



ANNUAL  
COMPREHENSIVE  
FINANCIAL REPORT

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CITY OF ANDREWS, TEXAS

For the Fiscal Year  
October 1, 2021 through September 30, 2022

Issued by:  
Finance Department  
Ashton Jones, Director

City of Andrews, Texas  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended September 30, 2022

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111 Logsdon • Andrews, Texas 79714

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

March 23, 2023

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, 2022. 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 13,487, 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 2022, the price per barrel of WTI crude sat at \$79.49, up from \$75.03 per barrel at the beginning of FY 2022. According to the Texas Railroad Commission, oil production in Andrews County during 2022 remained relatively unchanged from 2021, coming in just over 45 million barrels. With oil prices remaining fairly consistent during FY 2022, and averaging well above FY 2021, revenues for sales tax – a strong indicator of local oil activity – increased 25.9% from 2021 to 2022.

According to the Texas Workforce Commission, the civilian labor force in Andrews County dropped from 8,664 in September 2021 to 8,592 in September 2022. The unemployment rate, however, also decreased from 5.1% to 3.4% during this same period. The September 2022 unemployment rate of 3.4% is slightly lower than the state level of 4.0% and the federal level of 3.5%.

Richard Dealy, President and Chief Operating Officer of Pioneer Natural Resources – one of the largest oil producers in the region – believes oil prices will hover around \$90 per barrel during 2023 as demand increases. Local sales tax figures for the first four months of FY 2023 show an increase of 55.1% from the same period in FY 2022.

### ***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 2022, the City began a program to systematically replace over 2% 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 will complete 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.

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, 2021. 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, 2022. 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, 111 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, 2022**

**Elected Officials**

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

**Appointed Officials**

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

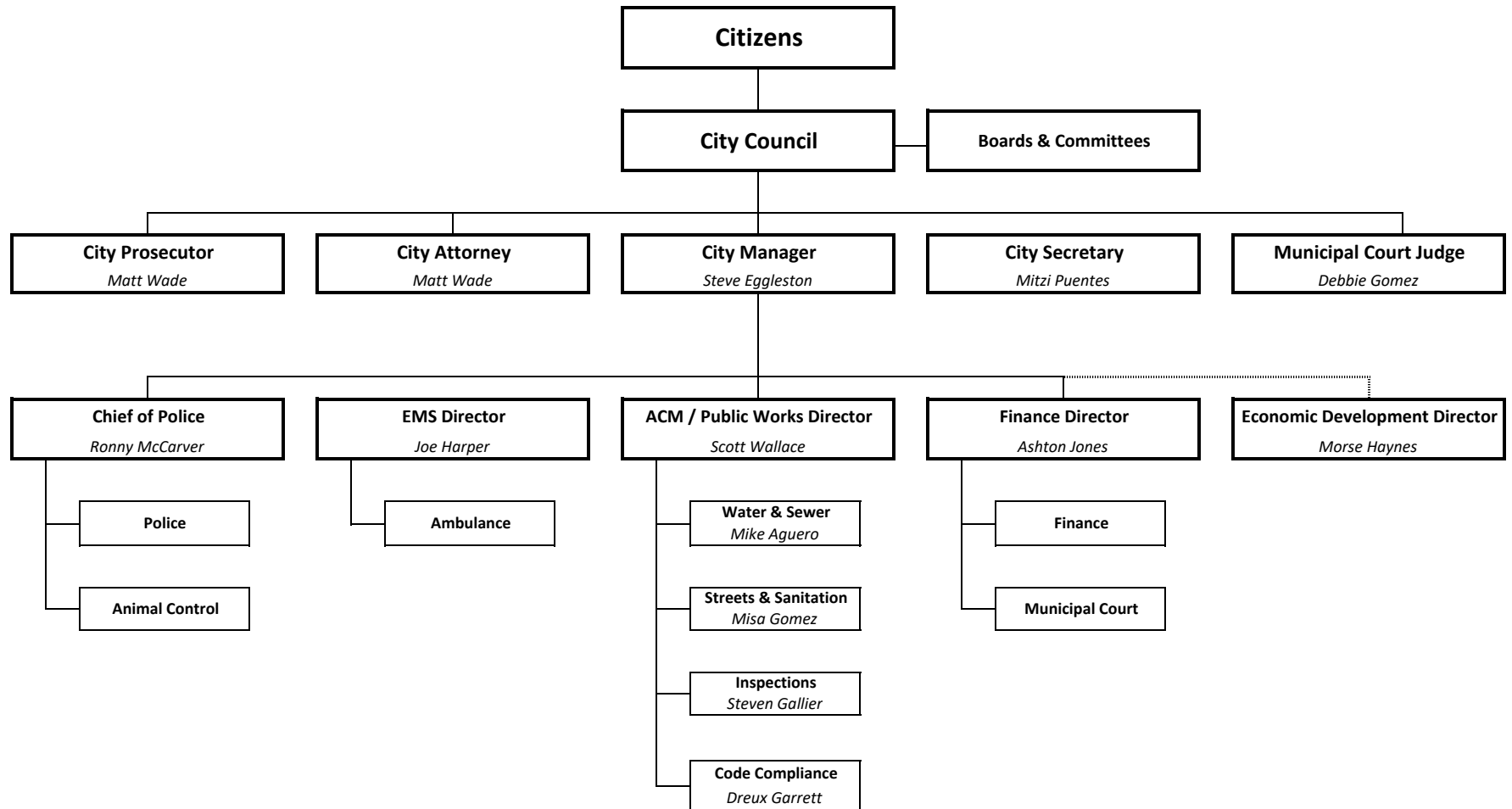
**Finance Staff**

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, 2021

*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, 2022, 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, 2022, 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.



Texas Society of  
Certified Public Accountants

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



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.

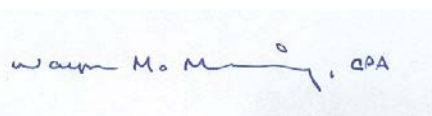
### ***Other Information Annual Comprehensive Financial Report (ACFR)***

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 9, 2023 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 9, 2023

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, 2022. 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, 2022.

### Government-wide

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2022 fiscal year by \$76,137,519(*net position*). Of this amount, \$17,747,137 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- During 2022, the City's total net position increased \$2,848,546 or 3.89%, related to operations. The net position of business-type activities increased by \$1,522,639, or 5.04%, from operations. The net position of governmental activities increased by \$1,325,907, or 3.08%, from operations.
- Total expenses of all the City's programs were \$18,755,386 in 2022.

### Fund Statements

- As of September 30, 2022, the City's governmental funds reported combined fund balances of \$19,670,596, an increase from prior year of \$77,264. Of this total amount, \$8,231,519 or approximately 41.8%, 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 \$8,231,519, or 67.7% 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 35-37 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-74.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 78-81 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 \$76,180,886 at the close of the most recent fiscal year.

#### Net Position for the City of Andrews

\$000	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current & other assets	\$21,376	\$21,353	\$12,273	\$6,663	\$33,649	\$28,016
Capital assets (net)	37,488	36,983	28,220	26,155	65,708	63,138
Total assets	58,864	58,336	40,493	32,818	99,357	91,154
Deferred Outflows	1,015	689	845	256	1,860	945
Long-term liabilities	12,731	14,396	7,829	1,968	20,560	16,364
Other liabilities	1,001	792	630	590	1,631	1,382
Total liabilities	13,732	15,188	8,459	2,558	22,191	17,746
Deferred Inflows	1,743	758	1,145	305	2,888	1,063
Net Position:						
Invested in Capital Assets	26,747	25,930	28,220	26,155	54,967	52,085
Restricted	2,434	2,013	990	880	3,424	2,893
Unrestricted	15,223	15,135	2,524	3,175	17,747	18,310
Total net position	\$44,404	\$43,078	\$31,734	\$30,210	\$76,138	\$73,288

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

The largest portion of the City's net position (72.15%) 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 (4.49%) represents resources subject to external restrictions on how they may be used. The remaining balance of \$17,790,504 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.

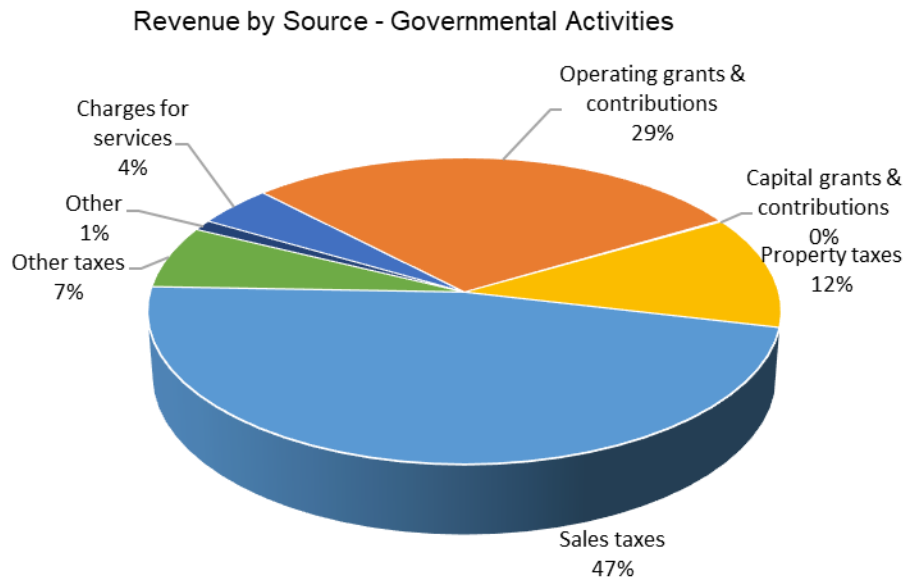
**City of Andrews' Changes in Net Position**

