



ANNUAL  
COMPREHENSIVE  
FINANCIAL REPORT

---

CITY OF ANDREWS, TEXAS

For the Fiscal Year  
October 1, 2022 through September 30, 2023

Issued by:  
Finance Department  
Ashton Jones, Director

City of Andrews, Texas  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended September 30, 2023

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# INTRODUCTORY SECTION

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110 Logsdon • Andrews, Texas 79714

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[www.cityofandrews.org](http://www.cityofandrews.org)

March 21, 2024

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 Annual Comprehensive Financial Report (ACFR) for the City of Andrews, Texas, for the fiscal year ended September 30, 2023. The purpose of the ACFR 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 ACFR 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 13,155, is 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 its citizens with 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 include 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 are 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 2010s 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.

At the end of FY 2023, the price per barrel of WTI crude sat at \$89.43, up from 87.55 per barrel at the beginning of FY 2023. According to the Texas Railroad Commission, oil production in Andrews County during 2023 remained relatively unchanged from 2022, coming in just over 50 million barrels. With oil prices remaining fairly consistent during FY 2023, and averaging well above FY 2022, revenues for sales tax – a strong indicator of local oil activity – increased 18.38% from 2022 to 2023.

According to the Texas Workforce Commission, the civilian labor force in Andrews County increased from 8,592 in September 2022 to 9,917 in September 2023. The unemployment rate, however, also decreased from 3.4% to 2.9% during this same period. The September 2023 unemployment rate of 2.9% is slightly lower than the state level of 3.9% and the federal level of 3.5%.

## ***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.

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 ensure the integrity of the revenue system. The City will periodically review its fee structure to ensure 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. In general, long-term needs are met through "pay-as-you-go" fiscal policies, using cash or other current assets rather than debt issuance to fund capital projects. On rare occasion, the City may deploy a "pay-as-you-use" fiscal policy, using debt financing to spread the costs of public infrastructure

throughout the life of the asset. 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:

*Ensure the City’s water supply can meet current and future demand* – In 2019, the City, with the assistance of a professional engineering firm, developed a water wellfield development plan to ensure the City’s water supply can meet current and future demand. In FY 2024, the City will replace an aging 7-mile water transmission with a larger line to provide the City with two transmission lines capable of delivering water to the City during peak usage. Within the next 10 years, plans include tying the City’s two wellfields together to provide much needed redundancy in the system should one of the transmission lines be down for a short time. Plans also include drilling additional water wells as water demand increases.

*Ensure the City’s water distribution and wastewater/stormwater collection systems can meet current and future demand* – In 2020, the City and the Andrews Economic Development Corporation, with the assistance of a professional engineering firm, developed an Infrastructure Master Plan to ensure there is enough infrastructure capacity in the right areas of the municipality at the right service levels at the right time to accommodate future development and redevelopment necessary to address the City’s expected growth over the next 10-20 years. In FY 2023, the City began a program to systematically replace over 1% of its water lines and over 1% of its sewer lines each year. Within the next 10 years, plans include increasing water capacity to northwest and southwest Andrews by adding water and wastewater lines and a new water tower.

*Maintain the quality of City roadways* – In 2020, the City, with the assistance of a professional engineering firm, professionally graded all roads within the city limits to help create and prioritize an effective resurfacing strategy. In 2021, the City initiated a plan to resurface all arterial roads within the city limits by 2030.

*Upgrade City Facilities* – In 2021, the City, with the assistance of a professional architect firm, developed a Facilities Plan to determine and analyze current and projected space needs and requirements for the City projected out to 2035. In FY2023, the City completed construction of a new City Hall and the renovation of a purchased building to accommodate Municipal Court and the City Council Chambers. Plans call for renovating the old City Hall building to accommodate the Police Department and renovating the Public Safety Building to accommodate Economic and Community Services in future years.

All the aforementioned initiatives are an aggressive approach led by the Andrews City Council 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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2022. 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 forty-second 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 annual comprehensive financial report (ACFR), whose contents conform to program standards. Such ACFR 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 annual comprehensive 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, 2023. 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 eleventh consecutive year that the municipal government has received this award.

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.

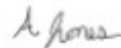
***Request for Information***

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, 110 Logsdon, Andrews, Texas 79714. The ACFR is also accessible on the City’s website.

Respectfully submitted,



Steve Eggleston  
City Manager



Ashton Jones  
Director of Finance

**CITY OF ANDREWS, TEXAS**  
**List of Elected and Appointed Officials**  
**September 30, 2023**

**Elected Officials**

Flora Braly	Mayor
Mark Lambert	Council Member/Mayor Pro Tem
Randy Shaffer	Council Member
Jane Gomez	Council Member
Stephanie Martin	Council Member
Chris Helbig	Council Member

**Appointed Officials**

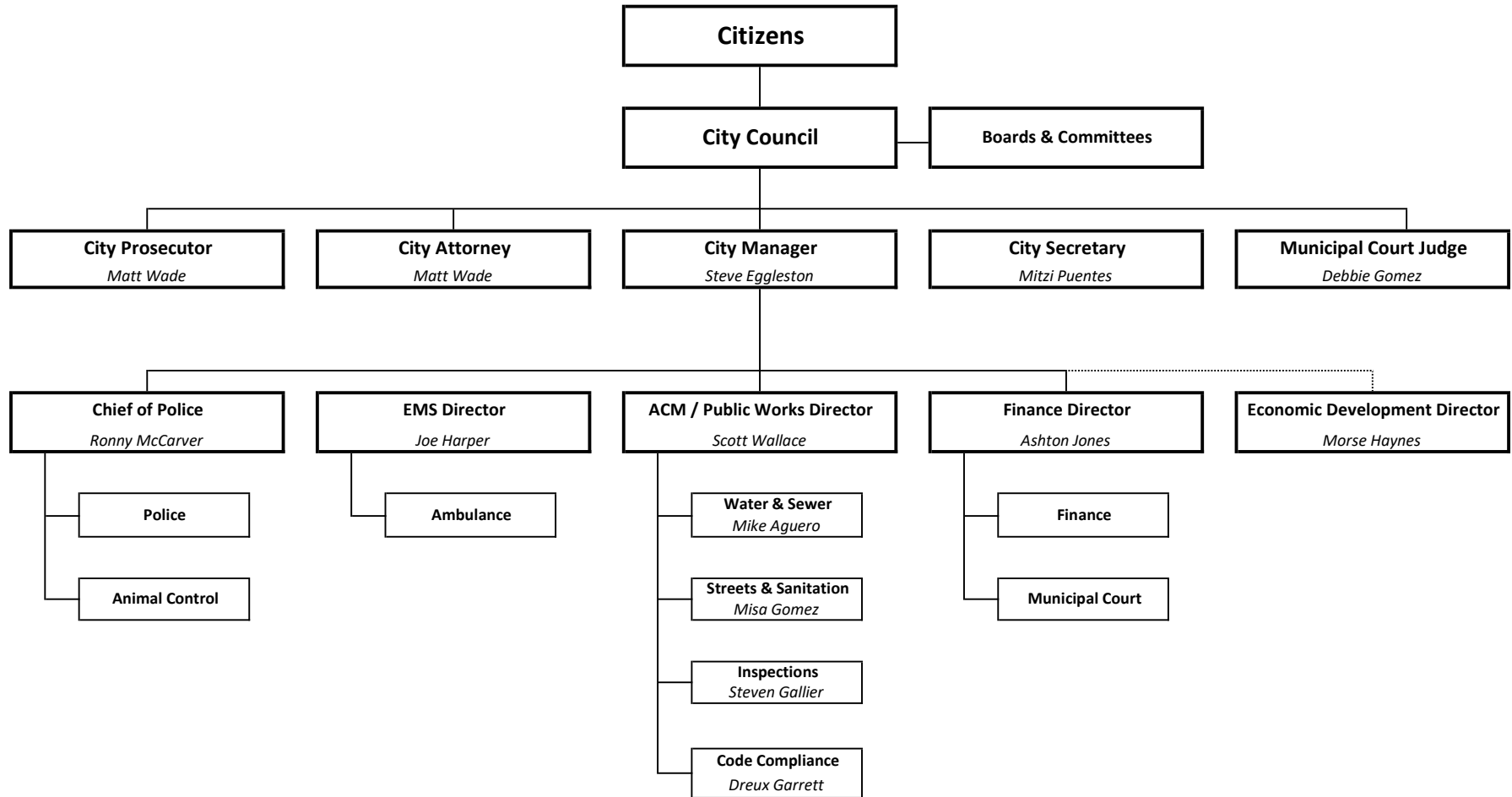
Steve Eggleston	City Manager
Matt Wade	City Attorney
Mitzi Puentes	City Secretary
Debbie Gomez	Municipal Judge

**Finance Staff**

Ashton Jones*	Director of Finance
Ashley Lujan	Assistant Director of Finance
Robyn Abney	Administrative Specialist
Alyson Garrett	Administrative Specialist
Maria Jimenez	Administrative Specialist
Rena Black	Cashier
Talia Ybarra	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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council  
The City of Andrews, Texas

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Andrews, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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



To the Honorable Mayor and Members of the City Council  
The City of Andrews, Texas  
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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

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

To the Honorable Mayor and Members of the City Council  
The City of Andrews, Texas  
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**Supplementary 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 accompanying supplementary information, such as the combining and individual fund statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Texas Grant Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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, combining and individual fund statements and schedules and schedule of expenditures of federal and state awards is fairly presented, in all material respects, in relation to the basis financial statements as a whole.

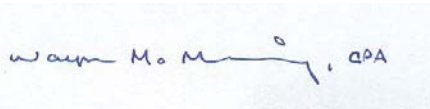
**Other Information Annual Comprehensive Financial Report (ACFR)**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024 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.



Wayne M. Manning, CPA  
Andrews, Texas  
March 15, 2024

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, 2023. Readers are encouraged to consider the information included in the transmittal letter and in the other sections of the Annual Comprehensive Financial Report (ACFR) 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, 2023.

### Government-wide

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2023 fiscal year by \$77,407,268 (*net position*). Of this amount, \$17,703,826 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- During 2023, the City's total net position increased \$1,269,749 or 1.67%, related to operations. The net position of business-type activities increased by \$2,941,147, or 9.27%, from operations. The net position of governmental activities decreased by \$1,671,398, or -3.76%, from operations.
- Total expenses of all the City's programs were \$23,103,593 in 2023.

### Fund Statements

- As of September 30, 2023, the City's governmental funds reported combined fund balances of \$16,078,402, a decrease from prior year of \$3,592,194. Of this total amount, \$3,227,126 or approximately 20.1%, is unassigned and available for use 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 \$3,227,126, or 19.9% 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 four 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 126-128.
- **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. *Custodial 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 custodial 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. Supplementary information for the custodial funds can be found on pages 117.*

The government-wide financial statements can be found on pages 28-29 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*.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

The City maintains thirteen 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 nine 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 101-102 of this report.

- **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 37-39 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 41-75.

**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 79-82 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 \$77,407,268 at the close of the most recent fiscal year.

**Net Position for the City of Andrews**

\$000	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current & other assets	\$18,091	\$21,376	\$9,591	\$12,273	\$27,682	\$33,649
Capital assets (net)	39,351	37,488	34,766	28,220	74,117	65,708
Total assets	57,442	58,864	44,357	40,493	101,799	99,357
Deferred Outflows	3,654	1,015	1,838	845	5,492	1,860
Long-term liabilities	15,368	12,731	8,991	7,829	24,359	20,560
Other liabilities	1,240	1,001	1,440	630	2,680	1,631
Total liabilities	16,608	13,732	10,431	8,459	27,039	22,191
Deferred Inflows	1,755	1,743	1,089	1,145	2,844	2,888
Net Position:						
Invested in Capital Assets	28,576	26,747	28,572	23,117	57,148	49,864
Restricted	1,469	2,434	1,087	990	2,556	3,424
Unrestricted	12,688	15,223	5,016	7,627	17,704	22,850
Total net position	\$42,733	\$44,404	\$34,675	\$31,734	\$77,408	\$76,138

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

The largest portion of the City's net position (73.83%) 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 (3.30%) represents resources subject to external restrictions on how they may be used. The remaining balance of \$17,703,826 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.

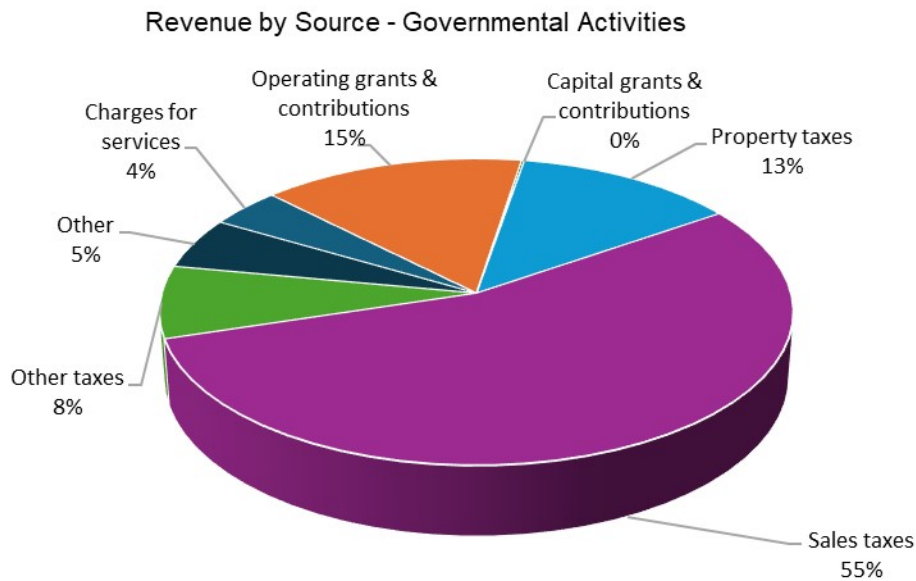
**City of Andrews' Changes in Net Position**

\$000	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Fees, fines & charges for service	\$ 596	\$ 619	\$6,991	\$7,155	\$7,587	\$7,774
Operating grants & contributions	2,167	4,092	-	-	2,167	4,092
Capital grants & contributions	22	21	-	-	22	21
General revenues:						
Property taxes	1,828	1,691	-	-	1,828	1,691
Sales tax	7,868	6,647	-	-	7,868	6,647
Franchise fees	723	702	-	-	723	702
Other	373	239	-	-	373	239
Miscellaneous Revenue	5	42	2,262	184	2,267	226
Investment income	774	117	489	93	1,263	210
Gain on disposition of assets	-	-	275	2	275	2
Transfers	1	-	(1)	-	-	-
Total revenues	14,357	14,170	10,016	7,434	24,373	21,604
<b>Expenses:</b>						
General government & admin	1,904	1,776	-	-	1,904	1,776
Public safety	6,871	6,072	-	-	6,871	6,209
Highways & streets	2,836	2,425	-	-	2,836	2,425
Culture-recreation	3,284	1,220	-	-	3,284	1,220
Economic development	425	292	-	-	425	292
Interest	708	357	-	-	708	357
Water & sewer	-	-	4,876	4,699	4,876	4,699
Sanitation	-	-	2,199	1,914	2,199	1,914
Total expenses	16,028	12,142	7,075	6,613	23,103	18,755
Increase/(decrease) before transfers	(1,671)	2,028	2,941	821	1,270	2,849
Transfers	-	(702)	-	702	-	-
Change in net position	(1,671)	1,326	2,941	1,523	1,270	2,849
Net position – beginning	44,404	43,078	31,734	30,211	76,138	73,289
Prior Period Adjustment	-	-	-	-	-	-
Net position - ending	\$42,733	\$44,404	\$34,675	\$31,734	\$77,408	\$76,138

CITY OF ANDREWS, TEXAS  
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**Governmental Activities.** During the current fiscal year, net position for governmental activities decreased \$1,671,398 or (3.76%) from the prior year for an ending balance of \$42,732,549. Key elements of this change are as follows:

- Sales Tax Revenues increased \$1,221,831 as a result of increased business activity in the region.
- Investment Income increased by \$657,269 due to increased interest rates.
- Operating Grants and Contributions decreased by \$1,925,225 since the city did not receive a payment from the American Rescue Plan like in the previous two years.
- The largest increase in expenses was in the area of Culture-Recreation of \$2,064,358. The Business Technology Center was sold to Andrews Independent School District for \$1 and it had not been fully depreciated.
- Public Safety expenses increased by \$798,097 due to the police department being fully staffed with their additional positions.



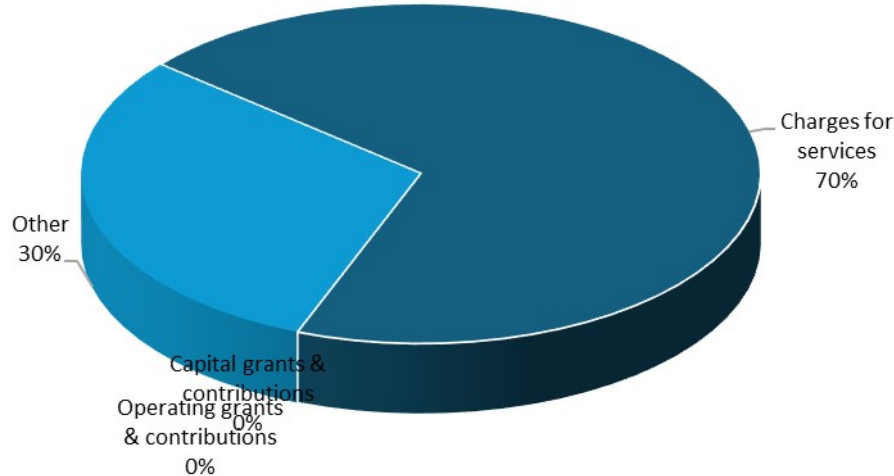
**Business-type Activities.** During the current fiscal year, net position for business-type activities increased \$2,941,147 or 9.27% from the prior year for an ending balance of \$34,674,719. Key elements of this change are as follows:

- Water and sewer charges for services covered expenses by \$45,642. Water and sewer charges for services decreased \$134,610 due to an decreased usage of water during the fiscal year. Expenses increased \$177,242 mainly due to an increase in the purchase of chemicals for the water treatment plant.
- Sanitation charges for services did not cover operating expenses causing an income from operations of (\$130,152). Revenue decreased \$29,845 primarily due to less construction disposals at our landfill. Personnel expense increased \$221,889 due to allocating more personnel to Sanitation.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

- Investment Income increased \$396,070 due to increased interest rates.

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, 2023, the City's governmental funds reported combined fund balances of \$16,078,402, a decrease of \$3,592,194 in comparison with the prior year. Approximately 20.1% of this amount (\$3,227,126) 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 (\$1,444,462), *committed* for particular purposes (\$7,116,367), *nonspendable* (\$24,428), or *assigned* for particular purposes (\$4,266,019).

The general fund is the chief operating fund of the City. The fund balance of the City's general fund decreased \$2,582,650 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 19.9% of total general fund expenditures, while total fund balance represents approximately 88.37% of that same amount.

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

- \$1,515,730 increase in total revenues – increase in property and sales tax revenues of \$1,122,260, increase in franchise tax revenue of \$20,635, decrease in fines and court costs of \$46,652, decrease in intergovernmental revenue of \$148,869 and a increase in investment income of \$550,945. Sales tax revenue increased due to increased business activity in the region and intergovernmental revenue decreased due to the hospital not reimbursing for an ambulance like in the prior year.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

- \$4,023,112 increase in total expenditures – increase in public safety payroll expenditures of \$141,893, the majority related to adding personnel in the police department. Capital Outlays increased \$3,398,431 primarily due to the of construction of the new city hall and the purchase and remodel of the municipal court building.

The American Rescue Plan net position increased by \$1,116,407 due to having \$794,067 in expenses and \$390,288 in transfers to the Utility and Sanitation Fund.

The Reliever Route Fund net position decreased by \$55,883 due to transfers out to other funds in the amount of \$1,292,638 and a street maintenance of 108,750 compared to sales tax revenue of \$1,309,703.

Other Governmental Funds consist of twelve Special Revenue Funds used to account for specific revenue sources that are restricted, committed, nonspendable or assigned to expenditures for particular purposes. The City has four 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, , one restricted by grant restrictions set by the federal government, and one fund restricted by creditors through a debt covenant. The City Council has committed funds for court technology, court security, municipal jury fund, local truancy prevention & diversion, and the purchase of child safety seats. The City has one nonspendable fund that is restricted by federal or state law related to law enforcement. Information regarding Non-major Governmental Funds can be found on pages 101-102 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 \$4,599,129 for the Water and Sewer Fund and \$416,946 for the Sanitation Fund. Overall, water and sewer net position increased by \$2,763,945 while sanitation net position increased by \$177,602. The main reason for the increase in the water and sewer fund was due to the a payment from Andrews Economic Development Corporation for the wellfield development infrastructure assistance.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Original budget compared to final budget.** The City Council approved additional appropriations of \$4,260,810 to the original General Fund budget as follows (1) \$35,000 for a study of the water treatment plant, (2) \$65,000 to recoat Vessel D at the water treatment plant, (3) \$1,400,000 to purchase and remodel the municipal court building, (4) \$50,000 for designs of the potential police department, (5) \$2,500,000 for the Florey line, (6) \$225,810 to repair the Loop 1910 approach and (7) \$345,000 for 4 police Tahoes.

**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	\$3,800,000	\$5,238,814	\$1,438,814
.25% Property Reduction Sales Tax	950,000	1,309,703	359,703
Investment Income	75,500	656,322	580,822

Sales tax revenues for the City trend with wide fluctuations in oil prices. Sales tax revenues were higher than last year due to increased business activity in the region. Investment Income was higher due to higher interest rates.

Total actual expenditures fell short of the budgeted expenditures by \$1,056,014. This was related to capital expenditures that were budgeted in FY 2023 but not completed until 2024.

CITY OF ANDREWS, TEXAS  
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**CAPITAL ASSETS**

The City of Andrews investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$74,117,564 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 increased 12.8%.

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

- The purchase of the Municipal Court Building and the remodel for \$1,288,399.
- The purchase of 2 Ford Explorers, 2 Chevrolet Tahoes, 4 Dodge Chargers and 2 Ford F-150 for the police department in the amount of \$562,463.
- Body Armor for the police department for \$67,174.
- Tactical Rifles for the police department for \$55,930.
- Laptops with vehicle mounts for patrol cars for \$78,429.
- NE 1<sup>st</sup> Street Culvert for \$202,861.
- Repairing the intersection at South Loop 1910 for \$157,593
- Curb and Gutter for \$108,284.
- The construction of the new city hall for \$3,394,747.
- Pool improvements totaling \$177,045.
- Security cameras at numerous facilities for \$88,109.
- Finishing the dog park for \$55,167.
- Fitness Park shade structures for \$41,420.
- The water department began many capital projects but they were not completed including 20" pipeline from Florey to Mustang for \$5,317,296 and the Florey booster station discharge header for \$312,088.
- Hach Fluoride & arsenic analyzer for \$53,267.
- Backup Generator for water treatment plant for \$84,791.
- John Deere Utility Tractor for the lagoons for \$227,432.
- Replacing Augers for \$84,200.
- 500K groundwater storage tank for \$72,119.
- Built a landfill service shop for \$165,679.
- Purchase of two sanitation trucks for \$464,256.
- Rebuild heritage lift station for \$70,736 and the moxley lift station for \$86,589.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

- Replace 1% of the City's water lines for 237,434 and 1% of the sewer lines for \$511,202.

