



COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

CITY OF ANDREWS, TEXAS

For the Fiscal Year
October 1, 2017 through September 30, 2018

Issued by:
Finance Department
Kevin Rule, Director

City of Andrews, Texas
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2018

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INTRODUCTORY SECTION

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March 14, 2019

To the Honorable Mayor, City Council, and Citizens of Andrews, Texas:

The Finance Department and the City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Andrews, Texas, for the fiscal year ended September 30, 2018. The purpose of the CAFR is to provide accurate and meaningful information concerning the City's financial condition and performance. Independent auditors have verified that the City has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

The CAFR satisfies Section 103.001 of the Texas Local Government Code requiring annual audits of all municipalities. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Independent audits are an essential element of financial control and accountability. Federal guidelines established for local governments receiving federal assistance require that programs receiving federal assistance be audited in conjunction with the local government's annual audit under the "single audit" concept. The City has complied with these requirements. The independent auditors report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management discussion and analysis complement this letter of transmittal and should be read in conjunction with it.

City Profile

The City of Andrews, population 13,245, is located in the oil-rich Permian Basin in West Texas, thirty miles from the New Mexico border. It is approximately 100 miles south of Lubbock, Texas, and thirty-five miles north of Midland and Odessa, Texas. Located in Andrews County, it is the only town in the County and serves as the county seat. Commercial air travel is available through Midland International Airport.

The City is a home rule city (1959) operating under the Council-Manager form of government. The City Council is comprised of the Mayor and five Council Members, who enact local laws, determine policies and adopt the annual budget. The City Manager is appointed by the City Council and is responsible for the daily management of the City. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the GASB. Based on these criteria Andrews Economic Development Corporation is a component unit and is discretely presented in this report.

The City provides to its citizens those services that have proven to be necessary and meaningful the City can provide at the least cost. Major services provided under general government and enterprise functions are: police and emergency medical service, water and sewer services, sanitation services, community services, and general administrative services. The emergency medical services are provided through a contract with Andrews Hospital District which provides the funding for the services. Billing and collection is done by Permian Regional Medical Center. The Fire Department is an all-volunteer, 45-member, department with the City providing funds for its operation. Equipment is provided by Andrews County. Economic Development is provided by Andrews Economic Development Corporation (AEDC), a 4A Corporation which reports to the City Council. AEDC began operations January 1, 2006 with funding provided by the economic sales tax the citizens of Andrews approved in the May, 2005 election.

Accounting System and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The City Charter provides that the City Council shall adopt the annual budget prepared by the City Manager. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between the line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to City departmental management and to others on request. Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

Local Economy

The City of Andrews is located in the oil-rich Permian Basin and has long been defined by periods of economic boom and bust, historically tied to fluctuations with the oil and gas industry. During periods of economic prosperity, the region experiences population growth and an increase in residential and business activity. During periods of economic bust very little growth, and in many cases population decline, are common.

Andrews experienced significant economic growth in the early '10s as the United States climbed out of recession. With rising energy prices as its catalyst, the local economy became one of the most rapidly-growing in the nation, resulting in hundreds of new jobs and a population influx that has held to present date. In 2015, energy prices began to slide and the region's economy began to slow, as energy firms began to reduce workforces and cut costs.

After experiencing oil prices over \$100 per barrel during 2015, oil prices hit a low of \$26 in February 2016, rose to \$54 in early 2017, and have remained relatively close to this level throughout 2017 and 2018. As a result of increasing oil prices, drilling activity in the region noticeably increased during the past two years. Andrews County did not experience the increased level of activity experienced by neighboring counties such as Midland and Reeves County, thus Andrews did not experience their same level of economic growth during this time. Revenues for sales tax – a strong indicator of local oil activity – increased 17% from 2017 to 2018.

City leaders believe diversification efforts have strengthened the local economy and have provided much-needed stability. The local economy has been enhanced by major investments in nuclear technologies by the Waste Control Specialists (WCS) site in western Andrews County and the URENCO Uranium Enrichment Plant in adjacent Lea County NM. WCS is the only commercial facility in the United States licensed in the last 30 years to dispose of Class A, B and C low-level radioactive waste (LLRW) and URENCO is the first nuclear facility licensed in the U.S. over the last 30 years. These two projects have impacted the local economy significantly by bringing in hundreds of high-paying jobs and significant construction activity.

The City's unemployment rate as of September 2018 was 2.4%, well below the state level of 3.7% and the federal level of 3.8%. The rate is also slightly lower than the city's 2.9% level on September 2017. Sales tax collections increased 17.2% from fiscal year 2017. Sales tax figures for the first five months of fiscal year 2019 show an increase of 25.0% from the same period in fiscal year 2018.

Financial Policies

The financial management policies of the City are designed to ensure the financial integrity of the City's government and assist the City in achieving the following:

- Quality City services that meet the needs and desires of the citizens in a fair and consistent manner.
- A financial base sufficient to maintain or enhance City assets required to support community service demands.
- Prudent and professional financial management practices to assure citizens of Andrews and the financial community that City government is well managed and in sound fiscal condition.
- Cost effective services to citizens through cooperation with other government entities.
- A capital improvement program that maintains and enhances the public's assets.

In order to achieve the above policies, the City plans and follows its budget carefully. Capital improvements follow a ten-year long-range financial plan. The City operates a revenue system that is simple and reliable so assurances can be provided that the revenue base will materialize according to budget planning. Consistent monitoring and collection policies are maintained to insure the integrity of the revenue system. The City will periodically review its fee structure to insure that revenue collections are adequate to meet corresponding expenditures (cost of service concept). Nonrecurring (i.e., “one-time”) resource inflows are not used for operating purposes. The City strives to budget realistically, but not “over anticipate” its revenues. Long-term needs are met through “pay-as-you-go” fiscal policies. Depreciation is fully-funded. The only debt of the City relates to the certificates of obligation for the construction of the Truck Reliever Route which are tied to a voter-approved, dedicated source of revenue (a one-quarter cent sales tax).

Long-term financial planning and major initiatives

Concurrent with the annual budget process, a ten-year long-range financial plan is prepared to forecast fund balances using projected capital investments and conservative assumptions regarding future operating budgets. This plan enables City leadership to focus on the “big picture” while meeting annual needs through the pay-as-you-go financial approach. In 2013, the City, with the assistance of a professional consulting firm, developed a Comprehensive Plan to direct the growth and physical development of the City for the next 10 to 20 years.

Major initiatives planned by the City for the coming years include:

Developing water fields – In 2010, the City purchased 934 acres with water rights to address long-term water needs of the City. In 2011, the City entered into a Letter of Intent with DCP Midstream for an additional 1,044 acres of water rights on adjacent lands. Two wells were successfully drilled on the DCP land in 2017. More wells will be added in the next several years.

Addressing substandard dwellings – As grant funding becomes available, the City will strive to improve the City housing stock and reduce unsafe living conditions through the replacement of substandard dwellings with new site-build homes.

Further developing Business Park South - Andrews has a 50-acre site developed and ready for improvements with all utilities already in place. Land is free to qualified businesses. Several build-to-suit programs are possible with lease and lease-purchase options available.

Developing Energy Business Park - Andrews also has a 190-acre site located on the northwest side of town alongside the City’s newly constructed truck reliever route. The Energy Business Park offers many build-to-suit programs and may have free land available for qualified businesses focusing in the energy sector.

Ensuring future development enhances overall quality of life - By defining areas for residential and non-residential uses, determining appropriate land uses for vacant land along the Reliever Route, and preparing an annexation strategy for undeveloped areas inside the Reliever Route, the City will strive to ensure that future development is orderly, efficient and compatible with envisioned future land uses and enhances the overall quality of life in Andrews.

All of the aforementioned initiatives are an aggressive approach taken through the efforts of local citizens and led by the Andrews City Council and other interested groups in an effort to attract people and businesses to Andrews. Citizens of Andrews think Andrews is a good place and want Andrews to be a City of choice in which to work, live and raise children.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Andrews for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the thirty-eighth consecutive year that the municipal government has received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate is valid for a period of one year only. However, we believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning October 1, 2018. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This was the seventh consecutive year that the municipal government has received this award.

In April 2016, the Texas Comptroller of Public Accounts City awarded the City the Traditional Finance Star for its continued progress towards achieving financial transparency. In March 2017, the Texas Comptroller also awarded the City the Debt Obligations Star and the Public Pensions Star for achieving transparency in these respective area.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

We would like to thank the members of the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Request for Information

This financial report is designed to provide a general overview of the City of Andrews' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 111 Logsdon, Andrews, Texas 79714. The CAFR is also accessible on the City's website.

Respectfully submitted,



Steve Eggleston
City Manager



Kevin Rule
Director of Finance

CITY OF ANDREWS, TEXAS
List of Elected and Appointed Officials
September 30, 2018

Elected Officials

Flora Braly	Mayor
Carolyn Jones	Council Member / Mayor Pro Tem
Bradley Sears	Council Member
Lynn Fisher	Council Member
Pam Brownlee	Council Member
John McLeod	Council Member

Appointed Officials

Steve Eggleston	City Manager
John Pool	City Attorney
Sara Copeland	City Secretary
Debbie Gomez	Municipal Judge

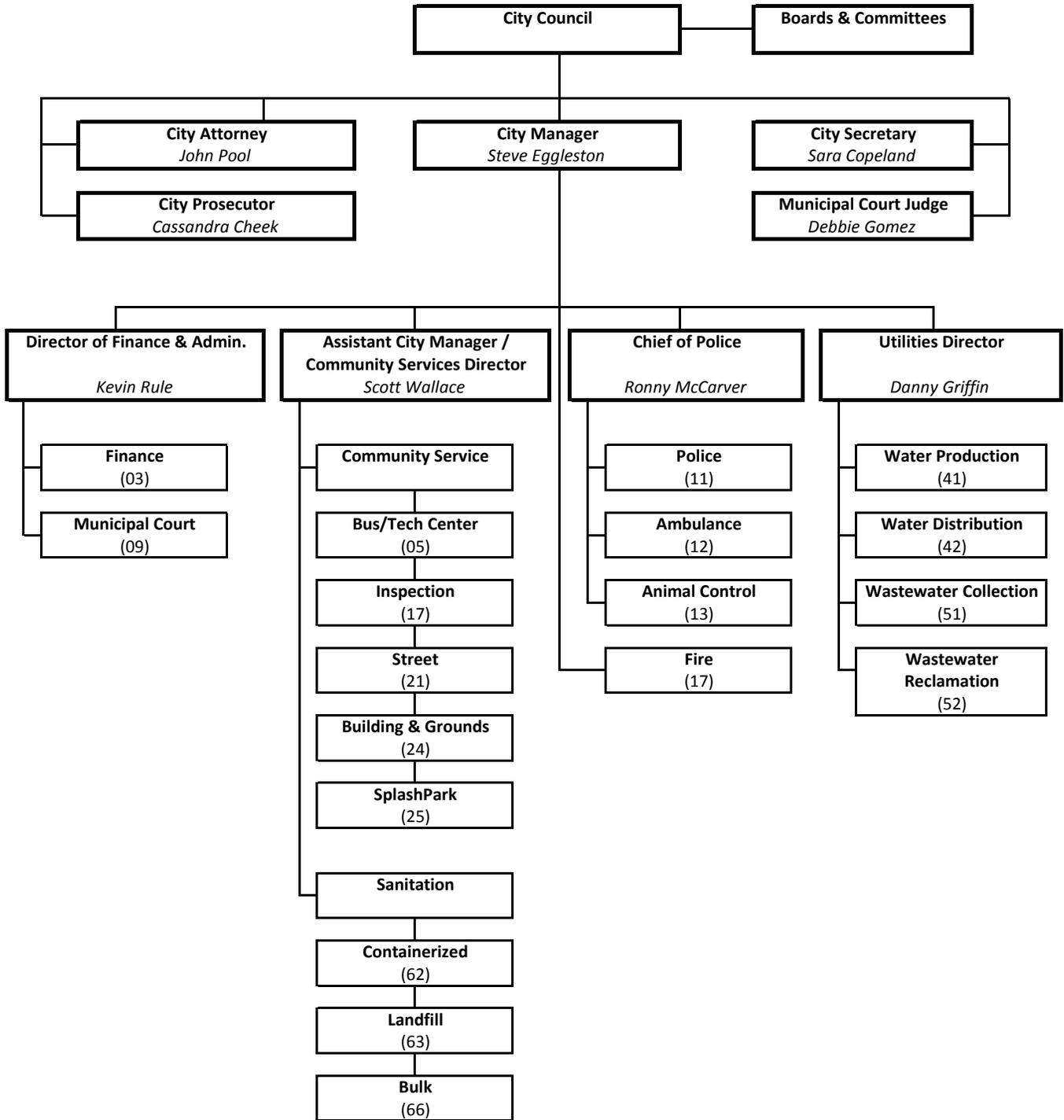
Finance Staff

Kevin Rule*	Director of Finance
Robyn Abney	Administrative Specialist
Alyson Garrett	Administrative Specialist
Maria Jimenez	Administrative Specialist
Rena Black	Cashier

*Member of Government Finance Officers Association

City of Andrews

Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Andrews
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Andrews, Texas
111 Logsdon
Andrews, Texas 79714

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Andrews, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Andrews, Texas as of September 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



Texas Society of
Certified Public Accountants



MEMBER OF
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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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.

Other Information

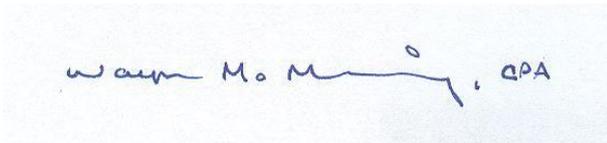
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the individual fund budgetary comparison schedule, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, inclusive of capital asset schedules, and the individual fund budgetary comparison schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, inclusive of capital asset schedules, and the individual fund budgetary comparison schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Andrews, Texas
March 14, 2019

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis (MD&A) provides readers a narrative overview and analysis of the financial activities of the City of Andrews for the fiscal year ended September 30, 2018. Readers are encouraged to consider the information included in the transmittal letter and in the other sections of the Comprehensive Annual Financial Report (CAFR) e.g., combining statements, and the statistical section in conjunction with the MD&A.

FINANCIAL HIGHLIGHTS

The following financial highlights summarize the City's financial position for the fiscal year ending September 30, 2018.

Government-wide

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2018 fiscal year by \$65,723,854 (*net position*). Of this amount, \$14,470,658 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- During 2018, the City's total net position increased \$730,818, or 1.1%, related to operations. The net position of business-type activities increased by \$619,367, or 2.5%, from operations. The net position of governmental activities increased by \$111,450, or 0.3%, from operations.
- Total expenses of all the City's programs were \$16,269,534 in 2018.

Fund Statements

- As of September 30, 2018, the City's governmental funds reported combined fund balances of \$14,582,093, an increase from prior year of \$1,272,746. Of this total amount, \$3,686,954, or approximately 25.3%, is unassigned and available for used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$3,686,954, or 43.4% of the General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The overview of the financial statements is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This is the portion of the CAFR on which the auditors express an opinion. The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- The **Statement of Net Position** presents financial information on all of the City's assets and liabilities, as well as any deferred outflows and inflows. The difference between assets plus deferred outflows and liabilities plus deferred inflows is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

- The **Statement of Activities** presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the aforementioned statements, the City's business is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic functions are reported here, including general government, public safety, and public works. Property taxes, sales taxes and franchise fees provide the majority of funding for these activities, with the addition of charges for services, grants and contributions.
- **Business-type Activities** – The City charges a fee to customers to help recover all or most of the cost of certain services it provides. The City's water and sewer system is reported here, as well as sanitation operations.
- **Component Units** – The City maintains one component unit, the Andrews Economic Development Corporation (AEDC). Although legally separate, this component unit is important because the City is financially accountable for them. The City includes the AEDC as a discretely presented component unit on the government-wide statements because it does not function as an integral part of the primary government. Financial information for the AEDC is reported separately from the financial information presented for the primary government itself. Supplementary information for the AEDC can be found on pages 123-125.

The government-wide financial statements can be found on pages 27-28 of this report.

Fund Financial Statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories – governmental, proprietary and fiduciary.

- **Governmental Funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund. Data from the other six governmental funds are combined into a single, aggregated, non-major fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 29-32 of this report.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

- **Proprietary Funds** – *Enterprise funds*, a type of proprietary fund, are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water/sewer and sanitation operations. The City does not currently use any *internal service funds*. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Sewer and Sanitation funds since both are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 33-35 of this report.
- **Fiduciary Funds** – *Fiduciary funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources are not available to support the City's own programs. *Agency funds*, a type of fiduciary fund, are used to report resources held by the City in a purely custodial capacity (assets=liabilities) for individuals, private organizations and other governments. The City maintains two agency funds. The Escrow Fund is used to report resources held for developers for curb and gutter, paving, and water and sewer extensions. The Employee Christmas Fund is used to report resources held for participating employees in a Christmas savings account. The agency funds financial statements can be found on pages 37 of this report.

Notes to the Financial Statements – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-74.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 77-82 of this report.

THE CITY AS A WHOLE: GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. For the City of Andrews, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$65,723,854 at the close of the most recent fiscal year.

Net Position for the City of Andrews

\$000	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
	Current & other assets	\$16,175	\$14,677	\$5,669	\$5,484	\$21,843
Capital assets (net)	40,118	41,521	21,915	21,347	62,033	62,868
Total assets	56,292	56,198	27,584	26,831	83,877	83,029
Deferred Outflows	1,056	1,259	406	482	1,462	1,741
Long-term liabilities	15,256	16,430	1,868	2,194	17,124	18,623
Other liabilities	819	682	513	466	1,332	1,148
Total liabilities	16,075	17,111	2,381	2,660	18,456	19,771
Deferred Inflows	816	-	342	6	1,158	6
Net Position:						
Invested in Capital Assets	28,205	29,347	21,915	21,347	50,121	50,694
Restricted	353	143	779	756	1,133	900
Unrestricted	11,899	10,855	2,572	2,544	14,471	13,399
Total net position	\$40,457	\$40,346	\$25,267	\$24,647	\$65,724	\$64,993

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

The largest portion of the City's net position (76.3%) reflects its investment in capital assets (e.g. land, building, equipment, improvements, and infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (1.7%) represents resources subject to external restrictions on how they may be used. The remaining balance of \$14,470,658 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for separate governmental and business-type activities. The same situation held true for the prior fiscal year.

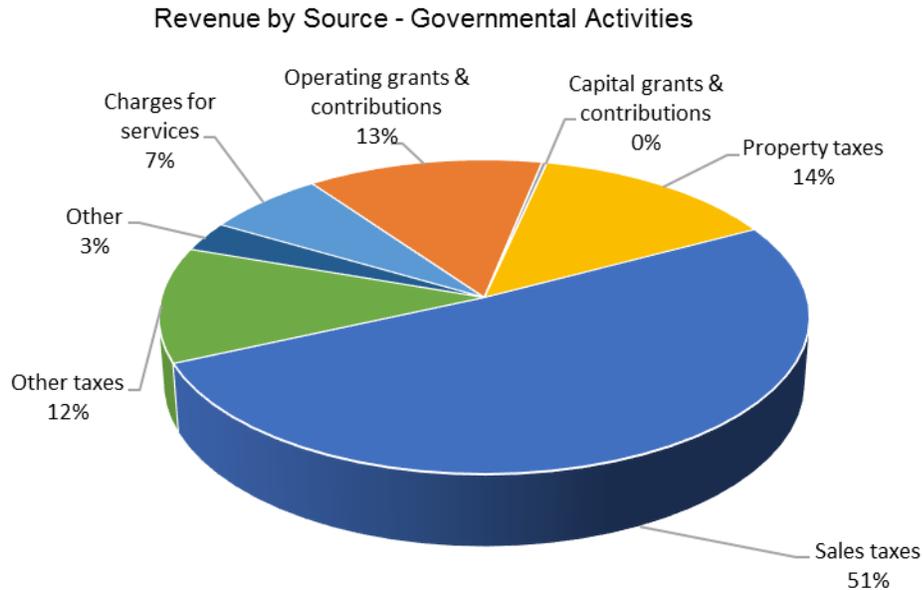
City of Andrews' Changes in Net Position

\$000	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Fees, fines & charges for service	\$ 698	\$ 763	\$6,284	\$5,880	\$6,983	\$6,643
Operating grants & contributions	1,375	1,272	-	-	1,375	1,272
Capital grants & contributions	29	767	-	4	29	771
General revenues:						
Property taxes	1,439	1,430	-	-	1,439	1,430
Sales tax	5,325	4,545	-	-	5,325	4,545
Franchise fees	650	704	-	-	650	704
Other	590	69	-	-	590	69
Miscellaneous Revenue	103	-	214	218	317	218
Investment income	219	125	67	37	285	162
Gain on disposition of assets	-	-	7	1	7	1
Total revenues	<u>10,429</u>	<u>9,675</u>	<u>6,571</u>	<u>6,140</u>	<u>17,000</u>	<u>15,815</u>
Expenses:						
General government & admin	1,610	1,767	-	-	1,610	1,767
Public safety	4,543	4,286	-	-	4,543	4,286
Highways & streets	2,269	1,986	-	-	2,269	1,986
Culture-recreation	1,011	386	-	-	1,011	386
Economic development	434	319	-	-	434	319
Interest	449	426	-	-	449	426
Water & sewer	-	-	4,103	4,031	4,103	4,031
Sanitation	-	-	1,849	1,876	1,849	1,876
Total expenses	<u>10,317</u>	<u>9,170</u>	<u>5,952</u>	<u>5,907</u>	<u>16,270</u>	<u>15,077</u>
Increase/(decrease) before transfers	<u>111</u>	<u>505</u>	<u>619</u>	<u>233</u>	<u>731</u>	<u>738</u>
Transfers	-	-	-	-	-	-
Change in net position	111	505	619	233	731	738
Net position – beginning	40,346	39,841	24,647	24,414	64,993	64,255
Prior Period Adjustment	-	-	-	-	-	-
Net position - ending	<u>\$40,457</u>	<u>\$40,346</u>	<u>\$25,267</u>	<u>\$24,647</u>	<u>\$65,724</u>	<u>\$64,993</u>

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$111,450 or 0.3% from the prior year for an ending balance of \$40,457,074. Key elements of this change are as follows:

- Sales Tax Revenues increased \$779,818 as a result of the booming economy and increased spending.
- Other General Revenues increased \$520,770 due to an increase in Hotel Occupancy Taxes due to a surge in out-of-area contractors needed to meet labor shortage demands in the region.
- The largest increase in expenses was in the area of culture and recreation at \$625,057 due to a project to replace the City pool's stainless steel gutter system at a cost of \$575,108.
- Public Safety expenditures increased \$249,703 due primarily to increased labor and benefit costs of \$220,234.
- Highway and streets expenditures increased \$283,319 due primarily to increased street maintenance and repairs of \$210,612.