\$000	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Fees, fines & charges for service	\$ 619	\$ 560	\$7,155	\$6,781	\$7,774	\$7,341
Operating grants & contributions	4,092	3,500	-	-	4,092	3,500
Capital grants & contributions	21	52	-	504	21	556
General revenues:						
Property taxes	1,691	1,706	-	-	1,691	1,706
Sales tax	6,647	5,280	-	-	6,647	5,280
Franchise fees	702	705	-	-	702	705
Other	239	217	-	-	239	217
Miscellaneous Revenue	42	528	184	165	226	693
Investment income	117	108	93	6	210	114
Gain on disposition of assets	-	-	2	42	2	42
Transfers	-	11	-	-	-	11
Total revenues	14,170	12,667	7,434	7,498	21,604	20,165
<b>Expenses:</b>						
General government & admin	1,776	2,188	-	-	1,776	2,188
Public safety	6,072	5,581	-	-	6,209	5,581
Highways & streets	2,425	2,633	-	-	2,425	2,633
Culture-recreation	1,220	1,065	-	-	1,220	1,065
Economic development	292	386	-	-	292	386
Interest	357	419	-	-	357	419
Water & sewer	-	-	4,699	4,257	4,699	4,257
Sanitation	-	-	1,914	1,910	1,914	1,910
Total expenses	12,142	12,272	6,613	6,167	18,755	18,439
Increase/(decrease) before transfers	2,028	395	821	1,331	2,849	1,726
Transfers	(702)	-	702	-	-	-
Change in net position	1,326	395	1,523	1,331	2,849	1,726
Net position – beginning	43,078	42,683	30,211	28,880	73,289	71,563
Prior Period Adjustment	-	-	-	-	-	-
Net position - ending	\$44,404	\$43,078	\$31,734	\$30,211	\$76,138	\$73,137

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$1,325,907 or 3.08% from the prior year for an ending balance of \$44,403,947. Key elements of this change are as follows:

- Sales Tax Revenues increased \$1,366,104 as a result of increased business activity in the region.
- Operating Grants and Contributions increased by \$591,672 due to increased funding from the hospital since the EMS operating budget increased by \$344,434 and the hospital purchased an ambulance for EMS in the amount of \$244,001.
- The largest increase in expenses was in the area of public safety for \$448,251 due to an increase in payroll. The EMS department switched to 24 hour shifts from 19 hour shifts which increased their expenses from the prior year by \$344,434. The rest of the difference is attributed to the police department adding 2 full time officers and a crime scene investigator.
- General Operations expenses increased \$63,524 due to three employee retirement payouts during the fiscal year.



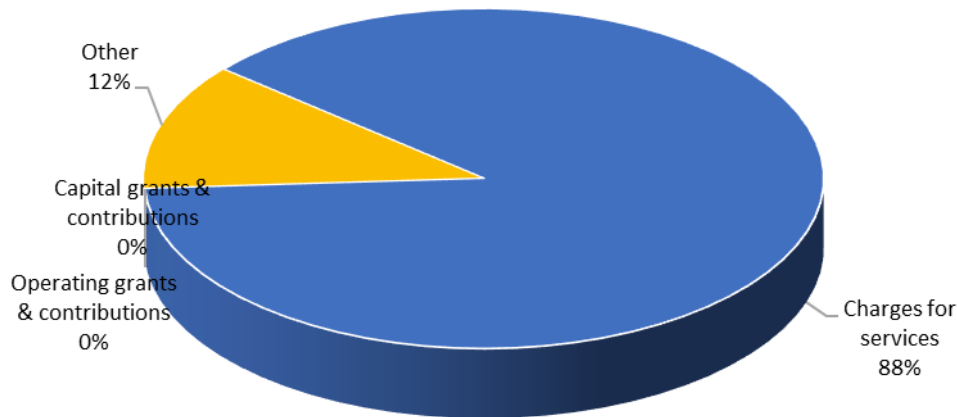
**Business-type Activities.** During the current fiscal year, net position for business-type activities increased \$1,522,640 or 5.0% from the prior year for an ending balance of \$31,733,572. Key elements of this change are as follows:

- Water and sewer charges for services covered expenses by \$357,494. Water and sewer charges for services increased \$303,107 due to an increased usage of water during the fiscal year. Expenses increased \$442,142 mainly due to an increase in the purchase of chemicals for the water treatment plant.
- Sanitation charges for services did cover operating expenses causing an income from operations of \$184,145. Revenue increased \$70,410 primarily due to more construction disposals at our landfill. Depreciation increased \$65,071 primarily due to the purchase of a new bulldozer in the prior year.



CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

Revenue by Source - Business-type



#### INDIVIDUAL FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At September 30, 2022, the City's governmental funds reported combined fund balances of \$19,670,596, an increase of \$77,264 in comparison with the prior year. Approximately 41.8% of this amount (\$8,231,519) 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 (\$2,408,096), *committed* for particular purposes (\$7,545,871), *nonspendable* (\$26,125), or *assigned* for particular purposes (\$1,458,985).

The general fund is the chief operating fund of the City. The fund balance of the City's general fund decreased \$222,915 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 67.7% of total general fund expenditures, while total fund balance represents approximately 138.8% of that same amount.

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

- \$1,783,980 increase in total revenues – increase in property and sales tax revenues of \$1,157,379, decrease in franchise tax revenue of \$3,106, increase in fines and court costs of \$38,305, increase in intergovernmental revenue of \$575,078 and a decrease in investment income of \$2,313. Sales tax revenue increased due to increased business activity in the region and intergovernmental revenue increased due to the hospital reimbursement for the EMS budget and the purchase of a new ambulance by the hospital.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

- \$1,654,216 increase in total expenditures – increase in public safety payroll expenditures of \$713,528, the majority related to adding personnel in the police department and an increased EMS budget due to shift changes. Capital Outlays increased \$855,109 primarily due to the beginnings of construction of the new city hall.

The American Rescue Plan net position increased by \$394,855 due to receiving \$1,751,461 in grant income while only having \$661,721 in expenses and \$702,196 in transfers to the Utility Fund.

The Reliever Route Fund net position decreased by \$120,835 due to transfers out to other funds in the amount of \$1,132,320 and a street maintenance of \$97,495 compared to sales tax revenue of \$1,106,415.

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 \$1,775,138 for the Water and Sewer Fund and \$748,800 for the Sanitation Fund. Overall, water and sewer net position increased by \$1,313,377 while sanitation net position increased by \$209,263. As noted earlier in the discussion of business-type activities, the increase for the Water and Sewer Fund results primarily from the increased water usage and the transfer from the American Rescue Plan Fund in the amount of \$702,196.

## GENERAL FUND BUDGETARY HIGHLIGHTS

**Original budget compared to final budget.** The City Council approved additional appropriations of \$6,127,492 to the original General Fund budget as follows (1) \$50,000 for an extension of a water line, (2) \$224,000 for the purchase of a sanitation truck, (3) \$348,000 to purchase two Chevy Tahoes and two Ford Pick-ups for the Police Department, (4) \$1,280,492 for the construction of water lines, sewer lines, and curb and gutter, (5) \$4,200,000 for the construction of the new city hall, and (6) \$25,000 for a UTV terrain vehicle for the police department.

**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	\$3,450,000	\$4,425,661	\$975,661
.25% Property Reduction Sales Tax	862,500	1,106,415	243,915
Investment Income	229,342	105,377	(123,965)

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 lower due to lower interest rates.

Total actual expenditures fell short of the budgeted expenditures by \$4,277,339. Capital expenditures of \$4,200,000 for the construction of the new city hall were budgeted in 2022 but it was not completed in 2022.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

**CAPITAL ASSETS**

The City of Andrews investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$65,707,412 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 4.07%.

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

- The purchase of two Ford Explorers and a Ford F150 for the police department for \$207,805.
- Fiber Optic agreement with Windstream for \$197,146
- City Hall roof restoration for \$117,020.
- The purchase of an ambulance for \$244,001.
- The South Loop Drainage Issue for \$134,712.
- Curb and Gutter for SW Ave E for \$122,787.
- Seal coating the interior streets for \$240,000.
- The beginning of construction of the new city hall for \$800,560.
- Pool improvements totaling \$191,358.
- The water department began many capital projects but they were not completed including 20" pipeline from Florey to Mustang for \$499,805 and the Florey booster station discharge header for \$199,335.
- Drilling two new DCP wells for \$484,589,
- 500K groundwater storage tank for \$856,346
- Replace and upgrade approximately 600 water meters at a cost of \$321,537.
- Replace 1% of the City's water lines for 338,010 and 1% of the sewer lines for \$231,493.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>\$000</b>						
Land	\$1,409	\$1,409	\$3,294	\$3,294	\$4,703	\$4,703
Buildings	6,309	5,509	3,329	3,345	9,638	8,854
Improvements other than buildings	4,378	4,477	20	23	4,398	4,500
Infrastructure	22,977	23,527	-	-	22,977	23,527
Machinery & Equipment	2,415	2,061	1,850	2,106	4,265	4,167
Water & Sewer System	-	-	19,727	17,387	19,727	17,387
<b>Total</b>	<b>\$37,488</b>	<b>\$36,983</b>	<b>\$28,220</b>	<b>\$26,155</b>	<b>\$65,708</b>	<b>\$63,138</b>

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

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$16,635,000, all of which is backed by the full faith and credit of the government. The remainder of the City's long-term obligations consists of pension-related debt of \$3,274,209.

**Outstanding Debt at Year-end**

\$000	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$10,930	\$11,250	\$5,705	\$ -	\$16,635	\$11,250
Pension related debt	1,248	2,346	484	928	1,732	3,274
Total	\$12,178	\$13,596	\$6,189	\$928	\$18,367	\$14,524

The City's total debt increased by \$4,483,882 or 27.97% during the current fiscal year as the City's financial responsibility for pensions decreased.

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, 2022 was 6.00%.