**Capital Assets at Year-end**

(net of accumulated depreciation)

<b>\$000</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	Land	\$1,071	\$1,409	\$3,294	\$3,294	\$4,365
Buildings	9,151	6,309	3,441	3,329	12,592	9,638
Improvements other than buildings	4,222	4,378	16	20	4,238	4,398
Infrastructure	22,339	22,977	-	-	22,339	22,977
Machinery & Equipment	2,568	2,415	1,997	1,850	4,565	4,265
Water & Sewer System	-	-	26,018	19,727	26,018	19,727
<b>Total</b>	<b>\$39,351</b>	<b>\$37,488</b>	<b>\$34,766</b>	<b>\$28,220</b>	<b>\$74,117</b>	<b>\$65,708</b>

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 \$16,220,000, 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 \$5,888,757.

**Outstanding Debt at Year-end**

<b>\$000</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	General obligation bonds	\$10,595	\$10,930	\$5,625	\$5,705	\$16,635
Pension related debt	4,249	1,248	1,639	484	5,888	1,732
<b>Total</b>	<b>\$14,844</b>	<b>\$12,178</b>	<b>\$7,264</b>	<b>\$6,189</b>	<b>\$22,108</b>	<b>\$18,367</b>

The City's total debt increased by \$3,698,399 or 20.08% during the current fiscal year as the City's financial responsibility for pensions increased.

In August 2021, Fitch Ratings kept the City's long-term issuer default rating on its general obligation debt at "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, 2023 was 6.95%.

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 2024 budget, tax rates, and fees that will be charged for business-type activities. Some of the major factors are included below.

- Sales tax, by its very nature, is a volatile revenue source. With as much as 80% of the City's economy tied in some way or another to the oil industry, sales taxes trend with wide fluctuation in oil prices. The oilfield has started to turn around since the COVID 19 pandemic and the sales tax

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

revenues have been trending above budget. Sales tax revenues were \$1,500,000 over budget for FY 2023. Sales tax revenues for 2024 are budgeted with an increase of \$600,000 compared to FY 2023.

- Taxable assessed property values for the City increased 8.2% in 2023 to \$1,065,883,709. The City kept the ad valorem tax rate the same at \$0.180475.
- The increase of water rates by 20% on volumes greater than 2,000 gallon per month in 2021 has improved the Utility Fund significantly. For 2024, water rates increased by 3%.
- Sanitation collection rates will remain the same for 2024.
- The City's full-time employee headcount is budgeted to increase by 1 patrol officer in 2024.
- New Capital expenditures for fiscal year 2024 are budgeted at \$3.5 million. Of this total, \$0.7 million is directed to seal coating 1/3 of Loop 1910 and selected interior roads, \$0.7 Million to replace 1% of the water and sewer lines, and \$0.7 million to purchase a compacter.

**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: Ashton Jones, at 110 Logsdon, Andrews, Texas 79714, call 432-523-4820, or e-mail at [ajones@cityofandrews.org](mailto:ajones@cityofandrews.org).

# BASIC FINANCIAL STATEMENTS

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**City of Andrews, Texas**  
**Government-wide Statement of Net Position**  
**September 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Andrews Econ. Dev. Corp.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,216,641	\$ 5,869,858	\$ 15,086,499	\$ 7,731,593
Investments	6,886,330	1,632,286	8,518,616	2,080,000
Receivables (net of allow. for doubtful accts)	1,979,850	1,945,121	3,924,971	200,760
Due from other funds	7,807	-	7,807	-
Inventories	-	142,577	142,577	-
Prepaid items	-	828	828	-
Capital Assets:				
Land	1,071,357	3,294,007	4,365,364	3,938,457
Building	11,013,633	4,488,442	15,502,075	-
Improvements other than buildings	8,828,637	75,647	8,904,284	766,910
Infrastructure	33,512,074	-	33,512,074	-
Water & sewer systems		41,649,833	41,649,833	-
Machinery & equipment	7,328,476	4,870,018	12,198,494	7,035
Accumulated depreciation	(22,402,769)	(19,611,791)	(42,014,560)	(261,348)
Total Assets	<u>57,442,036</u>	<u>44,356,826</u>	<u>101,798,862</u>	<u>14,463,407</u>
<b>DEFERRED OUTFLOWS</b>				
Pension Related (TMRS):				
Difference between expected and actual experience	2,398,641	1,449,830	3,848,471	65,489
Difference between projected and actual earnings	796,913	236,961	1,033,874	-
Difference due to changes in actuarial assumptions	52,362	21,582	73,944	815
Deferred pension contributions	349,761	129,415	479,176	5,086
Pension Related (TESRS):			-	
Difference between expected and actual experience	42,973		42,973	
Difference due to changes in actuarial assumptions	2,533	-	2,533	-
Deferred pension contributions	10,467	-	10,467	-
Total Deferred Outflows	<u>3,653,650</u>	<u>1,837,788</u>	<u>5,491,437</u>	<u>71,390</u>
<b>LIABILITIES</b>				
Accounts payable	582,785	983,863	1,566,648	1,157,347
Accrued Interest Payable	72,481		72,481	-
Other payables	214,587	21,135	235,722	1,889
Customer Deposits	10,000	321,548	331,548	-
Noncurrent liabilities				
Due within one year	359,787	113,667	473,454	-
Due in more than one year	15,368,139	8,990,914	24,359,053	76,551
Total Liabilities	<u>16,607,779</u>	<u>10,431,126</u>	<u>27,038,906</u>	<u>1,235,787</u>
<b>DEFERRED INFLOWS</b>				
Pension Related (TMRS):				
Difference between expected and actual experience	1,694,439	1,088,768	2,783,207	32,359
Difference between projected and actual earnings	-	-	-	10,403
Pension Related (TESRS):				
Difference between expected and actual experience	32,129	-	32,129	-
Difference between projected and actual earnings	28,789	-	28,789	-
Total Deferred Inflows	<u>1,755,357</u>	<u>1,088,768</u>	<u>2,844,125</u>	<u>42,762</u>
<b>NET POSITION</b>				
Net investment in capital assets	28,575,908	28,571,154	57,147,062	4,451,054
Nonspendable				
Confiscated funds	24,428	-	24,428	-
Restricted for:				
Confiscated for police investigations	20,838	-	20,838	-
Law enforcement education programs	15,008	-	15,008	-
General obligation debt	127,485	-	127,485	-
Hotel Occupancy Tax	254,593	-	254,593	-
Landfill Closure	-	1,087,490	1,087,490	-
Grant Restrictions	1,026,538	-	1,026,538	-
Unrestricted	12,687,751	5,016,075	17,703,826	8,805,194
Total Net Position	<u>\$ 42,732,549</u>	<u>\$ 34,674,719</u>	<u>\$ 77,407,268</u>	<u>\$ 13,256,248</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, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			Component Unit Andrews Econ. Dev. Corp.
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General gov't and admin	\$ 1,903,947	\$ 63,187	\$ -	\$ -	\$ (1,840,760)	\$ -	\$ (1,840,760)	
Public safety	6,870,729	432,670	2,116,817	21,792	(4,299,450)	-	(4,299,450)	
Highways and streets	2,835,662	-	-	-	(2,835,662)	-	(2,835,662)	
Culture - recreation	3,284,459	57,387	-	278	(3,226,794)	-	(3,226,794)	
Economic development	425,264	42,760	50,000	-	(332,504)	-	(332,504)	
Interest	708,464	-	-	-	(708,464)	-	(708,464)	
Total Governmental Activities	<u>16,028,525</u>	<u>596,004</u>	<u>2,166,817</u>	<u>22,070</u>	<u>(13,243,634)</u>	<u>-</u>	<u>(13,243,634)</u>	
Business-type activities:								
Water and sewer	4,875,981	5,001,623	-	-	-	125,642	125,642	
Sanitation	2,199,087	2,068,935	-	-	-	(130,152)	(130,152)	
Total Business-type Activities	<u>7,075,068</u>	<u>7,070,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,510)</u>	<u>(4,510)</u>	
Total Primary Government	<u>\$ 23,103,593</u>	<u>\$ 7,666,562</u>	<u>\$ 2,166,817</u>	<u>\$ 22,070</u>	<u>(13,243,634)</u>	<u>(4,510)</u>	<u>(13,248,143)</u>	
<b>Component Unit:</b>								
Andrews Economic Dev. Corp.	\$ 2,546,615	\$ -	\$ -	\$ -				\$ (2,546,615)
Total Component Unit	<u>\$ 2,546,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (2,546,615)</u>
General revenues:								
Taxes								
Property					1,827,955	-	1,827,955	-
Sales					7,868,317	-	7,868,317	2,619,407
Franchise					722,607	-	722,607	-
Other					373,470	-	373,470	-
Miscellaneous revenue					5,224	2,182,137	2,187,361	34,000
Investment income					774,029	488,772	1,262,801	417,484
Gain on disposition of assets					-	275,383	275,383	72,612
Transfers					635	(635)	-	-
Total general revenues and transfers					<u>11,572,236</u>	<u>2,945,657</u>	<u>14,517,893</u>	<u>3,143,503</u>
Change in net position					(1,671,398)	2,941,147	1,269,749	596,888
Net position, beginning					44,403,947	31,733,572	76,137,519	12,659,360
Prior Period Adjustment					-	-	-	-
Net position, ending					<u>\$ 42,732,549</u>	<u>\$ 34,674,719</u>	<u>\$ 77,407,268</u>	<u>\$ 13,256,248</u>

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

**City of Andrews, Texas  
Governmental Funds  
Balance Sheet  
September 30, 2023**

	General Fund	Debt Service Fund	American Rescue Plan Funds	Reliever Route Funds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,397,594	-	\$ 1,036,528	\$ 339,013	\$ 443,506	9,216,641
Investments	6,886,330	-	-	-	-	6,886,330
Due from Other Funds	7,807	127,485	-	-	-	135,292
Receivables (net of allowance for uncollectibles)						-
Ad valorem taxes	211,454	-	-	-	-	211,454
Sales taxes	719,428	-	-	-	-	719,428
Miscellaneous	22,261	-	-	-	-	22,261
Interest	32,707	-	-	-	-	32,707
Total Assets	<u>\$15,277,581</u>	<u>\$ 127,485</u>	<u>\$ 1,036,528</u>	<u>\$ 339,013</u>	<u>\$ 443,506</u>	<u>\$ 17,224,113</u>
<b>DEFERRED OUTFLOWS</b>						
	-	-	-	-	-	-
<b>LIABILITIES</b>						
Accounts payable	\$ 546,634	\$ -	\$ 9,990	\$ 2,493	\$ 23,668	582,785
Due to other funds	-	-	-	127,485	-	127,485
Other payables	214,587	-	-	-	-	214,587
Customer deposits	4,400	-	-	-	10,000	14,400
Unearned revenue	206,454	-	-	-	-	206,454
Total Liabilities	<u>972,075</u>	<u>-</u>	<u>9,990</u>	<u>129,978</u>	<u>33,668</u>	<u>1,145,711</u>
<b>DEFERRED INFLOWS</b>						
	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS)</b>						
<b>Nonspendable</b>						
Confiscated funds			-	-	24,428	24,428
<b>Restricted:</b>						
Confiscated funds for police investigations	-	-	-	-	20,838	20,838
Law enforcement education programs	-	-	-	-	15,008	15,008
General obligation debt	-	127,485	-	-	-	127,485
Hotel Occupancy Tax					254,593	254,593
Grant Restrictions			1,026,538			1,026,538
<b>Committed:</b>						
Capital improvement projects	6,440,022	-	-	-	-	6,440,022
Ambulance services	372,339	-	-	-	-	372,339
Reliever Route maintenance	-	-	-	209,035	-	209,035
Court technology projects	-	-	-	-	6,484	6,484
Child safety seat purchases	-	-	-	-	570	570
Court security projects	-	-	-	-	56,314	56,314
Local Truancy Prevention					30,983	30,983
Municipal Jury Fund					620	620
<b>Assigned:</b>						
Pension Liability	4,219,470	-	-	-	-	4,219,470
Adult education programs	1,279	-	-	-	-	1,279
Litter Control	43,189	-	-	-	-	43,189
Police investigation	2,081	-	-	-	-	2,081
Unassigned	3,227,126	-	-	-	-	3,227,126
Total fund balances (deficits)	<u>14,305,506</u>	<u>127,485</u>	<u>1,026,538</u>	<u>209,035</u>	<u>409,838</u>	<u>16,078,402</u>
Total liabilities, deferred inflows, and fund balances	<u>\$15,277,581</u>	<u>\$ 127,485</u>	<u>\$ 1,036,528</u>	<u>\$ 339,013</u>	<u>\$ 443,506</u>	<u>\$ 17,224,113</u>

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, 2023**

Total Fund Balances - Governmental Funds	\$	16,078,402
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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.		39,351,408
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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.		(13,897,715)
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Deferred income is not revenue in the current period and therefore is not reported in the Statement of Net Position.		206,454
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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.		994,000
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Net Position of Governmental Activities	\$	<u>42,732,549</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, 2023**

	General Fund	Debt Service Fund	American Rescue Plan Fund	Reliever Route Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 8,388,187	-	-	1,309,703	\$ 357,783	\$ 10,055,673
Franchise fees	722,606	-	-	-	-	722,606
License, permits, fees	73,682	-	-	-	-	73,682
Charges for services	57,387	-	-	-	-	57,387
Fines and court costs	226,694	-	-	-	25,751	252,445
Miscellaneous	575,904	-	-	-	-	575,904
Investment income	656,322	-	67,948	35,802	13,958	774,030
Intergovernmental revenue	2,275,201	-	-	-	-	2,275,201
Grant income	71,792	-	-	-	1,494	73,286
Contributions	-	-	-	-	-	-
Total Revenues	<u>13,047,775</u>	<u>-</u>	<u>67,948</u>	<u>1,345,505</u>	<u>398,986</u>	<u>14,860,214</u>
<b>EXPENDITURES</b>						
Current:						
General governmental and administration	2,227,343	-	-	-	9,956	2,237,299
Public safety	6,011,057	-	46,309	-	2,617	6,059,983
Highway and streets	1,470,375	-	-	108,750	-	1,579,125
Culture-recreation	537,644	-	-	-	223,668	761,312
Economic development	156,821	-	-	-	-	156,821
Debt service:						
Principal	-	415,000	-	-	-	415,000
Interest	-	710,683	-	-	-	710,683
Capital outlay:						
General governmental and administration	742,587	-	567,320	-	-	1,309,907
Public safety	791,332	-	180,438	-	-	971,770
Highway and streets	480,649	-	-	-	-	480,649
Culture-recreation	3,770,495	-	-	-	-	3,770,495
Economic development	-	-	-	-	-	-
Total Expenditures	<u>16,188,303</u>	<u>1,125,683</u>	<u>794,067</u>	<u>108,750</u>	<u>236,241</u>	<u>18,453,044</u>
Excess (deficiency) of revenues over (under) expenditures	(3,140,528)	(1,125,683)	(726,119)	1,236,755	162,745	(3,592,830)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	557,878	1,125,683	-	-	-	1,683,561
Transfers out	-	-	(390,288)	(1,292,638)	-	(1,682,926)
General obligation bond issued	-	-	-	-	-	-
Sale of general capital assets	-	-	-	-	-	-
Lawsuit settlement	-	-	-	-	-	-
Total other financing sources (uses)	<u>557,878</u>	<u>1,125,683</u>	<u>(390,288)</u>	<u>(1,292,638)</u>	<u>-</u>	<u>635</u>
Net Change in Fund Balance	(2,582,650)	-	(1,116,407)	(55,883)	162,745	(3,592,195)
Fund balance, beginning	16,888,156	127,485	2,142,945	264,918	247,093	19,670,597
Prior Period Adjustment	-	-	-	-	-	-
Fund balance, ending	<u>\$ 14,305,506</u>	<u>\$ 127,485</u>	<u>\$ 1,026,538</u>	<u>\$ 209,035</u>	<u>\$ 409,838</u>	<u>\$ 16,078,402</u>

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, 2023**

Net Change in Fund Balance - Governmental Funds \$ (3,592,195)

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 (\$6,532,821) exceeded depreciation expense (\$2,476,042) and the loss from sale of assets of (2,193,011). 1,863,768

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. 335,000

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. (277,970)

Change in Net Assets of Governmental Activities \$ (1,671,397)

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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,604,536	\$ 6,604,536	\$ 8,388,187	\$ 1,783,651
Franchise fees	710,000	\$ 710,000	722,606	12,606
License, permits, fees	51,650	\$ 51,650	73,682	22,032
Charges for services	65,000	\$ 65,000	57,387	(7,613)
Fines and court costs	320,650	\$ 320,650	226,694	(93,956)
Miscellaneous	583,748	\$ 583,748	575,904	(7,844)
Investment income	75,500	\$ 75,500	656,322	580,822
Intergovernmental revenue	2,284,923	\$ 2,284,923	2,275,201	(9,722)
Grant income	50,000	\$ 50,000	71,792	21,792
Total Revenues	<u>10,746,007</u>	<u>10,746,007</u>	<u>13,047,775</u>	<u>2,301,768</u>
<b>EXPENDITURES</b>				
Current				
General gov't and admin	2,245,911	2,245,911	2,227,344	18,567
Public safety	6,079,954	6,079,954	6,011,057	68,897
Highways and street	786,455	786,455	1,470,375	(683,920)
Culture - recreation	459,124	478,024	537,643	(59,619)
Economic development	125,375	125,375	156,821	(31,446)
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
General government and admin.	3,400	1,403,400	742,587	660,813
Public safety	554,650	1,294,795	791,332	503,463
Highway and streets	712,000	937,000	480,649	456,351
Culture-recreation	230,237	3,893,402	3,770,495	122,907
Economic development	-	-	-	-
Total Expenditures	<u>11,197,106</u>	<u>17,244,316</u>	<u>16,188,303</u>	<u>1,056,013</u>
Excess (deficiency) of revenues over expenditures and other uses	(451,099)	(6,498,309)	(3,140,528)	3,357,781
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	628,000	628,000	557,878	70,122
Transfers out	-	-	-	-
General obligation bond issued	-	-	-	-
Sale of general capital assets	-	-	-	-
Lawsuit settlement	-	-	-	-
Total other financing sources (uses)	<u>628,000</u>	<u>628,000</u>	<u>557,878</u>	<u>70,122</u>
Net change in fund balance	176,901	(5,870,309)	(2,582,650)	3,427,903
Fund balance, beginning	16,888,156	16,888,156	16,888,156	-
Fund balance, ending	<u>\$ 17,065,057</u>	<u>\$ 11,017,847</u>	<u>\$ 14,305,506</u>	<u>\$ 3,427,903</u>

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

**City of Andrews, Texas**  
**American Rescue Plan**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes			\$ -	\$ -
Franchise fees			-	-
License, permits, fees			-	-
Charges for services			-	-
Fines and court costs			-	-
Miscellaneous			-	-
Investment income			67,948	67,948
Intergovernmental revenue			-	-
Grant income			-	-
Total Revenues	-	-	67,948	67,948
<b>EXPENDITURES</b>				
Current				
General gov't and admin	-	-	-	-
Public safety	-	-	46,309	(46,309)
Highways and street	-	-	-	-
Culture - recreation	-	-	-	-
Economic development	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
General government and admin.	1,139,269	1,139,269	567,320	571,949
Public safety	298,000	298,000	180,438	117,562
Highway and streets			-	-
Culture-recreation			-	-
Economic development			-	-
Total Expenditures	1,437,269	1,437,269	794,067	643,202
Excess (deficiency) of revenues over expenditures and other uses	(1,437,269)	(1,437,269)	(726,119)	711,150
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfers out	(694,826)	(694,826)	(390,288)	(304,538)
General obligation bond issued	-	-	-	-
Sale of general capital assets	-	-	-	-
Lawsuit settlement	-	-	-	-
Total other financing sources (uses)	(694,826)	(694,826)	(390,288)	(304,538)
Net change in fund balance	(2,132,095)	(2,132,095)	(1,116,407)	406,612
Fund balance, beginning	2,142,945	2,142,945	2,142,945	-
Fund balance, ending	\$ 10,850	\$ 10,850	\$ 1,026,538	\$ 406,612

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

**City of Andrews, Texas**  
**Reliever Route**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 950,000	\$ 950,000	\$ 1,309,703	\$ 359,703
Franchise fees	-	\$ -	-	-
License, permits, fees	-	\$ -	-	-
Charges for services	-	\$ -	-	-
Fines and court costs	-	\$ -	-	-
Miscellaneous	-	\$ -	-	-
Investment income	600	\$ 600	35,802	35,202
Intergovernmental revenue	-	\$ -	-	-
Grant income	-	\$ -	-	-
Total Revenues	<u>950,600</u>	<u>950,600</u>	<u>1,345,505</u>	<u>394,905</u>
<b>EXPENDITURES</b>				
Current				
General gov't and admin	-	-	-	-
Public safety	-	-	-	-
Highways and street	75,300	75,300	108,750	(33,450)
Culture - recreation	-	-	-	-
Economic development	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
General government and admin.	-	-	-	-
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Culture-recreation	-	-	-	-
Economic development	-	-	-	-
Total Expenditures	<u>75,300</u>	<u>75,300</u>	<u>108,750</u>	<u>(33,450)</u>
Excess (deficiency) of revenues over expenditures and other uses	875,300	875,300	1,236,755	361,455
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfers out	(1,396,695)	(1,396,695)	(1,292,638)	(104,057)
General obligation bond issued	-	-	-	-
Sale of general capital assets	-	-	-	-
Lawsuit settlement	-	-	-	-
Total other financing sources (uses)	<u>(1,396,695)</u>	<u>(1,396,695)</u>	<u>(1,292,638)</u>	<u>(104,057)</u>
Net change in fund balance	(521,395)	(521,395)	(55,883)	257,398
Fund balance, beginning	264,918	264,918	264,918	-
Fund balance, ending	<u>\$ (256,477)</u>	<u>\$ (256,477)</u>	<u>\$ 209,035</u>	<u>\$ 257,398</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, 2023**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 4,547,412	\$ 1,322,446	\$ 5,869,858
Investment-treasury securities/cert. of dep.	-	1,618,544	1,618,544
Interest receivable	-	13,742	13,742
Accounts receivable (net of allowance for doubtful accounts of \$26,664)	1,714,364	230,757	1,945,121
Inventories	142,577	-	142,577
Prepaid costs	828	-	828
<b>Total Current Assets</b>	<b>6,405,181</b>	<b>3,185,489</b>	<b>9,590,670</b>
Noncurrent Assets:			
Capital Assets			
Land	1,555,631	1,738,376	3,294,007
Buildings	4,138,847	349,595	4,488,442
Equipment	1,364,975	3,580,690	4,945,665
Infrastructure	41,649,833	-	41,649,833
Less accumulated depreciation	(17,860,187)	(1,751,604)	(19,611,791)
<b>Total noncurrent assets</b>	<b>30,849,099</b>	<b>3,917,057</b>	<b>34,766,156</b>
<b>Total Assets</b>	<b>37,254,280</b>	<b>7,102,546</b>	<b>44,356,826</b>
<b>DEFERRED OUTFLOWS</b>			
Pension Related:			
Difference between expected and actual experience	798,414	651,416	1,449,830
Difference between projected and actual earnings	129,431	107,530	236,961
Difference due to changes in actuarial assumptions	11,885	9,697	21,582
Deferred pension contributions	68,648	60,767	129,415
<b>Total Deferred Outflows</b>	<b>1,008,378</b>	<b>829,410</b>	<b>1,837,788</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	905,800	78,063	983,863
Accrued liabilities	10,822	10,313	21,135
Bond Payable in One Year	225,000	-	225,000
Bond Premium in One Year	31,667	-	31,667
Sales tax payable	-	-	-
Customer deposits	315,048	6,500	321,548
Accrued compensated absences	1,000	1,000	2,000
<b>Total Current Liabilities</b>	<b>1,489,337</b>	<b>95,876</b>	<b>1,585,213</b>
Noncurrent liabilities:			
Accrued compensated absences	78,101	102,948	181,049
Accrued pension benefit payable	903,164	735,876	1,639,040
Bond Payable	5,400,000	-	5,400,000
Bond Premium	538,335	-	538,335
Landfill closure costs	-	1,087,490	1,087,490
<b>Total Noncurrent Liabilities</b>	<b>6,919,600</b>	<b>1,926,314</b>	<b>8,845,914</b>
<b>Total Liabilities</b>	<b>8,408,937</b>	<b>2,022,190</b>	<b>10,431,127</b>
<b>DEFERRED INFLOWS</b>			
Pension Related:			
Difference between expected and actual experience	600,495	488,273	1,088,768
<b>Total Deferred Inflows</b>	<b>600,495</b>	<b>488,273</b>	<b>1,088,768</b>
<b>NET POSITION</b>			
Net investment in capital assets	24,654,097	3,917,057	28,571,154
Restricted:			
Landfill closure costs	-	1,087,490	1,087,490
Unrestricted	4,599,129	416,946	5,016,075
<b>Total Net Position</b>	<b>\$ 29,253,226</b>	<b>\$ 5,421,493</b>	<b>\$ 34,674,719</b>