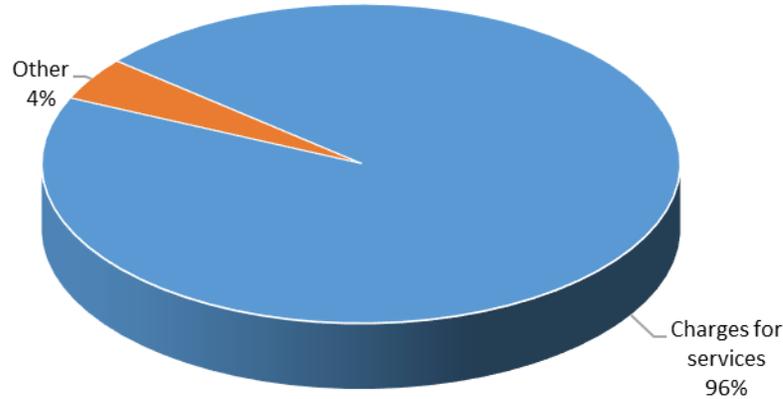


Business-type Activities. During the current fiscal year, net position for business-type activities increased \$619,367 or 2.5% from the prior year for an ending balance of \$25,266,781. Key elements of this change are as follows:

- Water and sewer charges for services of \$4,487,245 covered operating expenses of \$4,103,460. Non-operating income primarily from oilfield-related water disposal fees resulted in net position increasing \$633,396.
- Sanitation charges for services did not cover operating expenses causing a shortfall of \$51,628. Non-operating income totaling \$37,608 resulted in a decrease in net position of \$14,019.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Revenue by Source - Business-type



INDIVIDUAL FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At September 30, 2018, the City's governmental funds reported combined fund balances of \$14,582,094, an increase of \$1,272,746 in comparison with the prior year. Approximately 25.3% of this amount (\$3,686,954) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *restricted* for particular purposes (\$353,167), *committed* for particular purposes (\$7,131,354), or *assigned* for particular purposes (\$3,410,618).

The general fund is the chief operating fund of the City. The fund balance of the City's general fund increased \$927,961 during the current fiscal year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 43.4% of total general fund expenditures, while total fund balance represents approximately 164.1% of that same amount.

Key differences between last year's general fund activity and this year's include:

- \$199,890 increase in total revenues – increase in property and sales tax revenues of \$675,789 plus increased revenue from Andrews County Hospital District of \$103,526 offset by less contributions of \$750,000.
- \$467,795 increase in total expenditures – increase in public safety expenditures of \$378,730, highway and street expenditures of \$234,811 and administrative expenditures of \$116,433, offset by decreased capital expenditures of \$279,165.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Other Governmental Funds consist of seven Special Revenue Funds used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The City has two funds restricted by federal or state law for law enforcement education or activities, one fund restricted by state law for promoting tourism and the convention and hotel industry, and one fund restricted by creditors through a debt covenant. The City Council has committed funds for court technology, court security, and the purchase of child safety seats. Information regarding Non-major Governmental Funds can be found on pages 96-97 of this report.

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the fiscal year was \$1,889,029 for the Water and Sewer Fund and \$682,924 for the Sanitation Fund. Overall, water and sewer net position increased by \$633,396 while sanitation net position dropped by \$14,019. As noted earlier in the discussion of business-type activities, the increase for the Water and Sewer Fund results primarily from non-operating revenue sources.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The City Council approved additional appropriations of \$712,202 to the original General Fund budget to (1) complete \$120,144 of capital projects approved in 2017 but not completed in 2017, (2) appropriating \$546,609 to replace the City pool's gutter system, and (3) to adjust the City Manager's salary.

Final budget compared to actual results. The most significant differences between budgeted and actual revenues were as follows:

<u>Revenue Source</u>	<u>Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Sales Tax	\$4,290,000	\$5,325,167	\$1,035,167
Investment Income	124,141	212,644	88,503

Sales tax revenues for the City trend with wide fluctuations in oil prices. Higher than budgeted sales tax revenue was experienced in 2018 as oil prices remained steady and drilling activity increased in the region. Investment Income revenues surpassed budget as interest rates rose above budgeted rates.

Total actual expenditures exceeded budgeted expenditures by \$193,053. Capital expenditures of \$140,055 budgeted in 2018 were not completed in 2018 and have been carried over to 2019's Budget to be completed in 2018.

CAPITAL ASSETS

The City of Andrews investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$62,033,247 net of accumulated depreciation. This investment in capital assets includes land, building, equipment, improvements, and infrastructure. The City's total investment in capital assets for the fiscal year decreased 1.3%.

Major capital asset events during the current fiscal year included the following:

- Replacing the City pool's stainless steel gutter system at a cost of \$575,108.
- The purchase of three Chevy Tahoes for the police department for \$161,746.
- Expenditures of \$797,478 to complete a 2017 project adding two new water wells at the DCP field and pipeline connecting the wells to the Florey pump station.
- Replaced and upgraded approximately 1,000 water meters at a cost of \$439,373.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Capital Assets at Year-end
(net of accumulated depreciation)

\$000	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
	Land	\$1,248	\$1,235	\$1,584	\$1,584	\$2,832
Buildings	5,187	5,405	3,301	3,353	8,488	8,757
Improvements other than buildings	5,592	5,473	35	39	5,627	5,512
Infrastructure	25,850	26,970	-	-	25,850	26,970
Machinery & Equipment	2,241	2,439	1,741	1,910	3,982	4,348
Water & Sewer System	-	-	15,254	14,462	15,254	14,462
Total	\$40,118	\$41,521	\$21,915	\$21,347	\$62,033	\$62,868

More detailed information on the City's capital assets is presented in Note 6 to the financial statements.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt outstanding of \$12,135,000, all of which is backed by the full faith and credit of the government. The remainder of the City's long-term obligations consists of pension-related debt of \$3,353,448.

Outstanding Debt at Year-end

\$000	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
	General obligation bonds	\$12,135	\$12,405	\$ -	\$ -	\$12,135
Pension related debt	2,430	3,229	923	1,286	3,353	4,514
Total	\$14,565	\$15,634	\$ 923	\$1,286	\$15,488	\$16,919

The City's total debt decreased by \$1,528,304 or 9.0% during the current fiscal year as the City's financial responsibility for pensions decreased along with the regularly scheduled principal reductions on existing outstanding debt.

In August 2016, Fitch Ratings upgraded the City's long-term issuer default rating on its general obligation debt to "AA" from "AA-".

There is no statutory debt limitation in the City Charter or under State law. The City's Fiscal Principles and Policies states the City will strive to limit general obligation annual debt service requirements to 20% of general governmental expenditures. Debt service to total general expenditures for fiscal year ending September 30, 2018 was 6.92%.

More detailed information on the City's debt is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget, tax rates, and fees that will be charged for business-type activities. Some of the major factors are included below.

- The City's unemployment rate ended fiscal year 2018 at 2.4%, the lowest rates experienced in over ten years and slightly lower than the 2.7% rate experienced as the budget was being developed in June of 2018.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

- Estimated 2018 personal income per capita is estimated to be \$43,105, significantly lower than the estimated \$55,000 experienced during the oil boom in 2014 and 2015.
- Sales tax revenue, the City's largest revenue source, is conservatively budgeted to remain at the levels experienced in 2017. With as much as 80% of the City's economy tied in some way to the oil industry, sales taxes trend with wide fluctuations in oil prices. Oil prices during 2016 dropped to levels that caused local oil industries to halt new production and streamline operations. Oil prices in 2017 and 2018 improved but not to the level that spurred a lot of new production. Oil prices in 2019 were budgeted to remain close to 2017 levels.
- Taxable assessed property values for the City increased 3.7% in 2018 to \$776,668,125. By the City maintaining the same tax rate (0.1890 per \$100 of valuation) as prior year, it will generate \$52,907 in additional estimated revenue in 2019. Assessed values for other local taxing entities also significantly increased in 2018.
- Despite increasing personnel costs, water treatment chemical costs, and outside lab testing fees, no water and sewer rate increases were proposed in the 2019 Budget.
- A landfill study completed in 2008 by Landgraf, Crutcher and Associates indicated that the City is currently using the most cost effective way to provide landfill services.
- A concerted effort to control sanitation expenditures should allow 2019 budgeted sanitation revenues to match expenditures without an increase to monthly sanitation rates.
- For the second consecutive year, investment interest rates increased in 2018 year after several years of all-time lows prior to 2017. Rates for 2019 fiscal year budget purposes are conservatively projected at 1.50%, doubling the 2018 budgeted rate of .75%. Most experts believe rates will increase even further in 2019.
- The City's full-time employee headcount is budgeted to increase by three in 2019 as the City adds one police officer, one paramedic, and one landfill operator previously included in the headcount of Andrews County.
- New Capital expenditures for fiscal year 2019 are budgeted at \$3.1 million. Of this total, \$1.6 million is directed towards meeting infrastructure needs and \$0.5 million to replace six vehicles in the City's fleet and one sanitation truck.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, and creditors with a general overview of the city's finances. If you have questions about this report or need any additional information, contact the Department of Finance, Attn: Kevin Rule, at 111 Logsdon, Andrews, Texas 79714, call 432-523-4820, or e-mail at krule@cityofandrews.org.

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BASIC FINANCIAL STATEMENTS

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City of Andrews, Texas
Government-wide Statement of Net Position
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Andrews Econ. Dev. Corp.
ASSETS				
Cash and cash equivalents	\$ 7,851,765	\$ 3,361,691	\$ 11,213,456	\$ 6,147,408
Investments	6,748,325	1,551,108	8,299,433	-
Receivables (net of allow. for doubtful accts)	1,574,427	612,615	2,187,042	158,026
Inventories	-	141,796	141,796	-
Prepaid items	-	1,627	1,627	-
Capital Assets:				
Land	1,247,911	1,583,948	2,831,859	442,331
Building	7,708,755	3,933,441	11,642,197	-
Improvements other than buildings	7,845,988	75,647	7,921,635	731,917
Infrastructure	31,382,706	-	31,382,706	-
Water & sewer systems		28,335,395	28,335,395	-
Machinery & equipment	5,267,431	3,798,580	9,066,011	9,317
Accumulated depreciation	(13,335,026)	(15,811,530)	(29,146,556)	(123,227)
Total Assets	<u>56,292,283</u>	<u>27,584,318</u>	<u>83,876,601</u>	<u>7,365,772</u>
DEFERRED OUTFLOWS				
Pension Related:				
Difference between expected and actual experience	-	-	-	7,100
Difference between projected and actual earnings	664,071	264,920	928,991	4,713
Difference due to changes in actuarial assumptions	27,769	11,168	38,937	422
Deferred pension contributions	364,162	129,416	493,578	5,086
Total Deferred Outflows	<u>1,056,002</u>	<u>405,504</u>	<u>1,461,506</u>	<u>17,321</u>
LIABILITIES				
Accounts payable	496,977	215,355	712,332	14,442
Accrued Interest Payable	132,302		132,302	-
Other payables	189,801	14,392	204,193	4,711
Customer Deposits	-	283,370	283,370	-
Noncurrent liabilities				
Due within one year	298,187	2,000	300,187	-
Due in more than one year	14,957,530	1,866,246	16,823,776	34,727
Total Liabilities	<u>16,074,797</u>	<u>2,381,362</u>	<u>18,456,159</u>	<u>53,880</u>
DEFERRED INFLOWS				
Pension Related:				
Difference between expected and actual experience	816,415	341,681	1,158,096	14,559
Total Deferred Inflows	<u>816,415</u>	<u>341,681</u>	<u>1,158,096</u>	<u>14,559</u>
NET POSITION				
Net investment in capital assets	28,205,201	21,915,482	50,120,683	1,060,339
Restricted for:				
Confiscated for police investigations	2,705	-	2,705	-
Law enforcement education programs	10,167	-	10,167	-
General obligation debt	127,485	-	127,485	-
Hotel Occupancy Tax	212,809	-	212,809	-
Landfill Closure	-	779,346	779,346	-
Unrestricted	11,898,705	2,571,953	14,470,658	6,254,316
Total Net Position	<u>\$ 40,457,074</u>	<u>\$ 25,266,780</u>	<u>\$ 65,723,854</u>	<u>\$ 7,314,655</u>

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Government-Wide Statement of Activities
For the Year Ended September 30, 2018

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			Component Unit Andrews Econ. Dev. Corp.
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business -type Activities	
Primary Government:							
Governmental activities:							
General gov't and admin	\$ 1,610,247	\$ 58,045	\$ 25,000	\$ 13,274	\$ (1,513,928)	\$ -	\$ (1,513,928)
Public safety	4,543,854	555,225	1,300,004	15,855	(2,672,771)	-	(2,672,771)
Highways and streets	2,269,169	-	-	-	(2,269,169)	-	(2,269,169)
Culture - recreation	1,011,387	64,365	-	320	(946,702)	-	(946,702)
Economic development	434,032	20,645	50,000	-	(363,387)	-	(363,387)
Interest	448,757				(448,757)	-	(448,757)
Total Governmental Activities	<u>10,317,447</u>	<u>698,280</u>	<u>1,375,004</u>	<u>29,449</u>	<u>(8,214,714)</u>	<u>-</u>	<u>(8,214,714)</u>
Business-type activities:							
Water and sewer	4,103,460	4,487,245	-	-	-	383,785	383,785
Sanitation	1,848,628	1,797,000	-	-	-	(51,628)	(51,628)
Total Business-type Activities	<u>5,952,088</u>	<u>6,284,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,157</u>	<u>332,157</u>
Total Primary Government	<u>\$ 16,269,534</u>	<u>\$ 6,982,525</u>	<u>\$ 1,375,004</u>	<u>\$ 29,449</u>	<u>(8,214,714)</u>	<u>332,157</u>	<u>(7,882,557)</u>
Component Unit:							
Andrews Economic Dev. Corp.	\$ 780,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (780,442)
Total Component Unit	<u>\$ 780,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (780,442)</u>
General revenues:							
Taxes							
Property					1,439,005	-	1,439,005
Sales					5,325,167	-	5,325,167
Franchise					650,398	-	650,398
Other					589,596	-	589,596
Miscellaneous revenue					103,442	213,711	317,152
Investment income					218,555	66,900	285,456
Gain on disposition of assets					-	6,599	6,599
Transfers					-	(0)	0
Total general revenues and transfers					<u>8,326,164</u>	<u>287,210</u>	<u>8,613,375</u>
Change in net position					111,450	619,367	730,818
Net position, beginning					40,345,623	24,647,413	64,993,036
Net position, ending					<u>\$ 40,457,074</u>	<u>\$ 25,266,780</u>	<u>\$ 65,723,854</u>

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Governmental Funds
Balance Sheet
September 30, 2018

	General Fund	Debt Sevice Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,012,071	-	\$ 839,694	7,851,765
Investments	6,748,325	-	-	6,748,325
Due from Other Funds	-	127,485	-	127,485
Receivables (net of allowance for uncollectibles)				
Ad valorem taxes	150,281	-	-	150,281
Sales taxes	632,103	-	-	632,103
Miscellaneous	15,598	-	-	15,598
Interest	18,880	-	-	18,880
Total Assets	\$14,577,259	\$ 127,485	\$ 839,694	\$ 15,544,438
DEFERRED OUTFLOWS				
	-	-	-	-
LIABILITIES				
Accounts payable	\$ 297,854	\$ -	\$ 199,123	496,977
Due to other funds	-	-	127,485	127,485
Other payables	189,801	-	-	189,801
Customer deposits	2,800	-	-	2,800
Unearned revenue	145,281	-	-	145,281
Total Liabilities	635,736	-	326,608	962,344
DEFERRED INFLOWS				
	-	-	-	-
FUND BALANCES (DEFICITS)				
Restricted:				
Confiscated funds for police investigations	-	-	2,705	2,705
Law enforcement education programs	-	-	10,167	10,167
General obligation debt	-	127,485	-	127,485
Hotel Occupancy Tax			212,809	212,809
Committed:				
Capital improvement projects	6,738,798	-	-	6,738,798
Ambulance services	105,152	-	-	105,152
Reliever Route maintenance	-	-	252,769	252,769
Court technology projects	-	-	3,458	3,458
Child safety seat purchases	-	-	511	511
Court security projects	-	-	30,665	30,665
Assigned:				
Pension obligations	3,290,885	-	-	3,290,885
Adult education programs	100,259	-	-	100,259
Litter Control	18,759	-	-	18,759
Police investigation	715	-	-	715
Unassigned	3,686,954	-	-	3,686,954
Total fund balances (deficits)	13,941,522	127,485	513,086	14,582,094
Total liabilities, deferred inflows, and fund balances	\$14,577,259	\$ 127,485	\$ 839,694	\$ 15,544,438

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position
September 30, 2018

Total Fund Balances - Governmental Funds	\$	14,582,094
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		40,117,765
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(15,145,631)
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Deferred income is not revenue in the current period and therefore is not reported in the Statement of Net Position.		145,281
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Certain receivables and the associated allowance for uncollectible accounts are not current financial resources and therefore are not reported in the funds.		<u>757,565</u>
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Net Position of Governmental Activities	\$	<u><u>40,457,074</u></u>
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The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended September 30, 2018

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,926,665	\$ -	\$ 1,451,266	\$ 7,377,931
Franchise fees	650,398	-	-	650,398
License, permits, fees	64,746	-	-	64,746
Charges for services	64,365	-	-	64,365
Fines and court costs	371,939	-	19,821	391,761
Miscellaneous	684,486	-	-	684,486
Investment income	212,644	-	5,911	218,555
Intergovernmental revenue	1,382,947	-	-	1,382,947
Grant income	65,855	-	1,727	67,582
Contributions	-	-	-	-
Total Revenues	9,424,046	-	1,478,725	10,902,770
EXPENDITURES				
Current:				
General governmental and administration	2,028,421	-	25,303	2,053,724
Public safety	3,932,650	-	5,554	3,938,204
Highway and streets	937,878	-	37,906	975,784
Culture-recreation	398,552	-	351,237	749,789
Economic development	180,394	-	-	180,394
Debt service:				
Principal	-	270,000	-	270,000
Interest	-	443,940	-	443,940
Capital outlay:				
General governmental and administration	41,793	-	-	41,793
Public safety	301,977	-	-	301,977
Highway and streets	95,477	-	-	95,477
Culture-recreation	577,943	-	-	577,943
Economic development	1,000	-	-	1,000
Total Expenditures	8,496,085	713,940	420,000	9,630,025
Excess (deficiency) of revenues over (under) expenditures	927,961	(713,940)	1,058,725	1,272,746
OTHER FINANCING SOURCES (USES)				
Transfer in	-	713,940	-	713,940
Transfers out	-	-	(713,940)	(713,940)
Total other financing sources (uses)	-	713,940	(713,940)	-
Net Change in Fund Balance	927,961	-	344,785	1,272,746
Fund balance, beginning	13,013,561	127,485	168,301	13,309,347
Prior Period Adjustment	-	-	-	-
Fund balance, ending	\$ 13,941,522	\$ 127,485	\$ 513,086	\$ 14,582,093

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the year ended September 30, 2018

Net Change in Fund Balance - Governmental Funds \$ 1,272,746

Amounts reported for governmental activities in the statement of activities (SOA) are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,013,495) exceeded depreciation expense (\$2,406,885) and loss on sale of assets (\$23,971) in the current period. (1,417,361)

Governmental funds report only financial assets; consequently, governmental funds do not report the donation of capital assets that will be used in operations (rather than sold). Such assets and related revenue must be reported in the government-wide financial statements. 13,274

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 270,000

Some revenues/expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as revenues/expenditures in governmental funds. (27,208)

Change in Net Assets of Governmental Activities \$ 111,450

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,021,996	\$ 5,021,996	\$ 5,926,665	\$ 904,669
Franchise fees	705,000	705,000	650,398	(54,602)
License, permits, fees	32,150	32,150	64,746	32,596
Charges for services	82,000	82,000	64,365	(17,635)
Fines and court costs	273,890	273,890	371,939	98,049
Miscellaneous	527,194	527,194	684,486	157,292
Investment income	123,811	124,141	212,644	88,503
Intergovernmental revenue	1,272,404	1,272,404	1,382,947	110,543
Grant income	50,000	50,000	65,855	15,855
Total Revenues	<u>8,088,445</u>	<u>8,088,775</u>	<u>9,424,046</u>	<u>1,335,271</u>
EXPENDITURES				
Current				
General gov't and admin	1,946,970	1,992,419	2,028,421	(36,002)
Public safety	3,641,303	3,633,303	3,932,650	(299,347)
Highways and street	906,200	906,200	937,878	(31,678)
Culture - recreation	449,418	449,418	398,552	50,866
Economic development	146,783	146,783	180,394	(33,611)
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
General government and admin.	8,500	31,644	41,793	(10,149)
Public safety	318,000	400,000	301,977	98,023
Highway and streets	73,655	88,655	95,477	(6,822)
Culture-recreation	108,000	654,609	577,943	76,666
Economic development			1,000	(1,000)
Total Expenditures	<u>7,598,829</u>	<u>8,303,031</u>	<u>8,496,085</u>	<u>(193,054)</u>
Excess (deficiency) of revenues over expenditures and other uses	489,616	(214,256)	927,961	1,142,217
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	489,616	(214,256)	927,961	1,142,217
Fund balance, beginning	13,013,561	13,013,561	13,013,561	-
Fund balance, ending	<u>\$ 13,503,177</u>	<u>\$ 12,799,305</u>	<u>\$ 13,941,522</u>	<u>\$ 1,142,217</u>

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,078,924	\$ 1,282,767	\$ 3,361,691
Investment-treasury securities/cert. of dep.	269,990	1,277,990	1,547,979
Interest receivable	133	2,996	3,129
Accounts receivable (net of allowance for doubtful accounts of \$19,855)	429,756	182,859	612,615
Inventories	141,796	-	141,796
Prepaid costs	1,627	-	1,627
Total Current Assets	2,922,225	2,746,612	5,668,836
Noncurrent Assets:			
Capital Assets			
Land	1,555,631	28,317	1,583,948
Buildings	3,875,502	57,939	3,933,441
Equipment	1,135,503	2,738,724	3,874,227
Infrastructure	28,335,395	-	28,335,395
Less accumulated depreciation	(14,494,426)	(1,317,104)	(15,811,530)
Total noncurrent assets	20,407,606	1,507,876	21,915,482
Total Assets	23,329,830	4,254,488	27,584,318
DEFERRED OUTFLOWS			
Pension Related:			
Difference between expected and actual experience	-	-	-
Difference between projected and actual earnings	144,828	120,092	264,920
Difference due to changes in actuarial assumptions	6,150	5,018	11,168
Deferred pension contributions	68,648	60,767	129,416
Total Deferred Outflows	219,627	185,877	405,504
LIABILITIES			
Current Liabilities:			
Accounts payable	178,410	36,945	215,355
Accrued liabilities	618	712	1,330
Sales tax payable	-	13,061	13,061
Customer deposits	278,670	4,700	283,370
Accrued compensated absences	1,000	1,000	2,000
Total Current Liabilities	458,698	56,418	515,116
Noncurrent liabilities:			
Accrued compensated absences	96,044	67,568	163,612
Accrued pension benefit payable	509,002	414,285	923,287
Landfill closure costs	-	779,346	779,346
Total Noncurrent Liabilities	605,046	1,261,198	1,866,245
Total Liabilities	1,063,744	1,317,617	2,381,361
DEFERRED INFLOWS			
Pension Related:			
Difference between expected and actual experience	189,079	152,602	341,681
Total Deferred Inflows	189,079	152,602	341,681
NET POSITION			
Net investment in capital assets	20,407,606	1,507,876	21,915,482
Restricted:			
Landfill closure costs	-	779,346	779,346
Unrestricted	1,889,029	682,924	2,571,953
Total Net Position	\$ 22,296,634	\$ 2,970,146	\$ 25,266,780

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
OPERATING REVENUES			
Charges for services:			
Water	\$ 3,326,892	\$ -	\$ 3,326,892
Sewer	1,008,140	-	1,008,140
Sanitation	-	1,797,000	1,797,000
Other	152,213	-	152,213
Total Operating Revenues	<u>4,487,245</u>	<u>1,797,000</u>	<u>6,284,245</u>
OPERATING EXPENSES			
Personal services	970,298	837,865	1,808,163
Supplies	520,087	101,710	621,797
Maintenance & Repairs	456,481	193,046	649,528
Outside Services	868,886	160,671	1,029,557
Other Operating Expense	314,874	304,259	619,133
Landfill closure		23,074	23,074
Depreciation	972,834	228,003	1,200,837
Total Operating Expenses	<u>4,103,460</u>	<u>1,848,628</u>	<u>5,952,088</u>
Income from Operations	<u>383,784</u>	<u>(51,628)</u>	<u>332,157</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	30,792	36,109	66,900
Gain/(Loss) on disposal of capital assets	5,100	1,499	6,599
Rent	32,851	-	32,851
Surface Damages / Water Disposal	180,869	-	180,869
Total Nonoperating Revenues (Expenses)	<u>249,612</u>	<u>37,608</u>	<u>287,220</u>
Income before capital contributions and transfers	633,396	(14,019)	619,377
Capital contributions	-	-	-
Transfers in	-	-	-
Change in Net Position	633,396	(14,019)	619,377
Net Position, beginning	21,663,238	2,984,174	24,647,412
Prior Period Adjustment	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Net Position, ending	<u>\$ 22,296,634</u>	<u>\$ 2,970,146</u>	<u>\$ 25,266,780</u>

