,963	152,926	795,000
2036	120,000	16,605	16,605	153,210	675,000
2037	125,000	14,115	14,115	153,230	550,000
2038	130,000	11,521	11,521	153,042	420,000
2039	135,000	8,824	8,824	152,648	285,000
2040	140,000	6,023	6,023	152,046	145,000
2041	145,000	3,117	3,117	151,234	-
	<u>1,935,000</u>	<u>410,887</u>	<u>410,887</u>	<u>2,756,774</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, 2023

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
2023				-	300,000
2024	25,000	2,231	2,231	29,462	275,000
2025	25,000	2,114	2,114	29,228	250,000
2026	25,000	1,980	1,980	28,960	225,000
2027	25,000	1,830	1,830	28,660	200,000
2028	25,000	1,668	1,668	28,336	175,000
2029	25,000	1,494	1,494	27,988	150,000
2030	25,000	1,309	1,309	27,618	125,000
2031	25,000	1,114	1,114	27,228	100,000
2032	25,000	909	909	26,818	75,000
2033	25,000	694	694	26,388	50,000
2034	25,000	470	470	25,940	25,000
2035	25,000	239	239	25,478	-
	<u>300,000</u>	<u>16,052</u>	<u>16,050</u>	<u>332,102</u>	

CITY OF ROBSTOWN UTILITY SYSTEMS
INSURANCE IN FORCE - ALL FUNDS
YEAR ENDED DECEMBER 31, 2023

	Policy Number	Coverage	Amount
POWER PLANT BUILDING AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief.	\$ 4,744,749
MECHANIC SHOP AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. Power Plant Rd.	\$ 249,857
WAREHOUSE AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. Power Plant Rd.	\$ 3,192,703
OFFICE BUILDINGS AND CONTENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. 101 E. Main	\$ 1,329,095
WASTE WATER BUILDING AND IMPROVEMENTS Texas Municipal League	9123	Fire and lightning, extended coverage vandalism and malicious mischief. 80% co-insurance. 35000 Highway 44	\$ 5,650,604
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	\$ 15,480,632

TABLE F-5

Period		Amount
From	To	
10/1/2023	10/1/2024	\$ 19,556
10/1/2023	10/1/2024	Included
10/1/2023	10/1/2024	Included
10/1/2023	10/1/2024	Included
10/1/2023	10/1/2024	Included
10/1/2023	10/1/2024	\$ 35,807
2/1/2023	2/1/2024	\$ 1,068
10/1/2023	10/1/2024	\$ 5,876
7/17/2023	7/17/2024	\$ 152,160

CITY OF ROBSTOWN UTILITY SYSTEMS
STATISTICAL INFORMATION
LIST OF TEN LARGEST USERS OF UTILITIES - ALPHABETICAL ORDER
YEAR ENDED DECEMBER 31, 2023

TABLE F-6

1	Frontier Southwest Inc.
2	HEB Groceries
3	McDonalds
4	Nueces County Library
5	Nueces County Water Control #3
6	Regency Insurance of Robstown
7	Robstown Independent School District
8	Robstown Utility Systems Waste Water Plant
9	Sierra Royale Apartments
10	Whataburger