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, 2023**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water	\$ 3,724,117	\$ -	\$ 3,724,117
Sewer	1,056,334	-	1,056,334
Sanitation	-	2,068,935	2,068,935
Other	221,172	-	221,172
Total Operating Revenues	<u>5,001,623</u>	<u>2,068,935</u>	<u>7,070,558</u>
<b>OPERATING EXPENSES</b>			
Personnel services	993,968	880,576	1,874,544
Supplies	891,990	151,260	1,043,250
Maintenance & Repairs	375,459	238,575	614,034
Outside Services	976,445	206,360	1,182,805
Other Operating Expense	353,033	319,580	672,613
Landfill closure		97,628	97,628
Depreciation	1,285,086	305,108	1,590,194
Total Operating Expenses	<u>4,875,981</u>	<u>2,199,087</u>	<u>7,075,068</u>
Income from Operations	<u>125,642</u>	<u>(130,152)</u>	<u>(4,510)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	356,546	132,226	488,772
Gain/(Loss) on disposal of capital assets	265,935	9,448	275,383
Rent	121,709	-	121,709
Surface Damages / Water Disposal	43,949	-	43,949
Transfer from Andrews Economic Development	1,984,812		1,984,812
General Obligation Bond Premium Amortization	31,667	-	31,667
Total Nonoperating Revenues (Expenses)	<u>2,804,618</u>	<u>141,674</u>	<u>2,946,292</u>
Income before capital contributions and transfers	2,930,260	11,522	2,941,782
Capital contributions		-	-
Transfers in from American Rescue Plan	224,608	165,680	390,288
Transfer out Debt Service Fund	(390,923)		(390,923)
Total Transfers	<u>(166,315)</u>	<u>165,680</u>	<u>(635)</u>
Change in Net Position	2,763,945	177,202	2,941,147
Net Position, beginning	26,489,281	5,244,291	31,733,572
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>0</u>
Net Position, ending	<u>\$ 29,253,226</u>	<u>\$ 5,421,493</u>	<u>\$ 34,674,719</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, 2023**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customer	\$ 3,707,746	\$ 2,019,838	\$ 5,727,584
Other operating cash receipts	-	(13,430)	(13,430)
Cash payments to suppliers for goods and services	(1,521,690)	(562,325)	(2,084,015)
Cash payments to employees for services	(934,369)	(812,442)	(1,746,811)
Cash payments to other funds for services	(319,580)	(319,580)	(639,160)
Net cash provided (used) by operating activities	<u>932,107</u>	<u>312,061</u>	<u>1,244,168</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Net cash provided by non-capital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(7,420,044)	(716,535)	(8,136,579)
Cash transfer from American Rescue Fund for Capital Projects	1,984,812	-	1,984,812
Proceeds from sale of capital assets	265,935	9,448	275,383
Income from Surface Damage and Salt Water Disposal on City Property	43,949	-	43,949
Rental income from City assets	121,709	-	121,709
General Obligation Bond Premium Amortization	31,667	-	31,667
Cash transfer from American Rescue Fund for Capital Projects	224,608	165,680	390,288
Debt Service	(390,923)	-	(390,923)
Net cash provided (used) by capital and related financing activities	<u>(5,138,287)</u>	<u>(541,407)</u>	<u>(5,679,694)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on cash and investments	356,546	132,226	488,772
Purchase of treasury securities/certificate of deposit	-	(751,544)	(751,544)
Net cash provided (used) by investing activities	<u>356,546</u>	<u>(619,318)</u>	<u>(262,772)</u>
Net increase (decrease) in cash and cash equivalents	(3,849,634)	(848,664)	(4,698,298)
Cash and cash equivalents, beginning	8,397,047	2,171,110	10,568,157
Cash and cash equivalents, ending	<u>\$ 4,547,413</u>	<u>\$ 1,322,446</u>	<u>\$ 5,869,859</u>
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>			
Operating Income (Loss)	\$ 125,642	\$ (130,152)	\$ (4,510)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	1,285,087	305,108	1,590,195
Landfill closure costs	-	97,628	97,628
Prior Period Adjustment	-	-	-
Provision for doubtful accounts	(7,396)	-	(7,396)
Change in assets and liabilities			
Decrease (increase) in accounts receivable	(1,306,618)	(49,097)	(1,355,715)
Decrease (increase) in interest receivable	-	(13,430)	(13,430)
Decrease (increase) in due from other funds	-	-	-
Decrease (increase) in inventory	727	-	727
Decrease (increase) in prepaid costs	(121)	-	(121)
Decrease (increase) in deferred outflows of resources for pensions	(547,008)	(446,296)	(993,304)
Increase (decrease) in accounts payable	755,050	33,671	788,721
Increase (decrease) in accrued liabilities	3,363	(2,324)	1,039
Increase (decrease) in sales tax payable	-	-	-
Increase (decrease) in other payables	-	-	-
Increase (decrease) in compensated absences	(1,553)	23,308	21,755
Increase (decrease) in pension benefit obligation	635,839	518,773	1,154,612
Increase (decrease) in customer deposits	20,138	200	20,338
Increase (decrease) in deferred outflows of resources for pensions	(31,043)	(25,327)	(56,370)
Net cash provided (used) by operating activities	<u>\$ 932,107</u>	<u>\$ 312,062</u>	<u>\$ 1,244,169</u>

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

**City of Andrews, Texas**  
**Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2023**

	<u>Total</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 130,077
Total Assets	<u>\$ 130,077</u>
 <b>LIABILITIES</b>	
Deposits held for others	<u>130,077</u>
Total Liabilities	<u>\$ 130,077</u>
 <b>NET POSITION</b>	
	<u>-</u>
	<u>\$ -</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2023

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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 126-128 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, 2023

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, 2023

- The City reports three major governmental funds – the **General Fund**, the **American Rescue Plan Fund**, and the **Reliever Route 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. The Reliever Route Fund consists of sales tax funds committed to the repair and maintenance of the City's truck reliever route. The American Rescue Plan Fund is grant funding from the federal government in response to the Corona Virus.

Additionally, the City reports nine Special Revenue Funds as **Other Governmental Funds**. These nine Special Revenue Funds are used to account for monies received and expended for the following specific purposes: Court Technology, Police Investigation, Police Education, Police Forfeiture, Child Safety Seats, Court Security, Local Truancy Preventions, Municipal Jury Fund, and Hotel Occupancy Tax. Of these funds, the Hotel Occupancy Tax Fund were budgeted in 2022-23.

The City also reports a Debt Service Fund that is a governmental fund used to account for monies set aside for the payment of principal and interest to holders of the City's general obligation bonds. A general obligation (GO) bond is a legal debt instrument used to finance permanent public projects within city limits. In issuing bonds, the City pledges to levy whatever property tax is needed to repay the bonds for any particular year.

**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 **Custodial Funds**. Custodial funds are custodial in nature (assets equal liabilities) but can report a net position balance when a demand for resources has been made. The fund involves the economic resources measurement focus. The accrual basis of accounting is used. The City has two custodial 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

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2023

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**

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2023

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 that have the general characteristics of demand deposit accounts in that additional cash may be deposited at any time and also effectively may withdraw cash at any time without prior notice or penalty, (TexSTAR and Texas CLASS) 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 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

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2023

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:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20-50 years
Water and Sewer System Infrastructure	20-50 years
Machinery & Equipment	20-40 years
Improvements	5-10 years
	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, represent a consumption of net assets 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**

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2023

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.

## **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, represent an acquisition of net assets 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:

- 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 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.

## **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**

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2023

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:

- **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

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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 fair 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 appeals, and if necessary, legal action. Under this legislation the City continues to set tax rates on City property. However, if the no new revenue 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, 2022, the City allocated \$529,840 for these services. Such revenues are recorded as a reduction of expense in the General Fund on the government-wide statements.

**G. New Accounting Pronouncements**

In March 2020, the GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for reporting periods beginning after June 30, 2023. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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In May 2020, the GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 30, 2023, and all reporting periods thereafter. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In April 2022, The GASB issues Statement No. 99 "Omnibus 2022." The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financials reporting for financial guarantees. Certain provisions of Statement No. 99 are effective upon issuance, while other provisions of Statement No. 99 are effective for fiscal years beginning after June 15, 2022, or 2023. The City if evaluating the impact, is any, upon its financials.

In June 2022, the GASB issues Statement No. 100, "Accounting Changes and Error Corrections - Amendment of GASB Statement No 62." This Statement prescribes the accounting and financial reporting for (1) each type of accounting change, and (2) error corrections. This Statement requires (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statement reporting period beginning after June 15, 2023. The City is evaluating the impact, if any, upon its financials.

In June 2022, the GASB issues Statement No. 101, "Compensated Absences". This Statement clarifies the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2023. The City is evaluating the impact, if any, upon its financials.

The City of Andrews will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City's financial statements.

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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 \$39,351,408 are as follows:

Land	\$ 1,071,357
Buildings	11,013,633
Less: Accumulated depreciation – buildings	(1,862,962)
Improvements other than buildings	8,828,637
Less: Accumulated depreciation – improvements	(4,606,389)
Infrastructure	33,512,074
Less: Accumulated depreciation – infrastructure	(11,172,616)
Machinery and equipment	7,328,476
Less: Accumulated depreciation – machinery & equipment	<u>(4,760,802)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$39,351,408</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 \$15,796,007 difference are as follows:

Bonds payable	\$10,595,000
Add: Issuance premium (to be amortized over life of debt)	180,500
Pension-related debt	4,249,717
Compensated absences	698,309
Accrued interest payable	<u>72,481</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$15,796,007</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 \$206,454 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 \$994,000 difference are as follows:

Court citations receivable	\$ 982,087
Weed control receivable	<u>11,913</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 994,000</u>

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**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**

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 \$(1,863,768) difference are as follows:

Capital outlay	\$ (6,532,821)
Sale of Assets	2,193,011
Depreciation expense	<u>2,476,042</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>\$ (1,863,768)</u>

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 \$335,000 during fiscal year 2023 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 (\$277,970) difference are as follows:

Compensated absences	\$( 30,923)
Pension liability	(332,609)
Court citations issued not billed	58,997
Weed control services not billed	1,892
Property tax not collectable in 60 days	14,067
Amortization on bond premium	8,387
Accrued interest expense on bond	<u>2,219</u>
 Net adjustment to increase the <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	 <u>\$ 277,970</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, 2023, are as follows:

	Primary Government	Fiduciary Activities	Total Government	Component Unit	Total
Cash on hand	\$ 1,276	\$ -	\$ 1,276	\$ -	\$ 1,276
Bank Deposits	895,964	130,077	1,026,041	40,317	1,066,358
State Investment Pools	14,189,259	-	14,189,259	7,691,276	21,880,535
Total cash and equivalents	<u>\$15,086,499</u>	<u>\$130,077</u>	<u>\$15,216,576</u>	<u>\$ 7,731,593</u>	<u>\$ 22,948,169</u>

**Bank Deposits** – On September 30, 2023, 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 –TexSTAR and Texas CLASS. State investment pools are considered as cash equivalents for financial reporting purposes.

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.

Texas Cooperative Liquid Assets Securities System (Texas CLASS) was created specifically for use by Texas local government entities and seeks to provide safety, liquidity, convenience, and competitive rates of return. Public Trust Advisors, LLC serves as the pool’s administrator and investment adviser. Public Trust Advisors, LLC also performs all marketing and operation functions of the portfolio. The pool is subject to the general supervision of a Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants. Wells Fargo Bank, N.A. serves as custodian for the pool. The investment objective and strategy of the pool is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds.

TexSTAR, and Texas CLASS operate in a manner consistent with SEC’s Rule 2a7 of the Investment Company Act of 1940. They all use amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in each is the same as the value of their shares. As of September 30, 2023, City and Andrews Economic Development Corporations (Component Unit) funds were invested as follows:

	TexStar	Texas CLASS	Total
City of Andrews	\$2,405,923	\$ 11,783,336	\$14,189,259
Andrews EDC	0	7,691,276	7,691,276
Total	<u>\$2,405,923</u>	<u>\$19,474,612</u>	<u>\$21,880,535</u>

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**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 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, 2023. (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>City of Andrews</u>		
U. S. Treasury Notes	\$ 3,587,507	123
Certificates of Deposit	4,857,576	283
Total fair value	<u>\$ 8,445,083</u>	
Portfolio weighted average maturity		78
<u>Andrews Economic Development Corporation</u>		
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	2,085,780	658
Total fair value	<u>\$ 2,085,780</u>	
Portfolio weighted average maturity		77

**C. Restricted Cash and Investments**

	Governmental Activities	Business- type Activities	Total Primary Government	Fiduciary Activities	Total Government
Unrestricted	\$ 14,634,081	\$ 6,414,654	\$ 21,048,735	\$ -	\$ 21,048,735
Restricted	1,444,462	1,087,490	2,531,952	130,077	2,662,029
Nonspendable	24,428		24,428		24,428
Total	<u>\$ 16,102,971</u>	<u>\$ 7,502,144</u>	<u>\$ 23,605,115</u>	130,077	<u>\$ 23,735,192</u>

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Cash and investments at September 30, 2023, restricted by legal or contractual requirements, are reported in governmental activities, business-type activities and fiduciary funds as follows:

<u>Cash and investments by funds</u>	
Governmental activities:	
Debt service fund:	
Debt service	\$ 127,485
Other governmental funds:	
Police investigation	20,838
Police education	15,008
Grant Restrictions	1,026,538
Hotel Occupancy Tax	<u>254,593</u>
Total governmental activities	1,444,462
Business-type activities:	
Sanitation fund:	
Landfill closure	<u>1,087,490</u>
Total business-type activities	1,087,490
Total primary governmental restricted cash	<u>2,531,952</u>
Total fiduciary activities	<u>130,077</u>
Total restricted cash and investments	<u>\$2,662,029</u>

Total cash and investments reported for the City's only component unit, Andrews Economic Development Corporation, was \$9,811,593 none of which was restricted.

Cash and investments at September 30, 2023, nonspendable by legal or contractual requirements, are reported in governmental activities, business-type activities and fiduciary funds as follows:

Other governmental funds:	
Confiscated Funds	<u>24,428</u>
Total governmental activities	24,428
Total nonspendable cash and investments	<u>\$24,428</u>

**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 fair value of principal and accrued interest.

On September 30, 2023, 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	\$ 295,542	\$ 600,422	\$ 895,964
Certificates of Deposit	4,857,576	-	4,857,576
Treasuries	3,587,507		3,587,507
Total fair value	<u>\$ 8,740,625</u>	<u>\$ 600,422</u>	<u>\$ 9,341,047</u>

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On September 30, 2023, pledged collateral with a fair value of \$4,425,203, providing a collateral level of 627%. Collateralized funds were held by BBVA, College Station, 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, 2023, the Local Government Investment Pools (which represent approximately 60% 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, 2023, the City had diversified its portfolio by investing in certificates of deposit from twenty (20) 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.

**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	\$ 3,587,807	\$ 1,475,181	\$5,062,988
6 - 12	-	1,928,718	1,928,718
12 - 18	-	726,185	726,185
18 - 24	-	727,492	727,492
24 - 36	-	-	-
	<u>\$ 3,587,807</u>	<u>\$ 4,857,576</u>	<u>\$ 8,445,383</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, 2023. 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.

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**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.

<b>Receivables</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Ad Valorem Taxes	211,454	-	211,454
Municipal Court	982,088	-	982,088
Weeds	11,912	-	11,912
Utility Accounts	-	786,915	786,915
Infrastructure Assistance from AEDC		1,158,206	1,158,206
Sales Tax	719,428	-	719,428
Hospital District	-	-	-
Fees, liens and fines	22,261	-	22,261
Interest	32,707	-	32,707
	<b>\$1,979,850</b>	<b>\$ 1,945,121</b>	<b>\$3,924,971</b>

**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 2023 tax year was \$0.180475 per \$100 of assessed value with \$0.180475 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 [https://www.andrewstxedc.org/community\\_profile/incentives.php](https://www.andrewstxedc.org/community_profile/incentives.php)

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 2023:

Name	Reason	Type	Abated Value	Tax Abated
Barnes (Cannonball Pipe)	New Construction	Real	615,410	1,111
BHH Capital of Texas 3 LLC(Beehive)	New Construction	Real	1,479,371	2,670
Cornerstone 2100 LC	New Construction	Real	567,229	1,024
Corral Oilfield Services LLC	New BPP	Pers	3,181	5
Dolgencorp of Texas	New BPP	Pers	247,647	447
HLC Custom Processing LLC	New Construction	Real	451,554	815
HLC Custom Processing LLC	New BPP	Pers	67,637	122
Interpointe East LLC	New Construction	Real	68,322	125
Red Mesa Real Estate Holding LLC	New Construction	Real	336,259	607
Sprinkle (S&S Fishing & Rental)	New Construction	Real	865,647	1,561
Stampede Incorporated	New BPP	Pers	174,554	317
Stampede Incorporated	New Construction	Real	530,941	957
Varner (Vessel Components)	New Construction	Real	375,050	676
<b>Totals</b>			<b>\$5,783,802</b>	<b>\$ 10,437</b>
Total abated value:		\$5,783,802		
x 2023 Tax Rate		.00180475		
Total abated property tax for FYE September 30, 2023		\$	10,437	

**NOTE 6: CAPITAL ASSETS**

Capital activity for the year ended September 30, 2023, was as follows:

**Governmental Activities:**

	Balance Sept 30, 2022	Increases	Decreases	Balance Sept 30, 2023
Capital assets not depreciated:				
Land	\$ 1,408,534	\$72,800	(409,978)	\$ 1,071,356
Total capital assets not depreciated	1,408,534	72,800	(409,978)	1,071,356
Capital assets being depreciated:				
Buildings	9,703,090	4,684,129	(3,373,586)	11,013,633
Improvements other than buildings	8,466,987	361,651	-	8,828,637
Infrastructure	33,043,335	468,738	-	33,512,074
Machinery and equipment	7,028,220	945,501	(645,246)	7,328,476
Total capital assets being depreciated	58,241,632	6,460,019	(4,018,832)	60,682,820
Less accumulated depreciation:				
Buildings	(3,393,833)	(236,167)	1,767,038	(1,862,962)
Improvements other than buildings	(4,088,734)	(517,655)	-	(4,606,389)
Infrastructure	(10,066,458)	(1,106,159)	-	(11,172,617)
Machinery and equipment	(4,613,501)	(616,061)	468,762	(4,760,800)
Total accumulated depreciation	(22,162,526)	(2,476,042)	2,235,800	(22,402,768)
Total capital assets being depreciated, net	36,079,106	3,983,977	(1,783,032)	38,280,051
Governmental activities capital assets, net	<u>\$ 37,487,640</u>	<u>\$ 4,056,777</u>	<u>(2,193,010)</u>	<u>\$ 39,351,407</u>

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

Governmental Activities:	
General government and administration	\$ 95,056
Public safety	606,110
Highways and streets	1,251,274
Economic development	316,039
Culture-recreation	<u>207,563</u>
 Total depreciation expense - governmental activities	 <u>\$2,476,042</u>

**Business-type activities:**

	Balance Sept 30, 2022	Increases	Decreases	Balance Sept 30, 2023
Capital assets not depreciated:				
Land	\$ 3,294,007	\$ -	\$ -	\$ 3,294,007
 Total Capital Assets Not Depreciated	 3,294,007	 -	 -	 3,294,007
Capital assets being depreciated:				
Buildings	4,291,430	212,169	(15,158)	4,488,441
Improvements other than buildings	75,647	-	-	75,647
Water and sewer systems	34,278,598	7,375,260	(4,025)	41,649,833
Machinery and equipment	4,473,993	590,366	(194,341)	4,870,018
Total capital assets being depreciated	<u>43,119,668</u>	<u>8,177,795</u>	<u>(213,524)</u>	<u>51,083,939</u>
Less accumulated depreciation:				
Buildings	(962,303)	(100,916)	9,095	(1,054,124)
Improvements other than buildings	(55,917)	(3,428)	-	(59,343)
Water and sewer systems	(14,932,011)	(1,111,532)	3,707	(16,039,836)
Machinery and equipment	(2,243,672)	(374,318)	159,504	(2,458,486)
Total accumulated depreciation	<u>(18,193,903)</u>	<u>(1,590,194)</u>	<u>172,306</u>	<u>(19,611,794)</u>
 Total capital assets being depreciated, net	 <u>24,925,765</u>	 <u>6,587,601</u>	 <u>(41,218)-</u>	 <u>31,472,148</u>
 Business-type activities capital assets, net	 <u>\$ 28,219,772</u>	 <u>\$6,587,601</u>	 <u>(41,218)</u>	 <u>\$ 34,766,155</u>

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	\$ 1,285,087
Sanitation	<u>305,107</u>
 Total depreciation expense-Business-type activities	 <u>\$ 1,590,194</u>

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**NOTE 7: OTHER PAYABLES**

Other payables as of September 30, 2023 for the primary government include:

	Governmental Activities	Business Type Activities	Total
Municipal court deferred adjudication and bonds	\$ 4,900	\$ -	\$ 4,900
Sales tax to economic development corp.	179,857	-	179,857
Unclaimed property	8,412	-	8,412
Teen Court	725	-	725
Vending Machine	604	-	604
Police Gun Sales	10,360		10,360
Flex Payable	9,729	21,135	30,864
Total other payables	<u>\$ 214,587</u>	<u>21,135</u>	<u>\$ 235,722</u>

**NOTE 8: PENSION LIABILITIES**

**A. Texas Municipal Retirement System**

Plan Description

The City of Andrews participates as one of 928 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 that can be obtained at [www.tmr.com](http://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

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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 2022 provisions for the City were as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5,0/25
Updated Service Credit	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating

Employees covered by benefit terms.