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2018

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customer	\$ 4,477,255	\$ 1,773,054	\$ 6,250,309
Other operating cash receipts	(79)	(875)	(954)
Cash payments to suppliers for goods and services	(1,829,891)	(480,469)	(2,310,359)
Cash payments to employees for services	(930,363)	(813,035)	(1,743,398)
Cash payments to other funds for services	(297,360)	(304,197)	(601,558)
Net cash provided (used) by operating activities	<u>1,419,562</u>	<u>174,477</u>	<u>1,594,039</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,664,818)	(104,400)	(1,769,218)
Grant income for capital activities	-	-	-
Proceeds from sale of capital assets	5,100	1,499	6,599
Income from Surface Damage and Salt Water Disposal on City Property	180,869	-	180,869
Rental income from City assets	32,851	-	32,851
Net cash provided (used) by capital and related financing activities	<u>(1,445,998)</u>	<u>(102,901)</u>	<u>(1,548,899)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and investments	30,792	36,109	66,900
Purchase of treasury securities/certificate of deposit	97,539	(56,461)	41,077
Net cash provided (used) by investing activities	<u>128,330</u>	<u>(20,353)</u>	<u>107,978</u>
Net increase (decrease) in cash and cash equivalents	101,894	51,224	153,118
Cash and cash equivalents, beginning	1,977,030	1,231,534	3,208,564
Cash and cash equivalents, ending	<u>\$ 2,078,924</u>	<u>\$ 1,282,758</u>	<u>\$ 3,361,682</u>
Reconciliation of income from operations to net cash provided by (used for) operating activities			
Operating Income (Loss)	\$ 383,784	\$ (51,628)	\$ 332,157
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	972,834	228,003	1,200,837
Landfill closure costs	-	23,074	23,074
Prior Period Adjustment	-	(9)	(9)
Provision for doubtful accounts	1,607	-	1,607
Change in assets and liabilities			
Decrease (increase) in accounts receivable	(32,624)	(23,946)	(56,570)
Decrease (increase) in interest receivable	(79)	(875)	(954)
Decrease (increase) in inventory	(4,009)	-	(4,009)
Decrease (increase) in prepaid costs	(1,292)	-	(1,292)
Decrease (increase) in deferred outflows of resources for pensions	42,080	34,332	76,412
Increase (decrease) in accounts payable	38,378	(26,539)	11,839
Increase (decrease) in accrued liabilities	618	413	1,031
Increase (decrease) in sales tax payable	-	1,559	1,559
Increase (decrease) in compensated absences	11,857	2,023	13,880
Increase (decrease) in pension benefit obligation	(199,521)	(162,787)	(362,308)
Increase (decrease) in customer deposits	21,028	-	21,028
Increase (decrease) in deferred outflows of resources for pensions	184,900	150,858	335,758
Net cash provided (used) by operating activities	<u>\$ 1,419,562</u>	<u>\$ 174,477</u>	<u>\$ 1,594,039</u>

The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Statement of Fiduciary Net Position
Agency Funds
September 30, 2018

	<u>Total</u>
ASSETS	
Cash in bank	\$ 110,597
Total Assets	<u>110,597</u>
LIABILITIES	
Deposits held for others	110,597
Total Liabilities	<u>\$ 110,597</u>

The notes to financial statements are an integral part of this statement.

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CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Andrews, Texas (the City), was founded in 1937. The City operates under the Council-Manager form of government as adopted by a Home Rule Charter approved June 9, 1959. The City provides a full range of municipal services including public safety (police, EMS, and fire), highway and streets, parks and recreation, health and welfare, planning and zoning and general administrative services. In addition, the City provides water, sewer, and sanitation service as a proprietary function of the City.

The accounting policies of the City conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's general purpose financial statements.

A. Reporting entity

The accompanying financial statements present the primary government – the City of Andrews – and its component unit(s), entities for which the government is considered to be financially accountable and an organization which, if excluded, would cause the City's basic financial statements to be misleading or incomplete. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The criteria considered in determining activities to be reported within the City's basic financial statements are based upon and consistent with those set forth in the Codification of Governmental Accounting Standards, Section 2100, "*Defining the Financial Reporting Entity*." The criteria includes whether:

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

Discretely presented component unit. The Andrews Economic Development Corporation (AEDC) began operations as a 501(c)(3) corporation in January, 2006 to create, manage, operate, and supervise programs and activities to promote, assist, and enhance economic development and business enterprises within and around the City. The AEDC's operations are funded solely by a ½ cent sales tax for economic development approved by the voters in May, 2005. The primary government appoints the five-member board, is financially accountable, is able to impose its will on the organization, and can significantly influence operations and/or activities of the organization. The AEDC does not issue separate financial statements. Instead, the AEDC financial statements are included on pages 123-125 of this report and are included within the scope of the independent audit.

B. Basis of Presentation – Government-wide Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Government-wide Statement of Net Position reports all financial and capital resources of the City and is presented in an “assets plus deferred outflows minus liabilities minus deferred inflows equal net position” format as required by GASB Statement No. 63. Net position is required to be displayed in three components: (1) invested in capital assets net of related debt; (2) restricted; and (3) unrestricted. Invested in capital assets net of related debt equals capital assets net of accumulated depreciation and is reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use as: (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the assets neither restricted nor invested in capital assets (net of related debt). Reservations or designations of net assets imposed by the City, whether by administrative policy or legislative actions of the City Council that do not otherwise meet the definition of restricted net assets, are considered unrestricted in the Government-wide Statement of Net Position.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly not included among program revenues are reported instead as general revenues.

C. Basis of Presentation – Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance/net position, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The type and purpose of funds is described below.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

The City reports one major governmental fund – the **General Fund**. The General Fund is the main operating fund of the City. All general tax revenues and other receipts are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs are paid from the General Fund.

Additionally, the City reports seven Special Revenue Funds as **Other Governmental Funds**. These seven Special Revenue Funds are used to account for monies received and expended for the following specific purposes: Court Technology, Police Forfeiture, Police Education, Police Forfeiture, Child Safety Seats, Court Security, Reliever Route and Hotel Tax. Of these funds, only the Reliever Route Fund was budgeted in 2017-18.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City reports the following major proprietary funds:

Water and Sewer (Utility) Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the fund.

Sanitation Fund is used to account for operations of solid waste collection and disposal services. All costs are financed through charges to sanitation customers.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the City reports two **Agency Funds**. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The accrual basis of accounting is used. The City has two agency funds: the Escrow Fund, and the Employee Christmas Fund.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements and fund financial statements for proprietary funds are reported using the *economic resources* measurement focus and the *accrual basis of accounting*. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available, generally, if they are collected within 60 days of the end of the current fiscal period. The City considers the grant availability period to be one year for revenue recognition. Expenditures are recorded when the related fund liability is incurred. Expenditures related to compensated absences are recorded only when payment is due.

Property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

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.

E. Assets, liabilities, deferred outflows/inflows of resources, & net position/fund balance

1. Deposits and Investments

The City's cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near to maturity that they present insignificant risk of changes in value because of changes in interest rates. The City has included both cash in bank and cash invested in investment pools, (TexPool and TexSTAR) as cash equivalents.

Investments authorized by the City's investment policy, which is guided by state laws and city ordinances, generally include: obligations of the United States of America or its agencies and instrumentalities; fully-collateralized Certificates of Deposit from City Council-approved public depositories; direct obligations of the State of Texas or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed

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by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions; no-load money market mutual funds registered and regulated by the Securities and Exchange Commission; corporate commercial paper; fully collateralized repurchase agreements; and reverse repurchase agreements within specific terms.

Investments maturing within one-year of date of purchase are displayed on the statement of net position in the basic financial statements at cost or amortized cost; all other investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, and GASB Statement No. 72, Fair Value Measurement and Application. All investment income is recognized in the appropriate fund's statement of activity and or statement of revenues, expenditures and changes in fund balance.

2. Receivables and Payables

All trade receivables are shown net of an allowance for doubtful accounts. Balances of accounts receivable, reported on the government-wide statement of net position, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. Receivables reported in business-type activities are primarily comprised of charges for services

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

3. Inventories and Prepaid Expenses

The inventories in the Proprietary Funds are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Renewals and betterments are capitalized. Items must cost more than \$1,000 to be capitalized.

All capital assets purchased or constructed are valued at historical cost or estimated historical cost if actual historical is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are reported at acquisition value rather than fair value. Repairs and maintenance are recorded as expenses.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

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<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20-50 years
Water and Sewer System	20-50 years
Infrastructure	20-40 years
Machinery & Equipment	5-10 years
Improvements	10-20 years

5. Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.
- Difference between projected and actual earnings on pension investments – This difference is deferred and amortized to pension expense over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Difference due to changes in actuarial assumptions – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

6. Compensated Absences

The amounts owed to employees for unpaid vacation and sick leave liabilities, including the City's share of employment-related taxes, are reported on the accrual basis of accounting in the applicable governmental or business-type activity columns of the government-wide statements and in the proprietary activities of the fund financial statements. The liabilities and expenditures are reported on the modified accrual basis in the governmental fund financial statements; the estimated liability for governmental funds is the amount of vacation, exception vacation, and sick leave at termination payable within 60 days of fiscal year-end.

7. 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 the TMRS' 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. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

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8. Long-term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bond issuance costs are recognized as expenses in the period incurred.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized in the period the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has the following items that qualify for reporting in this category:

- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

10. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund balance flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund balance reporting

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The hierarchy of five possible classifications of fund balance is:

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- **Nonspendable** – Amounts that cannot be spend due to form or amounts that must be maintained intact legally or contractually.
- **Restricted** – Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.
- **Committed** – Amounts that can be used only for the specific purposes determined by a formal action of the City Council – the government’s highest level of decision-making authority. The City Council can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Only action that constitutes the most binding constraint should be considered a commitment for fund balance classification purposes.
- **Assigned** – For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. The City Council by resolution has delegated such authority to the Director of Finance.
- **Unassigned** – For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the general fund, amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

F. Revenues and expenditures/expenses

Program revenues – Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes – Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Appraised values are established by the Andrews County Appraisal District at 100% for estimated fair market value. Andrews Independent School District is contracted to bill and collect the city taxes.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

The City is permitted by Section 5 of the Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every three years; however, the city may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various

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appeals, and if necessary, legal action. Under this legislation the City continues to set tax rates on City property. However, if the effective tax rate, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Property Tax Calendar

Levy Date	January 1
Billing Date	October 1
Collection Dates	October 1 – January 31
Delinquent Date	February 1
Lien Date	February 1

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Water and Sewer Fund and the Sanitation Fund are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Transactions between funds – The City allocates to the proprietary funds an indirect cost percentage for administration and financial services that include costs of personnel and other indirect costs deemed necessary for their operations. During the year ended September 30, 2018, the City allocated \$581,045 for these services. Such revenues are recorded as a reduction of expense in the General Fund on the government-wide statements.

G. Adoption of new GASB pronouncements

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. Issued in June 2015, this statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City does not participate in postemployment benefit plans other than pension plans. Therefore, this Statement has no impact upon the City.

GASB Statement No. 81, “Irrevocable Split-Interest Agreements.” Issued March 2016, this statement will enhance the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The requirements of this Statement are effective for financial statements for fiscal years beginning after December 15, 2016. The City does not participate in irrevocable split-interest agreements. Therefore, the implementation of this Statement has no impact upon the City.

GASB Statement No. 85, “Omnibus 2017.” Issued March 2017, this statement will enhance consistency in the application of accounting and financial reporting requirements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City has implemented GASB Statement No. 86 in this annual report. Implementation of this Statement has no impact upon the City.

GASB Statement No. 86, “Certain Debt Extinguishment Issues.” Issued May 2017, this statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were

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acquired. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City has implemented GASB Statement No. 86 in this annual report. Implementation of this Statement has no impact upon the City.

H. Future adoption of GASB pronouncements

GASB Statement No. 83, "Certain Asset Retirement Obligations." Issued November 2016, this statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations, including obligations that may not have been previously reported. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2018. GASB Statement No. 83 will be effective for the City fiscal year ending September 30, 2019.

GASB Statement No. 84, "Fiduciary Activities." Issued January 2017, this statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018. GASB Statement No. 84 will be effective for the City fiscal year ending September 30, 2019.

GASB Statement No. 87, "Leases." Issued June 2017, this statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. GASB Statement No. 87 will be effective for the City fiscal year ending September 30, 2020.

GASB Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". Issued in March 2018, this statement will improve the information that is disclosed in notes of governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. GASB Statement No. 88 will be effective for the City fiscal year ending September 30, 2019.

GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". Issued in June 2018, this statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. GASB Statement No. 89 will be effective for the City fiscal year ending September 30, 2021.

GASB Statement No. 90, "Majority Equity Interests". Issued in August 2018, this statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. GASB Statement No. 90 will be effective for the City fiscal year ending September 30, 2020.

CITY OF ANDREWS, TEXAS
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NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$40,117,765 are as follows:

Land	\$ 1,247,911
Buildings	7,708,755
Less: Accumulated depreciation – buildings	(2,521,790)
Improvements other than buildings	7,845,988
Less: Accumulated depreciation – improvements	(2,253,861)
Infrastructure	31,382,706
Less: Accumulated depreciation – infrastructure	(5,533,178)
Machinery and equipment	5,267,432
Less: Accumulated depreciation – machinery & equipment	<u>(3,026,198)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$40,117,765</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$15,145,631 difference are as follows:

Bonds payable	\$12,135,000
Add: Issuance premium (to be amortized over life of debt)	230,824
Pension-related debt	2,182,186
Compensated absences	465,320
Accrued interest payable	<u>132,302</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$15,145,631</u>

Another element of that reconciliation explains that “deferred income is not revenue in the current period and therefore is not reported in the Statement of Net Position.” The City has \$145,281 in deferred income from ad valorem taxes expected to be collected within 60 days of the close of the fiscal year.

The final element of that reconciliation explains that “certain receivables and the associated allowance for uncollectible accounts are not current financial resources and therefore are not reported in the funds.” The details of this \$757,565 difference are as follows:

Court citations receivable	\$ 747,542
Weed control receivable	<u>10,023</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 757,565</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

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The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net *changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.” The details of this \$1,409,582 difference are as follows:

Capital outlay	\$(1,013,495)
Depreciation expense	2,406,885
Loss on sale of assets	<u>23,971</u>
 Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ 1,417,361</u>
 Donated Assets	 \$ 13,274

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.” The City made principal repayments of \$270,000 during fiscal year 2018 increasing *changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*.

The final element of that reconciliation states that “some revenues/expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as revenues/expenditures in governmental funds.” The details of this (\$27,208) difference are as follows:

Compensated absences	\$(1,397)
Pension obligation	(123,276)
Court citations issued not billed	118,059
Weed control services not billed	-
Property tax not collectable in 60 days	(24,164)
Amortization on bond premium	8,387
Accrued interest expense on bond	<u>(4,817)</u>
 Net adjustment to decrease the <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	 <u>(\$ 27,208)</u>

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NOTE 3: CASH DEPOSITS AND INVESTMENTS

A. Cash and cash equivalents

Cash and cash equivalents for the primary government are reported in governmental and business-type activities. The balances at September 30, 2018, are as follows:

	Primary Government	Fiduciary Activities	Total Government	Component Unit	Total
Cash on hand	\$ 1,225	\$ -	\$ 1,225	\$ -	\$ 1,225
Bank Deposits	2,349,060	94,785	2,443,845	1,451,931	3,895,776
State Investment Pools	8,863,171	15,813	8,878,984	4,695,476	13,574,460
Total cash and equivalents	\$ 11,213,456	\$ 110,598	\$ 11,324,054	\$ 6,147,407	\$ 17,471,461

Bank Deposits – On September 30, 2018, all bank deposits were covered by federal depository insurance or were fully collateralized by the depository in the City’s name and held by the depository’s agent.

State Investment Pools – The City is a member of two local government investment pools – TexPool and TexSTAR. State investment pools are considered as cash equivalents for financial reporting purposes.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor’s. TexPool is not registered with the Securities and Exchange Commission (SEC) as an investment company.

TexSTAR’s governing body is a five-member board of directors (the “Board”). Three directors are officers or employees of Participants; one director is an officer or employee of First Southwest Company, LLC; and the final director is an officer or employee of an affiliate of J.P. Morgan Investment Management Inc. TexSTAR’s Bylaws also require the Board to appoint an advisory board. The Advisory Board currently consists of six members, each of whom is either (1) a representative of a Participant or (2) a person who has no business relationship with the Board, but who is qualified to advise the Board. The Advisory Board shall at all times include at least one member of each such designation.

Tex-Pool and TexSTAR operate in a manner consistent with SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool and TexSTAR use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool and TexSTAR is the same as the value of TexPool and TexSTAR shares. The total amount invested in TexPool is \$8,082,013. TexSTAR, also a short-term money-market fund, holds \$796,971 on deposit.

B. Investments

The Public Funds Investment Act applies to all local governments in Texas and their investments. It authorizes the City of Andrews to invest its funds under a written investment policy that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. The investment policy defines what constitutes the legal list of investments allowed under the policy. In compliance with GASB 31, the City of Andrews has stated its investments for periods of one year or less at cost with accrued interest

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shown under a separate caption on the balance sheet. Investments made for periods of more than one year have been reflected at fair value with the adjustment shown as part of investment income.

An investment committee, appointed by the council, is composed of the finance officer, city manager, and two councilmen. Under the committee's direction and within the guidelines of the City's investment policy, City funds are directly invested in instruments with a maturity of two years or less. It is the city's policy to hold these instruments until maturity.

The following table includes the portfolio balances of all investment types of the City at September 30, 2018. (Local government investment pools have been reported in the financial statements as cash equivalents.)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	8,297,959	224
Total fair value	<u>\$ 8,297,959</u>	
Portfolio weighted average maturity		224

C. Restricted Cash and Investments

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Activities	Total Government
Unrestricted	\$ 14,246,923	\$ 4,113,453	\$ 18,360,376	\$ -	\$ 18,360,376
Restricted	353,167	799,346	1,152,513	110,597	1,263,110
Total	<u>\$ 14,600,090</u>	<u>\$ 4,912,799</u>	<u>\$ 19,512,889</u>	110,597	<u>\$ 19,623,486</u>

Cash and investments at September 30, 2018, restricted by legal or contractual requirements, are reported in governmental activities, business-type activities and fiduciary funds as follows:

Cash and investments by funds

Governmental activities:

Debt service fund:

Debt service \$ 127,485

Other governmental funds:

Police investigation 2,705

Police education 10,167

Hotel Occupancy Tax 212,809

Total governmental activities 353,167

Business-type activities:

Sanitation fund:

Landfill closure 799,346

Total business-type activities 799,346

Total primary governmental restricted cash 1,152,513

Total fiduciary activities 110,597

Total restricted cash and investments \$1,263,110

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Total cash and investments reported for the City's only component unit, Andrews Economic Development Corporation, was \$6,147,408, none of which was restricted.

D. Risk Disclosures

Custodial credit risk. The risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of Texas Public Funds Investment Act. State law requires federal depository insurance or collateralization with the value of eligible securities having an aggregate value at least equal to the amount of the deposits. The City's Investment Policy requires the minimum collateral level to be 102.0 percent of the market value of principal and accrued interest.

On September 30, 2018, bank balances were not exposed to custodial credit risk as follows:

<u>Deposit Type</u>	<u>Insured</u>	<u>Uninsured and collateralized *</u>	<u>Total</u>
Bank Deposits	\$ 357,940	\$ 2,215,479	\$ 2,573,419
Certificates of Deposit	7,218,000	1,079,959	8,297,959
Total fair value	<u>\$ 7,575,940</u>	<u>\$ 3,295,438</u>	<u>\$ 10,871,378</u>

On September 30, 2018, pledged collateral with a market value of \$3,944,767, providing a collateral level of 119.7%. Collateralized funds were held by Plains Capital Bank, Lubbock, Texas, with the City named as the party the funds are pledged.

Credit Risk. In accordance with its investment policy, the City minimizes the risk of loss due to the failure of the issuer or backer of the investment, by (1) limiting investments to the safest types of investments, (2) pre-qualifying the financial institutions and broker/dealers with which the City will do business, and (3) diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

As of September 30, 2018, the Local Government Investment Pools (which represent approximately 45.2% of the portfolio) are rated AAAM by Standard and Poor's. None of the portfolio consists of direct obligations of the US government.

As of September 30, 2018, the City had diversified its portfolio by investing in certificates of deposit from thirty-nine (39) different issuers.

Interest Rate Risk—The City minimizes the risk that the interest earnings and the fair value of investments in the portfolio will fall due to changes in interest rates, by (1) structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to liquidate investments prior to maturity, (2) investing operating funds primarily in certificates of deposit, shorter-term securities, or local government investment pools functioning as money market mutual funds, and (3) diversifying maturities and staggering purchase dates to minimize the impact of market movements over time. As a means of minimizing the risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities may not exceed five years (1,825 days) for the Trust fund and two years (730 days) for all other funds.

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Maturity by Investment Type

<u>Months to Maturity</u>	<u>U.S. Treasuries</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Less than 6	\$ -	\$ 2,131,959	\$ 2,131,959
6 - 12	-	1,495,000	1,495,000
12 - 18	-	959,000	959,000
18 - 24	-	1,779,000	1,779,000
24 - 36	-	443,000	443,000
36 - 48	-	137,000	137,000
48 - 60	-	1,353,000	1,353,000
	<u>\$ -</u>	<u>\$ 8,297,959</u>	<u>\$ 8,297,959</u>

The risk exposures for governmental and business-type activities, individual major funds, non-major funds in the aggregate and fiduciary fund types of the city are not significantly greater than the deposit and investment risk of the primary government.

E. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has no recurring fair value measurements as of September 30, 2018. Nonnegotiable certificates of deposit are not subject to fair value and would also not be subject to the fair value level disclosures required by GASB No. 72.

NOTE 4: RECEIVABLES

Amounts are aggregated into a single accounts receivable line net of allowance for doubtful accounts. Below is the detail of receivables for the primary government.

<u>Receivables</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Ad Valorem Taxes	150,281	-	150,281
Municipal Court	747,543	-	747,543
Weeds	10,023	-	10,023
Utility Accounts	-	612,615	612,615
Sales Tax	632,102	-	632,102
Fees, liens and fines	15,598	-	15,598
Interest	18,880	-	18,880
	<u>\$1,574,427</u>	<u>\$ 612,615</u>	<u>\$2,187,042</u>

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NOTE 5: PROPERTY TAX

The City's annual ad valorem property tax is required to be levied by October 1, or as soon thereafter as practicable, on the assessed value listed as of the prior January 1 for all real and certain personal property. Taxes are due on January 31 of the year following the year of the levy. A tax lien attaches to all property on January 1 of each year to secure the payment of all taxes, penalties and interest that is ultimately imposed on the property. The tax rate established by the City Council for the 2017 tax year was \$0.1890 per \$100 of assessed value with \$0.1890 for operations and \$0.0000 for debt service.