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 2023 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 revenues have been trending above budget. Sales tax revenues were \$1,000,000 over budget for FY 2022. Sales tax revenues for 2023 are budgeted with an increase of \$525,000 compared to FY 2022.
- Taxable assessed property values for the City increased 5.2% in 2022 to \$984,920,701. 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 2023, water rates increased by 3%.
- Sanitation collection rates will remain the same for 2023.
- The City's full-time employee headcount is budgeted to stay the same in 2023.
- New Capital expenditures for fiscal year 2023 are budgeted at \$4.8 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, \$0.3 million to extend 5<sup>th</sup> street to Mustang Ridge, and \$0.3 million to purchase four equipped vehicles for the police department.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

**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 111 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, 2022**

	Primary Government			Component Unit	Fiduciary
	Governmental	Business Type		Andrews Econ.	Custodial
	Activities	Activities	Total	Dev. Corp.	Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,236,759	\$ 10,679,824	\$ 23,916,583	\$ 8,099,759	\$ 127,192
Investments	6,054,364	867,312	6,921,676	1,329,000	-
Receivables (net of allow. for doubtful accts)	2,085,812	582,009	2,667,821	233,642	-
Due from other funds	-	-	-	-	-
Inventories	-	143,304	143,304	-	-
Prepaid items	-	707	707	-	-
Capital Assets:					
Land	1,408,535	3,294,007	4,702,542	2,500,303	-
Building	9,703,090	4,291,430	13,994,520	-	-
Improvements other than buildings	8,466,986	75,647	8,542,633	779,508	-
Infrastructure	33,043,335	-	33,043,335	-	-
Water & sewer systems	-	34,278,598	34,278,598	-	-
Machinery & equipment	7,028,221	4,473,993	11,502,214	7,559	-
Accumulated depreciation	(22,162,527)	(18,193,903)	(40,356,430)	(241,508)	-
Total Assets	<u>58,864,575</u>	<u>40,492,928</u>	<u>99,357,503</u>	<u>12,708,263</u>	<u>127,192</u>
<b>DEFERRED OUTFLOWS</b>					
Pension Related (TMRS):					
Difference between expected and actual experience	-	456,525	456,525	41,651	-
Difference between projected and actual earnings	599,681	236,961	836,642	-	-
Difference due to changes in actuarial assumptions	52,362	21,582	73,944	815	-
Deferred pension contributions	349,762	129,415	479,177	5,086	-
Pension Related (TESRS):					
Difference due to changes in actuarial assumptions	3,165	-	3,165	-	-
Deferred pension contributions	10,467	-	10,467	-	-
Total Deferred Outflows	<u>1,015,437</u>	<u>844,483</u>	<u>1,859,920</u>	<u>47,552</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable	310,179	195,142	505,321	4,882	-
Accrued Interest Payable	74,700	-	74,700	-	-
Other payables	256,638	20,096	276,734	756	127,192
Customer Deposits	10,000	301,210	311,210	-	-
Noncurrent liabilities					
Due within one year	349,412	113,667	463,079	-	-
Due in more than one year	12,731,818	7,828,586	20,560,404	32,267	-
Total Liabilities	<u>13,732,747</u>	<u>8,458,701</u>	<u>22,191,448</u>	<u>37,905</u>	<u>127,192</u>
<b>DEFERRED INFLOWS</b>					
Pension Related (TMRS):					
Difference between expected and actual experience	1,655,963	1,145,138	2,801,101	44,890	-
Difference between projected and actual earnings	-	-	-	13,660	-
Pension Related (TESRS):					
Difference between expected and actual experience	32,129	-	32,129	-	-
Difference between projected and actual earnings	55,226	-	55,226	-	-
Total Deferred Inflows	<u>1,743,318</u>	<u>1,145,138</u>	<u>2,888,456</u>	<u>58,550</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	26,746,527	28,219,772	54,966,299	3,045,862	-
Nonspendable					
Confiscated funds	26,125	-	26,125	-	-
Restricted for:					
Confiscated for police investigations	12,877	-	12,877	-	-
Law enforcement education programs	13,585	-	13,585	-	-
General obligation debt	127,485	-	127,485	-	-
Hotel Occupancy Tax	111,204	-	111,204	-	-
Landfill Closure	-	989,862	989,862	-	-
Grant Restrictions	2,142,945	-	2,142,945	-	-
Unrestricted	15,223,199	2,523,938	17,747,137	9,613,498	-
Total Net Position	<u>\$ 44,403,947</u>	<u>\$ 31,733,572</u>	<u>\$ 76,137,519</u>	<u>\$ 12,659,360</u>	<u>\$ -</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, 2022**

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	\$ 1,776,158	\$ 70,229	\$ -	\$ -	\$ (1,705,929)	\$ -	\$ (1,705,929)	
Public safety	6,072,632	447,272	4,042,042	20,803	(1,562,515)	-	(1,562,515)	
Highways and streets	2,424,567	-	-	-	(2,424,567)	-	(2,424,567)	
Culture - recreation	1,220,101	58,514	-	300	(1,161,287)	-	(1,161,287)	
Economic development	292,019	43,295	50,000	-	(198,724)	-	(198,724)	
Interest	356,535				(356,535)	-	(356,535)	
Total Governmental Activities	12,142,012	619,310	4,092,042	21,103	(7,409,557)	-	(7,409,557)	
Business-type activities:								
Water and sewer	4,698,739	5,056,233	-	-	-	357,494	357,494	
Sanitation	1,914,635	2,098,780	-	-	-	184,145	184,145	
Total Business-type Activities	6,613,374	7,155,013	-	-	-	541,639	541,639	
Total Primary Government	<u>\$ 18,755,386</u>	<u>\$ 7,774,323</u>	<u>\$ 4,092,042</u>	<u>\$ 21,103</u>	(7,409,557)	541,639	(6,867,917)	
<b>Component Unit:</b>								
Andrews Economic Dev. Corp.	\$ 539,916	\$ -	\$ -	\$ -				\$ (539,916)
Total Component Unit	<u>\$ 539,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (539,916)</u>
General revenues:								
Taxes								
Property					1,690,985	-	1,690,985	-
Sales					6,646,486	-	6,646,486	2,212,830
Franchise					701,972	-	701,972	-
Other					239,282	-	239,282	-
Miscellaneous revenue					42,173	184,103	226,276	-
Investment income					116,760	92,702	209,462	70,616
Gain on disposition of assets					-	2,000	2,000	309,271
Transfers					(702,196)	702,196	-	-
Total general revenues and transfers					8,735,462	981,001	9,716,463	2,592,717
Change in net position					1,325,906	1,522,640	2,848,546	2,052,801
Net position, beginning					43,078,041	30,210,932	73,288,973	10,611,430
Prior Period Adjustment					-	-	-	(4,871)
Net position, ending					<u>\$ 44,403,947</u>	<u>\$ 31,733,572</u>	<u>\$ 76,137,519</u>	<u>\$ 12,659,360</u>

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

**City of Andrews, Texas**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2022**

	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	\$ 10,402,917	-	\$ 2,184,247	\$ 392,503	\$ 257,092	13,236,759
Investments	6,054,364	-	-	-	-	6,054,364
Due from Other Funds	-	127,485	-	-	-	127,485
Receivables (net of allowance for uncollectibles)						-
Ad valorem taxes	187,386	-	-	-	-	187,386
Sales taxes	925,769	-	-	-	-	925,769
Miscellaneous	23,921	-	-	-	-	23,921
Interest	15,625	-	-	-	-	15,625
Total Assets	<u>\$ 17,609,982</u>	<u>\$ 127,485</u>	<u>\$ 2,184,247</u>	<u>\$ 392,503</u>	<u>\$ 257,092</u>	<u>\$ 20,571,309</u>
<b>DEFERRED OUTFLOWS</b>	-	-	-	-	-	-
<b>LIABILITIES</b>						
Accounts payable	\$ 268,777	\$ -	\$ 41,302	\$ 100	\$ -	310,179
Due to other funds	-	-	-	127,485	-	127,485
Other payables	256,638	-	-	-	-	256,638
Customer deposits	4,025	-	-	-	10,000	14,025
Unearned revenue	192,386	-	-	-	-	192,386
Total Liabilities	<u>721,826</u>	<u>-</u>	<u>41,302</u>	<u>127,585</u>	<u>10,000</u>	<u>900,713</u>
<b>DEFERRED INFLOWS</b>	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS)</b>						
<b>Nonspendable</b>						
Confiscated funds			-	-	26,125	26,125
<b>Restricted:</b>						
Confiscated funds for police investigations	-	-	-	-	12,877	12,877
Law enforcement education programs	-	-	-	-	13,585	13,585
General obligation debt	-	127,485	-	-	-	127,485
Hotel Occupancy Tax			-	-	111,204	111,204
Grant Restrictions			2,142,945			2,142,945
<b>Committed:</b>						
Capital improvement projects	6,919,703	-	-	-	-	6,919,703
Ambulance services	277,949	-	-	-	-	277,949
Reliever Route maintenance	-	-	-	264,918	-	264,918
Court technology projects	-	-	-	-	10,717	10,717
Child safety seat purchases	-	-	-	-	538	538
Court security projects	-	-	-	-	47,148	47,148
Local Truancy Prevention			-	-	24,410	24,410
Municipal Jury Fund			-	-	488	488
<b>Assigned:</b>						
Pension Liability	1,281,528	-	-	-	-	1,281,528
Adult education programs	130,269	-	-	-	-	130,269
Litter Control	35,696	-	-	-	-	35,696
Police investigation	11,492	-	-	-	-	11,492
<b>Unassigned</b>	<u>8,231,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,231,519</u>
Total fund balances (deficits)	<u>16,888,156</u>	<u>127,485</u>	<u>2,142,945</u>	<u>264,918</u>	<u>247,092</u>	<u>19,670,596</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 17,609,982</u>	<u>\$ 127,485</u>	<u>\$ 2,184,247</u>	<u>\$ 392,503</u>	<u>\$ 257,092</u>	<u>\$ 20,571,309</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, 2022**

Total Fund Balances - Governmental Funds	\$	19,670,596
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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.		37,487,640
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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.		(13,879,786)
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Deferred income is not revenue in the current period and therefore is not reported in the Statement of Net Position.		192,386
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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.		933,111
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Net Position of Governmental Activities	\$	44,403,947
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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, 2022**