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

	<u>City</u>	<u>AEDC</u>
Inactive employees or beneficiaries currently receiving benefits	38	0
Inactive employees entitled to but not yet receiving benefits	39	0
Active employees	<u>83</u>	<u>0</u>
	160	0

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 15.61% and 15.98% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for city and AEDC employees for the year ended September 30, 2023, were \$972,495 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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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 Tables with Blue Collar Adjustment, with male rates multiplied by 107.5% and female rates multiplied by 107.5%. 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 107.5% and female rates multiplied by 107.5% with a 4-year set-forward for males and a 3 year set forward for 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 3.5% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the 2019 Municipal Retirees of Texas Mortality Tables. 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 in fiscal year 2023 are summarized in the following table:

<b>International Equity</b>	35.4%
<b>Core Fixed Income</b>	5.9%
<b>Non-Core Fixed Income</b>	19.7%
<b>Other Public and Private Markets</b>	8.3%
<b>Real Estate</b>	13.0%
<b>Hedge Funds</b>	5.5%
<b>Private Equity</b>	11.6%
<b>Cash Equivalents</b>	0.6%
<b>Total</b>	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.

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<u>Changes in the Net Pension Liability</u> (City + AEDC)			
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2021	\$32,063,195	\$30,313,044	\$1,750,151
Changes for the year:			
Service cost	982,420	-	982,420
Interest	2,143,547	-	2,143,547
Change of benefit terms	-	-	-
Difference between expected and actual experience	103,634	-	103,634
Changes of assumptions	-	-	-
Contributions – employer	-	965,122	(965,122)
Contributions – employee	-	417,543	(417,543)
Net investment income	-	(2,210,346)	2,210,346
Benefit payments, including refunds of employee contributions	(1,596,307)	(1,596,307)	-
Administrative expense	-	(19,148)	19,148
Other changes	-	22,849	(22,849)
Net changes	\$1,633,294	(\$2,420,286)	\$4,053,581
Balance at 12/31/2022	\$33,696,489	\$27,892,758	\$5,803,732

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:

City's net pension liability	\$10,535,303	\$5,803,732	\$1,934,281
AEDC's net pension liability	\$ 0	\$ 0	\$ 0
Total net pension liability	\$10,535,303	\$5,803,732	\$1,934,281

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the city recognized pension expense of \$1,319,189 and AEDC recognized pension expense of \$14,339.

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At September 30, 2023, the City and AEDC reported deferred outflows of resources related to pensions from the following sources:

Difference between expected and actual experience	\$3,848,471	\$65,489-
Difference between projected and actual investment earnings	1,033,874	-
Difference due to change in actuarial assumptions	73,944	815
Contributions subsequent to the measurement date	479,176	5,086
Total Outflows	\$ 5,435,465	\$71,390

At September 30, 2023, the City and AEDC reported deferred inflows of resources related to TMRS pensions.

Difference between expected and actual experience	\$ 2,783,207	\$ 32,359
Difference between projected and actual investment earnings	-	10,403
Total Outflows	\$ 2,783,207	\$ 42,762

\$479,176 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, 2024. 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>
2023	\$ 189,211
2024	558,091
2025	581,301
2026	868,742
2027	0
Thereafter	<u>0</u>
Total	\$ 2,197,345

**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, 2022, there were 239 contributing fire and/or emergency service departments participating in TESRS.

At August 31, 2022, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,991
Terminated participants entitled to benefits but not yet receiving benefits	1,813
Active participants (vested and non-vested)	3,379

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

*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 the System, 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 a 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 System contribution that directly impacts future retiree annuities. According to the state law governing the System, the state is required to contribute an amount necessary to make the System "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 in 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 August 31, 2022 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to fifteen 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

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their respective departments merged into the System. 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 the System.

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 are set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2022, total contributions of \$3,601,837 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,262,763 for the fiscal year ending August 31, 2022.

The purpose of the biennial actuarial valuation is to determine if the contribution arrangement is adequate to pay the benefits that are promised. Actuarial assumptions are disclosed in Section I(B)(1). The most recently completed biennial actuarial valuation as of August 31, 2022 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contributions both from the governing body of each participating department and from the state.

The expected contributions from the state are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$725,000 each year to pay for part of the System's administrative expenses.

Actuarial Assumptions

The total pension liability in the August 31, 2022 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	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on appropriate published mortality table with projections for improvement beyond the valuation date.

The long-term expected rate of return on pension plan investments was determined using 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 4.61%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption.

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The target allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation %
Equities	
Large cap domestic	20%
Small cap domestic	10
Developed international	15
Emerging markets	5
Global Infrastructure	5
Real Estate	10
Fixed income	30
Multi Asset	5
Total	100%
Weighted Average	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 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, 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 7.5 %, 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 (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% increase in Discount Rate (8.5%)
City's proportionate share of the net pension liability	\$ 47,450	\$ 30,248	\$ 16,317

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

At September 30, 2023, the City reported a liability of \$116,525 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	\$116,525
State's proportionate share that is associated with the City*	<u>30,248</u>
Total	<u>\$ 146,773</u>

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

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The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.284% compared to 0.317% at August 31, 2021.

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, 2023, the City recognized pension expense of \$24,622. The City recognized on-behalf revenues of \$3,586 calculated by taking the State's total contributions to TESRS (\$1,262,763) multiplied by the City's proportionate share (.284%).

On September 30, 2023, 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	42,973	\$ 32,129
Difference between projected and actual investment earnings	-	28,789
Difference due to change in actuarial assumptions	2,533	
Contributions paid to TESRS subsequent to the measurement date	10,467	-
<b>Total</b>	<b>\$ 55,973</b>	<b>\$ 60,918</b>

\$10,467 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, 2024. 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:

2023	\$ 13,510
2024	8,387
2025	8,757
2026	<u>16,168</u>
Total	\$ 46,822

**C. Aggregate Pension Expense**

TMRS City	\$1,319,189
TMRS AEDC	14,339
TESRS	24,622
Total Outflows	\$ 1,358,150

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**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, 2023 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, 2023</u>
Economic development	2012	\$7,000,000	2.20-4.15%	2031	\$2,595,000
Economic development	2015	\$8,000,000	3.746%	2045	\$8,000,000
Infrastructure	2021	5,705,000	3.00%	2042	\$5,625,000

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.

In 2021, 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 the issuance being to finance the installation of a water line from our Florey Wellfield to the water treatment plant. Both Certificates of Obligation are expected to be supported by a limited Sales Tax.

*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 2023 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

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per \$100 assessed valuation. The City's tax rate is currently \$.180475 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, 2023 was 6.95%. 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
2024	570,000	588,543
2025-2028	2,495,000	2,135,320
2029-2033	3,420,000	2,129,373
2034-2038	4,010,000	1,476,100
2039-2043	4,390,000	703,551
2044-2045	1,335,000	75,563
Total	<u>\$16,220,000</u>	<u>\$7,108,450</u>

Excludes net bond premiums and discounts of \$750,504.

**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 38 acres or 34%. The active area (80.56 acres) has a remaining anticipated life of 25 years. Using 2018 daily tonnage rates, Parkhill, Smith & Cooper, Inc. estimated the landfill will reach permitted waste elevations around 2045. Current estimated costs for closure and post-closure to be recognized annually is \$97,627 as adjusted for inflation. The total estimated liability as revised by the 1998 West Texas Consultants, Inc. study and adjusted for inflation is \$1,558,458. At September 30 2023, \$1,087,490 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.

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**C. Changes in long-term liabilities**

Changes in the government’s long-term liabilities for the year ended September 30, 2023 are as follows:

NOTES TO FINANCIAL STATEMENTS:

	Balance Sep. 30, 2022	Additions	Reductions	Balance Sep. 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds					
Principal	\$ 10,930,000	-	\$ (335,000)	\$ 10,595,000	\$ 345,000
Premium	188,887	-	(8,387)	180,500	8,387
Pension related debt (includes pr yr adj)	1,290,931	2,958,786		4,249,717	-
Compensated absences	667,386	81,498	(50,575)	698,309	2,000
Deposits - Permit Fees	4,025	375	-	4,400	4,400
Governmental activities L/T liabilities	<u>13,081,230</u>	<u>3,040,659</u>	<u>(393,963)</u>	<u>15,727,926</u>	<u>359,787</u>
<b>Business-type Activity:</b>					
Pension related debt (includes pr yr adj)	\$ 484,427	\$ 1,154,613		\$ 1,639,040	\$ -
Compensated absences	161,294	31,943	(10,188)	183,049	2,000
Landfill closure	989,862	97,627	-	1,087,489	-
General Obligation Payable	5,705,000	-	(80,000)	5,625,000	80,000
General Obligation Premium	601,669	-	(31,667)	570,002	31,667
Business-type activities L/T liabilities	<u>7,942,253</u>	<u>1,284,183</u>	<u>(121,855)</u>	<u>9,104,580</u>	<u>113,667</u>
<b>Andrews Economic Development Corp.</b>					
Pension related debt (includes pr yr adj)	\$ 18,159	\$ 43,587		\$ 61,746	\$ -
Compensated absences	14,108	697	-	14,805	-
AEDC long-term liabilities	<u>48,509</u>	<u>44,284</u>	<u>-</u>	<u>78,551</u>	<u>-</u>

The general fund is used to liquidate the liabilities for compensated absences and pension liabilities.

**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.

**NOTE 11: INTERFUND TRANSACTIONS**

**A. Interfund transfers:**

	General fund	Debt service fund	Proprietary Fund	Total
Transfers out:				
American Rescue Plan Fund	\$ -	\$ -	\$390,288	\$390,288
Reliever Route fund	557,878	734,770	-	1,292,638
Total	<u>\$557,878</u>	<u>\$ 734,770</u>	<u>\$390,288</u>	<u>\$1,682,926</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2023

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 \$578,680 for the year ended September 30, 2023, 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 annual comprehensive financial 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, 2023; recipients that have remainders due have not yet met the criteria to be paid so the liability is contingent.

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2023

AEDC Incentive Packages as of September 30, 2023 include:

	<u>Original</u> <u>Commitment</u>	<u>Amount</u> <u>Paid</u>	<u>Open</u> <u>Commitment</u>	<u>Fiscal Year Paid</u>
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
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	-	2015, '16
Dufrane Nuclear Shielding	100,000	70,000	30,000	2020, '21
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	100,000	-	2017, '19, '20
Vessel Components 2018	40,000	40,000	-	2019, '20
Corral Oil Field Services	50,000	25,000	-	2020
Redline Electric Services, LP	130,000	130,000	-	2021, '22
Elite Truck Performance, LLC	39,000	39,000	-	2020, '21
HLC Custom Processing	100,000	60,000	40,000	2021, '22, '23
GTG Automation - 2021	200,000		200,000	
Production Waste Solutions, LLC	70,000	-	-	
Quail Energy Services	150,000		150,000	
Total Commitments	<u>\$ 4,679,006</u>	<u>\$3,588,906</u>	<u>420,000</u>	

**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.

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, 2023 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 21, 2024, 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.

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SUPPLEMENTARY  
INFORMATION

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**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	Plan Year 2018	Plan Year 2019	Plan Year 2020	Plan Year 2021
<b>Total pension liability</b>								
Service Cost	\$ 461,085	\$ 587,370	\$ 656,783	\$ 671,710	\$ 723,012	\$ 741,150	\$ 804,436	\$ 926,727
Interest (on the Total Pension Liability)	1,485,869	1,574,624	1,584,854	1,696,106	1,775,650	1,836,911	1,926,751	2,018,599
Changes of benefit terms	-	-	-	-	-	-	-	(48,622)
Difference between expected and actual experience	208,728	(221,702)	442,998	173,199	6,947	80,288	(57,312)	336,503
Changes of assumptions	-	49,835	-	-	-	46,492	-	-
Benefit payments, including refunds of employee contributions	(866,515)	(1,035,268)	(1,045,013)	(1,042,839)	(1,733,625)	(1,480,589)	(1,330,466)	(1,320,895)
<b>Net Change in Total Pension Liability</b>	<b>1,289,167</b>	<b>954,859</b>	<b>1,639,622</b>	<b>1,498,176</b>	<b>771,984</b>	<b>1,224,252</b>	<b>1,343,409</b>	<b>1,912,312</b>
<b>Total Pension Liability - Beginning</b>	<b>21,429,414</b>	<b>22,718,581</b>	<b>23,673,440</b>	<b>25,313,062</b>	<b>26,811,238</b>	<b>27,583,222</b>	<b>28,807,474</b>	<b>30,150,883</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 22,718,581</b>	<b>\$ 23,673,440</b>	<b>\$ 25,313,062</b>	<b>\$ 26,811,238</b>	<b>\$ 27,583,222</b>	<b>\$ 28,807,474</b>	<b>\$ 30,150,883</b>	<b>\$ 32,063,195</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	617,042	630,148	646,867	657,713	729,430	753,879	808,993	919,089
Contributions - Employee	251,562	269,789	289,150	296,842	320,931	330,442	354,377	393,873
Net Investment Income	1,065,329	29,037	1,320,861	2,874,101	(704,114)	3,415,070	1,904,120	3,495,306
Benefit payments, including refunds of employee contributions	(866,515)	(1,035,268)	(1,045,013)	(1,042,839)	(1,733,625)	(1,480,589)	(1,330,466)	(1,320,895)
Administrative Expense	(11,123)	(17,687)	(14,925)	(14,904)	(13,617)	(19,322)	(12,337)	(16,191)
Other	(914)	(874)	(804)	(755)	(711)	(580)	(481)	111
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,055,381</b>	<b>(124,855)</b>	<b>1,196,136</b>	<b>2,770,158</b>	<b>(1,401,706)</b>	<b>2,998,900</b>	<b>1,724,206</b>	<b>3,471,293</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>18,623,531</b>	<b>19,678,912</b>	<b>19,554,059</b>	<b>20,750,195</b>	<b>23,520,352</b>	<b>22,118,646</b>	<b>25,117,546</b>	<b>26,841,751</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>19,678,912</b>	<b>19,554,059</b>	<b>20,750,195</b>	<b>23,520,352</b>	<b>22,118,646</b>	<b>25,117,546</b>	<b>26,841,751</b>	<b>30,313,044</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 3,039,669</b>	<b>\$ 4,119,381</b>	<b>\$ 4,562,867</b>	<b>\$ 3,290,886</b>	<b>\$ 5,464,576</b>	<b>\$ 3,689,928</b>	<b>\$ 3,309,132</b>	<b>\$ 1,750,151</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>86.62%</b>	<b>82.60%</b>	<b>81.97%</b>	<b>87.73%</b>	<b>80.19%</b>	<b>87.19%</b>	<b>89.02%</b>	<b>94.54%</b>
<b>Covered Payroll</b>	<b>\$ 3,593,739</b>	<b>\$ 3,854,135</b>	<b>\$ 4,130,712</b>	<b>\$ 4,240,594</b>	<b>\$ 4,584,733</b>	<b>\$ 4,714,696</b>	<b>\$ 5,062,530</b>	<b>\$ 5,626,760</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>84.58%</b>	<b>106.88%</b>	<b>110.46%</b>	<b>77.60%</b>	<b>119.19%</b>	<b>78.26%</b>	<b>65.37%</b>	<b>31.10%</b>

**Notes to Schedule:**

N/A

\* GASB 68 requires a 10-year schedule. Only nine years of information is currently available. The City will build this schedule over the next 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, 2018 for 2019; 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 \***

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 603,674	\$ 632,963	\$ 644,449	\$ 645,682	711,811	742,387	793,746	861,465	962,683
Contributions in relation to the actuarially determined contribution	603,671	632,999	644,450	645,683	723,953	742,387	793,746	861,465	962,683
Contribution deficiency (excess)	3	(36)	(0)	(1)	(12,142)	-	-	-	-
Covered payroll	\$ 3,593,739	\$ 3,854,135	\$ 4,130,712	\$ 4,240,594	\$ 4,584,733	\$ 4,714,696	\$ 4,967,873	\$ 4,967,873	\$ 5,896,181
Contributions as a percentage of covered payroll	100.00%	100.01%	100.00%	100.00%	101.71%	100.00%	100.00%	100.00%	100.00%

**Valuation date:**

Notes

**Methods and assumptions used to determine contributions rates:**

Actuarial cost method

Amortization method

Remaining amortization period

Asset valuation method

Inflation

Salary increases

Investment rate of return

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 107.5% and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB.

**Other Information:**

Notes

There were no benefit changes during the year.

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	2018	2019	2020	2021	2022	
City's proportion of the net pension liability	0.332%	0.305%	0.334%	0.313%	0.326%	0.326%	0.326%	0.317%	0.284%	
City's proportionate share of the net pension liability	\$ 60,330	\$ 81,412	\$ 97,288	\$ 75,125	\$ 70,580	\$ 92,407	\$ 82,187	\$ 33,964	\$ 116,525	
State's proportionate share of the net pension liability	\$ 16,178	\$ 25,869	\$ 30,528	\$ 20,145	\$ 17,284	\$ 25,538	\$ 23,429	\$ 9,403	\$ 30,248	
Total	\$ 76,507	\$ 107,281	\$ 127,816	\$ 95,270	\$ 87,864	\$ 117,944	\$ 105,616	\$ 43,367	\$ 146,773	
Number of Active Members **	42	42	42	42	42	42	45	45	45	
City's Net Pension Liability per Active Member	\$ 1,822	\$ 2,554	\$ 3,043	\$ 2,268	\$ 2,092	\$ 2,808	\$ 2,347	\$ 964	\$ 3,262	
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%	81.4%	84.3%	80.2%	83.2%	93.1%	75.2%	

\* Only nine years of information is currently available. The City will build this schedule over the next 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, 2019 for 2020; August 31, 2018 for 2019; 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	2018	2019	2020	2021	2022	
Contractually required contributions	\$ 15,048	\$ 14,400	\$ 15,120	\$ 15,120	\$ 15,606	\$ 15,840	\$ 15,228	\$ 13,824	\$ 14,328	
Contributions in relation to the contractually determined contribution	15,120	14,400	15,120	15,120	15,687	15,840	15,228	13,824	14,328	
Contribution deficiency (excess)	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Number of Active members **	42	42	42	42	42	42	45	45	45	
Contributions per active member	\$ 360	\$ 343	\$ 360	\$ 360	\$ 373	\$ 377	\$ 338	\$ 307	\$ 318	

\* Only nine years of information is currently available. The City will build this schedule over the next 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.

**American Rescue Plan Fund**- Grant Funding from the Federal Government in response to the continued COVID-19 Crisis.

**Reliever Route Fund** - Sales tax funds committed to the repair and maintenance of the City's truck reliever route.

**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 - Court fees collected and committed to finance the purchase of or to maintain technological enhancements for the municipal court.
- 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 - Court fees collected and committed for security personnel, services, and items related to buildings that house the operations of the municipal court.
- 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.
- Local Truancy Prevention & Diversion Fund - Court fees committed to finance the salary, benefits, training, travel expenses, office supplies, and other necessary expenses related to the position of a juvenile case manager.
- Seized Fund – Funds obtained during police investigations that cannot be spent until the court trials are complete.
- Municipal Jury Fund - Court fees committed to fund juror reimbursements and finance jury services.

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**City of Andrews, Texas  
General Fund  
Comparative Balance Sheet  
September 30, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
Cash and cash investments	\$ 765,880	\$ 15,676
Cash equivalent - Tex Pool/Tex Star investment	6,631,714	10,387,241
Investments - certificates of deposit	6,886,330	6,054,364
Due from Other Funds	7,807	-
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	211,454	187,386
Sales taxes	719,428	925,769
Miscellaneous	22,261	23,921
Interest	32,707	15,625
Total Assets	\$ 15,277,581	\$ 17,609,982
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 546,634	\$ 268,777
Due to other funds	-	-
Other payables	214,587	256,638
Customer deposits	4,400	4,025
Unearned income - Ad valorem tax	206,454	192,386
Unearned income - School Resource Officer	-	-
Total Other Liabilities	972,075	721,826
 Fund Balances		
Committed to Capital Improvement	\$ 6,440,022	6,919,703
Committed to Ambulance Services	372,339	277,949
Assigned to Pension Liability	4,219,470	1,281,528
Assigned to Adult Education	1,279	130,269
Assigned to Litter Control	43,189	35,696
Assigned to Police Investigation	2,081	11,492
Unassigned	3,227,126	8,231,519
Total Fund Balance	14,305,506	16,888,156
Total Liabilities and Fund Balance	\$ 15,277,581	\$ 17,609,982

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Revenues - Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
Ad valorem				
Current	\$ 1,777,536	\$ 1,777,536	\$ 1,776,231	\$ (1,305)
Penalty and interest	35,000	35,000	37,656	2,656
Total Ad valorem	<u>1,812,536</u>	<u>1,812,536</u>	<u>1,813,887</u>	<u>1,351</u>
Sales				
1% City sales	3,800,000	3,800,000	5,238,814	1,438,814
.25% Property reduction sales	950,000	950,000	1,309,703	359,703
Alcoholic beverage	7,000	7,000	10,096	3,096
Total Sales	<u>4,757,000</u>	<u>4,757,000</u>	<u>6,558,614</u>	<u>1,801,614</u>
Other taxes				
Payment in lieu of taxes	35,000	35,000	15,687	(19,313)
Total Other	<u>35,000</u>	<u>35,000</u>	<u>15,687</u>	<u>(19,313)</u>
<b>FRANCHISE FEES</b>				
Electrical	400,000	400,000	395,114	(4,886)
Telephone	125,000	125,000	79,173	(45,827)
Gas	100,000	100,000	159,513	59,513
Cable	85,000	85,000	88,807	3,807
Total Franchise fees	<u>710,000</u>	<u>710,000</u>	<u>722,607</u>	<u>12,607</u>
<b>LICENSE, PERMITS, FEES</b>				
Animal registration	10,250	10,250	12,460	2,210
Sanitarian	5,000	5,000	6,128	1,128
Zoning	3,000	3,000	3,730	730
Other	1,200	1,200	2,515	1,315
Building and inspection	31,500	31,500	30,750	(750)
Building use fees & adult ed. Fees	-	-	8,160	8,160
Peddler's	700	700	1,940	1,240
Total License and Permits	<u>51,650</u>	<u>51,650</u>	<u>65,683</u>	<u>14,033</u>
<b>CHARGES FOR SERVICES</b>				
Swimming pool fees	65,000	65,000	57,387	(7,613)
Total Charges for Services	<u>65,000</u>	<u>65,000</u>	<u>57,387</u>	<u>(7,613)</u>
<b>FINES AND COURT COSTS</b>				
State costs and fees	80,650	80,650	48,193	(32,457)
Fines	240,000	240,000	178,501	(61,499)
Total Fines and Forfeitures	<u>320,650</u>	<u>320,650</u>	<u>226,694</u>	<u>(93,956)</u>
<b>MISCELLANEOUS</b>				
Administrative services	568,748	568,748	579,680	10,932
Other	15,000	15,000	4,224	(10,776)
Transfers from Other Funds	628,000	628,000	557,878	(70,122)
Total Miscellaneous	<u>1,211,748</u>	<u>1,211,748</u>	<u>1,141,782</u>	<u>(69,966)</u>
<b>INVESTMENT INCOME</b>				
Interest	75,500	75,500	656,322	580,822
Total Investment Income	<u>75,500</u>	<u>75,500</u>	<u>656,322</u>	<u>580,822</u>
<b>INTER/INTRA-GOVERNMENTAL</b>				
Andrews Economic Development Corp.	34,600	34,600	34,600	-
Andrews County	10,000	10,000	278	(9,722)
AISD - School Resource Officer	125,000	125,000	125,000	-
Andrews Hospital District ambulance	2,115,323	2,115,323	2,115,323	-
Total Inter/Intra-Governmental	<u>2,284,923</u>	<u>2,284,923</u>	<u>2,275,201</u>	<u>(9,722)</u>
<b>GRANT INCOME</b>				
A. E. D. C. - job training	50,000	50,000	50,000	-
Coronavirus Relief Fund	-	-	-	-
Texas "J" Rac funds	-	-	21,792	21,792
Total Grant Income	<u>50,000</u>	<u>50,000</u>	<u>71,792</u>	<u>21,792</u>
Total Revenues	<u>\$ 11,374,007</u>	<u>\$ 11,374,007</u>	<u>\$ 13,605,655</u>	<u>\$ 2,231,648</u>

CITY OF ANDREWS, TEXAS  
Required Notes to the Supplementary Information  
September 30, 2023

**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 General Fund Schedule of Budgeted and Actual Revenues and Expenditures 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 appropriations over expenditures**

For the year ended September 30, 2023, total appropriated funds of \$17,244,316 exceed general fund expenditures of \$16,188,302.