Tax Abatements

For financial reporting purposes, GASB No. 77 defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

The City of Andrews, Andrews County and Andrews County Hospital District (hereinafter referred to as the Affected Jurisdictions) located within the County of Andrews, Texas, are committed to the promotion of business development and to an ongoing improvement in the quality of life for their citizens. The Affected Jurisdictions recognize that these objectives are generally served by enhancement and expansion of the local economy. The Affected Jurisdictions will, on a case by case basis, give consideration to providing tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within the Affected Jurisdictions.

Eligibility criteria, the mechanism by which taxes are abated, and provisions for recapturing abated taxes are detailed in the Guidelines and Criteria Governing Tax Abatement in Andrews, Texas found on <http://andrewsedc.com/wp-content/uploads/2015/11/Tax-Abatement-I-Guidelines-2016.pdf>.

Accounts are 100% abated after base value. The base value is the existing value before the abated new improvement value exists.

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The following tax abatements were entered into by the City in fiscal 2018:

Name	Reason	Type	Abated Value	Tax Abated
AGREE 2016 LLC	New Construction	Real	\$ 302,672	\$ 572
ANIXTER INC	New BPP	Pers	220,323	416
ANIXTER INC	New BPP	Pers	1,034,412	1,955
BLACK HAWK ENERGY SERVICES,LTD.	New Construction	Real	317,368	600
BUSTAMANTE JOSE D & SONIA	Remodel	Real	327,963	620
D & JD SERVICE LTD	New Construction	Real	471,802	892
DILLAN & ANDREA TAYLOR ENTERPRISES LLC	Remodel	Real	-	-
JGL SOLUTIONS LTD	Remodel	Real	184,020	348
KV POWER	New Construction	Real	1,249,139	2,361
KV POWER LP	New BPP	Pers	410,414	776
LEECO ENERGY & INVESTMENTS INC	New Construction	Real	314,593	595
MUSTANG WELL SERVICE LLC	New BPP	Pers	25,171	48
NEWBROUGH JAY	New Construction	Real	131,580	249
ORSON ROBERT ESTATE & LORETTA	New Construction	Real	95,551	181
RREAF ANDREWS, LLC	New Construction	Real	2,349,238	4,440
RREAF ANDREWS, LLC	New BPP	Pers	247,000	467
RREAFO&G PORTFOLIO #2 LLC	New Construction	Real	1,457,486	2,755
RREAFO&G PORTFOLIO #2 LLC	New BPP	Pers	122,628	232
SALAZAR SERVICE & TRUCKING CORP	New Construction	Real	647,251	1,223
SALAZAR SRVC & TRUCKING CORP	New BPP	Pers	177,779	336
SCOTT JERRY LYNN	Remodel	Real	20,350	38
SPRINKLE ADAM SHANE	New Construction	Real	496,203	938
STAMPEDE INCORPORATED	New Construction	Real	30,844	58
VIVA WELL SERVICING II LP	New Construction	Real	242,895	459
WESTEX ANDREWS LLC	New Construction	Real	7,013,346	13,255
WESTEX ANDREWS LLC	New BPP	Pers	3,900	7
Totals			\$17,893,928	\$ 33,819

Total abated value:	\$17,893,928
x 2017 Tax Rate	<u>.00189</u>
Total abated property tax for FYE September 30, 2018	\$ 33,819

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
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NOTE 6: CAPITAL ASSETS

Capital activity for the year ended September 30, 2018, was as follows:

Governmental Activities:

	Balance Sept 30, 2017	Increases	Decreases	Balance Sept 30, 2018
Capital assets not depreciated:				
Land	\$ 1,234,637	\$ 13,274	\$ -	\$ 1,247,911
Total capital assets not depreciated	<u>1,234,637</u>	<u>13,274</u>	<u>-</u>	<u>1,247,911</u>
Capital assets being depreciated:				
Buildings	7,708,755	-	-	7,708,755
Improvements other than buildings	7,268,074	593,407	(15,493)	7,845,988
Infrastructure	31,371,692	11,014	-	31,382,706
Machinery and equipment	4,987,411	409,074	(129,053)	5,267,432
Total capital assets being depreciated	<u>51,335,932</u>	<u>1,013,495</u>	<u>(144,546)</u>	<u>52,204,881</u>
Less accumulated depreciation:				
Buildings	(2,303,461)	(218,329)	-	(2,521,789)
Improvements other than buildings	(1,795,327)	(470,634)	12,100	(2,253,862)
Infrastructure	(4,401,921)	(1,131,257)	-	(5,533,178)
Machinery and equipment	(2,548,038)	(586,637)	108,475	(3,026,198)
Total accumulated depreciation	<u>(11,048,747)</u>	<u>(2,406,855)</u>	<u>120,575</u>	<u>(13,335,027)</u>
Total capital assets being depreciated, net	<u>40,287,186</u>	<u>(1,393,360)</u>	<u>(23,971)</u>	<u>38,869,854</u>
Governmental activities capital assets, net	<u>\$ 41,521,822</u>	<u>\$(1,380,086)</u>	<u>\$ (23,971)</u>	<u>\$ 40,117,765</u>

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental Activities:	
General government and administration	\$ 90,479
Public safety	502,875
Highways and streets	1,298,263
Economic development	261,600
Culture-recreation	<u>253,638</u>
Total depreciation expense - governmental activities	<u>\$2,406,855</u>

CITY OF ANDREWS, TEXAS
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Business-type activities:

	Balance Sept 30, 2017	Increases	Decreases	Balance Sept 30, 2018
Capital assets not depreciated:				
Land	\$ 1,583,948	\$ -	\$ -	\$ 1,583,948
Total Capital Assets Not Depreciated	1,583,948	-	-	1,583,948
Capital assets being depreciated:				
Buildings	3,910,172	23,269	-	3,933,441
Improvements other than buildings	75,647	-	-	75,647
Water and sewer systems	26,742,785	1,592,610	-	28,335,395
Machinery and equipment	3,663,245	153,330	(17,995)	3,798,580
Total capital assets being depreciated	34,391,849	1,769,209	(17,995)	36,143,063
Less accumulated depreciation:				
Buildings	(557,509)	(74,470)	-	(631,979)
Improvements other than buildings	(36,596)	(4,028)	-	(40,624)
Water and sewer systems	(12,281,073)	(800,426)	-	(13,081,499)
Machinery and equipment	(1,753,511)	(321,913)	17,995	(2,057,429)
Total accumulated depreciation	(14,628,688)	(1,200,837)	17,995	(15,811,530)
Total capital assets being depreciated, net	19,763,161	568,372	-	20,331,533
Business-type activities capital assets, net	\$ 21,347,109	\$568,372	\$ -	\$ 21,915,481

Depreciation expense was charged to the functions/programs of the business-type activities of the primary government as follows:

Business-type activities:	
Water and sewer	\$ 972,834
Sanitation	<u>228,003</u>
Total depreciation expense-Business-type activities	<u>\$1,200,837</u>

NOTE 7: OTHER PAYABLES

Other payables as of September 30, 2018 for the primary government include:

	Governmental Activities	Proprietary Funds	Total
Municipal court deferred adjudication and bonds	\$ 27,202	\$ -	\$ 27,202
Sales tax to economic development corp.	158,026	-	158,026
Unclaimed property	4,573	-	4,573
Total other payables	<u>\$ 189,801</u>	-	<u>\$ 189,801</u>

NOTE 8: PENSION OBLIGATIONS

A. Texas Municipal Retirement System

Plan Description

The City of Andrews participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Full-time employees of the Andrews Economic Development Corporation (AEDC), a discretely presented component unit, may participate in TMRS. Participating AEDC employees are included in the City plan and receive all pension benefits provided to City employees. Where possible, the notes separately identify amounts associated with the primary government and with its discretely presented component unit.

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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan Year 2017 provisions for the City were as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	10
Service retirement eligibility (expressed as age/years of service)	60/10,0/25
Updated Service Credit	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating

CITY OF ANDREWS, TEXAS
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Employees covered by benefit terms.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	City	AEDC
Inactive employees or beneficiaries currently receiving benefits	36	0
Inactive employees entitled to but not yet receiving benefits	37	0
Active employees	71	1
	144	1

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.51% and 15.91% in calendar years 2017 and 2018, respectively. The city's contributions to TMRS for city and AEDC employees for the year ended September 30, 2018, were \$723,954, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year	
Overall payroll growth	3.0% per year	
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF ANDREWS, TEXAS
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Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability
(City + AEDC)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2016	\$25,313,062	\$20,750,195	\$4,562,867
Changes for the year:			
Service cost	671,710	-	671,710
Interest	1,696,106	-	1,696,106
Change of benefit terms	-	-	-
Difference between expected and actual experience	173,199	-	173,199

CITY OF ANDREWS, TEXAS
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Changes of assumptions	-	-	-
Contributions – employer	-	657,713	(657,713)
Contributions – employee	-	296,842	(296,842)
Net investment income	-	2,874,101	(2,874,101)
Benefit payments, including refunds of employee contributions	(1,042,839)	(1,042,839)	-
Administrative expense	-	(14,904)	14,904
Other changes	-	(755)	755
Net changes	\$1,498,176	\$2,770,157	(\$1,271,981)
Balance at 12/31/2017	\$26,811,238	\$23,520,352	\$3,290,886

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

The following presents the net pension liability of the City and AEDC, calculated using the discount rate of 6.75%, as well as what the City and AEDC’s net pension liability would be if it were calculated using a discount rate 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%)
City’s net pension liability	\$6,825,356	\$3,256,159	\$327,604
AEDC’s net pension liability	\$ 72,792	\$ 34,727	\$ 3,494
Total net pension liability	\$6,898,148	\$3,290,886	\$331,098

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 September 30, 2018, the city recognized pension expense of \$823,811 and AEDC recognized pension expense of \$8,955.

At September 30, 2018, the City and AEDC reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	City of Andrews	Andrews Economic Development Corporation
Difference between expected and actual experience	\$ -	\$ 7,100
Difference between projected and actual investment earnings	928,991	4,713
Difference due to change in actuarial assumptions	38,937	422
Contributions subsequent to the measurement date	493,578	5,086
Total Outflows	\$ 1,461,506	\$ 17,321

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At September 30, 2018, the City and AEDC reported deferred inflows of resources related to pensions from the following sources:

Deferred Inflows of Resources	City of Andrews	Andrews Economic Development Corporation
Difference between expected and actual experience	\$ 1,158,096	\$ 14,559
Difference between projected and actual investment earnings		
Difference due to change in actuarial assumptions		
Contributions subsequent to the measurement date		
Total Inflows	\$ 1,158,096	\$ 14,559

\$493,578 reported by the city and \$5,086 reported by AEDC 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 September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	<u>City + AEDC</u>
2018	\$ 134,982
2019	66,364
2020	(178,050)
2021	(248,972)
2022	17,444
Thereafter	<u>0</u>
Total	\$ (208,232)

B. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2017, there were 235 contributing fire and/or emergency services department members participating in TESRS.

At August 31, 2018, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,104
Terminated participants entitled to benefits but not yet receiving benefits	2,208
Active participants (vested and non-vested)	4,046

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

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Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For each year of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic post-retirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount and continuing monthly payments to a member's surviving spouse and, for on duty death, dependent children.

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for the department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts retiree annuities.

The State is required to contribute an amount necessary to make TESRS "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

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Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2017, total contributions of \$5,012,131 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State appropriated \$1,583,825 for the fiscal year ending August 31, 2017.

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined by a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.22% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation %	Long-Term Expected Net Real Rate of Return %
Equities		
Large cap domestic	32	5.72
Small cap domestic	10	5.96
Developed international	21	6.21
Emerging markets	6	7.18
Master limited partnership	5	7.61
Fixed income		
Domestic	21	1.61
International	5	1.81
Cash	0	0.0
Total	100%	
Weighted Average		4.97%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2017 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 149,703	\$ 20,145	\$ 10,867

Pension Related Liabilities, Expense, and Deferred Outflows / Inflows of Resources

At September 30, 2018, the City reported a liability of \$75,125 for its proportionate share of TESRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ 75,125
State's proportionate share that is associated with the City*	<u>20,145</u>
Total	<u>\$127,816</u>

* Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was 0.313 percent compared to 0.334 percent at August 31, 2016.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended September 30, 2018, the City recognized pension expense of \$13,073. The City recognized on-behalf revenues of \$4,958 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

On September 30, 2018, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 18,422	\$ -
Difference between projected and actual investment earnings	(2,072)	
Difference due to change in actuarial assumptions	150	
Contributions paid to TESRS subsequent to the measurement date	15,120	-
Total	\$ 30,860	\$ -

\$15,120 reported by the city 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 September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2018	\$ 3,935
2019	3,935
2020	3,935
2021	0
Thereafter	<u>0</u>
Total	\$ 11,805

NOTE 9: NONCURRENT LIABILITIES

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. General obligation bonds have been issued for governmental activities only. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 30 years.

General obligation bonds outstanding at September 30, 2018 are as follows:

Governmental Activities:

<u>General Obligation Bonds</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Sep. 30, 2018</u>
Economic development	2012	\$7,000,000	2.20-4.15%	2031	\$4,135,000
Economic development	2015	\$8,000,000	3.746%	2045	\$8,000,000

In 2011 and 2015, the City Council approved an ordinance authorizing the issuance Combination Tax and Revenue Certificates of Obligation providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the City's combined water and wastewater system. The purpose of both issuances being to finance the constructing, improving, maintaining and operating of a relief highway route around and outside the boundaries of the City, including drainage, striping, signalization and site improvements, and to pay costs of issuance. Both Certificates of Obligation are expected to be supported by a limited Sales Tax approved by voters in 2011.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

Bond Compliance Requirements

The City Charter for the City of Andrews requires that during the period in which bonds are outstanding, the City must create and maintain certain accounts or funds to receive the proceeds from the sale of the bonds and to account for the revenues which are pledged for payment of the bonds. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein.

The City is generally required to make an annual transfer to debt service funds equal to the next interest and principal payment. The bonds may be redeemed prior to their maturities in accordance with the bond ordinances in whole or in part in principal amounts of \$5,000 or any integral multiple thereof. During fiscal year 2018 the City has complied with the requirements of all bond ordinances and related bond restrictions.

Legal debt margin

There is no statutory debt limitation in the City Charter or under State law. The City Charter provides that the total debt of the City shall not exceed that provided by state law. Under the provisions of State law (Article XI, Section 5, of the State of Texas Constitution), the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. The City's tax rate is currently \$.1890 per \$100 assessed valuation. The City's Fiscal Principles and Policies states: The City will strive to limit general obligation annual debt service requirements to 20% of general governmental expenditures. Debt service to total general expenditures for fiscal year ending September 30, 2018 was 9.04%. All current debt is completely supported by a limited sales tax.

Debt Service Requirements

The debt service requirements for the government's bonds, loans, and notes are as follows:

Governmental Activities:

Year ending Sept 30,	Principal	Interest
2019	285,000	483,703
2020	295,000	471,875
2021	305,000	459,633
2022	320,000	446,975
2023-2027	1,805,000	2,024,470
2028-2032	2,020,000	1,626,710
2033-2037	2,320,000	1,202,900
2038-2042	2,820,000	702,363
2043-2045	1,965,000	149,251
Total	<u>\$12,135,000</u>	<u>\$7,567,880</u>

B. Landfill Closure Costs

The city owns and operates the City of Andrews Municipal Solid Waste Landfill-Permit No. MSW00171, Texas Natural Resource Conservation Commission, in accordance with applicable federal and state regulations for landfill closure and post-closure. An arid exemption has been granted.

The total landfill consists of 111.86 acres. An existing filled area consists of 39.5 acres or 35%. The active area (80.56 acres) has a remaining anticipated life of 50 years. Using 2015 daily tonnage rates, Parkhill, Smith & Cooper, Inc. estimated the landfill will reach permitted waste elevations around

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

2042. Current estimated costs for closure and post-closure to be recognized annually is \$59,998 as adjusted for inflation. The total estimated liability as revised by the 1998 West Texas Consultants, Inc. study and adjusted for inflation is \$1,277,667. At September 30 2018, \$779,346 had been recognized as expense in previous years and recorded as a liability.

The City anticipates that financial assurance requirements for closure and post-closure will be met by the local government financial test as required by Subtitle D regulations. These costs are estimates only and are subject to change by many factors. Economic costs, regulations, technology and population of the City comprise a few of these. All of the costs are considered to be long-term liabilities, with no allocation made to current liability.

C. Changes in long-term liabilities

Changes in the government's long-term liabilities for the year ended September 30, 2018 are as follows:

NOTES TO FINANCIAL STATEMENTS:

	Balance Sep. 30, 2017	Additions	Reductions	Balance Sep. 30, 2018	Due Within One Year
Governmental Activities:					
General obligation bonds					
Principal	\$ 12,405,000	\$ -	\$ (270,000)	\$ 12,135,000	\$ 285,000
Premium	230,823	-	(8,387)	222,436	8,387
Pension related debt	3,326,156	-	(895,996)	2,430,160	-
Compensated absences	463,923	79,971	(78,574)	465,320	2,000
Deposits - Permit Fees	3,800	-	(1,000)	2,800	2,800
Governmental activities L/T liabilities	<u>16,429,702</u>	<u>79,971</u>	<u>(1,253,957)</u>	<u>15,255,717</u>	<u>298,187</u>
Business-type Activity:					
Pension related debt	\$ 1,285,596	\$ -	\$ (362,308)	\$ 923,288	\$ -
Compensated absences	151,732	25,340	(11,459)	165,612	2,000
Landfill closure	756,272	23,074	-	779,346	-
Business-type activities L/T liabilities	<u>2,193,600</u>	<u>48,414</u>	<u>(373,768)</u>	<u>1,868,246</u>	<u>2,000</u>
Andrews Economic Development Corp.					
Pension related debt	\$ 48,404	\$ -	\$ (13,677)	\$ 34,727	\$ -
Compensated absences	395	-	(395)	0	-
AEDC long-term liabilities	<u>48,799</u>	<u>-</u>	<u>(14,072)</u>	<u>34,727</u>	<u>-</u>

NOTE 10: FUND BALANCE

Minimum fund balance policy

On August 11, 2016, the City Council adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at six months of general fund annual ongoing expenditures plus debt service payments due within the next 12 months. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

NOTE 11: INTERFUND TRANSACTIONS

A. Interfund transfers:

	General fund	Debt service fund	Non-major governmental funds	Total
Transfers out:				
General fund	\$ -	\$ -	\$ -	\$ -
Non-major governmental funds	-	713,940	-	713,940
Total	\$ -	\$ 713,940	\$ -	\$ 713,940

Transfers are used to (1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (3) use unrestricted revenues in non-major governmental funds to finance general fund programs.

B. Interfund charges

The General Fund charges the Utility and Sanitation funds for administrative services provided by the General Fund on behalf of these funds. Such charges totaled \$581,045 for the year ended September 30, 2018, and are recorded as revenue in the General Fund and split equally as expense in the funds assessed.

NOTE 12: DISCRETELY PRESENTED COMPONENT UNITS

Andrews Economic Development Corporation (AEDC)

In May, 2005, the voters of the City of Andrews approved an economic development sales tax of .5% as well as a property tax reduction sales tax of .25% that went into effect on October 1, 2005. The first remittance was received in mid-December, 2005. The Council incorporated Andrews Economic Development Corporation under the laws of the State of Texas (a 4A corporation) with a five-member board appointed by the City Council to administer economic development for Andrews. This 501 (C) (3) Corporation began operations on January 1, 2006 and is a component unit of the City of Andrews but does not issue a separate financial statement.

A complete financial statement is included with supplementary individual fund financial statements and schedules in the comprehensive annual report, but is not included with the basic financial statements as recommended in the book, "Government Accounting, Auditing and Financial Reporting."

Since inception, the Andrews Economic Development Corporation has offered the following incentive packages, dependent upon completion of structures and creation of new jobs. The following table reflects the status of the incentive packages at September 30, 2018; recipients that have remainders due have not yet met the criteria to be paid so the liability is contingent.

AEDC Incentive Packages as of September 31, 2018 include:

	<u>Committed</u>	<u>Amount Paid</u>	<u>Remainder</u>	<u>Year Paid</u>
Western Texas Pipe & Supply	3,649	3,649	-	2007
Western Texas Pipe & Supply	\$ 3,649	\$ 3,649	\$ -	2007
Palmer of Texas	602,500	306,400	-	2007, '09, '11
Holiday Inn Express	75,000	75,000	-	2008, '09
Composites One	75,000	75,000	-	2008

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

Andrews Motor Inn	26,400	26,400	-	2008
Viva Well Servicing	28,640	28,640	-	2008
Texas Energy Park	32,148	32,148	-	2009
Kirby West Company	89,000	89,000	-	2010
GTG Automation	180,000	180,000	-	2011, '13, 14, '15, '16
Kirby West 2011	130,000	130,000	-	2011
Dixie Electric	405,000	201,000	-	2012, '13
OTI	27,069	27,069	-	2012
UTPB HT3R	50,000	50,000	-	2012
Tejas Partners	21,400	21,400	-	2012
Mustang Well Service	95,000	95,000	-	2013
Business and Tech Center	400,000	400,000	-	2013
Permian Regional Medical	224,000	224,000	-	2013
Oakwood Suites	37,200	37,200	-	2013
Andrews County - Hanger	300,000	300,000	-	2014
Benny Boyd infrastructure	75,000	75,000	-	2014
KV Power	250,000	250,000	-	2015, '16, '18
Vessel Components	40,000	40,000	-	2015
Salazar Trucking	150,000	75,000	75,000	2015, '16
Dufrane Nuclear Shielding	100,000	100,000	-	2016
La Quinta Hotel	75,000	75,000	-	2016
Kirby West 2015	238,000	238,000	-	2016
Stampede, Inc.	70,000	70,000	-	2017, '18
Cannonball Pipe Inspection	100,000	25,000	75,000	2017
Vessel Components 2018	40,000	-	40,000	2018
Total Commitments				
	\$ 3,940,006	\$ 3,249,906	\$ 190,000	

NOTE 13: COMMITMENTS AND CONTINGENCIES

A. Litigation

There are no pending or threatened litigation, claims, or assessments against the City of Andrews or Andrews Economic Development Corporation.

B. Risk Management

The City is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property damage to City assets, errors and omissions and personal risks which relate to workers' compensation. The City participates in the Texas Municipal League Intergovernmental Risk Pool. As an insured, the City is not obligated to reimburse the pool for losses. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's basic financial statements. Employee health insurance is carried with the Texas Municipal League Intergovernmental Employee Benefits Pool. Insurance premiums are paid to the pools for insurance coverage. The pools

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2018

are self-sustaining through member premiums and reinsure through commercial companies for certain loss occurrences. A Board of Trustees governs each pool with trustees elected by the participants.

There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past five fiscal years.