	General Fund	Debt Service Fund	American Rescue Plan Fund	Reliever Route Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 7,265,927	-	-	-	\$ 224,812	\$ 7,490,739
Franchise fees	701,972	-	-	-	-	701,972
License, permits, fees	67,255	-	-	-	-	67,255
Charges for services	58,514	-	-	-	-	58,514
Fines and court costs	273,346	-	-	-	30,930	304,276
Miscellaneous	564,781	-	-	-	-	564,781
Investment income	105,377	-	7,311	2,565	1,507	116,760
Intergovernmental revenue	2,424,070	-	-	1,106,415	-	3,530,485
Grant income	70,803	-	1,751,461	-	1,411	1,823,675
Contributions	-	-	-	-	-	-
Total Revenues	11,532,045	-	1,758,772	1,108,980	258,660	14,658,457
<b>EXPENDITURES</b>						
Current:						
General governmental and administration	2,174,151	-	-	-	28,244	2,202,395
Public safety	5,788,407	-	-	-	4,256	5,792,663
Highway and streets	1,183,374	-	-	97,495	-	1,280,869
Culture-recreation	513,896	-	-	-	200,000	713,896
Economic development	118,731	-	-	-	-	118,731
Debt service:						
Principal	-	320,000	-	-	-	320,000
Interest	-	409,320	-	-	-	409,320
Capital outlay:						
General governmental and administration	239,769	-	197,146	-	-	436,915
Public safety	756,437	-	25,024	-	-	781,461
Highway and streets	278,393	-	398,247	-	-	676,640
Culture-recreation	1,112,033	-	41,304	-	-	1,153,337
Economic development	-	-	-	-	-	-
Total Expenditures	12,165,191	729,320	661,721	97,495	232,500	13,886,227
Excess (deficiency) of revenues over (under) expenditures	(633,146)	(729,320)	1,097,051	1,011,485	26,160	772,230
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	403,000	729,320	-	-	-	1,132,320
Transfers out	-	-	(702,196)	(1,132,320)	-	(1,834,516)
General obligation bond issued	-	-	-	-	-	-
Sale of general capital assets	7,231	-	-	-	-	7,231
Lawsuit settlement	-	-	-	-	-	-
Total other financing sources (uses)	410,231	729,320	(702,196)	(1,132,320)	-	(694,965)
Net Change in Fund Balance	(222,915)	-	394,855	(120,835)	26,160	77,265
Fund balance, beginning	17,111,071	127,485	1,748,090	385,753	220,932	19,593,331
Prior Period Adjustment	-	-	-	-	-	-
Fund balance, ending	\$ 16,888,156	\$ 127,485	\$ 2,142,945	\$ 264,918	\$ 247,092	\$ 19,670,596

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, 2022**

Net Change in Fund Balance - Governmental Funds	\$	77,265
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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 (\$2,100,047) exceeded depreciation expense (\$2,500,412).		504,664
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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.		320,000
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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.		<div style="border-top: 1px solid black; display: inline-block;">423,977</div>
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Change in Net Assets of Governmental Activities	\$	<div style="border-top: 3px double black; display: inline-block;">1,325,906</div>
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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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,064,462	\$ 6,064,462	\$ 7,265,927	\$ 1,201,465
Franchise fees	730,000	\$ 730,000	701,972	(28,028)
License, permits, fees	49,350	\$ 49,350	67,255	17,905
Charges for services	65,000	\$ 65,000	58,514	(6,486)
Fines and court costs	320,650	\$ 320,650	273,346	(47,304)
Miscellaneous	532,148	\$ 532,148	564,781	32,633
Investment income	229,342	\$ 229,342	105,377	(123,965)
Intergovernmental revenue	2,439,769	\$ 2,439,769	2,424,070	(15,699)
Grant income	50,000	\$ 50,000	70,803	20,803
Total Revenues	<u>10,480,721</u>	<u>10,480,721</u>	<u>11,532,045</u>	<u>1,051,324</u>
<b>EXPENDITURES</b>				
Current				
General gov't and admin	2,138,039	2,138,039	2,174,152	(36,113)
Public safety	5,688,003	5,688,003	5,788,407	(100,404)
Highways and street	787,223	787,223	1,183,374	(396,151)
Culture - recreation	467,188	467,188	513,895	(46,707)
Economic development	130,807	130,807	118,731	12,076
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
General government and admin.	226,150	222,650	239,769	(17,119)
Public safety	1,075,982	1,448,982	756,437	692,545
Highway and streets	602,000	602,000	278,393	323,607
Culture-recreation	605,138	4,848,638	1,112,033	3,736,605
Economic development	149,000	109,000	-	109,000
Total Expenditures	<u>11,869,530</u>	<u>16,442,530</u>	<u>12,165,191</u>	<u>4,277,339</u>
Excess (deficiency) of revenues over expenditures and other uses	(1,388,809)	(5,961,809)	(633,146)	5,328,663
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	443,000	443,000	403,000	40,000
Transfers out	-	-	-	-
General obligation bond issued	-	-	-	-
Sale of general capital assets	-	-	7,231	(7,231)
Lawsuit settlement	-	-	-	-
Total other financing sources (uses)	<u>443,000</u>	<u>443,000</u>	<u>410,231</u>	<u>32,769</u>
Net change in fund balance	(945,809)	(5,518,809)	(222,915)	5,361,432
Fund balance, beginning	17,111,071	17,111,071	17,111,071	-
Fund balance, ending	<u>\$ 16,165,262</u>	<u>\$ 11,592,262</u>	<u>\$ 16,888,156</u>	<u>\$ 5,361,432</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, 2022**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 8,508,713	\$ 2,171,111	\$ 10,679,824
Investment-treasury securities/cert. of dep.	-	867,000	867,000
Interest receivable	-	312	312
Accounts receivable	400,349	181,660	582,009
(net of allowance for doubtful accounts of \$19,267)	-		
Inventories	143,304	-	143,304
Prepaid costs	707	-	707
Total Current Assets	<u>9,053,073</u>	<u>3,220,083</u>	<u>12,273,156</u>
Noncurrent Assets:			
Capital Assets			
Land	1,555,631	1,738,376	3,294,007
Buildings	4,107,515	183,915	4,291,430
Equipment	1,365,782	3,183,858	4,549,640
Infrastructure	34,278,598	-	34,278,598
Less accumulated depreciation	(16,593,383)	(1,600,520)	(18,193,903)
Total noncurrent assets	<u>24,714,143</u>	<u>3,505,629</u>	<u>28,219,772</u>
Total Assets	<u>33,767,216</u>	<u>6,725,712</u>	<u>40,492,928</u>
<b>DEFERRED OUTFLOWS</b>			
Pension Related:			
Difference between expected and actual experience	251,406	205,119	456,525
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
Total Deferred Outflows	<u>461,370</u>	<u>383,113</u>	<u>844,483</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	150,750	44,392	195,142
Accrued liabilities	7,459	12,637	20,096
Bond Payable in One Year	80,000	-	80,000
Bond Premium in One Year	31,667		31,667
Sales tax payable	-	-	-
Customer deposits	294,910	6,300	301,210
Accrued compensated absences	1,000	1,000	2,000
Total Current Liabilities	<u>565,786</u>	<u>64,329</u>	<u>630,115</u>
Noncurrent liabilities:			
Accrued compensated absences	79,654	79,640	159,294
Accrued pension benefit payable	267,325	217,103	484,428
Bond Payable	5,625,000		5,625,000
Bond Premium	570,002		570,002
Landfill closure costs	-	989,862	989,862
Total Noncurrent Liabilities	<u>6,541,981</u>	<u>1,286,605</u>	<u>7,828,586</u>
Total Liabilities	<u>7,107,767</u>	<u>1,350,934</u>	<u>8,458,701</u>
<b>DEFERRED INFLOWS</b>			
Pension Related:			
Difference between expected and actual experience	631,538	513,600	1,145,138
Total Deferred Inflows	<u>631,538</u>	<u>513,600</u>	<u>1,145,138</u>
<b>NET POSITION</b>			
Net investment in capital assets	24,714,143	3,505,629	28,219,772
Restricted:			
Landfill closure costs	-	989,862	989,862
Unrestricted	1,775,138	748,800	2,523,938
Total Net Position	<u>\$ 26,489,281</u>	<u>\$ 5,244,291</u>	<u>\$ 31,733,572</u>

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, 2022**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water	\$ 3,894,528	\$ -	\$ 3,894,528
Sewer	1,025,099	-	1,025,099
Sanitation	-	2,098,780	2,098,780
Other	136,606	-	136,606
Total Operating Revenues	<u>5,056,233</u>	<u>2,098,780</u>	<u>7,155,013</u>
<b>OPERATING EXPENSES</b>			
Personnel services	862,798	658,687	1,521,485
Supplies	959,945	148,431	1,108,376
Maintenance & Repairs	310,195	159,148	469,343
Outside Services	900,553	167,938	1,068,491
Other Operating Expense	461,427	294,463	755,890
Landfill closure		110,295	110,295
Depreciation	1,203,821	375,673	1,579,494
Total Operating Expenses	<u>4,698,739</u>	<u>1,914,635</u>	<u>6,613,374</u>
Income from Operations	<u>357,494</u>	<u>184,145</u>	<u>541,639</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	67,584	25,118	92,702
Gain/(Loss) on disposal of capital assets	2,000		2,000
Rent	120,923	-	120,923
Surface Damages / Water Disposal	31,513	-	31,513
General Obligation Bond Premium Amortization	31,667	-	31,667
Total Nonoperating Revenues (Expenses)	<u>253,687</u>	<u>25,118</u>	<u>278,805</u>
Income before capital contributions and transfers	<u>611,181</u>	<u>209,263</u>	<u>820,444</u>
Capital contributions		-	-
Transfers in from American Rescue Plan	<u>702,196</u>	<u>-</u>	<u>702,196</u>
Change in Net Position	1,313,377	209,263	1,522,640
Net Position, beginning	25,175,904	5,035,028	30,210,932
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>0</u>
Net Position, ending	<u>\$ 26,489,281</u>	<u>\$ 5,244,291</u>	<u>\$ 31,733,573</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, 2022**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customer	\$ 5,307,477	\$ 2,139,361	\$ 7,446,838
Other operating cash receipts	-	2,298	2,298
Cash payments to suppliers for goods and services	(2,596,173)	(461,011)	(3,057,184)
Cash payments to employees for services	(956,064)	(749,639)	(1,705,703)
Cash payments to other funds for services	(134,394)	(294,463)	(428,857)
Net cash provided (used) by operating activities	<u>1,620,846</u>	<u>636,546</u>	<u>2,257,392</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	(3,524,277)	(119,503)	(3,643,780)
Cash transfer from American Rescue Fund for Capital Projects	702,196	-	702,196
Proceeds from sale of capital assets	2,000	-	2,000
Income from Surface Damage and Salt Water Disposal on City Property	31,513	-	31,513
Rental income from City assets	120,923	-	120,923
General Obligation Bond Premium Amortization	31,667	-	31,667
General Obligation Bond Issue	6,306,669	-	6,306,669
Net cash provided (used) by capital and related financing activities	<u>3,670,691</u>	<u>(119,503)</u>	<u>3,551,188</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on cash and investments	67,583	25,118	92,701
Purchase of treasury securities/certificate of deposit	-	(168,761)	(168,761)
Net cash provided (used) by investing activities	<u>67,583</u>	<u>(143,643)</u>	<u>(76,060)</u>
Net increase (decrease) in cash and cash equivalents	5,359,120	373,400	5,732,520
Cash and cash equivalents, beginning	3,149,594	1,797,710	4,947,304
Cash and cash equivalents, ending	<u>\$ 8,508,714</u>	<u>\$ 2,171,110</u>	<u>\$ 10,679,824</u>
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>			
Operating Income (Loss)	\$ 357,494	\$ 184,145	\$ 541,639
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	1,203,821	375,673	1,579,494
Landfill closure costs	-	110,295	110,295
Prior Period Adjustment	-	-	-
Provision for doubtful accounts	(1,977)	-	(1,977)
Change in assets and liabilities			
Decrease (increase) in accounts receivable	86,597	40,581	127,178
Decrease (increase) in interest receivable	-	2,298	2,298
Decrease (increase) in due from other funds	160,068	-	160,068
Decrease (increase) in inventory	2,971	-	2,971
Decrease (increase) in prepaid costs	246	-	246
Decrease (increase) in deferred outflows of resources for pensions	(324,183)	(264,498)	(588,681)
Increase (decrease) in accounts payable	(101,664)	14,107	(87,557)
Increase (decrease) in accrued liabilities	2,965	3,852	6,817
Increase (decrease) in sales tax payable	-	-	-
Increase (decrease) in other payables	-	-	-
Increase (decrease) in compensated absences	9,829	(8,271)	1,558
Increase (decrease) in pension benefit obligation	(244,540)	(199,517)	(444,057)
Increase (decrease) in customer deposits	6,556	400	6,956
Increase (decrease) in deferred outflows of resources for pensions	462,663	377,481	840,144
Net cash provided (used) by operating activities	<u>\$ 1,620,846</u>	<u>\$ 636,546</u>	<u>\$ 2,257,392</u>