**City of Andrews, Texas**  
**General Fund**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended September 30, 2023 and 2022**

	2023	2022
<b>REVENUES</b>		
Taxes	\$ 8,388,187	\$ 7,265,927
Francise fees	722,606	701,972
License, permits, fees	73,682	67,255
Charges for services	57,387	58,514
Fines and court costs	226,694	273,346
Miscellaneous	575,904	564,781
Investment income	656,322	105,377
Intergovernmental revenue	2,275,201	2,424,070
Grant income	71,792	70,803
Contributions	-	-
Total Revenues	13,047,775	11,532,045
<b>EXPENDITURES</b>		
Current:		
City Council / Legislative	84,815	119,769
City Manager / Administration	270,259	276,038
Finance	843,560	752,983
General Operations	400,808	454,621
Municipal court	205,707	204,533
Business technology center	156,821	118,731
Police	3,417,975	3,232,429
Ambulance	2,018,386	1,966,460
Animal control	256,010	231,050
Fire	318,686	358,468
Building Services (Permits, Inspections)	422,194	366,207
Street	1,470,375	1,183,374
Building & Grounds	401,961	380,639
Swimming pool	135,682	133,257
Capital outlay	5,785,062	2,386,632
Total Expenditures	16,188,302	12,165,191
Excess (deficiency) of revenues over expenditures	(3,140,527)	(633,146)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in:		
Non-Major Gov't Fund - Reliever Route	557,878	403,000
Pledge from Utility Fund	-	-
Transfers out:		
Utility Fund	-	-
Sanitation Fund	-	-
Debt Service Fund	-	-
General Obligation Bond	-	-
Sale of general capital assets	-	7,231
Lawsuit Settlement	-	-
Total other financing sources (uses)	557,878	410,231
Net change in fund balance	(2,582,649)	(222,915)
Fund Balance - beginning	16,888,156	17,111,071
Fund Balance (deficit) - ending	\$ 14,305,506	\$ 16,888,156

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>City Council / Legislative</b>				
Personnel services	\$ 8,500	\$ 8,500	\$ 15,143	\$ (6,643)
Supplies	2,250	\$ 2,250	3,456	(1,206)
Outside Services	4,200	\$ 4,200	2,561	1,639
Other Operating Expense	100,000	\$ 100,000	63,655	36,345
	<u>114,950</u>	<u>114,950</u>	<u>84,815</u>	<u>30,135</u>
<b>City Manager / Administration</b>				
Personnel services	260,794	260,794	260,354	440
Supplies	700	700	1,050	(350)
Maintenance & Repairs	3,600	3,600	1,647	1,953
Outside Services	6,080	6,080	7,208	(1,128)
	<u>271,174</u>	<u>271,174</u>	<u>270,259</u>	<u>915</u>
<b>Finance</b>				
Personnel services	549,970	549,970	547,347	2,623
Supplies	12,750	12,750	12,344	406
Maintenance & Repairs	50,500	50,500	57,238	(6,738)
Outside Services	182,700	182,700	226,630	(43,930)
	<u>795,920</u>	<u>795,920</u>	<u>843,560</u>	<u>(47,640)</u>
<b>General Operations</b>				
Personnel services	90,779	90,779	43,551	47,228
Supplies	14,500	14,500	16,054	(1,554)
Outside Services	348,072	348,072	338,216	9,856
Other Operating Expense	3,000	3,000	2,987	13
	<u>456,351</u>	<u>456,351</u>	<u>400,808</u>	<u>55,543</u>
<b>Municipal Court</b>				
Personnel services	188,880	188,880	195,870	(6,990)
Supplies	4,700	4,700	2,180	2,520
Outside Services	5,965	5,965	7,408	(1,443)
Other Operating Expense	750	750	249	501
	<u>200,295</u>	<u>200,295</u>	<u>205,707</u>	<u>(5,412)</u>
<b>Business/Technology Center</b>				
Personnel services	75	75	-	75
Supplies	7,050	7,050	6,830	220
Maintenance & Repairs	112,250	112,250	135,946	(23,696)
Outside Services	6,000	6,000	14,045	(8,045)
	<u>125,375</u>	<u>125,375</u>	<u>156,821</u>	<u>(31,446)</u>
<b>Police</b>				
Personnel services	2,834,419	2,834,419	2,836,166	(1,747)
Supplies	116,335	116,335	145,432	(29,097)
Maintenance & Repairs	127,383	127,383	117,056	10,327
Outside Services	318,979	318,979	316,376	2,603
Other Operating Expense	3,700	3,700	2,946	754
	<u>3,400,816</u>	<u>3,400,816</u>	<u>3,417,975</u>	<u>(17,159)</u>
<b>Ambulance</b>				
Personnel services	1,764,529	1,764,529	1,706,487	58,042
Supplies	77,550	77,550	103,973	(26,423)
Maintenance & Repairs	48,250	48,250	88,307	(40,057)
Outside Services	119,698	119,698	119,619	79
Depreciation	105,295	105,295	-	105,295
	<u>2,115,322</u>	<u>2,115,322</u>	<u>2,018,386</u>	<u>96,936</u>

(Continued)

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Animal Control				
Personnel services	208,800	208,800	209,402	(602)
Supplies	17,190	17,190	14,843	2,347
Maintenance & Repairs	5,945	5,945	4,766	1,179
Outside Services	22,662	22,662	26,999	(4,337)
	<u>254,597</u>	<u>254,597</u>	<u>256,010</u>	<u>(1,413)</u>
Fire				
Personnel services	136,669	136,669	125,058	11,611
Supplies	49,550	49,550	76,613	(27,063)
Maintenance & Repairs	93,000	93,000	83,949	9,051
Outside Services	30,000	30,000	33,066	(3,066)
	<u>309,219</u>	<u>309,219</u>	<u>318,686</u>	<u>(9,467)</u>
Building Services (Permits, Inspections)				
Personnel services	346,721	346,721	354,055	(7,334)
Supplies	18,150	18,150	20,377	(2,227)
Maintenance & Repairs	15,600	15,600	18,975	(3,375)
Outside Services	21,750	21,750	21,088	662
Other Operating Expense	5,000	5,000	7,700	(2,700)
	<u>407,221</u>	<u>407,221</u>	<u>422,194</u>	<u>(14,973)</u>
Street				
Personnel services	435,651	435,651	414,678	20,973
Supplies	24,975	24,975	20,255	4,720
Maintenance & Repairs	129,750	129,750	867,242	(737,492)
Outside Services	136,600	136,600	108,721	27,879
Other Operating Expense	59,479	59,479	59,479	0
	<u>786,455</u>	<u>786,455</u>	<u>1,470,375</u>	<u>(683,920)</u>
Building & Grounds				
Personnel services	170,052	170,052	176,353	(6,301)
Supplies	11,250	11,250	17,030	(5,780)
Maintenance & Repairs	20,850	20,850	21,604	(754)
Outside Services	133,809	152,709	186,972	(34,263)
Other Operating Expense	-	-	2	(2)
	<u>335,961</u>	<u>354,861</u>	<u>401,961</u>	<u>(47,100)</u>
Swimming Pool				
Personnel services	58,243	58,243	55,588	2,655
Supplies	30,720	30,720	48,777	(18,057)
Maintenance & Repairs	14,550	14,550	5,816	8,734
Outside Services	19,650	19,650	25,501	(5,851)
	<u>123,163</u>	<u>123,163</u>	<u>135,683</u>	<u>(12,520)</u>
Capital Expenditures	<u>1,500,287</u>	<u>7,528,597</u>	<u>5,785,061</u>	<u>1,743,536</u>
Total Expenditures	<u>11,197,106</u>	<u>17,244,316</u>	<u>16,188,302</u>	<u>1,056,014</u>

**City of Andrews, Texas**  
**Debt Service Fund**  
**Comparative Balance Sheet**  
**September 30, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
Cash and cash investments	\$ -	\$ -
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	127,485	127,485
Total Assets	\$ 127,485	\$ 127,485
 <b>LIABILITIES AND FUND BALANCES</b>		
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, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES:</b>			
	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Debt service:			
Principal	415,000	415,000	-
Interest	744,618	710,683	33,935
Total Expenditures	<u>1,159,618</u>	<u>1,125,683</u>	<u>33,935</u>
Excess (deficiency) of revenues over expenditures	(1,159,618)	(1,125,683)	33,935
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Reliever Route Maintenance Fund	456,595	422,660	(33,935)
Loop 1910 Repair Fund	312,100	312,100	-
Utility Fund	390,923	390,923	-
Transfers out	-	-	-
Total other financing sources and uses	<u>1,159,618</u>	<u>1,125,683</u>	<u>(33,935)</u>
Net change in fund balance	-	-	-
Fund balances - beginning of year	<u>127,485</u>	<u>127,485</u>	<u>-</u>
Fund balances - end of year	<u>\$ 127,485</u>	<u>\$ 127,485</u>	<u>\$ -</u>

**City of Andrews, Texas**  
**American Rescue Plan Fund**  
**Comparative Balance Sheet**  
**September 30, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
Cash and cash investments	\$ 1,036,528	\$ 2,184,247
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	-	-
Total Assets	\$ 1,036,528	\$ 2,184,247
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 9,990	\$ 41,302
Total Other Liabilities	\$ 9,990	\$ 41,302
 Fund Balances		
Restricted	\$ 1,026,538	\$ 2,142,945
Total Fund Balance	\$ 1,026,538	\$ 2,142,945
Total Liabilities and Fund Balance	\$ 1,036,528	\$ 2,184,247

**City of Andrews, Texas**  
**American Rescue Plan Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the year ended September 30, 2023**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES:</b>			
Grant Income	\$ -	\$ -	\$ -
Interest Income	\$ -	\$ 67,948	\$ (67,948)
Total Revenues	<u>-</u>	<u>67,948</u>	<u>(67,948)</u>
<b>EXPENDITURES:</b>			
Current:			
General Gov't	1,139,269	613,629	525,640
Public Safety	298,000	180,438	117,562
Water/Sewer		-	-
Sanitation	-	-	-
Total Expenditures	<u>1,437,269</u>	<u>794,067</u>	<u>643,202</u>
Excess (deficiency) of revenues over expenditures	(1,437,269)	(726,119)	(711,150)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out) - Utility Fund	(536,954)	(224,608)	(312,346)
Transfers in/(out) - Utility Fund	(157,872)	(165,680)	7,808
Total other financing sources and uses	<u>(694,826)</u>	<u>(390,288)</u>	<u>(304,538)</u>
Net change in fund balance	(2,132,095)	(1,116,407)	(1,015,688)
Fund balances - beginning of year	<u>2,142,945</u>	<u>2,142,945</u>	<u>-</u>
Fund balances - end of year	<u>\$ 10,850</u>	<u>\$ 1,026,538</u>	<u>\$ (1,015,688)</u>

**City of Andrews, Texas**  
**Reliever Route Fund**  
**Comparative Balance Sheet**  
**September 30, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
Cash and cash investments	\$ 339,013	\$ 392,503
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	-	-
Total Assets	\$ 339,013	\$ 392,503
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts Payable	2,493	\$ 100
Due to Other Funds	\$ 127,485	\$ 127,485
Total Other Liabilities	\$ 129,978	\$ 127,585
 Fund Balances		
Committed to Reliever Route	\$ 209,035	\$ 264,918
Total Fund Balance	\$ 209,035	\$ 264,918
Total Liabilities and Fund Balance	\$ 339,013	\$ 392,503

**City of Andrews, Texas**  
**Reliever Route Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the year ended September 30, 2023**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>			
Investment Income	\$ 600	\$ 35,802	\$ (35,202)
Intergovernmental Revenue	\$ 950,000	\$ 1,309,703	\$ (359,703)
Total Revenues	<u>950,600</u>	<u>1,345,505</u>	<u>(394,905)</u>
<b>EXPENDITURES:</b>			
Street	75,300	108,750	(33,450)
Total Expenditures	<u>75,300</u>	<u>108,750</u>	<u>(33,450)</u>
Excess (deficiency) of revenues over expenditures	875,300	1,236,755	361,455
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out) - General Fund	(628,000)	(557,878)	70,122
Transfers in/(out) - Debt Service Fund	(768,695)	(734,760)	33,935
Total other financing sources and uses	<u>(1,396,695)</u>	<u>(1,292,638)</u>	<u>104,057</u>
Net change in fund balance	(521,395)	(55,883)	465,512
Fund balances - beginning of year	<u>264,918</u>	<u>264,918</u>	<u>-</u>
Fund balances - end of year	<u>\$ (256,477)</u>	<u>\$ 209,035</u>	<u>\$ 465,512</u>

**City of Andrews, Texas  
Combining Balance Sheet  
Non-Major Governmental Funds  
September 30, 2023**

	Court Technology	Confiscated Funds	Special Revenue Funds Law Enforcement Education	Child Safety Seat	Court Security	Hotel Tax	Seized Funds	Local Truancy Prevention	Municipal Jury Fund	Total Other Governmental Funds
<b>ASSETS</b>										
Cash and cash equivalents	\$ 6,484	\$ 20,838	\$ 15,008	\$ 570	\$ 56,314	\$ 288,261	\$ 24,428	\$ 30,983	\$ 620	\$ 443,506
Total Assets	<u>6,484</u>	<u>20,838</u>	<u>15,008</u>	<u>570</u>	<u>56,314</u>	<u>288,261</u>	<u>24,428</u>	<u>30,983</u>	<u>620</u>	<u>443,506</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities										
Accounts payable						23,668				23,668
Due to other funds										-
Deposit						10,000				10,000
Total Liabilities	-	-	-	-	-	33,668	-	-	-	33,668
Fund Balances										
Nonspendable							24,428			24,428
Restricted		20,838	15,008							35,846
Committed	6,484			570	56,314	254,593		30,983	620	349,564
Total Fund Balance	<u>6,484</u>	<u>20,838</u>	<u>15,008</u>	<u>570</u>	<u>56,314</u>	<u>254,593</u>	<u>24,428</u>	<u>30,983</u>	<u>620</u>	<u>409,838</u>
Total Liabilities and Fund Balances	<u>\$ 6,484</u>	<u>\$ 20,838</u>	<u>\$ 15,008</u>	<u>\$ 570</u>	<u>\$ 56,314</u>	<u>\$ 288,261</u>	<u>\$ 24,428</u>	<u>\$ 30,983</u>	<u>\$ 620</u>	<u>\$ 443,506</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, 2023**

	Special Revenue Funds									
	Court Technology	Confiscated Funds	Law Enforcement Education	Child Safety Seat	Court Security	Hotel Tax	Seized Funds	Local Truancy Prevention	Municipal Jury Fund	Total Other Governmental Funds
<b>REVENUES:</b>										
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy Tax	-	-	-	-	-	357,783	-	-	-	357,783
Investment Income	242	1,004	849	32	2,557	9,273	-	-	-	13,957
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	5,480	6,957	-	-	6,609	-	-	6,573	132	25,751
Grant Income	-	-	1,494	-	-	-	-	-	-	1,494
Contributions	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>5,722</u>	<u>7,961</u>	<u>2,343</u>	<u>32</u>	<u>9,166</u>	<u>367,056</u>	<u>-</u>	<u>6,573</u>	<u>132</u>	<u>398,986</u>
<b>EXPENDITURES:</b>										
Current:										
General government	9,956	-	-	-	-	-	-	-	-	9,956
Public safety	-	-	920	-	-	-	1,697	-	-	2,617
Street	-	-	-	-	-	-	-	-	-	-
Culture-recreation	-	-	-	-	-	223,668	-	-	-	223,668
Debt Service	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>9,956</u>	<u>-</u>	<u>920</u>	<u>-</u>	<u>-</u>	<u>223,668</u>	<u>1,697</u>	<u>-</u>	<u>-</u>	<u>236,241</u>
Excess (deficiency) of revenues over expenditures	(4,234)	7,961	1,423	32	9,166	143,389	(1,697)	6,573	132	162,745
Transfer in/(out) - General Fund	-	-	-	-	-	-	-	-	-	-
Fund balances - beginning of year	10,718	12,877	13,585	538	47,148	111,204	26,125	24,410	488	247,093
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Fund balances - end of year	<u>\$ 6,484</u>	<u>\$ 20,838</u>	<u>\$ 15,008</u>	<u>\$ 570</u>	<u>\$ 56,314</u>	<u>\$ 254,593</u>	<u>\$ 24,428</u>	<u>\$ 30,983</u>	<u>\$ 620</u>	<u>\$ 409,838</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, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 4,547,412	\$ 8,508,713
Investment - treasury securities/certificate of dep.	-	-
Interest receivable	-	-
Accounts receivable	1,714,364	400,349
Due from Andrews Economic Development	-	-
Inventories	142,577	143,304
Prepaid costs	828	707
Total Current Assets	6,405,181	9,053,073
Capital Assets		
Land	1,555,631	1,555,631
Buildings	4,138,847	4,107,515
Equipment	1,364,975	1,365,782
Infrastructure	41,649,833	34,278,598
Accumulated depreciation	(17,860,187)	(16,593,383)
Total Capital Assets Net of Accum Depr	30,849,099	24,714,143
Total Assets	37,254,280	33,767,216
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	798,414	251,406
Difference between projected and actual earnings	129,431	129,431
Difference due to changes in actuarial assumptions	11,885	11,885
Deferred pension contributions	68,648	68,648
Total Deferred Outflows	1,008,378	461,370
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	905,800	150,750
Accrued liabilities	10,822	7,459
Customer deposits	315,048	294,910
Accrued compensated absences	1,000	1,000
Bond Payable	225,000	80,000
Bond Premium	31,667	31,667
Total Current Liabilities	1,489,337	565,786
Non-Current Liabilities		
Accrued compensated absences	78,101	79,654
Accrued pension liability	903,164	267,325
Bond Payable	5,400,000	5,625,000
Bond Premium	538,335	570,002
Total Other Liabilities	6,919,600	6,541,981
Total Liabilities	8,408,938	7,107,767
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	600,495	631,538
Total Deferred Inflows	600,495	631,538
<b>NET POSITION</b>		
Invested in capital, net of related debt	24,654,097	19,610,812
Unrestricted	4,599,129	6,878,468
Total Net Position	\$ 29,253,226	\$ 26,489,281

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended September 30, 2023 and 2022**

	2023	2022
Operating Revenues		
Charges for services		
Water	\$ 3,724,117	\$ 3,894,528
Sewer	1,056,334	1,025,099
Other	221,172	136,606
Total Operating Revenues	5,001,623	5,056,233
Operating Expenses		
Personnel services	993,968	862,798
Supplies	891,990	959,945
Maintenance & Repairs	375,459	310,195
Outside Services	976,445	900,553
Other Operating Expense	353,033	461,427
Depreciation	1,285,086	1,203,821
Total Operating Expenses	4,875,981	4,698,739
Operating Income (Loss)	125,642	357,494
Nonoperating Revenues (Expenses)		
Investment income	356,546	67,584
Gain/(Loss) on disposal of capital assets	265,935	2,000
Grant income	-	0
Bond Premium Amortization	31,667	31,667
Rent	121,709	120,923
Transfer from Andrews Economic Development	1,984,812	-
Surface Damages / Water Disposal	43,949	31,513
Total Nonoperating Revenue	2,804,618	253,687
Income before capital contributions and transfers	2,930,260	611,181
Transfers in from American Rescue Plan Fund	224,608	702,196
Transfer Out Debt Service Fund	(390,923)	
Total Transfers	(166,315)	702,196
Change in Net Position	2,763,945	1,313,377
Net Position, beginning	26,489,281	25,175,904
Prior Period Adjustment	-	-
Net Position, ending	\$ 29,253,226	\$ 26,489,281