C. Grants

In the normal course of operations, the City receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditure which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

D. Purchase Commitments for Electricity

At September 30, 2018 the City had entered into agreements to lock rates for its expected electricity use from October 1, 2016 through November 30, 2024. The total committed price is approximately \$2 million for expected usage. This amount will be appropriated in future annual budgets.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2019, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

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City of Andrews, Texas
General Fund
Schedule of Budgeted and Actual Revenues and Expenditures
For the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Taxes	\$ 5,021,996	\$ 5,021,996	\$ 5,926,665	\$ 904,669
Francise fees	705,000	705,000	\$ 650,398	(54,602)
License, permits, fees	32,150	32,150	\$ 64,746	32,596
Charges for services	82,000	82,000	\$ 64,365	(17,635)
Fines and court costs	273,890	273,890	\$ 371,939	98,049
Miscellaneous	527,194	527,194	\$ 684,486	157,292
Investment income	123,811	124,141	\$ 212,644	88,503
Intergovernmental revenue	1,272,404	1,272,404	\$ 1,382,947	110,543
Grant income	50,000	50,000	\$ 65,855	15,855
Contributions	-	-	-	-
Total Revenues	<u>8,088,445</u>	<u>8,088,775</u>	<u>9,424,046</u>	<u>1,335,271</u>
EXPENDITURES				
Current:				
City Council / Legislative	99,975	99,975	101,194	(1,219)
City Manager / Administration	341,074	386,523	340,329	46,194
Finance	649,082	649,082	622,953	26,129
General Operations	381,617	381,617	504,133	(122,516)
Municipal court	196,517	196,517	193,606	2,911
Business technology center	146,783	146,783	180,394	(33,611)
Police	2,040,325	2,032,325	2,175,278	(142,953)
Ambulance	1,229,598	1,229,598	1,291,195	(61,597)
Animal control	130,324	130,324	179,380	(49,056)
Fire	241,056	241,056	286,797	(45,741)
Building Services (Permits, Inspections)	278,705	278,705	266,208	12,497
Street	906,200	906,200	937,878	(31,678)
Building & Grounds	275,497	275,497	274,826	671
Swimming pool	173,921	173,921	123,726	50,195
Capital outlay	508,155	1,174,908	1,018,189	156,719
Total Expenditures	<u>7,598,829</u>	<u>8,303,031</u>	<u>8,496,084</u>	<u>(193,053)</u>
Excess (deficiency) of revenues over expenditures	<u>489,616</u>	<u>(214,256)</u>	<u>927,962</u>	<u>1,142,218</u>
Net change in fund balance	489,616	(214,256)	927,962	1,142,218
Fund Balance - beginning	13,013,561	13,013,561	13,013,561	-
Prior Period Adjustment	-	-	-	-
Fund Balance (deficit) - ending	<u><u>\$ 13,503,177</u></u>	<u><u>\$ 12,799,305</u></u>	<u><u>\$ 13,941,523</u></u>	<u><u>\$ 1,142,218</u></u>

CITY OF ANDREWS, TEXAS
Required Notes to the Supplementary Information
September 30, 2018

A. General Budget Policies

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to adoption of a formal budget, the City Manager must file a proposed operating budget for the year commencing the following October 1 with the City Secretary the first week of August or at least 30 days before the date the Council approves the tax levy for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain taxpayers' comments.

Prior to October 1 the budget is adopted and legally enacted through passage of an ordinance.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Special Revenue Funds do not have appropriated budgets since other means control the use of these resources and sometimes span a period of more than one fiscal year.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City Manager is authorized to transfer budgeted amounts between accounts within any department within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgeted amounts in this report include transfers and revisions to the original appropriations ordinance.

Formal budgetary integration is employed as a management control device during the year.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Budgets have been adopted for the General Fund and the Debt Service Fund. The scope of the budgetary comparison schedule is strictly limited to the General Fund and major special revenue funds. Budgetary comparisons for other governmental funds are presented as other supplementary information in the Combining and Individual Fund Financial Statements and Schedules. No annual budget is adopted for the Reliever Route Special Revenue Fund.

B. Excess of expenditures over appropriations

For the year ended September 30, 2018, total actual general fund expenditures of \$8,496,085 exceed appropriated funds of \$8,303,031.

City of Andrews, Texas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Last 10 Fiscal Years *

	Plan Year 2014	Plan Year 2015	Plan Year 2016	Plan Year 2017
Total pension liability				
Service Cost	\$ 461,085	\$ 587,370	\$ 656,783	\$ 671,710
Interest (on the Total Pension Liability)	1,485,869	1,574,624	1,584,854	1,696,106
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	208,728	(221,702)	442,998	173,199
Changes of assumptions	-	49,835	-	-
Benefit payments, including refunds of employee contributions	(866,515)	(1,035,268)	(1,045,013)	(1,042,839)
Net Change in Total Pension Liability	1,289,167	954,859	1,639,622	1,498,176
Total Pension Liability - Beginning	21,429,414	22,718,581	23,673,440	25,313,062
Total Pension Liability - Ending (a)	\$ 22,718,581	\$ 23,673,440	\$ 25,313,062	\$ 26,811,238
Plan Fiduciary Net Position				
Contributions - Employer	617,042	630,148	646,867	657,713
Contributions - Employee	251,562	269,789	289,150	296,842
Net Investment Income	1,065,329	29,037	1,320,861	2,874,101
Benefit payments, including refunds of employee contributions	(866,515)	(1,035,268)	(1,045,013)	(1,042,839)
Administrative Expense	(11,123)	(17,687)	(14,925)	(14,904)
Other	(914)	(874)	(804)	(755)
Net Change in Plan Fiduciary Net Position	1,055,381	(124,855)	1,196,136	2,770,158
Plan Fiduciary Net Position - Beginning	18,623,531	19,678,912	19,554,059	20,750,195
Plan Fiduciary Net Position - Ending (b)	19,678,912	19,554,059	20,750,195	23,520,353
Net Pension Liability - Ending (a) - (b)	\$ 3,039,669	\$ 4,119,381	\$ 4,562,867	\$ 3,290,885
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.62%	82.60%	81.97%	87.73%
Covered Payroll				
	\$ 3,593,739	\$ 3,854,135	\$ 4,130,712	\$ 4,240,594
Net Pension Liability as a Percentage of Covered Employee Payroll	84.58%	106.88%	110.46%	77.60%
Notes to Schedule:				
N/A				

* GASB 68 requires a 10-year schedule. Only four years of information is currently available. The City will build this schedule over the next seven-year period.

GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of December 31, 2017 for 2018, December 31, 2016 for 2017, December 31, 2015 for 2016, and December 31, 2014 for 2015.

City of Andrews, Texas
Schedule of Employer Contributions
Texas Municipal Retirement System (TMRS)
Last 10 Fiscal Years *

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution		\$ 651,334	\$ 647,906	\$ 564,856	\$ 551,403	\$ 603,674	\$ 632,963	644,449	645,682	657,713
Contributions in relation to the actuarially determined contribution		531,429	545,563	539,288	551,403	603,671	632,999	644,450	645,683	723,953
Contribution deficiency (excess)		119,904	102,344	25,569	0	3	(36)	(0)	(1)	(66,240)
Covered employee payroll		\$ 2,868,593	\$ 2,883,284	\$ 2,956,459	\$ 3,103,208	\$ 3,489,852	\$ 3,823,860	\$ 4,072,216	\$ 4,152,998	\$ 4,578,504
Contributions as a percentage of covered payroll		81.59%	84.20%	95.47%	100.00%	100.00%	100.01%	100.00%	100.00%	110.07%

Notes to Schedule:

* Information before 2010 is unavailable.

Valuation date:

Notes

Methods and assumptions used to determine contributions rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of payroll, closed
Remaining amortization period 28 years
Asset valuation method 10 year smoothed market; 15% soft corridor
Inflation 2.5%
Salary increases 3.5% to 10.5% including inflations
Investment rate of return 6.75%
Retirement age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience of the period 2010-2014.
Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes

GASB 68, Paragraph 81 required that the data in this schedule be presented as of the City's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 of the preceding year.

City of Andrews, Texas
Schedule of the City's Proportionate Share of the Net Pension Liability
Texas Emergency Services Retirement System (TESRS)
Last 10 Fiscal Years *

	Measurement Year *			
	2014	2015	2016	2017
City's proportion of the net pension liability	0.332%	0.305%	0.334%	0.313%
City's proportionate share of the net pension liability	\$ 60,330	\$ 81,412	\$ 97,288	\$ 75,125
State's proportionate share of the net pension liability	\$ 16,178	\$ 25,869	\$ 30,528	\$ 20,145
Total	<u>\$ 76,507</u>	<u>\$ 107,281</u>	<u>\$ 127,816</u>	<u>\$ 95,270</u>

Number of Active Members **	42	42	42	42
City's Net Pension Liability per Active Member	\$ 1,822	\$ 2,554	\$ 3,043	\$ 2,268
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%	81.4%

* Only four years of information is currently available. The City will build this schedule over the next seven-year period.

** There is no compensation for active members. Number of active members is used instead.

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

There were no changes in benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in assumptions

There were no changes of assumptions or other imputes that affected measurement of the total pension liability during the measurement period.

GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for 2018, August 31, 2016 for 2017, August 31, 2015 for 2016, and August 31, 2014 for 2015.

City of Andrews, Texas
Schedule of Employer Contributions
Texas Emergency Services Retirement System (TESRS)
Last 10 Fiscal Years *

	Fiscal Year			
	2014	2015	2016	2017
Contractually required contributions	\$ 15,048	\$ 14,400	\$ 15,120	\$ 15,120
Contributions in relation to the contractually determined contribution	15,120	14,400	15,120	15,120
Contribution deficiency (excess)	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Number of Active members **	42	42	42	42
Contributions per active member	\$ 360	\$ 343	\$ 360	\$ 360

* Only four years of information is currently available. The City will build this schedule over the next eight-year period.

** There is no compensation for active members. Number of active members is used instead.

GASB 68, Paragraph 81 required that the data in this schedule be presented as of the City's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
and SCHEDULES**

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**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

GOVERNMENTAL FUNDS

These supplementary statements and schedules are included to provide management additional information for financial analysis.

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GOVERNMENTAL FUNDS

General Fund - The General Fund is used to account for sources and uses of financial resources applicable to the general government operation of the City. All general operating revenues and expenditures that are not restricted and, therefore, accounted for in another fund, are recorded in the General Fund.

Debt Service Fund - The Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt other than debt issued for and serviced by Enterprise Funds.

Nonmajor Funds - Nonmajor Funds did not meet the established criteria for major fund status. They are used to account for the proceeds of specific revenue sources (other than capital projects) that are restricted to expenditures for special purposes. All Nonmajor Funds have been presented; however only certain sub-funds have legally adopted budgets. Nonmajor funds are:

- Court Technology Fund - Council-approved court fees committed for court technology expenditures.
- Confiscated Funds - Funds obtained through forfeiture provisions under federal laws and seized money from delivery of controlled substance in accordance with Public Health Laws, Title 71, Article 4476-15, Section 503. These restricted monies are to be used for training and other law enforcement activities.
- Police Education Fund - Funds received from the State of Texas restricted to law enforcement training expenditures.
- Child Safety Seat Fund - Funds received by donation committed to the purchase of child safety seats.
- Court Security Fund - Council-approved fee collected from defendants convicted of a misdemeanor offense by the municipal court committed to security devices and/or services for the municipal court.
- Reliever Route Funds - Sales tax funds committed to the repair and maintenance of the City's truck reliever route.
- Hotel Occupancy Tax - Funds received from a tax on local hotel/motels to used to attract tourist to Andrews in accordance with the Texas Hotel Occupancy Tax Act.

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**City of Andrews, Texas
General Fund
Comparative Balance Sheet
September 30, 2018 and 2017**

	2018	2017
ASSETS		
Cash and cash investments	\$ 1,538,997	\$ 269,553
Cash equivalent - Tex Pool/Tex Star investment	5,473,075	5,227,136
Investments - certificates of deposit	6,748,325	7,454,330
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	150,281	174,445
Sales taxes	632,103	553,030
Miscellaneous	15,598	46,975
Interest	18,880	15,496
Total Assets	\$ 14,577,259	\$ 13,740,965
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 297,854	\$ 394,286
Due to other funds	-	-
Other payables	189,801	159,873
Customer deposits	2,800	3,800
Unearned income - Ad valorem tax	145,281	169,445
Total Other Liabilities	635,736	727,404
Fund Balances		
Committed to Capital Improvement	\$ 6,738,798	5,999,783
Committed to Ambulance Services	105,152	89,756
Assigned to Pension Obligation	3,290,885	3,228,868
Assigned to Adult Education	100,259	87,797
Assigned to Litter Control	18,759	9
Assigned to Police Investigation	715	109
Unassigned	3,686,954	3,607,238
Total Fund Balance	13,941,522	13,013,560
Total Liabilities and Fund Balance	\$ 14,577,259	\$ 13,740,965

City of Andrews, Texas
General Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance
For the years ended September 30, 2018 and 2017

	2018	2017
REVENUES		
Taxes	\$ 5,926,665	\$ 5,250,876
Francise fees	650,398	704,419
License, permits, fees	64,746	48,494
Charges for services	64,365	71,063
Fines and court costs	371,939	389,126
Miscellaneous	684,486	544,024
Investment income	212,644	122,960
Intergovernmental revenue	1,382,947	1,276,451
Grant income	65,855	66,743
Contributions	-	750,000
Total Revenues	9,424,046	9,224,156
 EXPENDITURES		
Current:		
City Council / Legislative	101,194	101,599
City Manager / Administration	340,329	339,825
Finance	622,953	630,385
General Operations	504,133	463,453
Municipal court	193,606	200,204
Business technology center	180,394	161,116
Police	2,175,278	2,046,114
Ambulance	1,291,195	1,145,450
Animal control	179,380	139,017
Fire	286,797	223,340
Building Services (Permits, Inspections)	266,208	227,523
Street	937,878	703,067
Building & Grounds	274,826	223,825
Swimming pool	123,726	126,018
Capital outlay	1,018,189	1,297,355
Total Expenditures	8,496,084	8,028,290
 Excess (deficiency) of revenues over expenditures	927,962	1,195,866
 OTHER FINANCING SOURCES (USES)		
Transfers in:		
Non-Major Gov't Fund - Reliever Route	-	-
Transfers out:		
Non-Major Gov't Fund - Reliever Route	-	-
Sanitation Fund - Green Exchange	-	-
Sale of general capital assets	-	-
Total other financing sources (uses)	-	-
 Net change in fund balance	927,962	1,195,866
 Fund Balance - beginning	13,013,561	11,817,694
 Fund Balance (deficit) - ending	\$ 13,941,523	\$ 13,013,561

City of Andrews, Texas
General Fund
Schedule of Revenues - Budget and Actual
For the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Ad valorem				
Current	\$ 1,414,996	\$ 1,414,996	\$ 1,419,464	\$ 4,468
Penalty and interest	10,000	10,000	43,705	33,705
Total Ad valorem	<u>1,424,996</u>	<u>1,424,996</u>	<u>1,463,169</u>	<u>38,173</u>
Sales				
1% City sales	2,860,000	2,860,000	3,548,879	688,879
.25% Property reduction sales	715,000	715,000	887,220	172,220
Alcoholic beverage	2,000	2,000	1,849	(151)
Total Sales	<u>3,577,000</u>	<u>3,577,000</u>	<u>4,437,947</u>	<u>860,947</u>
Other taxes				
Hotel/Motel occupancy (net)	-	-	-	-
Payment in lieu of taxes	20,000	20,000	25,550	5,550
Total Other	<u>20,000</u>	<u>20,000</u>	<u>25,550</u>	<u>5,550</u>
FRANCHISE FEES				
Electrical	360,000	360,000	377,095	17,095
Telephone	115,000	115,000	176,554	61,554
Gas	100,000	100,000	36,172	(63,828)
Cable	130,000	130,000	60,577	(69,423)
Total Franchise fees	<u>705,000</u>	<u>705,000</u>	<u>650,398</u>	<u>(54,602)</u>
LICENSE, PERMITS, FEES				
Animal registration	3,750	3,750	14,512	10,762
Sanitarian	4,000	4,000	5,368	1,368
Zoning	2,000	2,000	3,440	1,440
Other	1,500	1,500	2,563	1,063
Building and inspection	20,500	20,500	26,673	6,173
Building use fees & adult ed. Fees	-	-	11,045	11,045
Peddler's	400	400	1,145	745
Total License and Permits	<u>32,150</u>	<u>32,150</u>	<u>64,746</u>	<u>32,596</u>
CHARGES FOR SERVICES				
Swimming pool fees	82,000	82,000	64,365	(17,635)
Total Charges for Services	<u>82,000</u>	<u>82,000</u>	<u>64,365</u>	<u>(17,635)</u>
FINES AND COURT COSTS				
State costs and fees	73,890	73,890	104,141	30,251
Fines	200,000	200,000	267,799	67,799
Total Fines and Forfeitures	<u>273,890</u>	<u>273,890</u>	<u>371,939</u>	<u>98,049</u>
MISCELLANEOUS				
Administrative services	527,194	527,194	581,045	53,851
Other	-	-	103,442	103,442
Total Miscellaneous	<u>527,194</u>	<u>527,194</u>	<u>684,486</u>	<u>157,292</u>
INVESTMENT INCOME				
Interest	123,811	124,141	212,644	88,503
Total Investment Income	<u>123,811</u>	<u>124,141</u>	<u>212,644</u>	<u>88,503</u>
INTER/INTRA-GOVERNMENTAL				
Andrews Economic Development Corp.	34,600	34,600	34,600	-
Andrews County	-	-	320	320
AISD - School Resource Officer	50,000	50,000	49,750	(250)
Andrews Hospital District ambulance	1,187,804	1,187,804	1,298,277	110,473
Total Inter/Intra-Governmental	<u>1,272,404</u>	<u>1,272,404</u>	<u>1,382,947</u>	<u>110,543</u>
GRANT INCOME				
A. E. D. C. - job training	50,000	50,000	50,000	-
Texas "J" Rac funds	-	-	15,855	15,855
Total Grant Income	<u>50,000</u>	<u>50,000</u>	<u>65,855</u>	<u>15,855</u>
Total Revenues	<u>\$ 8,088,445</u>	<u>\$ 8,088,775</u>	<u>\$ 9,424,046</u>	<u>\$ 1,335,271</u>

City of Andrews, Texas
General Fund
Schedule of Expenditures - Budget and Actual
For the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
City Council / Legislative				
Personal services	\$ 14,000	\$ 14,000	\$ 8,171	\$ 5,829
Supplies	3,475	3,475	27,990	(24,515)
Outside Services	-	-	973	(973)
Other Operating Expense	82,500	82,500	64,058	18,442
	<u>99,975</u>	<u>99,975</u>	<u>101,194</u>	<u>(1,218)</u>
City Manager / Administration				
Personal services	330,524	375,973	336,324	39,649
Supplies	750	750	1,239	(489)
Maintenance & Repairs	4,475	4,475	1,246	3,229
Outside Services	5,325	5,325	1,227	4,098
Other Operating Expense	-	-	292	(292)
	<u>341,074</u>	<u>386,523</u>	<u>340,329</u>	<u>46,194</u>
Finance				
Personal services	480,132	480,132	447,734	32,398
Supplies	13,000	13,000	10,229	2,771
Maintenance & Repairs	36,450	36,450	34,347	2,103
Outside Services	119,500	119,500	130,644	(11,144)
	<u>649,082</u>	<u>649,082</u>	<u>622,953</u>	<u>26,129</u>
General Operations				
Personal services	42,000	42,000	152,235	(110,235)
Supplies	9,650	9,650	8,443	1,207
Outside Services	328,617	328,617	342,764	(14,147)
Other Operating Expense	1,350	1,350	691	659
	<u>381,617</u>	<u>381,617</u>	<u>504,133</u>	<u>(122,516)</u>
Municipal Court				
Personal services	180,067	180,067	177,173	2,894
Supplies	4,650	4,650	4,798	(148)
Outside Services	11,800	11,800	11,636	164
	<u>196,517</u>	<u>196,517</u>	<u>193,606</u>	<u>2,911</u>
Business/Technology Center				
Personal services	75	75	-	75
Supplies	14,050	14,050	10,387	3,663
Maintenance & Repairs	10,000	10,000	32,306	(22,306)
Outside Services	122,658	122,658	137,702	(15,044)
	<u>146,783</u>	<u>146,783</u>	<u>180,394</u>	<u>(33,611)</u>
Police				
Personal services	1,697,967	1,689,967	1,811,673	(121,706)
Supplies	72,375	72,375	91,814	(19,439)
Maintenance & Repairs	74,572	74,572	74,661	(89)
Outside Services	191,911	191,911	193,514	(1,603)
Other Operating Expense	3,500	3,500	3,617	(117)
	<u>2,040,325</u>	<u>2,032,325</u>	<u>2,175,279</u>	<u>(142,954)</u>
Ambulance				
Personal services	977,377	977,377	1,012,693	(35,316)
Supplies	55,925	55,925	54,931	994
Maintenance & Repairs	30,600	30,600	62,781	(32,181)
Outside Services	97,017	97,017	91,810	5,207
Depreciation	68,679	68,679	68,679	-
	<u>1,229,598</u>	<u>1,229,598</u>	<u>1,290,895</u>	<u>(61,297)</u>

(Continued)

City of Andrews, Texas
General Fund
Schedule of Expenditures - Budget and Actual
For the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Animal Control				
Personal services	103,687	103,687	135,995	(32,308)
Supplies	6,935	6,935	9,549	(2,614)
Maintenance & Repairs	3,120	3,120	16,517	(13,397)
Outside Services	16,582	16,582	17,318	(736)
	<u>130,324</u>	<u>130,324</u>	<u>179,380</u>	<u>(49,056)</u>
Fire				
Personal services	100,220	100,220	103,547	(3,327)
Supplies	51,150	51,150	52,743	(1,593)
Maintenance & Repairs	54,000	54,000	92,208	(38,208)
Outside Services	35,686	35,686	38,299	(2,613)
	<u>241,056</u>	<u>241,056</u>	<u>286,797</u>	<u>(45,741)</u>
Building Services (Permits, Inspections)				
Personal services	213,188	213,188	187,645	25,543
Supplies	14,400	14,400	15,279	(879)
Maintenance & Repairs	14,790	14,790	13,201	1,589
Outside Services	17,827	17,827	22,681	(4,854)
Other Operating Expense	18,500	18,500	27,401	(8,901)
	<u>278,705</u>	<u>278,705</u>	<u>266,208</u>	<u>12,497</u>
Street				
Personal services	299,842	299,842	307,010	(7,168)
Supplies	15,400	15,400	21,078	(5,678)
Maintenance & Repairs	356,000	356,000	376,953	(20,953)
Outside Services	228,120	228,120	226,299	1,821
Other Operating Expense	6,838	6,838	6,838	0
	<u>906,200</u>	<u>906,200</u>	<u>938,178</u>	<u>(31,978)</u>
Building & Grounds				
Personal services	140,392	140,392	92,307	48,085
Supplies	10,550	10,550	13,789	(3,239)
Maintenance & Repairs	20,850	20,850	41,604	(20,754)
Outside Services	103,705	103,705	126,962	(23,257)
Other Operating Expense	-	-	164	(164)
	<u>275,497</u>	<u>275,497</u>	<u>274,826</u>	<u>671</u>
Swimming Pool				
Personal services	70,681	70,681	57,167	13,514
Supplies	40,765	40,765	34,769	5,996
Maintenance & Repairs	39,450	39,450	13,041	26,409
Outside Services	23,025	23,025	18,749	4,276
	<u>173,921</u>	<u>173,921</u>	<u>123,726</u>	<u>50,195</u>
Capital Expenditures	<u>508,155</u>	<u>1,174,908</u>	<u>1,018,189</u>	<u>156,719</u>
Total Expenditures	<u><u>7,598,829</u></u>	<u><u>8,303,031</u></u>	<u><u>8,496,085</u></u>	<u><u>(193,053)</u></u>

City of Andrews, Texas
Debt Service Fund
Comparative Balance Sheet
September 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash investments	\$ -	\$ -
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	127,485	127,485
Total Assets	\$ 127,485	\$ 127,485
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ -
Total Other Liabilities	\$ -	\$ -
 Fund Balances		
Committed to Debt Service	\$ 127,485	\$ 127,485
Total Fund Balance	\$ 127,485	\$ 127,485
Total Liabilities and Fund Balance	\$ 127,485	\$ 127,485

City of Andrews, Texas
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the year ended September 30, 2018

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES:			
Debt service:			
Principal	310,000	270,000	40,000
Interest	507,773	443,940	63,833
Total Expenditures	817,773	713,940	103,833
Excess (deficiency) of revenues over expenditures	(817,773)	(713,940)	103,833
OTHER FINANCING SOURCES (USES)			
Transfers in			
Reliever Route Maintenance Fund	505,673	401,840	(103,833)
Loop 1910 Repair Fund	312,100	312,100	-
Transfers out	-	-	-
Total other financing sources and uses	817,773	713,940	(103,833)
Net change in fund balance	-	-	-
Fund balances - beginning of year	207,799	127,485	(80,314)
Fund balances - end of year	\$ 207,799	\$ 127,485	\$ (80,314)