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

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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.

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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.

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- 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 2021-22.

**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) and involve 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 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

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that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **D. Measurement Focus and Basis of Accounting**

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

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

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

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

##### **1. Deposits and Investments**

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

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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 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.



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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	20-50 years
Infrastructure	20-40 years
Machinery & Equipment	5-10 years
Improvements	10-20 years

#### **5. Deferred outflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, 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**

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

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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**

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.

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

## F. Revenues and expenditures/expenses

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

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

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

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

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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 June 2017, the GASB issued Statement No. 87, "Leases". This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. Management has determined GASB 87 does not have a material effect on the financials statements.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020 as postponed by GASB 95. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations". This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in

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practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2022. GASB 91 currently has no impact on the financial position, results of operations or cash flow.

In January 2020, the GASB issued Statement No. 92, "Omnibus 2020". This statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 30, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates". This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods ending after June 30, 2022. GASB 93 currently has no impact on the financial position, results of operations or cash flow.

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.

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 June 2020, the GASB issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans." This statement (1) clarifies rules related to reporting of fiduciary activities under Statements No. 14 and No. 84; (2) mitigate costs for defined contribution plans; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting of Code section 457 plans that meet the definition of a pension plan. The requirements in paragraphs 4 and 5 are effective upon issuance. All other requirements of this statement are effective for financial statements for reporting periods beginning after June 30, 2022.

In October 2021, the GASB issued Statement No. 98, "The Annual Comprehensive Annual Report". The statement addresses references in authoritative literature to the term comprehensive annual financial report. The Statement replaces an existing term but does not otherwise establish new accounting and financial reporting requirements. Comprehensive annual financial report has been replaced with annual comprehensive financial report (ACFR). The requirements of this statement are effective for fiscal years ending after December 15, 2021 with earlier application encouraged. GASB 98 has been implemented for the City for Fiscal Year September 30, 2022.

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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.

**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 \$37,487,640 are as follows:

Land	\$ 1,408,535
Buildings	9,703,090
Less: Accumulated depreciation – buildings	(3,393,833)
Improvements other than buildings	8,466,986
Less: Accumulated depreciation – improvements	(4,088,734)
Infrastructure	33,043,335
Less: Accumulated depreciation – infrastructure	(10,066,458)
Machinery and equipment	7,028,221
Less: Accumulated depreciation – machinery & equipment	<u>(4,613,502)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$37,487,640</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 \$13,836,419 difference are as follows:

Bonds payable	\$10,930,000
Add: Issuance premium (to be amortized over life of debt)	188,889
Pension-related debt	2,018,811
Compensated absences	667,386
Accrued interest payable	<u>74,700</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$13,879,786</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 \$192,386 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 \$933,111 difference are as follows:

Court citations receivable	\$ 923,091
Weed control receivable	<u>10,020</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 933,111</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 \$(504,664) difference are as follows:

Capital outlay	\$ (3,048,354)
Sale of Assets	-
Depreciation expense	<u>2,543,690</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>\$ (504,664)</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 \$320,000 during fiscal year 2022 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 \$423,977 difference are as follows:

Compensated absences	\$( 67,633)
Pension liability	396,175
Court citations issued not billed	54,970
Weed control services not billed	(306)
Property tax not collectable in 60 days	4,599
ASID School Resource Officer Billing	(25,000)
Amortization on bond premium	8,387
Accrued interest expense on bond	<u>52,785</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>\$ 423,977</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, 2022, are as follows:

	Primary Government	Fiduciary Activities	Total Government	Component Unit	Total
Cash on hand	\$ 1,276	\$ -	\$ 1,276	\$ -	\$ 1,276
Bank Deposits	956,412	127,192	1,083,604	41,804	1,125,408
State Investment Pools	22,958,895	-	22,958,895	8,057,955	31,016,850
Total cash and equivalents	<u>\$ 23,916,583</u>	<u>\$ 127,192</u>	<u>\$ 24,043,775</u>	<u>\$ 8,099,759</u>	<u>\$ 32,143,534</u>

**Bank Deposits** – On September 30, 2022, 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, 2022, City and Andrews Economic Development Corporations (Component Unit) funds were invested as follows:

	TexStar	Texas CLASS	Total
City of Andrews	\$2,310,890	\$ 20,648,005	\$22,958,895
Andrews EDC	0	8,057,955	8,057,955
Total	<u>\$2,310,890</u>	<u>\$28,705,960</u>	<u>\$31,016,850</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, 2022. (Local government investment pools have been reported in the financial statements as cash equivalents.)

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Days)</b>
<u>City of Andrews</u>		
U. S. Treasury Notes	\$ 3,464,999	488
Certificates of Deposit	3,373,977	444
Total fair value	<u>\$ 6,838,976</u>	
Portfolio weighted average maturity		107
<u>Andrews Economic Development Corporation</u>		
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	1,294,101	437
Total fair value	<u>\$ 1,294,101</u>	
Portfolio weighted average maturity		62

**C. Restricted Cash and Investments**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>	<b>Fiduciary Activities</b>	<b>Total Government</b>
Unrestricted	\$ 16,856,902	\$ 10,557,274	\$ 27,414,176	\$ -	\$ 27,414,176
Restricted	2,408,096	989,862	3,397,958	127,192	3,525,150
Nonspendable	26,125		26,125		26,125
Total	<u>\$ 19,291,123</u>	<u>\$ 11,547,136</u>	<u>\$ 30,838,259</u>	<u>127,192</u>	<u>\$ 30,965,451</u>

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Cash and investments at September 30, 2022, 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	12,877
Police education	13,585
Grant Restrictions	2,142,945
Hotel Occupancy Tax	<u>111,204</u>
Total governmental activities	2,408,096
Business-type activities:	
Sanitation fund:	
Landfill closure	<u>989,862</u>
Total business-type activities	989,862
Total primary governmental restricted cash	<u>3,397,958</u>
Total fiduciary activities	<u>127,192</u>
Total restricted cash and investments	<u>\$3,525,150</u>

Total cash and investments reported for the City's only component unit, Andrews Economic Development Corporation, was \$9,428,759 none of which was restricted.

Cash and investments at September 30, 2022, 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>26,125</u>
Total governmental activities	26,125
Total nonspendable cash and investments	<u>\$26,125</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, 2022, 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	\$ 250,385	\$ 807,093	\$ 1,057,478
Certificates of Deposit	3,373,977	-	3,373,977
Treasuries	3,464,999		3,464,999
Total fair value	<u>\$ 7,089,361</u>	<u>\$ 807,093</u>	<u>\$ 7,896,454</u>

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On September 30, 2022, pledged collateral with a fair value of \$3,140,926, providing a collateral level of 389%. 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, 2022, the Local Government Investment Pools (which represent approximately 74% 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, 2022, the City had diversified its portfolio by investing in certificates of deposit from fifteen (14) 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	\$ -	\$ 723,315	\$ 723,315
6 - 12	-		
12 - 18	3,464,999	1,201,535	4,666,534
18 - 24	-	1,449,127	1,449,127
24 - 36	-	-	-
	<u>\$ 3,464,999</u>	<u>\$ 3,373,977</u>	<u>\$ 6,838,976</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, 2022. 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	187,386	-	187,386
Municipal Court	923,091	-	923,091
Weeds	10,021	-	10,021
Utility Accounts	-	582,009	582,009
Sales Tax	925,769	-	925,769
Hospital District	-	-	-
Fees, liens and fines	23,920	-	23,920
Interest	15,625	-	15,625
	<u>\$2,085,812</u>	<u>\$ 582,009</u>	<u>\$2,667,821</u>

**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 2022 tax year was \$0.180475 per \$100 of assessed value with \$0.180575 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 2022:

Name	Reason	Type	Abated Value	Tax Abated
2 Combs Enterprises (La Quinta)	New Construction	Real	\$ 3,682,172	\$ 6,645
Anixter Inc. (H.D. Supply)	New BPP	Pers	138,100	249
Anixter Inc. (H.D. Supply)	New BPP	Pers	4,235,742	7,644
Barnes (Cannonball Pipe)	New Construction	Real	624,447	1,127
BHH Capital of Texas 3 LLC(Beehive)	New Construction	Real	1,501,536	2,710
Black Hawk Energy Services, LTD	New BPP	Pers	2,791,616	5,038
Black Hawk Energy Services, LTD	New Construction	Real	363,209	656
Bustamante (Mustang Well Service)	Remodel	Real	654,314	1,181
Cannonball Pipe Inspection	New BPP	Pers	1,395,460	2,518
Cornerstone 2100 LC	New Construction	Real	575,605	1,039
Corral Oilfield Services LLC	New BPP	Pers	3,503	6
D & JD Service LTD	New Construction	Real	391,522	707
D & JD Service LTD	New BPP	Pers	41,156	74
Dolgencorp of Texas	New BPP	Pers	191,816	346
HLC Custom Processing LLC	New Construction	Real	457,267	825
HLC Custom Processing LLC	New BPP	Pers	86,000	155
Hoffman Enterprises (KV Power)	New Construction	Real	1,332,113	2,404
Interpointe East LLC	New Construction	Real	69,331	125
KV Power LP	New BPP	Pers	977,912	1,765
Leeco Energy (H.D. Supply)	New Construction	Real	653,783	1,180
Mustang Well Service LLC	New BPP	Pers	40,894	74
Red Mesa Real Estate Holding LLC	New Construction	Real	341,019	615
S & S Fishing & Rental Inc	New BPP	Pers	151,234	273
Salazar Service & Trucking Corp	New Construction	Real	746,495	1,348
Salazar Service & Trucking Corp	New BPP	Pers	121,511	219
Sprinkle (S&S Fishing & Rental)	New Construction	Real	878,858	1,587
Stampede Incorporated	New BPP	Pers	174,100	314
Stampede Incorporated	New Construction	Real	539,144	974
Varner (Vessel Components)	New Construction	Real	380,671	687
<b>Totals</b>			<b>\$23,540,530</b>	<b>\$ 42,485</b>

Total abated value:	\$23,540,530
x 2022 Tax Rate	.00180475
Total abated property tax for FYE September 30, 2022	\$ 42,485

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**NOTE 6: CAPITAL ASSETS**

Capital activity for the year ended September 30, 2022, was as follows:

**Governmental Activities:**

	Balance Sept 30, 2021	Increases	Decreases	Balance Sept 30, 2022
Capital assets not depreciated:				
Land	\$ 1,408,534	\$ -	\$ -	\$ 1,408,534
Total capital assets not depreciated	1,408,534	-	-	1,408,534
Capital assets being depreciated:				
Buildings	8,708,749	1,059,107	(64,766)	9,703,090
Improvements other than buildings	8,257,315	575,884	(366,212)	8,466,987
Infrastructure	32,459,236	584,099	-	33,043,335
Machinery and equipment	6,524,725	829,262	(325,767)	7,028,220
Total capital assets being depreciated	55,950,025	3,048,352	(756,745)	58,241,632
Less accumulated depreciation:				
Buildings	(3,199,387)	(259,212)	64,766	(3,393,833)
Improvements other than buildings	(3,779,950)	(674,996)	366,212	(4,088,734)
Infrastructure	(8,932,554)	(1,133,904)	-	(10,066,458)
Machinery and equipment	(4,463,692)	(475,576)	325,767	(4,613,501)
Total accumulated depreciation	(20,375,583)	(2,543,688)	756,745	(22,162,526)
Total capital assets being depreciated, net	35,574,442	504,664	-	36,079,106
Governmental activities capital assets, net	\$ 36,982,976	\$ 504,664	\$ -	\$ 37,487,640

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

Governmental Activities:	
General government and administration	\$ 101,655
Public safety	481,440
Highways and streets	1,289,730
Economic development	460,019
Culture-recreation	<u>210,844</u>
Total depreciation expense - governmental activities	<u>\$2,543,688</u>

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**Business-type activities:**

	Balance Sept 30, 2021	Increases	Decreases	Balance Sept 30, 2022
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	4,219,278	72,152	-	4,291,430
Improvements other than buildings	75,647	-	-	75,647
Water and sewer systems	32,753,536	3,376,148	(1,851,086)	34,278,598
Machinery and equipment	5,048,862	195,481	(770,350)	4,473,993
Total capital assets being depreciated	42,097,325	3,643,781	(2,621,436)	43,119,668
Less accumulated depreciation:				
Buildings	(874,246)	(88,057)	-	(962,303)
Improvements other than buildings	(52,489)	(3,428)	-	(55,917)
Water and sewer systems	(15,756,635)	(1,026,462)	1,851,086	(14,932,011)
Machinery and equipment	(2,552,475)	(461,547)	770,350	(2,243,672)
Total accumulated depreciation	(19,235,845)	(1,579,494)	2,621,436	(18,193,903)
Total capital assets being depreciated, net	22,861,478	2,064,287	-	24,925,765
Business-type activities capital assets, net	\$ 26,155,485	\$ 2,064,287	\$ -	\$ 28,219,772

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	\$ 1,203,821
Sanitation	375,673
Total depreciation expense-Business-type activities	\$ 1,579,494

**NOTE 7: OTHER PAYABLES**

Other payables as of September 30, 2022 for the primary government include:

	Governmental Activities	Business Type Activities	Total
Municipal court deferred adjudication and bonds	\$ 9,425	\$ -	\$ 9,425
Sales tax to economic development corp.	231,442	-	231,442
Unclaimed property	8,048	-	8,048
Teen Court	725	-	725
Vending Machine	373	-	373
Flex Payable	6,625	20,096	26,721
Total other payables	\$ 256,638	20,096	\$ 276,734

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**NOTE 8: PENSION LIABILITIES**

**A. Texas Municipal Retirement System**

Plan Description

The City of Andrews participates as one of 924 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.tmrs.com](http://www.tmrs.com).

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

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan Year 2021 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



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Employees covered by benefit terms.

At the December 31, 2021 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	39	0
Inactive employees entitled to but not yet receiving benefits	43	0
Active employees	<u>84</u>	<u>0</u>
	166	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 16.18% and 15.61% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for city and AEDC employees for the year ended September 30, 2022, were \$962,683 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 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

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 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3.5% 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.

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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 2022 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>
<b>International Equity</b>	31.3%
<b>Core Fixed Income</b>	4.5%
<b>Non-Core Fixed Income</b>	21.1%
<b>Other Public and Private Markets</b>	11.1%
<b>Real Estate</b>	13.5%
<b>Hedge Funds</b>	7.4%
<b>Private Equity</b>	10.7%
<b>Cash Equivalents</b>	0.4%
<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)	<b>Increase (Decrease)</b>		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2020	\$30,150,883	\$26,841,751	\$3,309,132
Changes for the year:			
Service cost	926,727	-	926,727
Interest	2,018,599	-	2,018,599
Change of benefit terms	(48,622)	-	(48,622)
Difference between expected and actual experience	336,503	-	336,503
Changes of assumptions	-	-	-
Contributions – employer	-	919,089	(919,089)
Contributions – employee	-	393,873	(393,873)
Net investment income	-	3,495,306	(3,495,306)
Benefit payments, including refunds of employee contributions	(1,320,895)	(1,320,895)	-
Administrative expense	-	(16,191)	16,191
Other changes	-	111	(111)
Net changes	\$1,912,312	\$3,471,293	\$(1,558,981)
Balance at 12/31/2020	\$32,063,195	\$30,313,044	\$1,750,151

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:

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's net pension liability	\$6,150,635	\$1,750,151	\$(1,856,700)
AEDC's net pension liability	\$ 0	\$ 0	\$ 0
Total net pension liability	\$6,150,635	\$1,750,151	\$(1,856,700)

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, 2022, the city recognized pension expense of \$240,318 and AEDC recognized pension expense of \$2,612.

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At September 30, 2022, the City and AEDC reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	City of Andrews	AEDC
Difference between expected and actual experience	\$456,525	\$41,651-
Difference between projected and actual investment earnings	836,642	-
Difference due to change in actuarial assumptions	73,944	815
Contributions subsequent to the measurement date	479,177	5,086
Total Outflows	\$ 1,846,288	\$ 47,552

At September 30, 2022, the City and AEDC reported deferred inflows of resources related to TMRS pensions.

Deferred Inflows of Resources	City of Andrews	AEDC
Difference between expected and actual experience	\$ 2,801,101	\$ 44,890
Difference between projected and actual investment earnings	-	13,660
Total Outflows	\$ 2,801,101	\$ 58,550

\$479,177 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, 2023. 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:

	City + AEDC
2022	\$ (197,907)
2023	(683,631)
2024	(314,751)
2025	(291,541)
2026	0
Thereafter	0
Total	\$ (1,487,830)

## 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, 2021, there were 239 contributing fire and/or emergency service departments participating in TESRS.

At August 31, 2021, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,843
Terminated participants entitled to benefits but not yet receiving benefits	1,706
Active participants (vested and non-vested)	3,571

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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 actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017. Based on the August 31, 2020 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

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arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into 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, 2021, total contributions of \$3,471,971 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The state appropriated \$1,329,224 for the fiscal year ending August 31, 2021.

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, 2021 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, 2020 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 4.5%) 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:

<b>Asset Class</b>	<b>Target Allocation %</b>
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, 2020 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	\$ 111,006	\$ 33,964	\$ (17,467)

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

At September 30, 2022, the City reported a liability of \$33,964 for its proportionate share of TERS'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	\$ 33,964
State's proportionate share that is associated with the City*	9,403
Total	<u>\$ 43,367</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, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020.

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.317% compared to 0.326% at August 31, 2020.

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, 2022, the City recognized pension expense of \$40. The City recognized on-behalf revenues of \$4,214 calculated by taking the State's total contributions to TERSRS (\$1,329,224) multiplied by the City's proportionate share (.317%).

On September 30, 2022, the City reported its proportionate share of the TERSRS'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	\$ -	\$ 32,129
Difference between projected and actual investment earnings	-	55,226
Difference due to change in actuarial assumptions	3,165	
Contributions paid to TERSRS subsequent to the measurement date	10,467	-
Total	\$ 13,632	\$ 87,355

\$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, 2023. 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:

2022	\$ (8,971)
2023	(5,525)
2024	(10,425)
2025	(8,273)
Total	\$ (33,194)

**C. Aggregate Pension Expense**

Aggregate pension expense	
TMRS City	\$240,318
TMRS AEDC	2,612
TERSRS	40
Total Outflows	\$ 242,970



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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, 2022 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, 2022</u>
Economic development	2012	\$7,000,000	2.20-4.15%	2031	\$2,930,000
Economic development	2015	\$8,000,000	3.746%	2045	\$8,000,000
Infrastructure	2021	5,705,000	3.00%	2042	\$5,705,000

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 installing a water from our Florey Wellfield to town. 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 2022 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, 2022 was 6.00%. 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
2023	415,000	744,618
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>\$16,635,000</u>	<u>\$7,853,068</u>

Excludes net bond premiums and discounts of \$790,558.