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customer	\$ 3,707,746	\$ 5,307,477
Other operating cash receipts	-	-
Cash payments to suppliers for goods and services	(1,521,690)	(2,596,173)
Cash payments to employees for services	(934,369)	(956,064)
Cash payments to other funds for services	(319,580)	(134,394)
Net cash provided (used) by operating activities	932,107	1,620,846
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Net cash provided by non-capital and related financing activities	-	-
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(7,420,044)	(3,524,277)
Cash transfer from General Fund and/or AEDC for Capital Projects	1,984,812	-
Grant income for capital activities	-	-
Proceeds from sale of salvage	265,935	2,000
Income from Surface Damage and Salt Water Disposal on City Property	43,949	31,513
Rental income from Utility Fund Assets	121,709	120,923
General Obligation Bond Premium Amortization	31,667	31,667
Cash transfer from American Rescue Fund for Capital Projects	224,608	702,196
General Obligation Bond Issue	-	6,195,002
Debt Service	(390,923)	-
Net cash provided (used) by capital and related financing activities	(5,138,287)	3,559,024
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	356,546	67,583
(Purchase) / Redemption of treasury securities/certificate of deposit	-	-
Net cash provided (used) by investing activities	356,546	67,583
Net increase (decrease) in cash and cash equivalents	(3,849,634)	5,247,453
Cash and cash equivalents, beginning	8,397,047	3,149,594
Cash and cash equivalents, ending	\$ 4,547,413	\$ 8,397,047
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>		
Operating Income (Loss)	\$ 125,642	\$ 357,494
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	1,285,087	1,203,821
Provision for doubtful accounts	(7,396)	(1,977)
Prior Period Adjustment		
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(1,306,618)	86,597
Decrease (increase) in interest receivable	-	-
Decrease (increase) in due from other funds	-	160,068
Decrease (increase) in inventory	727	2,971
Decrease (increase) in prepaid costs	(121)	246
Decrease (increase) in deferred outflows of resources for pensions	(547,008)	(324,183)
Increase (decrease) in accounts payable	755,050	(101,664)
Increase (decrease) in other payables	3,363	2,965
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	(1,553)	9,829
Increase (decrease) in pension liability	635,839	(244,540)
Increase (decrease) in customer deposits	20,138	6,556
Increase (decrease) in deferred outflows of resources for pensions	(31,043)	462,663
Net cash provided (used) by operating activities	\$ 932,107	\$ 1,620,846

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Schedule of Operating and Non-operating Revenues - Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUE - WATER</b>				
Water sales	\$ 3,651,400	\$ 3,651,400	\$ 3,507,145	\$ (144,255)
Water tapping fees	20,000	20,000	34,459	14,459
Water pro rata	-	-	-	-
Total Operating Revenues - Water	<u>3,671,400</u>	<u>3,671,400</u>	<u>3,541,604</u>	<u>(129,796)</u>
<b>OPERATING REVENUE - SEWER</b>				
Sewer rentals	1,000,000	1,000,000	998,445	(1,555)
Sewer tapping fees	20,000	20,000	19,050	(950)
Septic tank waste disposal	8,000	8,000	38,840	30,840
Reclaimed water	2,000	2,000	-	(2,000)
Total Operating Revenues - Sewer	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,056,335</u>	<u>26,335</u>
<b>OPERATING REVENUE - OTHER</b>				
Miscellaneous	4,000	4,000	85,987	81,987
Water capital impr surcharge	170,000	170,000	182,513	12,513
Service fees	115,000	115,000	135,185	20,185
Total Operating Revenues - Other	<u>289,000</u>	<u>289,000</u>	<u>403,685</u>	<u>114,685</u>
 Total Operating Revenues	 <u>4,990,400</u>	 <u>4,990,400</u>	 <u>5,001,624</u>	 <u>11,224</u>
<b>NON-OPERATING REVENUE</b>				
Investment income	25,000	25,000	356,546	331,546
Gain on sale of assets	-	-	265,935	265,935
Transfer from American Rescue Plan	-	-	224,608	224,608
Rent	124,208	124,208	131,709	7,501
Surface Damage and Water Disposal	30,000	30,000	33,949	3,949
Amortization of Bond Premium	-	-	31,667	31,667
Transfer from General Fund	-	-	-	-
Transfer from A.E.D.C.	-	6,152,223	1,984,812	(4,167,411)
Total Non-Operating Revenues	<u>179,208</u>	<u>6,331,431</u>	<u>3,029,226</u>	<u>(3,302,205)</u>
 Total Revenues	 <u>\$ 5,169,608</u>	 <u>\$ 11,321,831</u>	 <u>\$ 8,030,850</u>	 <u>\$ (3,290,981)</u>

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Schedule of Operating Expenses - Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>General Operations</b>				
Outside Services	\$ 1,500	\$ 1,500	\$ 1,963	\$ (463)
Other Operating Expense	322,964	322,964	\$ 353,033	(30,069)
	<u>324,464</u>	<u>324,464</u>	<u>354,996</u>	<u>(30,532)</u>
<b>Warehouse Building</b>				
Personnel services	-	-	-	-
Supplies	8,200	8,200	12,478	(4,278)
Maintenance & Repairs	11,000	11,000	7,159	3,841
Outside Services	12,894	12,894	18,374	(5,480)
	<u>32,094</u>	<u>32,094</u>	<u>38,011</u>	<u>(5,917)</u>
<b>Water Production</b>				
Personnel services	182,365	182,365	131,695	50,670
Supplies	521,375	521,375	776,733	(255,358)
Maintenance & Repairs	148,000	148,000	119,554	28,446
Outside Services	763,020	763,020	825,154	(62,134)
	<u>1,614,760</u>	<u>1,614,760</u>	<u>1,853,136</u>	<u>(238,376)</u>
<b>Water Distribution</b>				
Personnel services	380,811	380,811	503,717	(122,906)
Supplies	66,200	66,200	66,001	199
Maintenance & Repairs	191,250	191,250	139,786	51,464
Outside Services	52,200	52,200	25,662	26,538
	<u>690,461</u>	<u>690,461</u>	<u>735,166</u>	<u>(44,705)</u>
<b>Wastewater (Sewer) Collection</b>				
Personnel services	337,636	337,636	242,195	95,441
Supplies	25,900	25,900	17,029	8,871
Maintenance & Repairs	58,500	58,500	58,040	460
Outside Services	13,050	13,050	12,607	443
	<u>435,086</u>	<u>435,086</u>	<u>329,870</u>	<u>105,216</u>
<b>Wastewater (Sewer) Treatment</b>				
Personnel services	233,360	233,360	116,362	116,998
Supplies	30,000	30,000	19,749	10,251
Maintenance & Repairs	72,700	72,700	50,920	21,780
Outside Services	97,252	97,252	92,684	4,568
	<u>433,312</u>	<u>433,312</u>	<u>279,715</u>	<u>153,597</u>
Depreciation	<u>1,342,797</u>	<u>1,342,797</u>	<u>1,285,086</u>	<u>57,711</u>
<b>Total Operating Expenses</b>	<u><u>\$ 4,872,974</u></u>	<u><u>\$ 4,872,974</u></u>	<u><u>\$ 4,875,980</u></u>	<u><u>\$ (3,006)</u></u>

**City of Andrews, Texas  
Sanitation Fund  
Comparative Statements of Net Position  
September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,322,446	\$ 2,171,111
Investment - treasury securities/cert. of deposit	1,618,544	867,000
Interest receivable	13,742	312
Accounts receivable	230,757	181,660
Total Current Assets	<u>3,185,489</u>	<u>3,220,083</u>
Capital Assets:		
Land	1,738,376	1,738,376
Buildings	349,595	183,915
Equipment	3,580,690	3,183,858
Accumulated depreciation	(1,751,604)	(1,600,520)
Total Capital Assets Net of Accum Depr	<u>3,917,057</u>	<u>3,505,629</u>
Total Assets	<u>7,102,546</u>	<u>6,725,712</u>
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	651,416	205,119
Difference between projected and actual earnings	107,530	107,530
Difference due to changes in actuarial assumptions	9,697	9,697
Deferred pension contributions	60,767	60,767
Total Deferred Outflows	<u>829,409</u>	<u>383,113</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	78,063	44,392
Accrued liabilities	10,313	12,637
Sales tax payable	-	-
Customer deposits	6,500	6,300
Accrued compensated absences	1,000	1,000
Total Current Liabilities	<u>95,876</u>	<u>64,329</u>
Other Liabilities:		
Accrued compensated absences	102,948	79,640
Accrued pension liability	735,876	217,103
Landfill closure costs	1,087,490	989,862
Total Other Liabilities	<u>1,926,314</u>	<u>1,286,605</u>
Total Liabilities	<u>2,022,190</u>	<u>1,350,934</u>
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	488,273	513,600
Total Deferred Inflows	<u>488,273</u>	<u>513,600</u>
<b>NET POSITION</b>		
Invested in capital, net of related debt	3,917,057	3,505,629
Restricted	1,087,490	989,862
Unrestricted	416,947	748,800
Total Net Position	<u>\$ 5,421,493</u>	<u>\$ 5,244,291</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Sanitation	2,068,935	2,098,780
Total Operating Revenues	<u>2,068,935</u>	<u>2,098,780</u>
Operating Expenses		
Personnel services	880,576	658,687
Supplies	151,260	148,431
Maintenance & Repairs	238,575	159,148
Outside Services	206,360	167,938
Other Operating Expense	319,580	294,463
Landfill closure	97,628	110,295
Depreciation	305,108	375,673
Total Operating Expenses	<u>2,199,087</u>	<u>1,914,635</u>
Income from Operations	<u>(130,152)</u>	<u>184,145</u>
Nonoperating Revenues (Expenses)		
Investment income	132,226	25,118
Gain (Loss) on sales/retirement of capital assets	9,448	-
Total Nonoperating Revenue	<u>141,674</u>	<u>25,118</u>
Income before capital contributions and transfers	11,522	209,263
Capital contributions	-	-
Transfers in American Rescue Plan	<u>165,680</u>	<u>-</u>
Change in Net Position	177,202	209,263
Net Position, beginning	5,244,291	5,035,028
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u>\$ 5,421,493</u>	<u>\$ 5,244,291</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customer	\$ 2,019,838	\$ 2,139,361
Other operating cash receipts	(13,430)	2,298
Cash payments to suppliers for goods and services	(562,325)	(461,011)
Cash payments to employees for services	(812,441)	(749,639)
Cash payments to other funds for services	(319,580)	(294,463)
Net cash provided (used) by operating activities	312,062	636,547
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Grant income for operating activities	-	-
Net cash provided by non-capital financing activities	-	-
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(716,535)	(119,503)
Cash transfer from Americian Resuce Plan	165,680	-
Proceeds from sale of capital assets	9,448	-
Net cash provided (used) by capital and related financing activities	(541,407)	(119,503)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	132,226	25,118
Purchase of treasury securities/certificate of deposit	(751,544)	(168,761)
Net cash provided (used) by investing activities	(619,318)	(143,643)
Net increase (decrease) in cash and cash equivalents	(848,663)	373,401
Cash and cash equivalents, beginning	2,171,110	1,797,710
Cash and cash equivalents, ending	\$ 1,322,447	\$ 2,171,110
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>		
Operating Income (Loss)	\$ (130,152)	\$ 184,145
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	305,108	375,673
Landfill closure costs	97,628	110,295
Prior Period Adjustment	-	-
Change in assets, deferred outflows/inflows, and liabilities:		
Decrease (increase) in accounts receivable	(49,097) x	40,581
Decrease (increase) in interest receivable	(13,430) x	2,298
Decrease (increase) in due from other funds	-	-
Decrease (increase) in deferred outflows of resources for pensions	(446,296)	(264,498)
Increase (decrease) in accounts payable	33,671 x	14,107
Increase (decrease) in accrued liabilities	(2,324)	3,852
Increase (decrease) in sales taxes payable	- x	-
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	23,308	(8,271)
Increase (decrease) in pension liability	518,773	(199,517)
Increase (decrease) in customer deposits	200 x	400
Increase (decrease) in deferred inflows of resources for pensions	(25,327)	377,481
Net cash provided (used) by operating activities	\$ 312,062	\$ 636,547

**City of Andrews, Texas**  
**Sanitation Fund**  
**Schedule of Revenues - Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATING REVENUE</b>				
Sanitation collection	\$ 1,125,000	\$ 1,125,000	\$ 1,145,113	\$ 20,113
Municipal landfill	745,000	745,000	750,953	5,953
Public hauling-type I	8,500	8,500	12,684	4,184
Public hauling-type IV	90,000	90,000	115,919	25,919
Recycling sales	400	400	89	(311)
Miscellaneous	42,308	42,308	44,178	1,870
Total Operating Revenues	<u>2,011,208</u>	<u>2,011,208</u>	<u>2,068,935</u>	<u>57,727</u>
<b>NON-OPERATING REVENUE</b>				
Investment income	14,000	14,000	132,227	118,227
Grant income	-	-	-	-
Transfer from General Fund	-	-	-	-
Gain on sale/disposition of assets	-	-	9,448	9,448
Total Non-operating Revenue	<u>14,000</u>	<u>14,000</u>	<u>141,674</u>	<u>127,674</u>
Total Revenues	<u><u>\$ 2,025,208</u></u>	<u><u>\$ 2,025,208</u></u>	<u><u>\$ 2,210,609</u></u>	<u><u>\$ 185,401</u></u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Schedule of Operating & Non-Operating Expenses - Budget and Actual**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>OPERATING EXPENSE</b>				
General Operations				
Other Operating Expense	\$ 312,964	\$ 312,964	\$ 319,580	\$ (6,616)
	<u>312,964</u>	<u>312,964</u>	<u>319,580</u>	<u>(6,616)</u>
Sanitation Collection				
Personnel Services	397,897	397,897	460,640	(62,743)
Supplies	81,950	81,950	101,359	(19,409)
Maintenance & Repairs	73,200	73,200	98,607	(25,407)
Outside Services	780	780	941	(161)
Other Operating Expense	200	200	-	200
	<u>554,027</u>	<u>554,027</u>	<u>661,547</u>	<u>(107,520)</u>
Sanitation Bulk				
Personnel Services	269,001	269,001	209,374	59,627
Supplies	34,732	34,732	35,268	(536)
Maintenance & Repairs	24,700	24,700	123,944	(99,244)
Outside Services	237,021	237,021	204,927	32,094
Other Operating Expense	-	-	-	-
	<u>565,454</u>	<u>565,454</u>	<u>573,513</u>	<u>(8,059)</u>
Landfill				
Personnel Services	192,506	192,506	210,562	(18,056)
Supplies	9,550	9,550	14,632	(5,082)
Maintenance & Repairs	12,000	12,000	16,025	(4,025)
Outside Services	550	550	492	58
Other Operating Expense	-	-	-	-
	<u>214,606</u>	<u>214,606</u>	<u>241,711</u>	<u>(27,105)</u>
Landfill closure	30,000	30,000	97,627	(67,627)
Depreciation	370,175	370,175	305,107	65,068
	<u>400,175</u>	<u>400,175</u>	<u>402,734</u>	<u>(2,559)</u>
Total Operating Expenses	<u>\$ 2,047,226</u>	<u>\$ 2,047,226</u>	<u>\$ 2,199,084</u>	<u>\$ (151,858)</u>
<b>NON-OPERATING EXPENSE</b>				
Loss on Disposal of Assets	\$ -	\$ -	\$ -	-
Total Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 2,047,226</u>	<u>\$ 2,047,226</u>	<u>\$ 2,199,084</u>	<u>\$ (151,858)</u>

## **COMBINING FINANCIAL STATEMENT CUSTODIAL FUNDS**

Custodial 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.

**City of Andrews, Texas  
Custodial Funds  
Combining Statement of Net Position  
September 30, 2023**

,

	Escrow Fund	Employee Christmas Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,572	\$ 114,505	\$ 130,077
Total Assets	15,572	114,505	\$ 130,077
<b>LIABILITIES</b>			
Deposits held for others	15,572	114,505	130,077
Total Liabilities	\$ 15,572	\$ 114,505	\$ 130,077
NET POSITION	-	-	-

**City of Andrews, Texas**  
**Custodial Funds**  
**Combining Statement of Changes in Net Position**  
**For the year ended September 30, 2023**

	Balance Oct. 1 2022	Additions	Deductions	Balance Sept. 30 2023
<b>ESCROW FUND</b>				
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>
 <b>EMPLOYEE CHRISTMAS FUND</b>				
Assets				
Cash and cash equivalents	\$ 111,620	\$ 133,130	\$ 130,245	\$ 114,505
	<u>111,620</u>	<u>133,130</u>	<u>130,245</u>	<u>114,505</u>
Liabilities				
Deposits held for others	111,620	133,130	130,245	114,505
	<u>\$ 111,620</u>	<u>\$ 133,130</u>	<u>\$ 130,245</u>	<u>\$ 114,505</u>
 <b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and cash equivalents	\$ 127,192	\$ 133,130	\$ 130,245	\$ 130,077
	<u>127,192</u>	<u>133,130</u>	<u>130,245</u>	<u>130,077</u>
Liabilities				
Deposits held for others	127,192	133,130	130,245	130,077
	<u>\$ 127,192</u>	<u>\$ 133,130</u>	<u>\$ 130,245</u>	<u>\$ 130,077</u>

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

**City of Andrews, Texas**  
**Capital Assets used in the Operation of Governmental Funds**  
**Comparative Schedules by Source**  
**September 30, 2023 and 2022**

	2023	2022
<b>Governmental Fund Capital Assets</b>		
Land	\$ 1,071,357	\$ 1,408,535
Buildings	11,013,633	9,703,090
Improvements other than buildings	8,828,637	8,466,986
Machinery and equipment	7,328,476	7,028,221
Infrastructure	33,512,074	33,043,335
Total Governmental Funds Capital Assets	61,754,176	59,650,167
 <b>Investments in Governmental Funds</b>		
<b>Capital Assets by Source</b>		
General fund	41,686,091	39,582,081
Donations	5,405,679	5,405,679
Subdividers	1,267,406	1,267,406
General obligation bonds	13,395,000	13,395,000
	\$ 61,754,176	\$ 59,650,167

**City of Andrews, Texas**  
**Capital Assets used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2023**

Function and Activity	Total	Land	Building	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
<b>General Government:</b>						
City Hall - City Mgr., Finance, Court Business/Technology Center	\$ 3,024,414	\$ 385,090	\$ 1,838,774	\$ 427,909	\$ -	\$ 372,642
	-	-	-	-	-	-
<b>Total General Government</b>	<u>3,024,414</u>	<u>385,090</u>	<u>1,838,774</u>	<u>427,909</u>	<u>-</u>	<u>372,642</u>
<b>Public Safety:</b>						
Police protection	3,974,529	146,741	800,588	-	-	3,027,199
Emergency medical services	3,005,251	-	1,331,894	-	-	1,673,357
Animal pound	434,968	-	233,185	-	-	201,784
Fire protection	3,399,247	25,296	2,490,021	65,104	-	818,826
<b>Total Public Safety</b>	<u>10,813,995</u>	<u>172,037</u>	<u>4,855,688</u>	<u>65,104</u>	<u>-</u>	<u>5,721,166</u>
Streets and storm drainage	38,061,403	484,349	-	3,143,135	33,512,074	921,845
Inspection	312,823	-	-	-	-	312,823
Recreation and parks	9,541,542	29,881	4,319,171	5,192,490	-	-
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 61,754,176</u>	<u>\$ 1,071,357</u>	<u>\$ 11,013,633</u>	<u>\$ 8,828,637</u>	<u>\$ 33,512,074</u>	<u>\$ 7,328,476</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, 2023**

Function and Activity	Governmental Funds Capital Assets 2022	Additions	Deductions	Governmental Funds Capital Assets 2023
General Government				
City Hall - City Mgr., Finance, Court	\$ 1,742,176	\$ 1,290,787	\$ 8,549	\$ 3,024,415
Business/Technology Center	4,266,098	19,120	4,285,218	(0)
Total General Government	<u>6,008,274</u>	<u>1,309,907</u>	<u>4,293,767</u>	<u>3,024,414</u>
Public Safety				
Police protection	3,244,727	857,632	127,831	3,974,529
Emergency medical services	2,954,930	54,227	3,906	3,005,251
Animal pound	391,763	43,205	-	434,968
Fire protection	3,385,849	16,704	3,306	3,399,247
Total Public Safety	<u>9,977,269</u>	<u>971,768</u>	<u>135,043</u>	<u>10,813,995</u>
Streets and storm drainage	37,580,753	480,649		38,061,402
Inspection	298,726	14,097		312,822
Recreation and parks	5,785,144	3,756,398		9,541,542
Total Governmental Funds Capital Assets	<u>\$ 59,650,167</u>	<u>\$ 6,532,819</u>	<u>\$ 4,428,809</u>	<u>\$ 61,754,176</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, 2023 and 2022**

	2023	2022
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 7,731,593	\$ 8,099,759
Investment - treasury securities/cert. of deposit	2,080,000	\$ 1,329,000
Sales tax receivable	179,857	231,442
Miscellaneous receivable	20,903	2,200
Total Current Assets	10,012,353	9,662,401
Capital Assets		
Land	3,938,457	2,500,303
Improvements other than Buildings	766,910	779,508
Furniture & Fixtures	7,035	7,559
Accumulated depreciation	(261,348)	(241,508)
Total Capital Assets Net of Accum. Depr.	4,451,054	3,045,862
Total Assets	14,463,407	12,708,263
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	65,489	41,651
Difference between projected and actual earnings	-	-
Difference due to changes in actuarial assumptions	815	815
Deferred pension contributions	5,086	5,086
Total Deferred Outflows	71,390	47,552
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	1,157,347	4,882
Other payables	1,889	756
Compensated absences payable	14,805	14,108
Pension liability payable	61,747	18,159
Total Current Liabilities	1,235,788	37,905
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between projected and actual earnings	32,359	13,660
Difference between expected and actual experience	10,403	44,890
Total Deferred Inflows	42,762	58,550
<b>NET POSITION</b>		
Net investment in capital assets	4,451,054	3,045,862
Restricted	-	-
Unrestricted	8,805,194	9,613,498
Total Net Position	\$ 13,256,248	\$ 12,659,360

**City of Andrews, Texas**  
**Andrews Economic Development Corporation**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended September 30, 2023 and 2022**

	2023	2022
Support and revenues		
Economic development sales tax	\$ 2,619,407	\$ 2,212,830
Interest income	417,484	70,616
Miscellaneous	34,000	-
Total support and revenues	3,070,891	2,283,446
 Expenses		
Personnel services	226,488	198,424
Supplies	1,692	1,473
Maintenance & Repairs	-	-
Outside Services	121,992	119,123
Other Operating Expense	10,965	11,703
Incentives	76,305	101,456
Business Park Maintenance	16,400	-
Contributions to County or City	2,059,812	75,000
Depreciation	32,962	32,737
Total Expenses	2,546,615	539,916
 Income from Operations	524,276	1,743,530
 Sale of Land	72,612	309,271.00
 Increase in Net Position	596,888	2,052,801
 Net Position, beginning	12,659,360	10,611,430
Prior Period Adjustment	-	(4,871)
 Net Position, ending	\$ 13,256,248	\$ 12,659,360

**City of Andrews, Texas**  
**Andrews Economic Development Corporation**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2023 and 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from sales tax	\$ 2,670,992	\$ 2,133,892
Other operating cash receipts	432,780	73,287
Cash payments to suppliers for goods and services	926,245	(733,587)
Cash payments to employees for services	(221,830)	(205,173)
Cash payments for other funds	(2,059,812)	(75,000)
Net cash provided (used) by operating activities	1,748,375	1,193,420
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(1,533,391)	(5,625)
Sale of Assets	72,613	309,271
Land incentives from Business Parks	95,238	1,456
Prior Period Adjustments	-	(4,871)
Net cash provided (used) by capital and related financing activities	(1,365,541)	300,231
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of treasury securities/certificate of deposit	(751,000)	180,871
Net cash provided (used) by investing activities	(751,000)	180,871
Net increase (decrease) in cash and cash equivalents	(368,166)	1,674,522
Cash and cash equivalents, beginning	8,099,758	6,425,236
Cash and cash equivalents, ending	\$ 7,731,593	\$ 8,099,758
<b>Reconciliation of income from operations to net cash provided (used) by operating activities</b>		
Operating Income/Loss	\$ 524,276	\$ 1,743,530
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	32,962	32,737
Prior Period Adjustment - Pension	-	-
Change in assets and liabilities:		
Decrease (increase) in sales tax receivable	51,585	(78,938)
Decrease (increase) in misc receivable	(18,703)	2,671
Decrease (increase) in deferred outflows of resources for pensions	(23,839)	(42,982)
Increase (decrease) in accounts payable	1,152,465	(339,834)
Increase (decrease) in other payables	1,133	(159,998)
Increase (decrease) in compensated absences	697	521
Increase (decrease) in pension liability	43,588	(16,764)
Increase (decrease) in deferred inflows of resources for pension	(15,788)	52,476
Net cash provided (used) by operating activities	\$ 1,748,375	\$ 1,193,420

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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.