City of Andrews, Texas
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2018

	Court Technology	Confiscated Funds	Special Revenue Funds					Reliever Route	Hotel Tax	Total Other Governmental Funds
			Law Enforcement Education	Child Safety Seat	Court Security	Court Security	Court Security			
Cash and cash equivalents	\$ 5,482	\$ 2,705	\$ 10,167	\$ 511	\$ 30,665	\$ 404,046	\$ 386,116	\$ 404,046	\$ 839,694	
Total Assets	<u>5,482</u>	<u>2,705</u>	<u>10,167</u>	<u>511</u>	<u>30,665</u>	<u>404,046</u>	<u>386,116</u>	<u>404,046</u>	<u>839,694</u>	
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	2,024	-	-	-	-	191,237	5,862	191,237	199,123	
Due to other funds	-	-	-	-	-	-	127,485	-	127,485	
Total Liabilities	<u>2,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,237</u>	<u>133,347</u>	<u>191,237</u>	<u>326,608</u>	
Fund Balances										
Restricted	-	2,705	10,167	-	-	-	-	212,809	225,682	
Committed	3,458	-	-	511	30,665	-	252,769	-	287,404	
Total Fund Balance	<u>3,458</u>	<u>2,705</u>	<u>10,167</u>	<u>511</u>	<u>30,665</u>	<u>212,809</u>	<u>252,769</u>	<u>212,809</u>	<u>513,086</u>	
Total Liabilities and Fund Balances	<u>\$ 5,482</u>	<u>\$ 2,705</u>	<u>\$ 10,167</u>	<u>\$ 511</u>	<u>\$ 30,665</u>	<u>\$ 404,046</u>	<u>\$ 386,116</u>	<u>\$ 404,046</u>	<u>\$ 839,694</u>	

City of Andrews, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended September 30, 2018

	Special Revenue Funds									
	Court Technology	Confiscated Funds	Law Enforcement Education	Child Safety Seat	Court Security	Reliever Route	Hotel Tax	Total Other Governmental Funds		
REVENUES:										
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 887,220	\$ 564,046	\$ 1,451,266		
Investment Income	116	13	151	4	245	5,382	-	5,911		
Intergovernmental Revenue	-	-	-	-	-	-	-	-		
Fines and Forfeitures	10,988	624	-	-	8,210	-	-	19,821		
Grant Income	-	-	1,727	-	-	-	-	1,727		
Contributions	-	-	-	-	-	-	-	-		
Total revenues	<u>11,103</u>	<u>636</u>	<u>1,877</u>	<u>4</u>	<u>8,455</u>	<u>892,602</u>	<u>564,046</u>	<u>1,478,725</u>		
EXPENDITURES:										
Current:										
General government	25,197	-	-	106	-	-	-	25,303		
Public safety	-	3,070	2,484	-	-	-	-	5,554		
Street	-	-	-	-	-	37,906	-	37,906		
Culture-recreation	-	-	-	-	-	-	351,237	351,237		
Debt Service	-	-	-	-	-	-	-	-		
Capital outlay	-	-	-	-	-	-	-	-		
Total expenditures	<u>25,197</u>	<u>3,070</u>	<u>2,484</u>	<u>106</u>	<u>-</u>	<u>37,906</u>	<u>351,237</u>	<u>420,000</u>		
Excess (deficiency) of revenues over expenditures	(14,094)	(2,434)	(607)	(102)	8,455	854,696	212,809	1,058,725		
Transfer in/(out) - General Fund	-	-	-	-	-	(713,940)	-	(713,940)		
Fund balances - beginning of year	17,552	5,139	10,774	613	22,210	112,013	-	168,301		
Prior Period Adjustment	-	-	-	-	-	-	-	-		
Fund balances - end of year	<u>\$ 3,458</u>	<u>\$ 2,705</u>	<u>\$ 10,167</u>	<u>\$ 511</u>	<u>\$ 30,665</u>	<u>\$ 252,769</u>	<u>\$ 212,809</u>	<u>\$ 513,086</u>		

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**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

PROPRIETARY FUNDS

These supplementary statements and schedules are included to provide management additional information for financial analysis.

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City of Andrews, Texas
Water and Sewer Fund
Comparative Statements of Net Position
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,078,924	\$ 1,977,030
Investment - treasury securities/certificate of dep.	269,990	367,528
Interest receivable	133	54
Accounts receivable	429,756	398,739
Due from other funds	-	-
Inventories	141,796	137,786
Prepaid costs	1,627	335
Total Current Assets	2,922,225	2,881,473
Capital Assets		
Land	1,555,631	1,555,631
Buildings	3,875,502	3,852,233
Equipment	1,135,503	1,091,909
Infrastructure	28,335,395	26,742,785
Accumulated depreciation	(14,494,426)	(13,526,937)
Total Capital Assets Net of Accum Depr	20,407,606	19,715,621
Total Assets	23,329,830	22,597,094
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience	-	-
Difference between projected and actual earnings	144,828	186,908
Difference due to changes in actuarial assumptions	6,150	6,150
Deferred pension contributions	68,648	68,648
Total Deferred Outflows	219,627	261,707
LIABILITIES		
Current Liabilities		
Accounts payable	178,410	140,032
Accrued liabilities	618	-
Customer deposits	278,670	257,642
Accrued compensated absences	1,000	1,000
Total Current Liabilities	458,698	398,674
Other Liabilities		
Accrued compensated absences	96,044	84,186
Accrued pension obligation	509,002	708,524
Total Other Liabilities	605,046	792,710
Total Liabilities	1,063,744	1,191,384
DEFERRED INFLOWS		
Pension Related:		
Difference between expected and actual experience	189,079	4,178
Total Deferred Inflows	189,079	4,178
NET POSITION		
Invested in capital, net of related debt	20,407,606	19,715,621
Unrestricted	1,889,029	1,947,617
Total Net Position	\$ 22,296,634	\$ 21,663,238

City of Andrews, Texas
Water and Sewer Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the years ended September 30, 2018 and 2017

	2018	2017
Operating Revenues		
Charges for services		
Water	\$ 3,326,892	\$ 2,998,152
Sewer	1,008,140	990,094
Other	152,213	137,049
Total Operating Revenues	4,487,245	4,125,295
Operating Expenses		
Personal services	970,298	978,094
Supplies	520,087	712,778
Maintenance & Repairs	456,481	347,845
Outside Services	868,886	738,393
Other Operating Expense	314,874	311,593
Depreciation	972,834	942,140
Total Operating Expenses	4,103,460	4,030,843
Operating Income (Loss)	383,784	94,452
Nonoperating Revenues (Expenses)		
Investment income	30,792	17,045
Gain/(Loss) on disposal of capital assets	5,100	1,000
Grant income		
Rent	32,851	28,656
Surface Damages / Water Disposal	180,869	189,712
Voluntary non-exchange-developer contribution	-	-
Total Nonoperating Revenue	249,612	236,413
Income before capital contributions and transfers	633,396	330,865
Capital contributions	-	3,850
Transfers in	-	-
Change in Net Position	633,396	334,715
Net Position, beginning	21,663,238	21,328,522
Prior Period Adjustment	-	-
Net Position, ending	\$ 22,296,634	\$ 21,663,238

City of Andrews, Texas
Water and Sewer Fund
Comparative Statements of Cash Flows
For the years ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customer	\$ 4,477,255	\$ 4,028,972
Other operating cash receipts	(79)	-
Cash payments to suppliers for goods and services	(1,829,891)	(1,783,219)
Cash payments to employees for services	(930,363)	(925,070)
Cash payments to other funds for services	(297,360)	(279,226)
Net cash provided (used) by operating activities	1,419,562	1,041,456
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant income for operating activities	-	-
Net cash provided by non-capital and related financing activities	-	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,664,818)	(2,077,700)
Cash transfer from General Fund and/or AEDC for Capital Projects	-	-
Grant income for capital activities	-	3,850
Proceeds from sale of salvage	5,100	1,000
Income from Surface Damage and Salt Water Disposal on City Property	180,869	189,712
Rental income from Utility Fund Assets	32,851	28,656
Net cash provided (used) by capital and related financing activities	(1,445,998)	(1,854,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	30,792	17,045
Purchase of treasury securities/certificate of deposit	97,539	(2,131)
Net cash provided (used) by investing activities	128,330	14,914
Net increase (decrease) in cash and cash equivalents	101,894	(798,111)
Cash and cash equivalents, beginning	1,977,030	2,775,140
Cash and cash equivalents, ending	\$ 2,078,924	\$ 1,977,030
Reconciliation of income from operations to net cash provided by (used for) operating activities		
Operating Income (Loss)	\$ 383,784	\$ 94,452
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	972,834	942,140
Provision for doubtful accounts	1,607	4,713
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(32,624)	(109,148)
Decrease (increase) in interest receivable	(79)	-
Decrease (increase) in inventory	(4,009)	3,059
Decrease (increase) in prepaid costs	(1,292)	431
Decrease (increase) in deferred outflows of resources for pensions	42,080	(4,911)
Increase (decrease) in accounts payable	38,378	44,674
Increase (decrease) in other payables	618	(5,235)
Increase (decrease) in compensated absences	11,857	(6,516)
Increase (decrease) in pension obligation	(199,521)	69,565
Increase (decrease) in customer deposits	21,028	8,113
Increase (decrease) in deferred outflows of resources for pensions	184,900	121
Net cash provided (used) by operating activities	\$ 1,419,562	\$ 1,041,456

City of Andrews, Texas
Water and Sewer Fund
Schedule of Operating and Nonoperating Revenues - Budget and Actual
For the year ended September 30, 2018

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
OPERATING REVENUE - WATER					
Water sales	\$ 2,850,350	\$ 2,850,350	\$ 3,110,383	\$ 260,033	\$ 2,342,742
Water tapping fees	19,000	19,000	18,640	(360)	18,421
Water pro rata	-	-	-	-	-
Total Operating Revenues - Water	<u>2,869,350</u>	<u>2,869,350</u>	<u>3,129,023</u>	<u>259,673</u>	<u>2,361,163</u>
OPERATING REVENUE - SEWER					
Sewer rentals	945,000	945,000	966,044	21,044	946,624
Sewer tapping fees	12,000	12,000	14,990	2,990	13,500
Septic tank waste disposal	20,000	20,000	25,106	5,106	22,960
Reclaimed water	2,000	2,000	2,000	-	2,000
Total Operating Revenues - Sewer	<u>979,000</u>	<u>979,000</u>	<u>1,008,140</u>	<u>29,140</u>	<u>991,459</u>
OPERATING REVENUE - OTHER					
Miscellaneous	3,000	3,000	21,664	18,664	11,818
Water capital impr surcharge	180,000	180,000	197,869	17,869	178,977
Service fees	125,000	125,000	130,549	5,549	137,378
Total Operating Revenues - Other	<u>308,000</u>	<u>308,000</u>	<u>350,082</u>	<u>42,082</u>	<u>328,174</u>
 Total Operating Revenues	 <u>4,156,350</u>	 <u>4,156,350</u>	 <u>4,487,245</u>	 <u>330,895</u>	 <u>3,680,795</u>
NON-OPERATING REVENUE					
Investment income	13,195	13,195	30,792	17,597	12,310
Gain on sale of assets	-	-	5,100	5,100	-
Grant income	-	-	-	-	214,358
Rent	20,513	20,513	49,851	29,338	22,395
Surface Damage and Water Disposal	130,000	130,000	163,869	33,869	199,690
Total Non-Operating Revenues	<u>163,708</u>	<u>163,708</u>	<u>249,612</u>	<u>85,904</u>	<u>448,753</u>
 Total Revenues	 <u>\$ 4,320,058</u>	 <u>\$ 4,320,058</u>	 <u>\$ 4,736,857</u>	 <u>\$ 416,799</u>	 <u>\$ 4,129,548</u>

City of Andrews, Texas
Water and Sewer Fund
Schedule of Operating Expenses - Budget and Actual
For the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General Operations				
Outside Services	\$ 1,500	\$ 1,500	\$ 1,578	\$ (78)
Other Operating Expense	280,147	280,147	314,874	(34,727)
	<u>281,647</u>	<u>281,647</u>	<u>316,452</u>	<u>(34,805)</u>
Warehouse Building				
Personal services	-	-	-	-
Supplies	4,800	4,800	8,315	(3,515)
Maintenance & Repairs	11,000	11,000	16,009	(5,009)
Outside Services	11,550	11,550	12,442	(892)
	<u>27,350</u>	<u>27,350</u>	<u>36,765</u>	<u>(9,415)</u>
Water Production				
Personal services	219,303	219,303	232,764	(13,461)
Supplies	482,900	482,900	405,932	76,968
Maintenance & Repairs	97,200	97,200	203,539	(106,339)
Outside Services	708,000	708,000	708,888	(888)
	<u>1,507,403</u>	<u>1,507,403</u>	<u>1,551,123</u>	<u>(43,720)</u>
Water Distribution				
Personal services	429,226	429,226	433,388	(4,162)
Supplies	56,100	56,100	69,803	(13,703)
Maintenance & Repairs	108,100	108,100	123,279	(15,179)
Outside Services	40,550	40,550	29,487	11,063
	<u>633,976</u>	<u>633,976</u>	<u>655,957</u>	<u>(21,981)</u>
Wastewater (Sewer) Collection				
Personal services	129,467	129,467	143,713	(14,246)
Supplies	10,600	10,600	9,024	1,576
Maintenance & Repairs	26,000	26,000	45,162	(19,162)
Outside Services	15,800	15,800	18,753	(2,953)
	<u>181,867</u>	<u>181,867</u>	<u>216,652</u>	<u>(34,785)</u>
Wastewater (Sewer) Treatment				
Personal services	146,203	146,203	160,434	(14,231)
Supplies	16,475	16,475	27,013	(10,538)
Maintenance & Repairs	53,100	53,100	68,492	(15,392)
Outside Services	93,500	93,500	97,738	(4,238)
	<u>309,278</u>	<u>309,278</u>	<u>353,677</u>	<u>(44,399)</u>
Depreciation	<u>1,017,010</u>	<u>1,017,010</u>	<u>972,834</u>	<u>44,176</u>
Total Operating Expenses	<u><u>\$ 3,958,531</u></u>	<u><u>\$ 3,958,531</u></u>	<u><u>\$ 4,103,460</u></u>	<u><u>\$ (144,929)</u></u>

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Net Position
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,282,767	\$ 1,231,534
Investment - treasury securities/cert. of deposit	1,277,990	1,221,528
Interest receivable	2,996	2,120
Accounts receivable	182,859	158,913
Total Current Assets	2,746,612	2,614,095
Capital Assets:		
Land	28,317	28,317
Buildings	57,939	57,939
Equipment	2,738,724	2,646,983
Accumulated depreciation	(1,317,104)	(1,101,751)
Total Capital Assets Net of Accum Depr	1,507,876	1,631,488
Total Assets	4,254,488	4,245,584
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience	-	-
Difference between projected and actual earnings	120,092	154,424
Difference due to changes in actuarial assumptions	5,018	5,018
Deferred pension contributions	60,767	60,767
Total Deferred Outflows	185,877	220,209
LIABILITIES		
Current Liabilities:		
Accounts payable	36,945	63,484
Accrued liabilities	712	299
Sales tax payable	13,061	11,502
Customer deposits	4,700	4,700
Accrued compensated absences	1,000	1,000
Total Current Liabilities	56,418	80,986
Other Liabilities:		
Accrued compensated absences	67,568	65,545
Accrued pension obligation	414,285	577,071
Landfill closure costs	779,346	756,272
Total Other Liabilities	1,261,198	1,398,888
Total Liabilities	1,317,617	1,479,874
DEFERRED INFLOWS		
Pension Related:		
Difference between expected and actual experience	152,602	1,744
Total Deferred Inflows	152,602	1,744
NET POSITION		
Invested in capital, net of related debt	1,507,876	1,631,488
Restricted	779,346	756,272
Unrestricted	682,924	596,414
Total Net Position	\$ 2,970,146	\$ 2,984,174

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the years ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Sanitation	1,797,000	1,755,029
Total Operating Revenues	<u>1,797,000</u>	<u>1,755,038</u>
Operating Expenses		
Personal services	837,865	844,215
Supplies	101,710	91,427
Maintenance & Repairs	193,046	154,678
Outside Services	160,671	213,008
Other Operating Expense	304,259	297,400
Landfill closure	23,074	59,998
Depreciation	228,003	204,758
Total Operating Expenses	<u>1,848,628</u>	<u>1,865,484</u>
Income from Operations	<u>(51,628)</u>	<u>(110,446)</u>
Nonoperating Revenues (Expenses)		
Investment income	36,109	19,775
Gain (Loss) on sales/retirement of capital assets	1,499	(10,937)
Total Nonoperating Revenue	<u>37,608</u>	<u>8,837</u>
Income before capital contributions and transfers	<u>(14,019)</u>	<u>(101,609)</u>
Capital contributions	-	-
Transfers in	<u>-</u>	<u>-</u>
Change in Net Position	(14,019)	(101,609)
Net Position, beginning	2,984,174	3,085,783
Prior Period Adjustment	<u>(9)</u>	<u>-</u>
Net Position, ending	<u>\$ 2,970,146</u>	<u>\$ 2,984,174</u>

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Cash Flows
For the years ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customer	\$ 1,773,054	\$ 1,762,692
Other operating cash receipts	(875)	(82)
Cash payments to suppliers for goods and services	(480,469)	(461,373)
Cash payments to employees for services	(813,035)	(799,898)
Cash payments to other funds for services	(304,197)	(277,176)
Net cash provided (used) by operating activities	174,477	224,163
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant income for operating activities	-	-
Green exchange contributions from General Fund	-	-
Net cash provided by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(104,400)	(378,439)
Proceeds from sale of capital assets	1,499	2,063
Net cash provided (used) by capital and related financing activities	(102,901)	(376,376)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	36,109	19,775
Purchase of treasury securities/certificate of deposit	(56,461)	138,872
Net cash provided (used) by investing activities	(20,353)	158,646
Net increase (decrease) in cash and cash equivalents	51,224	6,433
Cash and cash equivalents, beginning	1,231,534	1,225,101
Cash and cash equivalents, ending	\$ 1,282,758	\$ 1,231,534
Reconciliation of income from operations to net cash provided by (used for) operating activities		
Operating Income (Loss)	\$ (51,628)	\$ (110,446)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	228,003	204,758
Landfill closure costs	23,074	59,998
Prior Period Adjustment	(9)	-
Change in assets, deferred outflows/inflows, and liabilities:		
Decrease (increase) in accounts receivable	(23,946) x	7,654
Decrease (increase) in interest receivable	(875) x	(82)
Decrease (increase) in due from other funds	-	-
Decrease (increase) in deferred outflows of resources for pensions	34,332	(4,007)
Increase (decrease) in accounts payable	(26,539) x	17,486
Increase (decrease) in accrued liabilities	413	(3,118)
Increase (decrease) in sales taxes payable	1,559 x	178
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	2,023	(5,414)
Increase (decrease) in pension obligation	(162,787)	56,757
Increase (decrease) in customer deposits	- x	300
Increase (decrease) in deferred inflows of resources for pensions	150,858	99
Net cash provided (used) by operating activities	\$ 174,477	\$ 224,163

City of Andrews, Texas
Sanitation Fund
Schedule of Revenues - Budget and Actual
For the year ended September 30, 2018

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUE				
Sanitation collection	\$ 1,015,000	\$ 1,015,000	\$ 1,039,327	\$ 24,327
Municipal landfill	660,000	660,000	673,450	13,450
Public hauling-type I	5,000	5,000	8,370	3,370
Public hauling-type IV	75,000	75,000	74,587	(413)
Recycling sales	2,350	2,350	1,698	(652)
Miscellaneous	3,500	3,500	(431)	(3,931)
Total Operating Revenues	<u>1,760,850</u>	<u>1,760,850</u>	<u>1,797,000</u>	<u>36,150</u>
NON-OPERATING REVENUE				
Investment income	20,208	20,208	36,109	15,901
Grant income	-	-	-	-
Gain on sale/disposition of assets	-	-	1,499	1,499
Total Non-operating Revenue	<u>20,208</u>	<u>20,208</u>	<u>37,608</u>	<u>17,400</u>
Total Revenues	<u><u>\$ 1,781,058</u></u>	<u><u>\$ 1,781,058</u></u>	<u><u>\$ 1,834,608</u></u>	<u><u>\$ 53,550</u></u>

City of Andrews, Texas
Sanitation Fund
Schedule of Operating & Non-Operating Expenses - Budget and Actual
For the year ended September 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget	Actual
	Original	Final			
OPERATING EXPENSE					
General Operations					
Other Operating Expense	\$ 280,684	\$ 280,684	\$ 304,197	\$ (23,513)	\$ 278,398
	<u>280,684</u>	<u>280,684</u>	<u>304,197</u>	<u>(23,513)</u>	<u>278,398</u>
Sanitation Collection					
Personal services	390,033	390,033	406,644	(16,611)	372,479
Supplies	64,700	64,700	71,937	(7,237)	70,664
Maintenance & Repairs	70,000	70,000	165,560	(95,560)	
Outside Services	722	722	376	346	1,727
Other Operating Expense	150	150	62	88	
	<u>525,605</u>	<u>525,605</u>	<u>644,578</u>	<u>(118,973)</u>	<u>517,022</u>
Sanitation Bulk					
Personal services	167,822	167,822	194,849	(27,027)	196,200
Supplies	10,500	10,500	5,453	5,047	11,301
Maintenance & Repairs	11,600	11,600	10,574	1,026	65,096
Outside Services	30,500	30,500	401	30,099	3,073
Other Operating Expense	-	-	-	-	12,234
	<u>220,422</u>	<u>220,422</u>	<u>211,277</u>	<u>9,145</u>	<u>287,903</u>
Landfill					
Personal services	224,828	224,828	236,373	(11,545)	196,038
Supplies	16,850	16,850	24,319	(7,469)	18,766
Maintenance & Repairs	10,300	10,300	16,913	(6,613)	243,935
Outside Services	202,803	202,803	159,894	42,909	1,796
Other Operating Expense	-	-	-	-	28,182
	<u>454,781</u>	<u>454,781</u>	<u>437,499</u>	<u>17,282</u>	<u>488,716</u>
Landfill closure	30,000	30,000	23,074	6,926	31,856
Depreciation	233,824	233,824	228,003	5,821	216,448
	<u>263,824</u>	<u>263,824</u>	<u>251,077</u>	<u>12,747</u>	<u>248,304</u>
 Total Operating Expenses	 <u>\$ 1,745,316</u>	 <u>\$ 1,745,316</u>	 <u>\$ 1,848,628</u>	 <u>\$ (103,312)</u>	 <u>\$ 1,820,343</u>
NON-OPERATING EXPENSE					
Loss on Disposal of Assets	\$ -	\$ -	\$ -	-	\$ -
Total Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Total Expenses	 <u>\$ 1,745,316</u>	 <u>\$ 1,745,316</u>	 <u>\$ 1,848,628</u>	 <u>\$ (103,312)</u>	 <u>\$ 1,820,343</u>

COMBINING FINANCIAL STATEMENT AGENCY FUNDS

Agency funds are used to report resources held by the City in a purely custodial capacity (assets = liabilities).

ESCROW FUND - To account for funds deposited with the city by developers for curb and gutter, paving, and water and sewer extensions. At the time the improvements are made, it is paid for by the developer and the deposit refunded.

EMPLOYEE CHRISTMAS FUND - To account for funds withheld by the City from participating employees each pay period to enable the employees to save for Christmas. Funds are disbursed to employees enrolled in the plan on or about December 1 each year.