**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 \$110,295 as adjusted for inflation. The total estimated liability as revised by the 1998 West Texas Consultants, Inc. study and adjusted for inflation is \$1,341,068. At September 30 2022, \$989,862 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, 2022 are as follows:

NOTES TO FINANCIAL STATEMENTS:

	Balance Sep. 30, 2021	Additions	Reductions	Balance Sep. 30, 2022	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds					
Principal	\$ 11,250,000	\$ -	\$ (320,000)	\$ 10,930,000	\$ 335,000
Premium	197,274	-	(8,387)	188,887	8,387
Pension related debt (includes pr yr adj)	2,345,725	43,367	(1,098,161)	1,290,931	-
Compensated absences	599,753	67,633	-	667,386	2,000
Deposits - Permit Fees	3,675	350	-	4,025	4,025
Governmental activities L/T liabilities	<u>14,396,428</u>	<u>111,350</u>	<u>(1,426,548)</u>	<u>13,081,230</u>	<u>349,412</u>
<b>Business-type Activity:</b>					
Pension related debt (includes pr yr adj)	\$ 928,484		\$ (444,056)	\$ 484,428	\$ -
Compensated absences	159,737	9,828	(8,271)	161,294	2,000
Landfill closure	879,568	110,295	-	989,862	-
General Obligation Payable	-	5,705,000	-	5,705,000	80,000
General Obligation Premium	-	633,336	(31,667)	601,669	31,667
Business-type activities L/T liabilities	<u>1,967,788</u>	<u>6,458,459</u>	<u>(483,994)</u>	<u>7,942,253</u>	<u>113,667</u>
<b>Andrews Economic Development Corp.</b>					
Pension related debt (includes pr yr adj)	\$ 34,922		\$ (16,763)	\$ 18,159	\$ -
Compensated absences	13,587	521	-	14,108	-
AEDC long-term liabilities	<u>48,509</u>	<u>521</u>	<u>(16,763)</u>	<u>32,267</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	\$ -	\$ -	\$702,196	\$702,196
Reliever Route fund	403,000	729,320	-	1,132,320
Total	<u>\$403,000</u>	<u>\$ 729,320</u>	<u>\$702,196</u>	<u>\$1,834,516</u>

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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 \$529,840 for the year ended September 30, 2022, 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, 2022; recipients that have remainders due have not yet met the criteria to be paid so the liability is contingent.

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AEDC Incentive Packages as of September 30, 2022 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	12,500	2020
Redline Electric Services, LP	130,000	130,000		2021
Elite Truck Performance, LLC	39,000	39,000		2020, '21
HLC Custom Processing	100,000	40,000	60,000	2021,22
GTG Automation – 2021	200,000		200,000	
Production Waste Solutions	70,000		70,000	
Total Commitments	<u>\$4,529,006</u>	<u>\$3,568,906</u>	<u>\$ 372,500</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, 2022 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: PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made to Andrews Economic Development Corporation(a component unit) for \$4,871 related to the accrual of interest income not yet paid. This adjustment is immaterial related to the financial statements.

**NOTE 15: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 9, 2023, 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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# REQUIRED 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 eight years of information is currently available. The City will build this schedule over the next two-year period.

GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of December 31, 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 \***

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 551,403	\$ 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	551,403	603,671	632,999	644,450	645,683	723,953	742,387	793,746	861,465	962,683
Contribution deficiency (excess)	0	3	(36)	(0)	(1)	(12,142)	-	-	-	-
Covered payroll	\$ 3,103,208	\$ 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%	100.00%	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	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflations
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**  
Notes

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
City's proportion of the net pension liability	0.332%	0.305%	0.334%	0.313%	0.326%	0.326%	0.326%	0.317%
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
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
Total	\$ 76,507	\$ 107,281	\$ 127,816	\$ 95,270	\$ 87,864	\$ 117,944	\$ 105,616	\$ 43,367
Number of Active Members **	42	42	42	42	42	42	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
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%	83.2%

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

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

**Notes to Required Supplementary Information:**

Defined Benefit Pension Plan

*Changes in benefit terms*

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

*Changes in assumptions*

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

GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 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 \***

	2014	Fiscal Year 2015	2016	2017	2018	2019	2020	2021
Contractually required contributions	\$ 15,048	\$ 14,400	\$ 15,120	\$ 15,120	\$ 15,606	\$ 15,840	\$ 15,228	\$ 13,824
Contributions in relation to the contractually determined contribution	15,120	14,400	15,120	15,120	15,687	15,840	15,228	13,824
Contribution deficiency (excess)	(72)	-	-	-	(81)	-	-	-
Number of Active members **	42	42	42	42	42	42	45	45
Contributions per active member	\$ 360	\$ 343	\$ 360	\$ 360	\$ 373	\$ 377	\$ 338	\$ 307

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

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

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

COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
and SCHEDULES

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**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

**GOVERNMENTAL FUNDS**

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



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## GOVERNMENTAL FUNDS

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

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

**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, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Cash and cash investments	\$ 15,676	\$ 984,577
Cash equivalent - Tex Pool/Tex Star investment	10,387,241	14,511,511
Investments - certificates of deposit	6,054,364	1,663,056
Due from Other Funds	-	-
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	187,386	192,787
Sales taxes	925,769	610,018
Miscellaneous	23,921	17,163
Interest	15,625	3,473
Total Assets	<u>\$ 17,609,982</u>	<u>\$ 17,982,585</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable	\$ 268,777	\$ 476,209
Due to other funds	-	-
Other payables	256,638	178,843
Customer deposits	4,025	3,675
Unearned income - Ad valorem tax	192,386	187,787
Unearned income - School Resource Officer	-	25,000
Total Other Liabilities	<u>721,826</u>	<u>871,514</u>
<b>Fund Balances</b>		
Committed to Capital Improvement	\$ 6,919,703	7,620,237
Committed to Ambulance Services	277,949	186,508
Assigned to Pension Liability	1,281,528	2,427,912
Assigned to Adult Education	130,269	120,655
Assigned to Litter Control	35,696	35,399
Assigned to Police Investigation	11,492	11,096
Unassigned	8,231,519	6,709,265
Total Fund Balance	<u>16,888,156</u>	<u>17,111,071</u>
 Total Liabilities and Fund Balance	 <u>\$ 17,609,982</u>	 <u>\$ 17,982,585</u>

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Budgeted and Actual Revenues and Expenditures**  
**For the year ended September 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,064,462	\$ 6,064,462	\$ 7,265,927	\$ 1,201,465
Franchise fees	730,000	730,000	701,972	(28,028)
License, permits, fees	49,350	49,350	67,255	17,905
Charges for services	65,000	65,000	58,514	(6,486)
Fines and court costs	320,650	320,650	273,346	(47,304)
Miscellaneous	532,148	532,148	564,781	32,633
Investment income	229,342	229,342	105,377	(123,965)
Intergovernmental revenue	2,439,769	2,439,769	2,424,070	(15,699)
Grant income	50,000	50,000	70,803	20,803
Contributions	-	-	-	-
Total Revenues	<u>10,480,721</u>	<u>10,480,721</u>	<u>11,532,045</u>	<u>1,051,324</u>
<b>EXPENDITURES</b>				
Current:				
City Council / Legislative	111,750	111,750	119,770	(8,020)
City Manager / Administration	263,179	263,179	276,038	(12,859)
Finance	742,393	742,393	752,983	(10,590)
General Operations	457,779	457,779	454,621	3,158
Municipal court	185,561	185,561	204,533	(18,972)
Business technology center	130,807	130,807	118,731	12,076
Police	3,100,729	3,100,729	3,232,429	(131,700)
Ambulance	2,045,170	2,045,170	1,966,460	78,710
Animal control	233,085	233,085	231,050	2,035
Fire	309,019	309,019	358,468	(49,449)
Building Services (Permits, Inspections)	377,377	377,377	366,207	11,170
Street	787,223	787,223	1,183,374	(396,151)
Building & Grounds	339,545	339,545	380,639	(41,094)
Swimming pool	127,643	127,643	133,257	(5,614)
Capital outlay	2,658,270	7,231,270	2,386,632	4,844,638
Total Expenditures	<u>11,869,530</u>	<u>16,442,530</u>	<u>12,165,191</u>	<u>4,277,339</u>
Excess (deficiency) of revenues over expenditures	<u>(1,388,809)</u>	<u>(5,961,809)</u>	<u>(633,146)</u>	<u>5,328,663</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Andrews County	-	-	-	-
Non-Major Gov't Fund - Reliever Route	403,000	403,000	403,000	-
Building Use Fund	40,000	40,000	-	-
Transfers out:				
Non-Major Gov't Fund - Reliever Route	-	-	-	-
Sanitation Fund - Green Exchange	-	-	-	-
Utility Fund	-	-	-	-
Sanitation Fund	-	-	-	-
Debt Service Fund	-	-	-	-
General Obligation Bond	-	-	-	-
Sale of general capital assets	-	-	7,231	(7,231)
Lawsuit Settlement	-	-	-	-
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	<u>443,000</u>	<u>443,000</u>	<u>410,231</u>	<u>(7,231)</u>
Net change in fund balance	(945,809)	(5,518,809)	(222,915)	5,321,432
Fund Balance - beginning	17,111,071	17,111,071	17,111,071	-
Prior Period Adjustment	-	-	-	-
Fund Balance (deficit) - ending	<u>\$ 16,165,262</u>	<u>\$ 11,592,262</u>	<u>\$ 16,888,156</u>	<u>\$ 5,321,432</u>

CITY OF ANDREWS, TEXAS  
Required Notes to the Supplementary Information  
September 30, 2022

**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, 2022, total appropriated funds of \$16,442,530 exceed general fund expenditures of \$12,165,192.