<b>Contents</b>	<b>Page</b>
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>	132-136
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>	137-143
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>	144-147
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>	148-149
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>	150-152

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**  
**2014-2023**  
**(accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$23,511,846	\$24,496,304	\$29,797,572	\$29,346,908	\$28,205,202	\$26,846,512	\$26,732,759	\$25,930,250	\$26,746,527	\$28,575,908
Nonspendable								\$ 28,683	\$ 26,125	\$ 24,428
Restricted	12,088	10,982	153,694	143,398	353,167	473,392	302,144	1,983,996	2,408,096	1,444,462
Unrestricted	15,569,744	14,640,177	9,889,769	10,855,317	11,906,453	15,725,770	15,648,706	15,135,111	15,223,199	12,687,751
Total governmental activities net position	39,093,679	39,147,463	39,841,035	40,345,623	40,464,823	43,045,673	42,683,609	43,078,040	44,403,947	42,732,550
<b>Business-type activities</b>										
Net investment in capital assets	13,072,308	18,722,336	20,050,869	21,347,109	21,915,482	23,985,637	25,608,034	26,155,489	23,116,441	28,571,154
Restricted	653,151	685,007	696,274	756,272	779,346	822,804	840,088	879,568	989,862	1,087,490
Unrestricted	8,237,216	4,411,228	3,667,163	2,544,031	2,571,953	2,849,486	2,431,306	3,175,876	7,627,269	5,016,075
Total business-type activities net position	21,962,675	23,818,570	24,414,306	24,647,412	25,266,780	27,657,926	28,879,428	30,210,933	31,733,572	34,674,719
<b>Primary government:</b>										
Net investment in capital assets	36,584,154	43,218,640	49,848,441	50,694,017	50,120,684	50,832,148	52,340,793	52,085,739	49,862,968	57,147,062
Nonspendable								28,683	26,125	24,428
Restricted	665,239	695,989	849,968	899,670	1,132,513	1,296,195	1,142,232	2,863,564	3,397,958	2,531,952
Unrestricted	23,806,961	19,051,405	13,556,932	13,399,349	14,478,406	18,575,255	18,080,012	18,310,987	22,850,468	17,703,826
Total primary government net position	\$61,056,354	\$62,966,033	\$64,255,341	\$64,993,036	\$65,731,603	\$70,703,599	\$71,563,037	\$73,288,973	\$76,137,519	\$77,407,269

**CITY OF ANDREWS, TEXAS**  
**Changes in Net Position**  
**2014-2023**  
**(accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
<b>Governmental Activities</b>										
General government & administration	\$ (2,034,438)	\$ (1,685,449)	\$ (1,655,183)	\$ (1,767,007)	\$ (1,610,247)	\$ (1,750,648)	\$ (2,087,904)	\$ (2,188,053)	\$ (1,776,158)	\$ (1,903,947)
Public safety	(3,293,922)	(3,581,837)	(3,952,042)	(4,286,401)	(4,543,854)	(4,896,299)	(5,216,583)	(5,581,014)	(6,072,632)	(6,870,729)
Highways and streets	(1,209,546)	(1,876,510)	(1,747,200)	(1,985,850)	(2,269,169)	(2,491,985)	(2,514,906)	(2,633,496)	(2,424,567)	(2,835,662)
Culture-recreation	(146,143)	(391,582)	(407,877)	(386,330)	(1,011,387)	(988,684)	(1,204,712)	(1,065,481)	(1,220,101)	(3,284,459)
Economic development	(250,335)	(464,337)	(311,924)	(319,047)	(434,032)	(358,412)	(414,841)	(385,909)	(292,019)	(425,264)
Other financing uses	(125,280)	(182,150)	(549,556)	(425,597)	(448,757)	(431,221)	(427,576)	(418,701)	(356,535)	(708,464)
<b>Total governmental activities</b>	<b>(7,059,663)</b>	<b>(8,181,866)</b>	<b>(8,623,781)</b>	<b>(9,170,232)</b>	<b>(10,317,447)</b>	<b>(10,917,248)</b>	<b>(11,866,522)</b>	<b>(12,272,654)</b>	<b>(12,142,012)</b>	<b>(16,028,525)</b>
<b>Business-type activities:</b>										
Water and sewer	(2,936,477)	(3,005,372)	(3,638,712)	(4,030,842)	(4,103,460)	(4,386,166)	(4,794,955)	(4,256,597)	(4,698,739)	(4,875,981)
Sanitation	(1,564,328)	(1,820,343)	(1,802,015)	(1,876,421)	(1,848,628)	(2,062,859)	(1,894,473)	(1,909,831)	(1,914,635)	(2,199,087)
<b>Total business-type activities</b>	<b>(4,500,805)</b>	<b>(4,825,715)</b>	<b>(5,440,727)</b>	<b>(5,907,263)</b>	<b>(5,952,088)</b>	<b>(6,449,024)</b>	<b>(6,689,428)</b>	<b>(6,166,428)</b>	<b>(6,613,374)</b>	<b>(7,075,068)</b>
<b>Total Expenses</b>	<b>\$ (11,560,468)</b>	<b>\$ (13,007,580)</b>	<b>\$ (14,064,508)</b>	<b>\$ (15,077,495)</b>	<b>\$ (16,269,534)</b>	<b>\$ (17,366,272)</b>	<b>\$ (18,555,950)</b>	<b>\$ (18,439,082)</b>	<b>\$ (18,755,386)</b>	<b>\$ (23,103,593)</b>
<b>Program revenues:</b>										
<b>Governmental Activities:</b>										
<b>Fees, fines and charges for services:</b>										
General government	\$ 76,106	\$ 56,520	\$ 53,581	\$ 50,555	\$ 58,045	\$ 88,078	\$ 74,016	\$ 81,293	\$ 70,229	\$ 63,187
Public safety	365,395	222,783	339,073	619,529	555,225	559,626	399,110	371,324	447,272	432,670
Culture-recreation	80,915	84,713	76,404	71,063	64,365	48,814	45,957	52,022	58,514	57,387
Economic development	18,394	12,995	39,845	21,928	20,645	23,494	61,675	54,950	43,295	42,760
Other financing uses	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,738,023	1,266,488	1,219,910	1,271,515	1,375,004	1,567,900	2,489,187	3,500,370	4,092,042	2,166,817
Capital grants and contributions	2,615,776	413,043	780,453	766,743	29,449	16,196	17,022	51,746	21,103	22,070
<b>Total governmental activities</b>	<b>4,894,608</b>	<b>2,056,542</b>	<b>2,509,266</b>	<b>2,801,334</b>	<b>2,102,733</b>	<b>2,304,107</b>	<b>3,086,967</b>	<b>4,111,705</b>	<b>4,732,455</b>	<b>2,784,891</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Water and sewer	3,774,807	3,766,892	3,683,795	4,125,295	4,487,245	4,200,597	4,587,609	4,753,126	5,056,233	5,001,623
Sanitation	1,593,223	1,606,884	1,754,166	1,755,038	1,797,000	1,981,008	2,076,907	2,028,370	2,098,780	2,068,935
Capital grants and contributions	-	519,792	392,068	3,850	-	-	-	503,696	-	-
<b>Total business-type activities</b>	<b>5,368,030</b>	<b>5,893,568</b>	<b>5,830,029</b>	<b>5,884,182</b>	<b>6,284,245</b>	<b>6,181,604</b>	<b>6,664,516</b>	<b>7,285,192</b>	<b>7,155,013</b>	<b>7,070,558</b>
<b>Total Program Revenues</b>	<b>\$ 10,262,638</b>	<b>\$ 7,950,110</b>	<b>\$ 8,339,295</b>	<b>\$ 8,685,516</b>	<b>\$ 8,386,977</b>	<b>\$ 8,485,711</b>	<b>\$ 9,751,483</b>	<b>\$ 11,396,897</b>	<b>\$ 11,887,468</b>	<b>\$ 9,855,449</b>
<b>Net revenues (expenses)</b>										
Governmental activities	(2,165,055)	(6,125,324)	(6,114,515)	(6,368,898)	(8,214,714)	(8,613,141)	(8,779,555)	(8,160,949)	(7,409,557)	(13,243,634)
Business-type activities	867,225	1,067,853	389,302	(23,081)	332,157	(267,420)	(24,912)	1,118,764	541,639	(4,510)
<b>Total net revenues (expenses)</b>	<b>(1,297,830)</b>	<b>(5,057,470)</b>	<b>(5,725,213)</b>	<b>(6,391,979)</b>	<b>(7,882,557)</b>	<b>(8,880,561)</b>	<b>(8,804,467)</b>	<b>(7,042,185)</b>	<b>(6,867,918)</b>	<b>(13,248,143)</b>

(Continued)

**CITY OF ANDREWS, TEXAS**  
**Changes in Net Position**  
**2014-2023**  
**(accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues:										
Governmental Activities										
Taxes:										
Property taxes	1,136,678	1,208,573	1,392,060	1,429,731	1,439,005	1,460,786	1,700,765	1,706,226	1,690,985	1,827,955
Sales	6,394,239	6,186,791	4,476,948	4,545,349	5,325,167	6,269,542	6,003,939	5,280,382	6,646,486	7,868,317
Franchise	782,495	781,609	739,276	704,419	650,398	787,221	718,504	705,078	701,972	722,607
Other	101,096	107,140	82,027	68,826	589,596	492,148	282,800	216,906	239,282	373,470
Miscellaneous revenue	122,464	108,166	31,121	(0)	103,442	4,172,329	422,380	528,061	42,173	5,224
Investment income	63,211	75,689	89,519	125,162	218,555	357,715	263,194	108,201	116,760	774,029
Gain/Loss on disposition of assets	4,011	-	44,410	-	-	-	-	-	-	-
Transfers	(1,000,000)	(999,000)	(1,344)	-	-	(2,338,000)	(1,015,000)	10,527	(702,196)	635
Total governmental activities	<u>7,604,193</u>	<u>7,468,967</u>	<u>6,854,017</u>	<u>6,873,486</u>	<u>8,326,163</u>	<u>11,201,741</u>	<u>8,376,582</u>	<u>8,555,381</u>	<u>8,735,462</u>	<u>11,572,236</u>
Business-type activities:										
Miscellaneous revenue	192,793	324,916	222,085	218,368	213,711	198,139	159,921	164,726	184,103	2,182,137
Investment income	24,455	27,949	26,709	36,820	66,900	122,427	54,756	6,064	92,702	488,772
Gain/Loss on disposition of assets	6,978	2,000	(43,704)	1,000	6,599	-	16,737	41,950	2,000	275,383
Transfers	1,123,145	1,055,000	1,343	-	(0)	2,338,000	1,015,000	-	702,196	(635)
Total business-type activities	<u>1,347,372</u>	<u>1,409,866</u>	<u>206,433</u>	<u>256,188</u>	<u>287,210</u>	<u>2,658,566</u>	<u>1,246,414</u>	<u>212,740</u>	<u>981,001</u>	<u>2,945,657</u>
Total primary government	<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>	<u>13,860,306</u>	<u>9,622,996</u>	<u>8,768,121</u>	<u>9,716,463</u>	<u>14,517,893</u>
Changes in net position										
Governmental activities	5,439,138	1,343,643	739,502	504,587	111,449	2,588,599	(402,973)	394,432	1,325,906	(1,671,398)
Business-type activities	2,214,597	2,477,719	595,736	233,107	619,367	2,391,146	1,221,502	1,331,504	1,522,640	2,941,147
Total change in net position	<u>\$ 7,653,735</u>	<u>\$ 3,821,362</u>	<u>\$ 1,335,238</u>	<u>\$ 737,695</u>	<u>\$ 730,816</u>	<u>\$ 4,979,745</u>	<u>\$ 818,529</u>	<u>\$ 1,725,936</u>	<u>\$ 2,848,546</u>	<u>\$ 1,269,749</u>

**CITY OF ANDREWS, TEXAS**  
**Fund Balances of Governmental Funds**  
**2014-2023**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Committed	8,041,207	11,814,859	6,488,900	6,089,540	6,843,950	10,570,129	8,728,730	7,806,745	7,197,652	6,812,361
Assigned	2,792,401	2,206,194	2,995,903	3,316,783	3,410,618	4,006,627	2,844,605	2,595,062	1,458,985	4,266,019
Unassigned	4,748,056	2,168,319	2,332,892	3,607,238	3,686,954	3,191,447	5,875,360	6,709,265	8,231,519	3,227,126
Total general fund	<u>15,581,664</u>	<u>16,189,373</u>	<u>11,817,694</u>	<u>13,013,561</u>	<u>13,941,522</u>	<u>17,768,204</u>	<u>17,448,695</u>	<u>17,111,072</u>	<u>16,888,156</u>	<u>14,305,506</u>
All other governmental funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project fund	-	-	-	-	-	-	-	-	-	-
Unspendable										
Reported in special revenue funds	-	-	-	-	-	-	21,514	28,683	26,125	24,428
Restricted										
Reported in special revenue funds	12,088	10,982	17,398	15,913	225,682	345,907	153,145	1,856,511	2,280,611	1,316,977
Debt Service	-	207,799	136,296	127,485	127,485	127,485	127,485	127,485	127,485	127,485
Committed										
Reported in special revenue funds	22,038	26,404	119,740	152,388	287,404	585,602	789,737	469,581	348,219	304,006
Total all other governmental funds	<u>34,125</u>	<u>245,186</u>	<u>273,434</u>	<u>295,786</u>	<u>640,571</u>	<u>1,058,994</u>	<u>1,091,881</u>	<u>2,482,260</u>	<u>2,782,440</u>	<u>1,772,896</u>
Total Governmental Funds	<u>\$ 15,615,789</u>	<u>\$ 16,434,559</u>	<u>\$ 12,091,128</u>	<u>\$ 13,309,347</u>	<u>\$ 14,582,094</u>	<u>\$ 18,827,197</u>	<u>\$ 18,540,576</u>	<u>\$ 19,593,332</u>	<u>\$ 19,670,596</u>	<u>\$ 16,078,402</u>

**CITY OF ANDREWS, TEXAS**  
**Changes in Fund Balances of Governmental Funds**  
**2014-2023**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Taxes	\$ 7,628,555	\$ 7,541,277	\$ 5,905,039	\$ 6,008,093	\$ 7,377,931	\$ 8,228,508	\$ 7,946,091	\$ 7,171,388	\$ 7,490,739	\$ 10,055,673
Franchise fees	782,495	781,609	739,276	704,419	650,398	787,221	718,504	705,078	701,972	722,606
License, permits, fees	81,585	65,504	72,009	48,494	64,746	93,073	88,431	89,594	67,255	73,682
Charges for services	80,915	84,713	76,404	71,063	64,365	48,814	45,957	52,022	58,514	57,387
Fines and court costs	235,589	218,077	319,434	408,514	391,761	415,451	283,708	269,243	304,276	252,445
Miscellaneous	591,948	639,161	555,613	544,024	684,486	640,824	422,380	513,011	564,781	575,904
Investment income	63,211	75,689	89,520	125,162	218,555	357,715	263,194	108,201	116,760	774,030
Intergovernmental revenue	1,946,155	1,243,900	1,222,710	1,276,451	1,382,947	1,601,410	1,767,320	1,848,992	3,530,485	2,275,201
Grant income	707,079	89,203	64,778	68,484	67,582	67,406	873,489	1,837,723	1,823,675	73,286
Contributions	86	60	32	750,023	-	-	-	-	-	-
Voluntary non-exchange revenues	-	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>12,117,617</b>	<b>10,739,193</b>	<b>9,044,815</b>	<b>10,004,727</b>	<b>10,902,770</b>	<b>12,240,421</b>	<b>12,409,074</b>	<b>12,595,252</b>	<b>14,658,457</b>	<b>14,860,214</b>
<b>Expenditures:</b>										
<b>Current</b>										
General gov't and admin.	2,414,030	2,022,609	1,977,545	2,196,540	2,053,724	1,949,488	1,992,506	2,108,081	2,202,395	2,237,299
Public safety	3,014,320	3,307,742	3,432,976	3,557,704	3,938,204	4,238,296	4,601,742	5,075,869	5,792,663	6,059,983
Highway and streets	646,324	1,349,240	1,159,857	703,367	975,784	1,192,109	1,215,770	1,339,130	1,280,869	1,579,125
Culture-recreation	102,689	153,749	177,505	126,018	749,789	697,762	914,230	648,667	713,896	761,312
Economic development	140,022	155,603	156,851	161,116	180,394	109,388	147,018	141,104	118,731	156,821
<b>Debt Service</b>										
Principal	340,000	345,000	355,000	310,000	270,000	285,000	295,000	305,000	320,000	415,000
Interest	126,530	119,088	496,231	434,408	443,940	436,038	427,576	418,701	409,320	710,683
Bond Issuance Costs	-	165,645	-	-	-	-	-	-	-	-
Capital outlay	4,350,096	9,954,366	5,684,444	1,297,355	1,018,190	749,237	2,127,762	1,531,523	3,048,353	6,532,821
<b>Total expenditures</b>	<b>11,134,009</b>	<b>17,573,043</b>	<b>13,440,409</b>	<b>8,786,508</b>	<b>9,630,025</b>	<b>9,657,318</b>	<b>11,721,604</b>	<b>11,568,076</b>	<b>13,886,227</b>	<b>18,453,044</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>983,608</b>	<b>(6,833,850)</b>	<b>(4,395,594)</b>	<b>1,218,219</b>	<b>1,272,746</b>	<b>2,583,103</b>	<b>687,470</b>	<b>1,027,177</b>	<b>772,230</b>	<b>(3,592,830)</b>
<b>Other financing sources (uses):</b>										
Transfers in	1,000,000	1,072,887	5,191,197	735,597	713,940	721,038	722,576	1,148,986	1,132,320	1,683,561
Transfers out	(1,000,000)	(1,671,887)	(5,192,541)	(735,597)	(713,940)	(3,059,038)	(1,737,576)	(1,123,407)	(1,834,516)	(1,682,926)
Sale of general capital assets	-	-	53,507	-	-	-	-	-	7,231	-
Lawsuit settlement	-	-	-	-	-	4,000,000	-	-	-	-
General obligation bond issued	-	8,251,619	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>7,652,619</b>	<b>52,163</b>	<b>-</b>	<b>-</b>	<b>1,662,000</b>	<b>(1,015,000)</b>	<b>25,579</b>	<b>(694,965)</b>	<b>635</b>
<b>Net change in fund balance</b>	<b>\$ 983,608</b>	<b>\$ 818,769</b>	<b>\$(4,343,431)</b>	<b>\$ 1,218,219</b>	<b>\$ 1,272,746</b>	<b>\$ 4,245,103</b>	<b>\$ (327,530)</b>	<b>\$ 1,052,756</b>	<b>\$ 77,265</b>	<b>\$ (3,592,195)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.9%</b>	<b>6.1%</b>	<b>11.0%</b>	<b>9.9%</b>	<b>8.3%</b>	<b>8.1%</b>	<b>7.5%</b>	<b>7.2%</b>	<b>6.7%</b>	<b>9.4%</b>

**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						
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%
2019	592,350	226,084	196,744	139,786	875,392	0.18900	875,392	100%
2020	636,409	230,949	188,688	149,762	906,285	0.18192	906,285	100%
2021	679,669	302,790	173,367	219,620	936,207	0.18048	936,207	100%
2022	699,144	349,762	185,921	249,906	984,921	0.18048	984,921	100%
2023	740,705	359,109	199,683	233,613	1,065,884	0.18048	1,065,884	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)			Overlapping Rates									Total Direct and Overlapping					
	M&O	I&S	Total	School (2)			County (3)			Co. Road & Bridge (3)			Hospital (4)			M&O	I&S	Total
2014	0.18900	-	0.18900	1.06000	0.11000	1.17000	0.29360	-	0.29360	0.04770	-	0.04770	0.19612	0.10000	0.29612	1.78642	0.21000	1.99642
2015	0.18900	-	0.18900	1.06000	0.11000	1.17000	0.43550	-	0.43550	0.07500	-	0.07500	0.28650	0.10000	0.38650	2.04600	0.21000	2.25600
2016	0.18900	-	0.18900	1.06000	0.14000	1.20000	0.48050	-	0.48050	0.08500	-	0.08500	0.43037	0.11135	0.54172	2.24487	0.25135	2.49622
2017	0.18900	-	0.18900	1.06000	0.14000	1.20000	0.43840	-	0.43840	0.07730	-	0.07730	0.40603	0.09308	0.49911	2.17073	0.23308	2.40381
2018	0.18900	-	0.18900	1.06000	0.14000	1.20000	0.43250	0.02740	0.45990	0.05900	-	0.05900	0.39966	0.08489	0.48455	2.14016	0.25229	2.39245
2019	0.18900	-	0.18900	0.99000	0.14000	1.13000	0.42820	0.02330	0.45150	0.05840	-	0.05840	0.39233	0.07690	0.46923	2.05793	0.24020	2.29813
2020	0.18192	-	0.18192	0.97640	0.14000	1.11640	0.42790	0.02370	0.45160	0.05830	-	0.05830	0.44266	0.07752	0.52017	2.08717	0.24122	2.32839
2021	0.18048	-	0.18048	0.97340	0.14000	1.11340	0.43120	0.02500	0.45620	0.05880	-	0.05880	0.47496	0.08204	0.55700	2.11883	0.24704	2.36587
2022	0.18048	-	0.18048	0.86460	0.14000	1.00460	0.35480	0.01680	0.37160	0.04840	-	0.04840	0.31284	0.04995	0.36279	1.76112	0.20675	1.96786
2023	0.18048	-	0.18048	0.67920	0.20000	0.87920	0.27930	0.01260	0.29190	0.03810	-	0.03810	0.23719	0.03808	0.27527	1.41427	0.25068	1.66494