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**City of Andrews, Texas
Agency Funds
Combining Statement of Net Position
September 30, 2017**

	Escrow Fund	Employee Christmas Fund	Total
ASSETS			
Cash and cash equivalents	\$ 15,572	\$ 95,025	\$ 110,597
Total Assets	15,572	95,025	\$ 110,597
 LIABILITIES			
Deposits held for others	15,572	95,025	110,597
Total Liabilities	\$ 15,572	\$ 95,025	\$ 110,597
 NET POSITION	-	-	-

City of Andrews, Texas
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2018

	Balance Oct. 1 2017	Additions	Deductions	Balance Sept. 30 2018
ESCROW FUND				
Assets				
Cash and cash equivalents	\$ 15,572	\$ -	\$ -	\$ 15,572
	<u>15,572</u>	<u>-</u>	<u>-</u>	<u>15,572</u>
Liabilities				
Deposits held for others	15,572	\$ -	-	15,572
	<u>\$ 15,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,572</u>
 EMPLOYEE CHRISTMAS FUND				
Assets				
Cash and cash equivalents	\$ 94,800	\$ 114,886	\$ 114,661	\$ 95,025
	<u>94,800</u>	<u>114,886</u>	<u>114,661</u>	<u>95,025</u>
Liabilities				
Deposits held for others	94,800	114,886	114,661	95,025
	<u>\$ 94,800</u>	<u>\$ 114,886</u>	<u>\$ 114,661</u>	<u>\$ 95,025</u>
 TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 110,372	\$ 114,886	\$ 114,661	\$ 110,597
	<u>110,372</u>	<u>114,886</u>	<u>114,661</u>	<u>110,597</u>
Liabilities				
Deposits held for others	110,372	114,886	114,661	110,597
	<u>\$ 110,372</u>	<u>\$ 114,886</u>	<u>\$ 114,661</u>	<u>\$ 110,597</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

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City of Andrews, Texas
Capital Assets used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2018 and 2017

	2018	2017
Governmental Fund Capital Assets		
Land	\$ 1,247,911	\$ 1,234,637
Buildings	7,708,755	7,708,755
Improvements other than buildings	7,845,988	7,268,074
Machinery and equipment	5,267,431	4,987,411
Infrastructure	31,382,706	31,371,692
Total Governmental Funds Capital Assets	53,452,792	52,570,570
 Investments in Governmental Funds		
Capital Assets by Source		
General fund	33,384,706	32,515,758
Donations	5,405,679	5,392,405
Subdividers	1,267,406	1,267,406
General obligation bonds	13,395,000	13,395,000
	\$ 53,452,792	\$ 52,570,570

City of Andrews, Texas
Capital Assets used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2018

Function and Activity	Total	Land	Building	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
General Government:						
City Hall - City Mgr., Finance, Court Business/Technology Center	\$ 1,153,941 4,207,289	\$ 151,666 409,978	\$ 541,216 3,351,066	\$ 127,068 -	\$ - -	\$ 333,992 446,245
Total General Government	<u>5,361,231</u>	<u>561,644</u>	<u>3,892,282</u>	<u>127,068</u>	<u>-</u>	<u>780,236</u>
Public Safety:						
Police protection	2,337,833	146,741	720,611	-	-	1,470,481
Emergency medical services	1,666,930	-	350,690	-	-	1,316,239
Animal pound	183,370	-	131,287	-	-	52,083
Fire protection	3,357,234	25,296	2,490,021	65,104	-	776,813
Total Public Safety	<u>7,545,367</u>	<u>172,037</u>	<u>3,692,609</u>	<u>65,104</u>	<u>-</u>	<u>3,615,617</u>
Streets and storm drainage Inspection Recreation and parks	35,721,090 134,892 4,690,212	484,349 - 29,881	- - 123,864	3,143,135 - 4,510,681	31,382,706 - -	710,900 134,892 25,786
Total Governmental Funds Capital Assets	<u>\$ 53,452,792</u>	<u>\$ 1,247,911</u>	<u>\$ 7,708,755</u>	<u>\$ 7,845,988</u>	<u>\$ 31,382,706</u>	<u>\$ 5,267,431</u>

City of Andrews, Texas
Capital Assets used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the year ended September 30, 2018

Function and Activity	Governmental Funds Capital Assets 2017	Additions	Deductions	Governmental Funds Capital Assets 2018
General Government				
City Hall - City Mgr., Finance, Court	\$ 1,098,874	\$ 55,067		\$ 1,153,941
Business/Technology Center	4,206,289	1,000		4,207,289
Total General Government	<u>5,305,163</u>	<u>56,067</u>	<u>-</u>	<u>5,361,231</u>
Public Safety				
Police protection	2,165,175	293,282	120,624	2,337,833
Emergency medical services	1,666,930			1,666,930
Animal pound	183,370			183,370
Fire protection	3,353,234	4,000		3,357,234
Total Public Safety	<u>7,368,709</u>	<u>297,282</u>	<u>120,624</u>	<u>7,545,367</u>
Streets and storm drainage	35,634,043	95,477	8,430	35,721,090
Inspection	134,892		-	134,892
Recreation and parks	4,127,762	577,943	15,493	4,690,212
Total Governmental Funds Capital Assets	<u>\$ 52,570,570</u>	<u>\$ 1,026,769</u>	<u>\$ 144,547</u>	<u>\$ 53,452,792</u>

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**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

ANDREWS ECONOMIC DEVELOPMENT CORPORATION

Component Unit
(Discretely Presented)

Andrews Economic Development Corporation is a 501(C)(3) non-profit industrial development corporation whose five member Board of Directors is appointed by the City Council. The Corporation's purpose is to promote and develop industrial and manufacturing enterprises in order to eliminate unemployment and underemployment and promote the public welfare for and in behalf of the City as authorized by Section 4A of of Article 5190.6, TX Rev. Statue Ann. Funding is derived from a 1/2% sales tax approved by voters in May, 2005.

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City of Andrews, Texas
Andrews Economic Development Corporation
Comparative Statements of Net Position
September 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,147,408	\$ 4,850,921
Sales tax receivable	158,026	138,257
Miscellaneous receivable	-	102,163
Total Current Assets	6,305,434	5,091,342
Capital Assets		
Land	442,331	448,184
Improvements other than Buildings	731,917	731,917
Furniture & Fixtures	9,317	11,371
Accumulated depreciation	(123,227)	(95,594)
Total Capital Assets Net of Accum. Depr.	1,060,339	1,095,877
Total Assets	7,365,772	6,187,219
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience	7,100	5,573
Difference between projected and actual earnings	4,713	9,125
Difference due to changes in actuarial assumptions	422	422
Deferred pension contributions	5,086	5,086
Total Deferred Outflows	17,321	20,206
LIABILITIES		
Current Liabilities:		
Accounts payable	14,442	9,126
Other payables	4,711	3,501
Compensated absences payable	-	395
Pension obligation payable	34,727	48,404
Total Current Liabilities	53,880	61,426
DEFERRED INFLOWS		
Pension Related:		
Difference between projected and actual earnings	14,559	1,884
Difference between expected and actual experience	-	-
Total Deferred Inflows	14,559	1,884
NET POSITION		
Net investment in capital assets	1,060,339	1,095,877
Restricted	-	-
Unrestricted	6,254,316	5,048,237
Total Net Position	\$ 7,314,655	\$ 6,144,114

City of Andrews, Texas
Andrews Economic Development Corporation
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the years ended September 30, 2018 and 2017

	2018	2017
Support and revenues		
Economic development sales tax	\$ 1,774,439	\$ 1,514,433
Interest income	77,532	31,302
Miscellaneous	99,012	1,250
Total support and revenues	1,950,983	1,546,985
 Expenses		
Personal services	157,484	152,044
Supplies	3,292	1,465
Maintenance & Repairs	108	-
Outside Services	135,139	107,178
Other Operating Expense	12,266	11,584
Incentives	160,000	60,000
Business Park Maintenance	207,467	98,408
Contributions to City	75,000	75,000
Depreciation	29,687	21,514
Total Expenses	780,442	527,192
 Transfers	-	-
 Increase in Net Position	1,170,541	1,019,793
 Net Position, beginning	6,144,114	5,124,321
Prior Period Adjustment	-	-
 Net Position, ending	\$ 7,314,655	\$ 6,144,114

City of Andrews, Texas
Andrews Economic Development Corporation
Comparative Statements of Cash Flows
For the years ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from sales tax	\$ 1,754,671	\$ 1,450,227
Other operating cash receipts	278,706	(69,411)
Cash payments to suppliers for goods and services	(511,745)	(383,310)
Cash payments to employees for services	(155,997)	(151,893)
Cash payments for other funds	(75,000)	(75,000)
Net cash provided (used) by operating activities	1,290,635	770,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(204,326)
Assets transferred to City	-	-
Land incentives from Business Parks	(5,852)	-
Net cash provided (used) by capital and related financing activities	(5,852)	(204,326)
Net increase (decrease) in cash and cash equivalents	1,284,783	566,287
Cash and cash equivalents, beginning	4,850,921	4,284,635
Cash and cash equivalents, ending	\$ 6,135,704	\$ 4,850,921
Reconciliation of income from operations to net cash provided (used) by operating activities		
Increase in Net Position	\$ 1,170,541	\$ 1,019,793
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	29,687	21,514
Change in assets and liabilities:		
Decrease (increase) in sales tax receivable	(19,768)	(64,206)
Decrease (increase) in misc receivable	102,163	(101,963)
Decrease (increase) in deferred outflows of resources for pensions	2,885	(192)
Increase (decrease) in accounts payable	5,316	(105,408)
Increase (decrease) in other payables	1,210	732
Increase (decrease) in compensated absences	(395)	(4,290)
Increase (decrease) in pension obligation	(13,677)	4,769
Increase (decrease) in deferred inflows of resources for pension	12,675	(137)
Net cash provided (used) by operating activities	\$ 1,290,635	\$ 770,613

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UNAUDITED STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	129-132
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and sales tax.</i>	133-139
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	140-143
Demographic & Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	144-145
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	146-148

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

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CITY OF ANDREWS, TEXAS
Net Position by Component
2009-2018
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 10,189,332	\$ 10,076,362	\$ 10,036,646	\$ 17,801,675	\$ 19,138,104	\$ 23,511,846	\$ 24,496,304	\$ 29,797,572	\$ 29,346,908	\$ 28,205,202
Restricted	-	-	37,983	40,705	19,988	12,088	10,982	153,694	143,398	353,167
Unrestricted	12,322,024	12,801,670	14,435,790	11,028,253	14,496,468	15,569,744	14,640,177	9,889,769	10,855,317	11,906,453
Total governmental activities net position	22,511,356	22,878,032	24,510,419	28,870,634	33,654,540	39,093,679	39,147,463	39,841,035	40,345,623	40,464,823
Business-type activities										
Net investment in capital assets	9,101,439	10,614,333	10,270,670	10,494,928	10,988,113	13,072,308	18,722,336	20,050,869	21,347,109	21,915,482
Restricted	-	-	567,401	616,641	641,037	653,151	685,007	696,274	756,272	779,346
Unrestricted	6,874,029	5,595,378	5,957,971	6,422,507	6,887,643	8,237,216	4,411,228	3,667,163	2,544,031	2,571,953
Total business-type activities net position	15,975,468	16,209,711	16,796,042	17,534,076	18,516,793	21,962,675	23,818,570	24,414,306	24,647,412	25,266,780
Primary government:										
Net investment in capital assets	19,290,771	20,690,695	20,307,316	28,296,603	30,126,217	36,584,154	43,218,640	49,848,441	50,694,017	50,120,684
Restricted	-	-	605,384	667,346	661,005	665,239	695,989	849,968	899,670	1,132,513
Unrestricted	19,196,053	18,397,048	20,393,761	17,450,760	21,384,111	23,806,961	19,051,405	13,556,932	13,399,349	14,478,406
Total primary government net position	\$ 38,486,824	\$ 39,087,743	\$ 41,306,461	\$ 46,404,710	\$ 52,171,333	\$ 61,056,354	\$ 62,966,033	\$ 64,255,341	\$ 64,993,036	\$ 65,731,603

CITY OF ANDREWS, TEXAS
Changes in Net Position
2009-2018
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues:										
Governmental Activities										
Taxes:										
Property taxes	739,190	796,917	835,843	1,035,988	1,008,829	1,136,678	1,208,573	1,392,060	1,429,731	1,439,005
Sales	2,694,048	2,544,813	3,588,802	4,316,956	5,435,954	6,394,239	6,186,791	4,476,948	4,545,349	5,325,167
Franchise	595,201	629,042	663,245	700,210	711,639	782,495	781,609	739,276	704,419	650,398
Other	64,064	87,126	153,442	83,674	72,560	101,096	107,140	82,027	68,826	589,596
Miscellaneous revenue	37,189	(9,058)	36,092	68,824	17,162	122,464	108,166	31,121	(0)	103,442
Investment income	235,248	107,431	63,804	60,085	36,923	63,211	75,689	89,519	125,162	218,555
Gain/Loss on disposition of assets	-	13,379	-	10,788	-	4,011	(999,000)	44,410	-	-
Transfers	-	-	-	798,194	-	(1,000,000)	(999,000)	(1,344)	-	-
Total governmental activities	<u>4,364,940</u>	<u>4,169,651</u>	<u>5,341,228</u>	<u>7,074,719</u>	<u>7,283,067</u>	<u>7,604,193</u>	<u>7,488,967</u>	<u>6,854,017</u>	<u>6,873,486</u>	<u>8,326,163</u>
Business-type activities:										
Miscellaneous revenue	269,163	83,759	27,444	24,694	21,094	192,793	324,916	222,085	218,368	213,711
Investment income	145,005	64,401	33,946	28,340	56,590	24,455	27,949	26,709	36,820	66,900
Gain/Loss on disposition of assets	8,431	11,172	1,020	20,861	77,779	6,978	2,000	(43,704)	1,000	6,599
Transfers	-	-	-	-	-	1,123,145	1,055,000	1,343	-	(0)
Total business-type activities	<u>422,599</u>	<u>159,333</u>	<u>62,410</u>	<u>73,895</u>	<u>155,463</u>	<u>1,347,372</u>	<u>1,409,866</u>	<u>206,433</u>	<u>256,188</u>	<u>287,210</u>
Total primary government	<u>4,787,539</u>	<u>4,328,984</u>	<u>5,403,638</u>	<u>7,148,614</u>	<u>7,438,530</u>	<u>8,951,565</u>	<u>8,878,833</u>	<u>7,060,450</u>	<u>7,129,674</u>	<u>8,613,373</u>
Changes in net position										
Governmental activities	1,247,435	366,676	1,632,387	4,360,213	4,783,908	5,439,138	1,343,643	739,502	504,587	119,198
Business-type activities	377,489	234,243	586,331	738,034	982,717	2,214,597	2,477,719	595,736	233,107	619,367
Total change in net position	<u>\$ 1,624,924</u>	<u>\$ 600,919</u>	<u>\$ 2,218,718</u>	<u>\$ 5,098,247</u>	<u>\$ 5,766,625</u>	<u>\$ 7,653,735</u>	<u>\$ 3,821,362</u>	<u>\$ 1,335,238</u>	<u>\$ 737,695</u>	<u>\$ 738,566</u>

CITY OF ANDREWS, TEXAS
Fund Balances of Governmental Funds
2009-2018
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Reserved	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Committed	6,044,991	6,159,374	7,348,025	10,600,997	7,629,996	8,041,207	11,814,859	6,488,900	6,089,540	6,843,950
Assigned	2,374,841	1,699,513	2,370,807	2,316,231	2,005,343	2,792,401	2,206,194	2,995,903	3,316,783	3,410,618
Unassigned	4,254,416	5,397,926	5,278,984	4,663,263	4,008,365	4,748,056	2,168,319	2,332,892	3,607,238	3,686,954
Total general fund	12,674,248	13,256,812	14,997,816	17,580,492	13,643,704	15,581,664	16,189,373	11,817,694	13,013,561	13,941,522
Debt Service Fund										
Restricted	-	-	-	-	-	-	207,799	136,296	127,485	127,485
Total debt service fund	-	-	-	-	-	-	207,799	136,296	127,485	127,485
All other governmental funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project fund	-	-	-	-	-	-	-	-	-	-
Restricted										
Reported in special revenue funds	10,897	18,478	37,983	40,706	19,968	12,088	10,982	17,398	15,913	225,682
Committed	-	-	-	-	-	-	-	-	-	-
Reported in special revenue funds	10,897	18,478	37,983	40,706	19,968	12,088	10,982	17,398	15,913	225,682
Total all other governmental funds	-	-	-	-	968,510	22,038	26,404	119,740	152,388	287,404
Total Governmental Funds	\$12,685,145	\$13,275,290	\$15,035,799	\$17,621,198	\$14,632,182	\$15,615,789	\$16,434,559	\$12,091,128	\$13,309,347	\$14,582,094

The City of Andrews implemented GASB 54 for the fiscal year ended September 30, 2009. Information prior to the implementation of GASB 54 is not available.

CITY OF ANDREWS, TEXAS
Changes in Fund Balances of Governmental Funds
2009-2018
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$3,497,328	\$3,428,856	\$4,587,796	\$5,316,075	\$ 6,516,669	\$7,628,555	\$7,541,277	\$ 5,905,039	\$ 6,008,093	\$ 7,377,931
Franchise fees	595,201	629,043	663,245	700,210	711,639	782,495	781,609	739,276	704,419	650,398
License, permits, fees	34,468	41,210	42,655	73,862	60,105	81,585	65,504	72,009	48,494	64,746
Charges for services	40,850	38,174	33,908	34,477	36,868	80,915	84,713	76,404	71,063	64,365
Fines and court costs	181,550	176,119	183,104	164,729	188,858	235,589	218,077	319,434	408,514	391,761
Miscellaneous	497,543	552,113	682,315	435,480	491,801	591,948	639,161	555,613	544,024	684,486
Investment income	235,247	107,431	63,804	60,085	36,923	63,211	75,689	89,520	125,162	218,555
Intergovernmental revenue	759,106	829,168	881,274	1,854,191	2,465,065	1,946,155	1,243,900	1,222,710	1,276,451	1,382,947
Grant income	64,589	41,937	53,502	69,173	52,341	707,079	89,203	64,778	68,484	67,582
Contributions	50	-	95	5,691	112	86	60	32	750,023	-
Voluntary non-exchange revenues	318,605	10,000	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-
Total revenues	6,224,537	5,854,051	7,191,699	8,713,974	10,560,382	12,117,617	10,739,193	9,044,815	10,004,727	10,902,770
Expenditures:										
Current										
General gov't and admin.	1,112,773	1,295,082	1,260,654	1,327,504	1,456,364	2,414,030	2,022,609	1,977,545	2,196,540	2,328,550
Public safety	2,319,423	2,399,711	2,594,422	2,555,574	2,649,784	3,014,320	3,307,742	3,432,976	3,557,704	3,938,204
Highway and streets	560,524	748,363	484,443	636,235	650,378	646,324	1,349,240	1,159,857	703,367	975,784
Culture-recreation	232,830	234,738	269,584	201,800	184,412	102,689	153,749	177,505	126,018	474,963
Economic development	142,500	151,611	149,499	153,037	143,692	140,022	155,603	156,851	161,116	180,394
Debt Service	-	-	-	590,000	655,000	340,000	345,000	355,000	310,000	270,000
Principal	-	-	-	187,055	140,984	126,530	119,088	496,231	434,408	443,940
Interest	-	-	-	-	-	-	165,645	-	-	-
Bond Issuance Costs	-	-	-	8,275,564	7,668,784	4,350,096	9,954,366	5,684,444	1,297,355	1,018,190
Capital outlay	723,631	434,401	672,589	13,926,769	13,549,398	11,134,009	17,573,043	13,440,409	8,786,508	9,630,025
Total expenditures	5,091,681	5,263,905	5,431,190	13,926,769	13,549,398	11,134,009	17,573,043	13,440,409	8,786,508	9,630,025
Excess (deficiency) of revenues over expenditures	1,132,856	590,146	1,760,509	(5,212,795)	(2,989,016)	983,608	(6,833,850)	(4,395,594)	1,218,219	1,272,746
Other financing sources (uses):										
Transfers in	18,205	-	-	798,194	6,117,459	1,000,000	1,072,887	5,191,197	735,597	713,940
Transfers out	(18,205)	-	-	-	(6,117,459)	(1,000,000)	(1,671,887)	(5,192,541)	(735,597)	(713,940)
Sale of general capital assets	-	-	-	-	-	-	-	53,507	-	-
General obligation bond issued	-	-	-	7,000,000	-	-	8,251,619	-	-	-
Total other financing sources (uses)	-	-	-	7,798,194	-	-	7,652,619	52,163	-	-
Net change in fund balance	\$1,132,856	\$ 590,146	\$1,760,509	\$2,585,399	\$(2,989,016)	\$ 983,608	\$ 818,769	\$(4,343,431)	\$ 1,218,219	\$ 1,272,746
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	13.8%	13.5%	6.9%	6.1%	11.0%	9.9%	8.3%

CITY OF ANDREWS, TEXAS
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years
(in thousands of dollars)

Fiscal Year Ended Sept. 30	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate per \$100	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2009	333,680	42,557	109,934	74,091	412,080	0.18900	412,080	100%
2010	333,565	42,454	107,382	75,381	408,022	0.18900	408,022	100%
2011	355,809	50,872	111,136	51,229	466,588	0.18900	466,588	100%
2012	373,810	56,766	135,447	46,744	519,278	0.18900	519,278	100%
2013	403,034	90,939	141,241	44,219	590,996	0.18900	590,997	100%
2014	466,035	105,028	135,588	57,540	649,111	0.18900	649,111	100%
2015	526,116	132,827	138,946	75,224	722,664	0.18900	722,664	100%
2016	538,304	202,862	123,785	143,062	721,888	0.18900	721,888	100%
2017	554,765	208,994	134,032	149,116	748,675	0.18900	748,675	100%
2018	559,098	212,099	143,514	138,043	776,668	0.18900	776,668	100%

Information furnished by Andrews County Appraisal District.

CITY OF ANDREWS, TEXAS
Property Tax Rates - all Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Period	City (1)		School (2)		County (3)		Co. Road & Bridge (3)		Hospital (4)		Total Direct and Overlapping		
	M&O	I&S	M&O	I&S	M&O	I&S	M&O	I&S	M&O	I&S	M&O	I&S	
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total	
2009	0.18900	-	1.06000	0.13948	0.41400	-	0.07030	-	0.29016	-	2.02346	0.13948	2.16294
2010	0.18900	-	1.06000	0.11835	0.37920	-	0.06370	-	0.26673	-	1.95863	0.11835	2.07698
2011	0.18900	-	1.06000	0.10723	0.37060	-	0.06180	-	0.25673	-	1.93813	0.10723	2.04536
2012	0.18900	-	1.06000	0.11000	0.31620	-	0.05230	-	0.21981	-	1.83731	0.11000	1.94731
2013	0.18900	-	1.06000	0.11000	0.31600	-	0.05180	-	0.22109	0.10000	1.83789	0.21000	2.04789
2014	0.18900	-	1.06000	0.11000	0.29360	-	0.04770	-	0.19612	0.10000	1.78642	0.21000	1.99642
2015	0.18900	-	1.06000	0.11000	0.43550	-	0.07500	-	0.28650	0.10000	2.04600	0.21000	2.25600
2016	0.18900	-	1.06000	0.14000	0.48050	-	0.08500	-	0.43037	0.11135	2.24487	0.25135	2.49622
2017	0.18900	-	1.06000	0.14000	0.43840	-	0.07730	-	0.40603	0.08308	2.17073	0.23308	2.40381
2018	0.18900	-	1.06000	0.14000	0.43250	0.02740	0.05900	-	0.39966	0.08489	2.14016	0.25229	2.39245

Notes:

- (1) All for general fund revenue
- (2) Rates obtained from Andrews Independent School District.
- (3) Rates obtained from Andrews County.
- (4) Rates obtained from Andrews Hospital District.

**CITY OF ANDREWS, TEXAS
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2018 Tax Roll			2009 Tax Roll		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
Brigade Energy Services, LLC	\$ 9,486,932	1	1.2%			
Enterprise FM Trust	7,357,345	2	0.9%			
Black Hawk Energy Services LTD	7,152,063	3	0.9%			
Oncor Electric Delivery	5,027,384	4	0.6%			
AE Hotels LLC	4,310,375	5	0.6%			
Composites One LLC	4,038,989	6	0.5%			
Viva Well Servicing Co., LP	3,985,675	7	0.5%			
Benny Boyd Chrysler Dodge	3,866,014	8	0.5%			
Apache Corp	3,637,820	9	0.5%	3,499,487	4	1.3%
Andrews Pump & Supply Co.	3,637,224	10	0.5%			
TXU Electric Delivery				11,094,910	1	4.0%
Key Energy				5,679,220	2	2.0%
Nabors Well Service				4,154,640	3	1.5%
Baker Hughes Centrilift				3,003,210	5	1.1%
Basic Energy Services				1,735,410	6	0.6%
Valor Telecom of Texas LP				1,719,130	7	0.6%
G&L Tool Company				1,632,160	8	0.6%
Saint George Partners LTD				1,337,670	9	0.5%
Suddenlink Communications				1,146,260	10	0.4%
	<u>\$52,499,821</u>		<u>4.6%</u>	<u>\$ 35,002,097</u>		<u>12.6%</u>

Information furnished by Andrews County Appraisal District (tax rolls)

CITY OF ANDREWS, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended September 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount Collected	% of Levy		Amount Collected	% of Levy
2008	\$547	\$530	96.9%	\$16	\$546	99.8%
2009	\$718	\$695	96.8%	\$21	\$716	99.8%
2010	\$771	\$741	96.1%	\$28	\$769	99.7%
2011	\$819	\$799	97.6%	\$18	\$817	99.7%
2012	\$882	\$867	98.3%	\$12	\$879	99.6%
2013	\$981	\$958	97.7%	\$18	\$976	99.5%
2014	\$1,107	\$1,076	97.1%	\$22	\$1,098	99.1%
2015	\$1,221	\$1,173	96.1%	\$23	\$1,196	98.0%
2016	\$1,358	\$1,279	94.2%	\$46	\$1,324	97.5%
2017	\$1,364	\$1,284	94.1%	\$24	\$1,308	95.9%
2018	\$1,413	\$1,357	96.0%			

Information furnished by Andrews Independent School District (which provides collection services.)

CITY OF ANDREWS, TEXAS
Calendar Year Sales Tax Collections
Last Ten Calendar Years

Calendar Year	City (1.00%)	Economic Development (1) (0.50%)	Property Tax Reduction (1) (0.25%)	Reliever Route Project (1) (0.25%)	Total
2009	\$ 2,051,539	\$ 1,025,769	\$ 512,885	\$ -	\$ 3,590,193
2010	\$ 2,118,620	\$ 1,059,310	\$ 529,655	\$ -	\$ 3,707,585
2011	\$ 3,009,748	\$ 1,504,874	\$ 752,437	\$ 68,637	\$ 5,335,696
2012	\$ 3,576,809	\$ 1,788,404	\$ 894,202	\$ 894,202	\$ 7,153,617
2013	\$ 3,721,433	\$ 1,860,716	\$ 930,358	\$ 930,358	\$ 7,442,865
2014	\$ 4,103,131	\$ 2,051,566	\$ 1,025,783	\$ 1,025,783	\$ 8,206,263
2015	\$ 3,766,943	\$ 1,883,471	\$ 941,736	\$ 941,736	\$ 7,533,885
2016	\$ 2,839,901	\$ 1,419,950	\$ 709,975	\$ 709,975	\$ 5,679,802
2017	\$ 3,037,640	\$ 1,518,820	\$ 759,410	\$ 759,410	\$ 6,075,280
2018	\$ 3,794,997	\$ 1,897,499	\$ 948,749	\$ 948,749	\$ 7,589,995

Information furnished by Texas Comptroller of Public Accounts

Note:

(1) Truck Reliever Route sales tax approved by citizens in May, 2011 to be effective October 1, 2011. First collection received from State Comptroller in December, 2011.

CITY OF ANDREWS, TEXAS
Taxable Sales by Category
Last Ten Calendar Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ag., Forestry, Fishing, Hunting	-	-	-	-	-	-	-	-	-	-
Mining	\$ 25,054,225	\$ 16,201,831	\$ 30,371,981	\$ 51,814,246	\$ 49,522,078	\$ 54,702,290	\$ 70,843,340	\$ 43,842,841	\$ 33,130,329	\$ 37,957,884
Utilities	-	-	-	-	-	-	-	-	-	-
Construction	36,214,065	23,102,916	32,505,191	23,419,481	23,687,231	33,000,058	45,526,311	33,659,184	17,719,850	22,330,165
Manufacturing	2,402,426	1,871,280	3,473,516	6,688,853	12,011,518	16,844,670	38,041,036	29,992,523	26,613,235	40,966,752
Wholesale Trade	11,015,053	7,732,111	9,579,648	17,907,283	15,184,915	26,400,422	13,335,380	12,994,066	16,423,391	11,893,888
Retail Trade	59,129,691	47,442,005	57,191,032	66,105,702	80,228,874	74,807,568	96,349,634	80,754,524	62,318,683	75,828,886
Transportation / Warehousing	778,452	666,275	1,922,774	2,797,225	3,263,743	1,515,879	1,366,341	1,291,177	864,489	1,377,905
Information	-	-	-	-	-	-	-	3,910,107	5,212,568	5,071,993
Finance, Insurance	62,902	81,573	220,955	556,669	517,093	670,089	853,051	425,279	204,445	199,142
Real Estate, Rental, Leasing	7,171,345	5,282,136	7,779,191	20,278,465	28,324,429	20,415,143	28,569,259	19,946,670	15,226,943	26,896,333
Professional, Scientific, Tech. Svc	930,335	1,034,931	879,725	957,075	1,373,442	1,268,743	920,384	537,755	583,446	604,118
Mgmt of Companies, Enterprises	-	-	-	-	-	-	-	-	-	-
Admin, Supp., Waste Mgt., Remed.	5,591,769	7,296,221	3,435,080	9,699,396	10,072,059	9,578,968	10,652,629	8,550,106	6,541,460	2,094,232
Educational Services	-	-	-	-	-	-	-	-	-	-
Health Care, Social Assist.	-	-	-	-	-	-	-	-	-	160
Arts, Entertainment, Recreation	816,200	702,643	685,956	642,840	731,998	666,525	558,771	620,723	824,702	476,121
Accommodation, Food Svc.	12,233,064	11,059,712	12,446,364	15,542,782	17,274,028	18,562,044	26,897,177	27,180,384	24,112,489	27,551,778
Other Services	7,459,574	6,509,321	6,320,012	7,570,897	8,172,271	9,070,887	10,966,788	9,945,878	9,529,602	11,965,694
Public Administration	-	-	-	-	-	-	-	-	-	-
Other	3,916,959	4,083,630	3,668,693	3,711,136	3,984,889	4,168,133	4,785,197	1,504,807	83,770	197,092
Total	\$172,776,060	\$133,066,585	\$170,480,118	\$227,692,050	\$254,348,568	\$271,671,419	\$349,665,298	\$275,156,024	\$219,389,402	\$265,412,143
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Economic Development (eff. 10/1/05)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Property Tax Reduction (eff. 10/1/05)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Truck Reliever Route (eff. 10/1/11)	-	-	-	-	-	-	-	-	-	-

Annual data for 2017 not available
Information furnished by TX Comptroller of Public Accounts
Note: .50% economic development tax, .25% property tax reduction sales taxes, and .25% truck reliever route tax are also levied.

CITY OF ANDREWS, TEXAS
Sales Tax Revenue Payers by Industry
Current Calendar Year and Nine Years Ago
(thousands of dollars)

	2017				2008			
	Number of Filers	Percentage of Total	Subject to Tax	Percentage of Total	Number of Filers	Percentage of Total	Subject to Tax	Percentage of Total
Ag., Forestry, Fishing, Hunting	-	0.00%	\$ -	14.30%	-	0.00%	\$ -	14.84%
Mining	65	11.42%	37,958	-	34	8.11%	25,054	-
Utilities	-	0.00%	-	-	-	0.00%	-	-
Construction	58	10.19%	22,330	8.41%	43	10.26%	36,214	21.45%
Manufacturing	30	5.27%	40,967	15.44%	15	3.58%	2,403	1.42%
Wholesale Trade	28	4.92%	11,894	4.48%	17	4.06%	11,015	6.52%
Retail Trade	178	31.28%	75,829	28.57%	149	35.56%	59,130	35.02%
Transportation, Warehousing	14	2.46%	1,378	0.52%	12	2.86%	778	0.46%
Information	6	1.05%	5,072	1.91%	3	0.72%	-	0.00%
Finance, Insurance	7	1.23%	199	0.08%	4	0.95%	63	0.04%
Real Estate, Rental, Leasing	21	3.69%	26,896	10.13%	15	3.58%	7,171	4.25%
Professional, Scientific, Tech. Svc	24	4.22%	604	0.23%	17	4.06%	930	0.55%
Mgmt of Companies, Enterprises	-	0.00%	-	-	-	0.00%	-	-
Admin, Supp., Waste Mgt., Remed.	12	2.11%	2,094	0.79%	17	4.06%	5,592	3.31%
Educational Services	-	0.00%	-	-	1	0.24%	-	-
Health Care, Social Assist.	5	0.88%	0	-	-	0.00%	-	-
Arts, Entertainment, Recreation	8	1.41%	476	0.18%	9	2.15%	816	0.48%
Accommodation, Food Svc.	61	10.72%	27,552	10.38%	37	8.83%	12,233	7.24%
Other Services	48	8.44%	11,966	4.51%	44	10.50%	7,460	4.42%
Public Administration	-	0.00%	-	-	1	0.24%	-	-
Other	4	0.70%	197	0.07%	1	0.24%	-	0.00%
Total	569	100.00%	\$ 265,412	100.00%	419	100.00%	\$ 168,859	100.00%

Annual data for 2018 not available
Information furnished by TX Comptroller of Public Accounts

CITY OF ANDREWS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal year	Governmental Activities		Business-Type Activities		Total Outstanding Debt	% of Est. Taxable Value of Property (2)	% of Personal Income (3)	Population (4)	Debt per Capita
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (1)	Capital Leases					
2018	\$ 12,357,436	\$ -	\$ -	\$ -	\$ 12,357,436	1.59%	1.62%	13,333	\$ 927
2017	\$ 12,635,823	\$ -	\$ -	\$ -	\$ 12,635,823	1.69%	1.65%	13,333	\$ 948
2016	\$ 12,954,211	\$ -	\$ -	\$ -	\$ 12,954,211	1.79%	1.78%	13,574	\$ 954
2015	\$ 13,317,598	\$ -	\$ -	\$ -	\$ 13,317,598	1.84%	1.61%	13,722	\$ 971
2014	\$ 5,415,000	\$ -	\$ -	\$ -	\$ 5,415,000	0.83%	0.56%	13,206	\$ 410
2013	\$ 5,755,000	\$ -	\$ -	\$ -	\$ 5,755,000	0.97%	0.66%	12,702	\$ 453
2012	\$ 6,410,000	\$ -	\$ -	\$ -	\$ 6,410,000	1.37%	0.79%	12,168	\$ 554
2011	-	-	-	-	-	0%	0%	11,596	\$ -
2010	-	-	-	-	-	0%	0%	11,088	\$ -
2009	-	-	-	-	-	0%	0%	9,652	\$ -

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Sources:

- (1) Presented net of original issuance discounts and premiums
- (2) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 125 for property value data.
- (3) Personal income is disclosed on page 136.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 136.

CITY OF ANDREWS
 Direct and Overlapping Governmental Activities Debt
 September 30, 2018

	<u>Net Debt Outstanding</u>		<u>Estimated Percentage Applicable to City</u>		<u>Amount Applicable to City</u>
Andrews County Hospital District	\$ 42,901,702	(1)	17.56%	(4)	\$ 7,532,242
Andrews Independent School District	17,607,800	(2)	18.10%	(5)	3,187,017
County of Andrews	17,540,000	(3)	16.29%	(6)	<u>2,857,855</u>
Subtotal, Overlapping Debt					13,577,114
City of Andrews Direct Debt					<u>12,357,436</u>
Total Direct and Overlapping Debt					<u><u>\$ 25,934,550</u></u>

Sources:

- (1) Obtained from Andrews Hospital District
- (2) Obtained from Andrews Independent School District
- (3) Obtained from Andrews County
- (4) 2018 City assessed value of \$776,668,125 ÷ hospital assessed value of \$4,423,701,011
- (5) 2018 City assessed value of \$776,668,125 ÷ school assessed value of \$4,290,976,978
- (6) 2018 City assessed value of \$776,668,125 ÷ county assessed value of \$4,766,542

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Andrews. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF ANDREWS
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal year	Total Taxable Property Value (1)	Total Debt Margin Available (2)	General Obligation Debt (GO)		GO Principal Payments		Margin of Indebtedness Available (4)
			Total Outstanding	Self-Supporting	Payable from Ad Valorem Taxes	Payable from Ad Valorem Taxes	
2018	\$ 776,668,125	\$ 11,650,022	\$12,135,000	\$ 12,135,000	\$ -	270,000	\$ 11,650,022
2017	748,675,396	11,230,131	12,405,000	12,405,000	-	310,000	11,230,131
2016	721,888,358	10,828,325	12,715,000	12,715,000	-	355,000	10,828,325
2015	722,664,407	10,839,966	13,070,000	13,070,000	-	337,520	10,839,966
2014	641,582,699	9,623,740	5,415,000	5,415,000	-	340,000	9,623,740
2013	591,353,000	8,870,295	5,755,000	5,755,000	-	655,000	8,870,295
2012	519,367,000	7,790,505	6,410,000	6,410,000	-	590,000	7,790,505
2011	466,588,000	6,998,820	-	-	-	-	6,998,820
2010	408,022,000	6,120,330	-	-	-	-	6,120,330
2009	412,080,000	6,181,200	-	-	-	-	6,181,200

Sources:

- (1) Obtained from Andrews County Appraisal District
- (2) There is not statutory debt limitation in the City Charter or under State Law. The City operates under a Home Rule Charter that limits the maximum ad valorem tax rate, for all City purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.
- (3) General Obligation Bonds supported completely by a limited Sales Tax approved by voters in May 2011 for the construction of a truck reliever route.
- (4) Total Debt Margin Available less General Obligation Principal Payments Payable from Ad Valorem Taxes

CITY OF ANDREWS
Ratio of Annual Debt Service Expenditures for General Obligation Debt
to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal year	Required Principal Payment		Additional Principal Payment		Required Interest Payment		Total Debt Service		Total General Governmental Expenditures (1)		% of Debt Service to Total General Expenditures
	\$		\$		\$		\$		\$		
2018	270,000	-	443,940	713,940	10,309,697	6.9%					
2017	310,000	-	434,408	744,408	9,170,232	8.1%					
2016	355,000	-	496,231	851,231	8,623,781	9.9%					
2015	345,000	-	119,088	464,088	8,181,866	5.7%					
2014	340,000	-	126,530	466,530	7,059,663	6.6%					
2013	330,000	325,000	140,984	795,984	5,356,998	14.9%					
2012	310,000	280,000	109,511	699,511	5,250,218	13.3%					
2011	-	-	-	-	4,912,503	0.0%					
2010	-	-	-	-	4,929,566	0.0%					
2009	-	-	-	-	4,524,649	0.0%					

(1) Total Governmental Activities Expenses from Government-Wide Statement of Activities.

Note: The City's Fiscal Principles and Policies states: "The City will strive to limit general obligation annual debt service requirements to 20% of general governmental expenditures... Debt limits may be exceeded if a new or additional revenue source is utilized (e.g. sales and use tax)." The debt initiated in 2012 is supported completely by a limited Sales Tax approved by voters in May 2011 for the construction of a truck reliever.

CITY OF ANDREWS, TEXAS
Demographic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u> <u>(in thousands)</u>	<u>Per Capita</u> <u>Income (2)</u>	<u>Public School</u> <u>Enrollment (3)</u>	<u>Unemployment</u> <u>Rate (4)</u>
2009	*9,652	\$476,687	\$32,648	3,125	6.8%
2010	11,088	\$569,278	\$37,693	3,205	5.6%
2011	11,596	\$707,653	\$45,972	3,419	5.3%
2012	12,168	\$811,615	\$50,351	3,631	3.5%
2013	12,702	\$867,139	\$51,591	3,768	3.6%
2014	13,206	\$959,968	\$54,928	4,038	2.5%
2015	13,722	\$829,270	\$45,836	4,018	3.3%
2016	13,574	\$728,642	\$40,850	3,968	3.9%
2017	13,333	\$763,902	\$43,105	4,037	2.9%
2018	*13,333	*\$763,902	*\$43,105	4,335	2.4%

Sources:

- (1) Population data furnished by U.S. Census Bureau (American FactFinder - Community Facts)
- (2) Per capita and personal income data furnished by the Bureau of Economic Analysis for Andrews Count
- (3) School Census data furnished by Andrews Independent School District.
- (4) Bureau of Labor Statistics

* Best available estimate

CITY OF ANDREWS, TEXAS
Principal Employers
2017 and 2007

Employer	2017		2008	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Andrews Ind. School District	475	5.5%	465	6.1%
Permian Regional Medical Center	398	4.6%	350	4.6%
Kirby West Company	198	2.3%	250	3.3%
Andrews County	173	2.0%	153	2.0%
Key Energy Services	146	1.7%	150	2.0%
Waste Control Specialists	144	1.6%	125	2.0%
Palmer of Texas	128	1.5%		
Basic Energy Services	113	1.3%	100	1.3%
Nabors Industries Ltd.	102	1.2%	100	1.3%
Dennis Porter Inc.	90	1.0%	75	1.0%
TESSCO			70	1.0%

Source: Andrews Economic Development Corporation (2018 figures not available)
 "Total employment" as used above represents the total employment of all employers located
 in Andrews County. The City of Andrews is the only city in the county.

CITY OF ANDREWS, TEXAS
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Full-time Employees by Function</u>										
General Government	12	12	12	12	12	13	14	14	14	15
Public safety	17	17	16	17	18	20	20	20	20	20
Police	7	7	7	7	7	9	10	9	10	10
EMS	1	1	1	1	1	1	1	1	1	1
Animal Control	1	1	1	1	1	1	1	1	1	1
Economic Development	3	3	3	3	2	2	3	3	3	3
Street	9	9	9	9	10	11	11	11	11	11
Water and Sewer	8	8	6	8	10	11	11	11	11	11
Sanitation	58	58	55	58	61	68	71	70	71	72
Total										

<u>Part-time Employees by Function</u>										
General Government	4	3	2	3	3	1	1	2	3	3
Public safety	4	3	3	3	3	6	5	3	3	3
Police (includes School Crossing)	1	3	0	0	2	5	11	11	5	5
EMS	1	1	1	1	1	1	1	1	1	1
*Fire	1	1	1	1	1	0	0	0	0	0
Economic Development	1	1	0	1	1	1	1	1	0	0
Street	2	0	0	0	0	2	2	0	0	0
Water and Sewer	3	3	3	2	3	3	6	5	4	4
Sanitation	17	15	10	11	15	19	27	23	16	16
Total										
Total full and part-time employees	75	73	65	69	76	87	98	93	87	88

*Fire department is an all-volunteer organization. A part-time high school student is employed to wash trucks, etc.

Information furnished by City of Andrews Personnel Department

CITY OF ANDREWS, TEXAS
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year Ending September 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police:										
Physical arrests	610	670	487	402	496	496	691	676	497	714
Citations issued	2,481	2,250	1,541	1,631	1,702	2,051	1,509	3,105	3,164	3,605
Fire:										
Number of emergency calls	287	313	**583	453	391	503	519	361	433	570
Emergency Medical Services										
Number of emergency calls	744	894	886	693	682	805	845	756	796	916
Number of transfers-out of county	281	250	288	238	284	276	263	298	334	111
Total number of runs	1,025	1,144	1,174	931	966	1,081	1,108	1,054	1,130	1,037
Animal Control										
Number of calls handled	2,080	1,600	2,412	2,366	2,098	2,223	2,147	2,426	2,048	1,983
Streets										
Street resurfacing (miles)	5.00	15.50	4.85	5.00	4.00	4.00	4.00	0.25	0.57	2.00
Potholes repaired (estimated)	30	40	47	43	67	109	100	378	421	457
Water										
New connections	66	62	57	90	133	109	68	68	68	68
Service calls	7,551	6,667	6,481	7,162	7,937	12,367	12,522	9,566	11,689	8,580
Avg. consumption/day (thousand gallons)	2,575	2,350	3,030	3,894	2,687	2,779	2,378	2,293	2,122	2,289
Sewer										
New connections	104	127	121	152	144	97	74	60	39	49
Service calls	94	103	123	110	107	136	134	126	112	99
Wastewater										
Avg. sewage treated/day (thousand gallons)	1,002	960	992	984	1,090	1,101	1,061	982	1,110	1,021

**Extremely dry year created fire hazard

Information furnished by City of Andrews departments

CITY OF ANDREWS, TEXAS
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal year ending September 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire (Volunteer Department) Stations	1	1	1	1	1	1	1	1	1	1
Number of volunteers	35	35	35	45	45	45	45	45	45	45
Public works:										
Streets (miles)										
Paved	67.54	67.66	67.94	68.01	82.82	86.64	89.17	89.25	89.30	89.30
Graded	4.96	4.96	4.96	4.96	4.96	4.96	6.30	0.75	0.75	0.75
Sidewalks	39.97	40.10	40.10	40.10	40.10	40.10	40.10	40.18	40.20	40.22
Alleys	43.12	43.12	43.12	43.12	43.12	43.12	43.12	43.67	43.69	43.69
Parks and recreation										
Parks (owned by Andrews Co.)	6	6	6	6	6	6	6	6	6	6
Parks (owned by City of Andrews)	2	2	2	2	2	2	2	2	2	2
Number of acres	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Number of playgrounds	8	8	8	8	8	8	8	8	8	8
Swimming pools	1	1	1	1	1	1	1	1	1	1
Golf courses (owned-Andrews Co.)	1	1	1	1	1	1	1	1	1	1
Water										
Number of customers	4,436	4,498	4,584	4,726	4,814	4,897	4,940	4,900	4,945	5,010
Water mains (miles)	179.43	179.43	179.43	179.43	185.49	187.37	187.56	188.36	188.36	188.46
Fire hydrants	213	213	213	213	240	250	251	251	251	252
Maximum daily consumption (thousands of gallons)	4,962	4,961	5,595	5,630	5,321	5,575	4,512	4,520	4,212	3,972
M/gallons pumped	940,037	857,652	1,106,050	1,031,868	980,665	1,014,260	867,851	836,959	774,651	828,342
M/gallons billed	869,344	786,668	958,480	896,640	856,339	842,423	726,683	723,599	730,988	793,475
Sewer and wastewater										
Sanitary sewers (miles)	93.62	94.32	94.32	94.98	97.86	98.35	98.52	98.57	98.57	98.67
Storm sewers (miles)	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Maximum daily treatment capacity (million gallons daily)	1.2	1.2	1.2	1.2	1.2 (1)	1.6	1.6	1.6 (2)	7.2	7.2

(1) TCEQ raised maximum treatment capacity to 1.6 million gallons per day

(2) New water treatment facility came on-line in November 2015

Information furnished by City of Andrews