- 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	2023 Tax Roll			2014 Tax Roll		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
Enterprise FM Trust	\$28,169,079	1	2.6%			
Viva Well Servicing Co., LP	10,677,605	2	1.0%	13,026,151	2	2.0%
Andrews Apartments LP	10,032,041	3	0.9%			
Summit ESP	7,528,912	4				
Anixter Inc	6,714,037	5				
Oncor Electric Delivery Co	6,205,778	6	0.6%	3,579,490	9	0.6%
Salazar Srvc & Trucking Corp	6,152,485	7	0.6%			
Benny Boyd Chrysler Dodge Jeep R	5,127,231	8	0.5%			
KV Power, LP	4,480,128	9	0.4%			
Brigade Energy Services LLC	4,220,770	10	0.4%			
Infrastructure Networks Inc			0.0%			
Refinery Specilties Inc			0.0%			
Nabors Well Service				14,299,570	1	2.2%
Basic Energy - Permian Reg 201				6,767,670	4	1.0%
AE Hotels LLC				9,817,090	3	1.5%
Apache Corporation				5,903,293	5	0.9%
Andrews Hotel Investments LLC				4,204,910	6	0.6%
Viva Support Service				3,842,930	7	0.6%
Basic Energy Services Inc. 100				3,611,450	8	0.6%
Globe Energy Services				3,500,000	10	0.5%
	<u>\$89,308,066</u>		<u>7.0%</u>	<u>\$68,552,554</u>		<u>10.5%</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
2014	\$1,107	\$1,076	97.1%	\$28	\$1,104	99.7%
2015	\$1,221	\$1,173	96.1%	\$43	\$1,215	99.6%
2016	\$1,358	\$1,279	94.2%	\$62	\$1,341	98.8%
2017	\$1,364	\$1,284	94.1%	\$61	\$1,345	98.6%
2018	\$1,413	\$1,357	96.0%	\$26	\$1,383	97.8%
2019	\$1,449	\$1,398	96.5%	\$5	\$1,404	96.9%
2020	\$1,619	\$1,531	94.6%	\$45	\$1,531	94.6%
2021	\$1,634	\$1,556	95.2%	\$70	\$1,626	99.5%
2022	\$1,679	\$1,613	96.1%	\$32	\$1,645	98.0%
2023	\$1,777	\$1,733	97.5%		\$1,733	97.5%

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
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
2019	\$4,319,036	\$ 2,159,518	\$ 1,079,759	\$ 1,079,759	\$8,638,072
2020	\$3,715,070	\$ 1,857,535	\$ 928,767	\$ 928,767	\$7,430,139
2021	\$3,664,823	\$ 1,832,412	\$ 916,206	\$ 916,206	\$7,329,646
2022	\$4,887,096	\$ 2,443,548	\$ 1,221,774	\$ 1,221,774	\$9,774,192
2023	\$4,993,317	\$ 2,496,659	\$ 1,248,329	\$ 1,248,329	\$9,986,634

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ag., Forestry, Fishing, Hunting	-	-	-	-	-	-	-	-	-	\$ -
Mining	\$ 54,702,290	\$ 70,843,340	\$ 43,842,841	\$ 33,130,329	\$ 37,957,884	\$ 51,938,000	\$ 63,933,000	\$ 49,156,331	\$ 62,675,000	\$ 84,344,000
Utilities	-	-	-	-	-	-	-	-	-	-
Construction	33,000,058	45,526,311	33,659,184	17,719,850	22,330,165	37,451,000	44,147,000	23,939,669	27,723,000	46,068,000
Manufacturing	16,844,670	38,041,036	29,992,523	26,613,235	40,966,752	23,071,000	23,865,000	10,951,869	14,512,000	26,955,000
Wholesale Trade	26,400,422	13,335,380	12,994,066	16,423,391	11,893,888	20,371,000	13,919,000	5,315,975	4,397,000	7,419,000
Retail Trade	74,807,568	96,349,634	80,754,524	62,318,683	75,828,886	98,291,000	91,086,000	72,190,823	81,696,000	93,445,000
Transportation / Warehousing	1,515,879	1,366,341	1,291,177	864,489	1,377,905	1,651,000	1,412,000	373,215	412,000	782,000
Information	-	-	3,910,107	5,212,568	5,071,993	5,709,000	6,076,000	4,736,209	3,774,000	1,976,000
Finance, Insurance	670,089	853,051	425,279	204,445	199,142	137,000	127,000	25,751	37,000	65,000
Real Estate, Rental, Leasing	20,415,143	28,569,259	19,946,670	15,226,943	26,896,333	37,174,000	41,306,000	25,779,833	29,179,000	46,294,000
Professional, Scientific, Tech. Svc	1,268,743	920,384	537,755	583,446	604,118	716,000	811,000	617,203	681,000	835,000
Mgmt of Companies, Enterprises	-	-	-	-	-	-	-	-	-	-
Admin, Supp., Waste Mgt., Remed.	9,578,968	10,652,629	8,550,106	6,541,460	2,094,232	2,159,000	2,878,000	2,199,750	1,725,000	2,672,000
Educational Services	-	-	-	-	-	-	-	-	-	-
Health Care, Social Assist.	-	-	-	-	160	-	-	31,072	-	-
Arts, Entertainment, Recreation	666,525	558,771	620,723	824,702	476,121	725,000	773,000	642,213	639,000	726,000
Accommodation, Food Svc.	18,562,044	26,897,177	27,180,384	24,112,489	27,551,778	29,716,000	31,405,000	27,376,987	31,533,000	35,514,000
Other Services	9,070,887	10,966,788	9,945,878	9,529,602	11,965,694	13,595,000	14,287,000	11,996,246	13,602,000	14,587,000
Public Administration	-	-	-	-	-	-	-	-	-	-
Other	4,168,133	4,785,197	1,504,807	83,770	197,092	-	-	-	104,000	-
<b>Total</b>	<b>\$271,671,419</b>	<b>\$349,665,298</b>	<b>\$275,156,024</b>	<b>\$219,389,402</b>	<b>\$265,412,143</b>	<b>\$322,704,000</b>	<b>\$321,248,000</b>	<b>\$235,333,146</b>	<b>\$272,689,000</b>	<b>\$361,682,000</b>
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)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

Annual data for 2023 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)**

	2022				2013			
	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%	\$ -	-	-	0.20%	\$ -	-
Mining	63	9.91%	84,344	23.32%	46	8.47%	54,702	19.47%
Utilities	2	0.31%	-	-	2	0.40%	-	-
Construction	50	7.86%	46,068	12.74%	42	9.48%	33,000	9.31%
Manufacturing	41	6.45%	26,955	7.45%	21	4.44%	16,845	4.72%
Wholesale Trade	22	3.46%	7,419	2.05%	21	4.03%	26,400	5.97%
Retail Trade	210	33.02%	93,445	25.84%	159	33.06%	74,808	31.54%
Transportation, Warehousing	18	2.83%	782	0.22%	20	4.03%	1,516	1.28%
Information	5	0.79%	1,976	0.55%	1	0.20%	-	0.00%
Finance, Insurance	6	0.94%	65	0.02%	8	1.41%	670	0.20%
Real Estate, Rental, Leasing	25	3.93%	46,294	12.80%	19	5.65%	20,415	11.14%
Professional, Scientific, Tech. Svc	31	4.87%	835	0.23%	22	5.04%	1,269	0.54%
Mgmt of Companies, Enterprises	-	0.00%	-	-	-	0.00%	-	-
Admin, Supp., Waste Mgt., Remed.	19	2.99%	2,672	0.74%	16	3.83%	9,579	3.96%
Educational Services	2	0.31%	-	-	1	0.20%	-	-
Health Care, Social Assist.	3	0.47%	-	-	-	0.20%	-	-
Arts, Entertainment, Recreation	7	1.10%	726	0.20%	8	1.61%	667	0.29%
Accomodation, Food Svc.	80	12.58%	35,514	9.82%	38	8.87%	18,562	6.79%
Other Services	50	7.86%	14,587	4.03%	43	8.47%	9,071	3.21%
Public Administration	1	0.16%	-	-	1	0.20%	-	-
Other	1	0.16%	-	0.00%	1	0.20%	4,168	1.57%
<b>Total</b>	<b>636</b>	<b>100.00%</b>	<b>\$ 361,682</b>	<b>100.00%</b>	<b>469</b>	<b>100.00%</b>	<b>\$ 271,672</b>	<b>100.00%</b>

Annual data for 2023 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)	Bond Premium	Capital Leases	General Obligation Bonds (1)	Bond Premium					
2023	\$ 10,595,000	\$ 180,500.00	\$ -	\$ 5,625,000.00	\$ 570,002.00	\$ 16,970,502	2.61%	2.28%	13,155	\$ 1,290
2022	\$ 10,930,000	\$ 188,887.00	\$ -	\$ 5,705,000.00	\$ 601,669.00	\$ 17,425,556	2.41%	2.42%	13,276	\$ 1,313
2021	\$ 11,250,000	\$ 197,274.00	\$ -	\$ -	\$ -	\$ 11,447,274	1.59%	1.60%	13,483	\$ 849
2020	\$ 11,555,000	\$ 205,661.00	\$ -	\$ -	\$ -	\$ 11,760,661	1.51%	1.67%	13,487	\$ 872
2019	\$ 12,055,663	\$ 214,048.00	\$ -	\$ -	\$ -	\$ 12,269,711	1.40%	1.74%	13,762	\$ 892
2018	\$ 12,357,436	\$ 222,435.00	\$ -	\$ -	\$ -	\$ 12,579,871	1.62%	1.78%	13,762	\$ 914
2017	\$ 12,635,823	\$ 230,822.00	\$ -	\$ -	\$ -	\$ 12,866,645	1.72%	2.24%	13,333	\$ 965
2016	\$ 12,954,211	\$ 239,209.00	\$ -	\$ -	\$ -	\$ 13,193,420	1.83%	2.38%	13,574	\$ 972
2015	\$ 13,317,598	\$ 247,596.00	\$ -	\$ -	\$ -	\$ 13,565,194	1.88%	2.16%	13,722	\$ 989
2014	\$ 5,415,000		\$ -	\$ -	\$ -	\$ 5,415,000	0.83%	0.56%	13,206	\$ 410

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 137 for property value data.
- (3) Personal income is disclosed on page 148.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 148.

CITY OF ANDREWS  
Direct and Overlapping Governmental Activities Debt  
September 30, 2023

	Net Debt Outstanding	Estimated Percentage Applicable to City	Amount Applicable to City
Andrews County Hospital District	\$ 30,482,583 (1)	11.91% (4)	\$ 3,630,557
Andrews Independent School District	65,890,194 (2)	12.28% (5)	8,093,628
County of Andrews	15,060,000 (3)	10.87% (6)	1,637,473
Subtotal, Overlapping Debt			13,361,659
City of Andrews Direct Debt			10,775,500
Total Direct and Overlapping Debt			\$ 24,137,159

Sources:

- (1) Obtained from Andrews Hospital District
- (2) Obtained from Andrews Independent School District
- (3) Obtained from Andrews County
- (4) 2023 City assessed value of \$1,065,883,709 ÷ hospital assessed value of \$8,949,284,831
- (5) 2023 City assessed value of \$1,065,883,709 ÷ school assessed value of \$8,677,354,791
- (6) 2023 City assessed value of \$1,065,883,709 ÷ county assessed value of \$9,803,035,113

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 Sales Taxes	Payable from Ad Valorem Taxes	
2023	\$ 1,065,883,709	\$ 15,988,256	\$ 16,220,000	\$ 16,220,000	\$ -	\$ 335,000	0	\$ 15,988,256
2022	\$ 984,920,701	\$ 14,773,811	\$ 16,635,000	\$ 16,635,000	\$ -	\$ 320,000	0	\$ 14,773,811
2021	\$ 936,207,318	\$ 14,043,110	\$ 11,250,000	\$ 11,250,000	\$ -	\$ 305,000	0	\$ 14,043,110
2020	\$ 906,285,927	\$ 13,594,289	\$ 11,555,000	\$ 11,555,000	\$ -	\$ 295,000	\$ -	\$ 13,594,289
2019	\$ 875,391,989	\$ 13,130,880	\$ 11,850,000	\$ 11,850,000	\$ -	\$ 285,000	\$ -	\$ 13,130,880
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

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
2022	\$ 415,000	\$ -	\$ 710,683	\$ 1,125,683	\$ 16,028,525	7.0%
2022	\$ 320,000	\$ -	\$ 409,320	\$ 729,320	\$ 12,165,192	6.0%
2021	\$ 305,000	\$ -	\$ 417,576	\$ 723,701	\$ 12,272,654	5.9%
2020	\$ 295,000	\$ -	\$ 427,576	\$ 722,576	\$ 11,866,522	6.1%
2019	\$ 285,000	\$ -	\$ 436,038	\$ 721,038	\$ 10,917,248	6.6%
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%

(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>
2014	13,206	\$725,379	\$54,928	4,038	2.5%
2015	13,722	\$628,962	\$45,836	4,018	3.3%
2016	13,574	\$554,498	\$40,850	3,968	3.9%
2017	13,333	\$574,719	\$43,105	4,037	2.9%
2018	13,762	\$706,032	\$51,303	4,335	2.4%
2019	13,762	\$733,047	\$53,266	4,382	2.2%
2020	13,487	\$665,300	\$49,329	4,195	7.9%
2021	13,483	\$713,830	\$52,943	4,172	4.5%
2022	13,276	\$721,192	\$54,323	4,190	3.1%
2023	13,155	*\$743,560	*\$56,523	4,240	2.9%

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**  
**2023 and 2013**

Employer	2023		2013	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Andrews Ind. School District	620	7.1%	500	5.5%
Permian Regional Medical Center	450	5.2%	378	4.2%
Andrews County	220	2.5%	174	1.9%
Waste Control Specialists	170	2.0%	144	1.7%
Acquire Oilfield Solutions	165			
KV Power	138	1.6%		
Dennis Porter Inc.	110	1.3%	115	1.3%
City of Andrews	95	1.1%		
Mustang Well Service	83	1.0%		
Kirby West Company	76	0.9%	191	2.1%
Palmer of Texas			148	1.7%
Key Energy Services			146	1.7%
Basic Energy Services			110	1.2%
Nabors Industries			105	1.2%

Source: Andrews Economic Development Corporation

"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**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Full-time Employees by Function</u>										
General Government	13	14	14	14	15	15	15	15	14.25	17.25
Public safety										
Police	20	20	20	20	20	21	22	22	25	25
EMS	9	10	9	10	10	11	12	14	14	14
Animal Control	1	1	1	1	1	2	2	2	2	2
Economic Development	1	1	1	1	1	1	2	2	2	1.5
Street	2	3	3	3	3	3	3	2.5	5	5
Water and Sewer	11	11	11	11	11	11	12	11	11.75	11.25
Sanitation	11	11	11	11	11	11	11	11.5	10	10
Total	<u>68</u>	<u>71</u>	<u>70</u>	<u>71</u>	<u>72</u>	<u>75</u>	<u>79</u>	<u>80</u>	<u>84</u>	<u>86</u>
<u>Part-time Employees by Function</u>										
General Government	1	1	2	3	3	3	3	1.38	1	0.5
Public safety										
Police (includes School Crossing)	6	5	3	3	3	3	3	0.77	0.25	0.25
EMS	5	11	11	5	5	7	5	1.5	1.5	1.5
*Fire	1	1	1	1	1	1	1	1	0.5	0.5
Economic Development	0	0	0	0	0	0	0	0	0	0
Street	1	1	1	0	0	0	0	0.8	0	0
Water and Sewer	2	2	0	0	0	0	0	1.89	1.25	1.25
Sanitation	3	6	5	4	4	4	5	2.3	2.3	2.3
Total	<u>19</u>	<u>27</u>	<u>23</u>	<u>16</u>	<u>16</u>	<u>18</u>	<u>17</u>	<u>9.64</u>	<u>6.8</u>	<u>6.3</u>
Total full and part-time employees	<u>87</u>	<u>98</u>	<u>93</u>	<u>87</u>	<u>88</u>	<u>93</u>	<u>96</u>	<u>89.64</u>	<u>90.8</u>	<u>92.3</u>

\*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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Physical arrests	496	691	676	497	714	777	638	528	611	505
Citations issued	2,051	1,509	3,105	3,164	3,605	2,984	2,241	2,280	2,066	2,068
Fire:										
Number of emergency calls	503	519	361	433	570	697	635	499	606	530
Emergency Medical Services										
Number of emergency calls	805	845	756	796	916	990	904	1,054	1,117	1,248
Number of transfers-out of county	276	263	298	334	111	191	191	82	59	61
Total number of runs	1,081	1,108	1,054	1,130	1,037	1,181	1,095	825	831	899
Animal Control										
Number of calls handled	2,223	2,147	2,426	2,048	1,983	1,295	1,382	1,909	2,555	1,733
Streets										
Street resurfacing (miles)	4.00	4.00	0.25	0.57	2.00	5.50	-	7.34	6.00	6.50
Potholes repaired (estimated)	109	100	378	421	457	532	560	575	570	600
Water										
New connections	109	68	68	68	54	56	57	53	67	36
Service calls	12,367	12,522	9,566	11,689	8,580	8,402	3,144	3,715	6,022	5,640
Avg. consumption/day (thousand gallons)	2,779	2,378	2,293	2,122	2,269	2,042	2,337	2,125	2,299	2,132
Sewer										
Service calls	233	208	186	151	148	160	182	159	120	145
Wastewater										
Avg. sewage treated/day (thousand gallons)	1,101	1,061	982	1,110	1,021	1,157	1,127	871	1,112	1,059

\*\*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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	45	45	45	45	45	45	45	47	47	47
Public works:										
Streets (miles)										
Paved	86.64	89.17	89.25	89.30	89.30	89.30	89.30	89.30	89.50	89.50
Graded	4.96	6.30	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Sidewalks	40.10	40.10	40.18	40.20	40.22	40.22	40.22	40.22	40.25	40.25
Alleys	43.12	43.12	43.67	43.69	43.69	43.69	43.69	43.69	43.89	43.89
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	7	7	7	7
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	4,897	4,940	4,900	4,945	5,010	5,050	5,064	5,059	5,059	5,092
Water mains (miles)	187.37	187.56	188.36	188.36	188.46	190.21	190.21	190.21	190.35	192.00
Fire hydrants	250	251	251	251	252	265	267	267	267	270
Maximum daily consumption (thousands of gallons)	5,575	4,512	4,520	4,212	3,972	6,410	6,410	4,275	5,238	5,167
M/gallons pumped	1,014,260	867,851	836,959	774,651	828,342	745,150	853,119	775,475	839,231	777,651
M/gallons billed	842,423	726,683	723,599	730,988	793,475	704,353	810,770	738,217	792,878	730,396
Sewer and wastewater										
Sanitary sewers (miles)	98.35	98.52	98.57	98.57	98.67	99.17	99.17	99.17	99.36	99.36
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)	1.6	1.6 (2)	7.2	7.2	7.2	7.2	7.2	7.2	7.3	7.3

(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

# Single Audit Section

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<b>FEDERAL GRANTOR / PROGRAM TITLE</b>	<b>FEDERAL ASSISTANCE LISTING NUMBER</b>	<b>GRANT CONTRACT NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<b>Direct Awards</b>			
COVID-19 Coronavirus State & Local Recovery Funds ARPA	21.027	N/A	\$794,067
<b>TOTAL FEDERAL DIRECT AWARDS</b>			\$794,067

## 1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedules”) present the activity of all applicable federal awards of the City of Andrews, Texas (the “City”) for the year ended September 30, 2023.

For the purposes of the Schedules, federal awards include all grants, contracts and similar agreements entered into directly between the City and agencies and departments of the federal and State of Texas governments and all subawards to the City pursuant to federal and state grants, contracts and similar agreements. Major programs are identified by the independent auditor in accordance with the provisions of 2 CFR 200 and the State of Texas Uniform Grant Management Standards (“UGMS”).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARDS

Expenditures for direct costs and employee benefits are recognized as incurred using the modified accrual basis of accounting (accrual basis for proprietary funds) to the extent grants are approved and applicable government costs principles contained in 2 CFR 200, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The City neither recovers indirect costs unless expressly allowed by each award, nor does the City utilize the 10% de minimis indirect cost rate contained in 2 CFR 200 for entities that have never had an approved rate.

Additionally, amounts reported as expenditures in the Schedules may not agree with amounts in the related financial reports with the grantor agencies because of accruals that would not be included until the next report filed with the agency.

## 3. COMMITMENTS AND CONTINGENCIES

The City has participated in several federal and state programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at September 30, 2023 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with rules and regulations governing grants.

## 4. NONCASH AWARDS

Certain federal financial awards programs involve other-than-cash awards. No such items were noted in the current year.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council  
City of Andrews, Texas

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Andrews, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 15, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

157 A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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The Honorable Mayor and Members of the City Council  
City of Andrews, Texas  
Page Two

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Wayne M. Manning, CPA".

Wayne M. Manning, CPA  
Andrews, Texas  
March 15, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE TEXAS GRANT MANAGEMENT STANDARDS**

To the Honorable Mayor and Members of the City Council  
City of Andrews, Texas

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited the City of Andrews, Texas’ (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Texas Grant Management Standards (TxGMS) issued by the Texas Comptroller of Public Accounts Statewide Procurement Division that could have a direct and material effect on each of City’s major federal programs for the year ended September 30, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Texas Grant Management Standards (TxGMS) issued by the Texas Comptroller of Public Accounts Statewide Procurement Division. Our responsibilities under those standards and the Uniform Guidance and TxGMS are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.



The Honorable Mayor and Members of the City Council  
City of Andrews, Texas  
Page Two

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, the Uniform Guidance, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, the Uniform Guidance, and TxGMS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

The Honorable Mayor and Members of the City Council  
City of Andrews, Texas  
Page Three

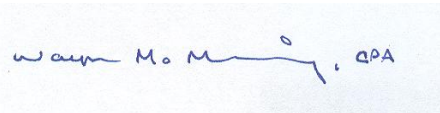
**Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Wayne M. Manning, CPA". The signature is written in a cursive style.

Wayne M. Manning, CPA  
Andrews, Texas  
March 15, 2024

**Section 1. Summary of Auditor’s Results**

**Financial Statements**

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ Yes  None reported

Noncompliance material to the financial statements noted? \_\_\_Yes  No

**Federal Awards**

An unmodified opinion was issued on compliance for each major program.

Internal control over major program:

- Material weakness(es) identified? \_\_\_Yes  No
- Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or the Texas Grant Management Standards? \_\_\_Yes  No

Identification of major programs:

<u>Identification Number</u>	<u>Name of Program or Cluster</u>
21.027	COVID-19 Coronavirus State & Local Recovery Funds ARPA

Dollar threshold used to distinguish between Type A and Type B federal programs: \$794,067

Dollar threshold used to distinguish between Type A and Type B state programs: \$750,000

Auditee qualified as low-risk auditee for federal single audit?  Yes \_\_\_No

**Section 2. Financial Statement Findings** None

**Section 3. Federal Award Findings and Questioned Costs** None

**Section 4. Schedule of Prior Year Findings and Questioned Costs** None

CITY OF ANDREWS  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2023

**A. Findings Required to be Reported in Accordance with Government Auditing Standards**

No matters reportable.

**B. Findings and Questioned Costs for Federal and State Awards**

No matters reportable.