**City of Andrews, Texas**  
**General Fund**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended September 30, 2022 and 2021**

	2022	2021
<b>REVENUES</b>		
Taxes	\$ 7,265,927	\$ 6,108,548
Francise fees	701,972	705,078
License, permits, fees	67,255	89,594
Charges for services	58,514	52,022
Fines and court costs	273,346	235,042
Miscellaneous	564,781	513,011
Investment income	105,377	107,690
Intergovernmental revenue	2,424,070	1,848,992
Grant income	70,803	88,088
Contributions	-	-
Total Revenues	<u>11,532,045</u>	<u>9,748,065</u>
<b>EXPENDITURES</b>		
Current:		
City Council / Legislative	119,769	163,225
City Manager / Administration	276,038	308,186
Finance	752,983	680,402
General Operations	454,621	391,097
Municipal court	204,533	200,457
Business technology center	118,731	141,104
Police	3,232,429	2,814,027
Ambulance	1,966,460	1,761,411
Animal control	231,050	210,808
Fire	358,468	288,632
Building Services (Permits, Inspections)	366,207	359,644
Street	1,183,374	1,240,943
Building & Grounds	380,639	314,056
Swimming pool	133,257	105,459
Capital outlay	2,386,632	1,520,996
Total Expenditures	<u>12,165,191</u>	<u>10,500,448</u>
Excess (deficiency) of revenues over expenditures	<u>(633,146)</u>	<u>(752,382)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in:		
Non-Major Gov't Fund - Reliever Route	403,000	399,707
Pledge from Utility Fund	-	-
Transfers out:		
Utility Fund	-	-
Sanitation Fund	-	-
Debt Service Fund	-	-
General Obligation Bond	-	-
Sale of general capital assets	7,231	15,051
Lawsuit Settlement	-	-
Total other financing sources (uses)	<u>410,231</u>	<u>414,758</u>
Net change in fund balance	(222,915)	(337,624)
Fund Balance - beginning	17,111,071	17,448,695
Fund Balance (deficit) - ending	<u>\$ 16,888,156</u>	<u>\$ 17,111,071</u>

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Revenues - Budget and Actual**  
**For the year ended September 30, 2022**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>TAXES</b>				
Ad valorem				
Current	\$ 1,675,962	\$ 1,675,962	\$ 1,669,600	\$ (6,362)
Penalty and interest	35,000	35,000	41,786	6,786
Total Ad valorem	<u>1,710,962</u>	<u>1,710,962</u>	<u>1,711,386</u>	<u>424</u>
Sales				
1% City sales	3,450,000	3,450,000	4,425,661	975,661
.25% Property reduction sales	862,500	862,500	1,106,415	243,915
Alcoholic beverage	8,000	8,000	7,995	(5)
Total Sales	<u>4,320,500</u>	<u>4,320,500</u>	<u>5,540,071</u>	<u>1,219,571</u>
Other taxes				
Payment in lieu of taxes	33,000	33,000	14,470	(18,530)
Total Other	<u>33,000</u>	<u>33,000</u>	<u>14,470</u>	<u>(18,530)</u>
<b>FRANCHISE FEES</b>				
Electrical	400,000	400,000	386,477	(13,523)
Telephone	140,000	140,000	88,248	(51,752)
Gas	95,000	95,000	127,991	32,991
Cable	95,000	95,000	99,256	4,256
Total Franchise fees	<u>730,000</u>	<u>730,000</u>	<u>701,972</u>	<u>(28,028)</u>
<b>LICENSE, PERMITS, FEES</b>				
Animal registration	10,250	10,250	11,635	1,385
Sanitarian	3,000	3,000	5,723	2,723
Zoning	3,000	3,000	4,410	1,410
Other	1,200	1,200	2,535	1,335
Building and inspection	31,500	31,500	32,828	1,328
Building use fees & adult ed. Fees	-	-	8,695	8,695
Peddler's	400	400	1,430	1,030
Total License and Permits	<u>49,350</u>	<u>49,350</u>	<u>67,256</u>	<u>17,906</u>
<b>CHARGES FOR SERVICES</b>				
Swimming pool fees	65,000	65,000	58,514	(6,486)
Total Charges for Services	<u>65,000</u>	<u>65,000</u>	<u>58,514</u>	<u>(6,486)</u>
<b>FINES AND COURT COSTS</b>				
State costs and fees	80,650	80,650	69,678	(10,972)
Fines	240,000	240,000	203,668	(36,332)
Total Fines and Forfeitures	<u>320,650</u>	<u>320,650</u>	<u>273,346</u>	<u>(47,304)</u>
<b>MISCELLANEOUS</b>				
Administrative services	532,148	532,148	529,840	(2,308)
Other	-	-	42,173	42,173
Transfers from Other Funds	443,000	443,000	403,000	(40,000)
Total Miscellaneous	<u>975,148</u>	<u>975,148</u>	<u>975,013</u>	<u>(135)</u>
<b>INVESTMENT INCOME</b>				
Interest	229,342	229,342	105,377	(123,965)
Total Investment Income	<u>229,342</u>	<u>229,342</u>	<u>105,377</u>	<u>(123,965)</u>
<b>INTER/INTRA-GOVERNMENTAL</b>				
Andrews Economic Development Corp.	34,600	34,600	34,600	-
Andrews County	10,000	10,000	300	(9,700)
AISD - School Resource Officer	100,000	100,000	100,000	-
Andrews Hospital District ambulance	2,295,169	2,295,169	2,289,170	(5,999)
Total Inter/Intra-Governmental	<u>2,439,769</u>	<u>2,439,769</u>	<u>2,424,070</u>	<u>(15,699)</u>
<b>GRANT INCOME</b>				
A. E. D. C. - job training	50,000	50,000	50,000	-
Coronavirus Relief Fund	-	-	-	-
Texas "J" Rac funds	-	-	20,803	20,803
Total Grant Income	<u>50,000</u>	<u>50,000</u>	<u>70,803</u>	<u>20,803</u>
Total Revenues	<u>\$ 10,923,721</u>	<u>\$ 10,923,721</u>	<u>\$ 11,942,278</u>	<u>\$ 1,018,557</u>



**City of Andrews, Texas**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the year ended September 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
City Council / Legislative				
Personnel services	\$ 8,000	\$ 8,000	\$ 8,000	\$ (0)
Supplies	2,250	2,250	2,361	(111)
Outside Services	1,500	1,500	1,123	377
Other Operating Expense	100,000	100,000	108,286	(8,286)
	<u>111,750</u>	<u>111,750</u>	<u>119,770</u>	<u>(8,020)</u>
City Manager / Administration				
Personnel services	252,799	252,799	270,882	(18,083)
Supplies	1,700	1,700	495	1,205
Maintenance & Repairs	3,200	3,200	1,471	1,729
Outside Services	5,480	5,480	3,190	2,290
	<u>263,179</u>	<u>263,179</u>	<u>276,038</u>	<u>(12,859)</u>
Finance				
Personnel services	515,693	515,693	504,051	11,642
Supplies	13,250	13,250	10,580	2,670
Maintenance & Repairs	46,000	46,000	49,489	(3,489)
Outside Services	167,450	167,450	188,863	(21,413)
	<u>742,393</u>	<u>742,393</u>	<u>752,983</u>	<u>(10,590)</u>
General Operations				
Personnel services	113,700	113,700	106,238	7,462
Supplies	12,200	12,200	17,968	(5,768)
Outside Services	331,879	331,879	320,748	11,131
Other Operating Expense	-	-	9,667	(9,667)
	<u>457,779</u>	<u>457,779</u>	<u>454,621</u>	<u>3,158</u>
Municipal Court				
Personnel services	174,146	174,146	194,667	(20,521)
Supplies	4,700	4,700	4,477	223
Outside Services	5,965	5,965	5,310	655
Other Operating Expense	750	750	80	670
	<u>185,561</u>	<u>185,561</u>	<u>204,533</u>	<u>(18,972)</u>
Business/Technology Center				
Personnel services	75	75	150	(75)
Supplies	7,500	7,500	6,244	1,256
Maintenance & Repairs	6,000	6,000	7,748	(1,748)
Outside Services	117,232	117,232	104,589	12,643
	<u>130,807</u>	<u>130,807</u>	<u>118,731</u>	<u>12,076</u>
Police				
Personnel services	2,631,059	2,631,059	2,760,261	(129,202)
Supplies	92,945	92,945	122,692	(29,747)
Maintenance & Repairs	143,798	143,798	116,550	27,248
Outside Services	228,327	228,327	229,387	(1,060)
Other Operating Expense	4,600	4,600	3,539	1,061
	<u>3,100,729</u>	<u>3,100,729</u>	<u>3,232,429</u>	<u>(131,700)</u>
Ambulance				
Personnel services	1,715,520	1,715,520	1,677,141	38,379
Supplies	72,150	72,150	107,407	(35,257)
Maintenance & Repairs	54,200	54,200	68,594	(14,394)
Outside Services	113,658	113,658	113,318	340
Depreciation	89,642	89,642	-	89,642
	<u>2,045,170</u>	<u>2,045,170</u>	<u>1,966,460</u>	<u>78,710</u>

(Continued)

Animal Control

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the year ended September 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Personnel services	189,519	189,519	181,809	7,710
Supplies	16,850	16,850	17,427	(577)
Maintenance & Repairs	6,795	6,795	7,540	(745)
Outside Services	19,921	19,921	24,275	(4,354)
	<u>233,085</u>	<u>233,085</u>	<u>231,050</u>	<u>2,035</u>
Fire				
Personnel services	136,469	136,469	116,008	20,461
Supplies	49,550	49,550	63,463	(13,913)
Maintenance & Repairs	93,000	93,000	150,949	(57,949)
Outside Services	30,000	30,000	28,048	1,952
	<u>309,019</u>	<u>309,019</u>	<u>358,468</u>	<u>(49,449)</u>
Building Services (Permits, Inspections)				
Personnel services	320,877	320,877	321,940	(1,063)
Supplies	14,200	14,200	17,527	(3,327)
Maintenance & Repairs	15,600	15,600	15,062	538
Outside Services	21,700	21,700	3,478	18,222
Other Operating Expense	5,000	5,000	8,200	(3,200)
	<u>377,377</u>	<u>377,377</u>	<u>366,207</u>	<u>11,170</u>
Street				
Personnel services	421,086	421,086	382,785	38,301
Supplies	23,700	23,700	29,877	(6,177)
Maintenance & Repairs	119,750	119,750	613,301	(493,551)
Outside Services	163,600	163,600	98,325	65,275
Other Operating Expense	59,087	59,087	59,087	(0)
	<u>787,223</u>	<u>787,223</u>	<u>1,183,374</u>	<u>(396,151)</u>
Building & Grounds				
Personnel services	191,136	191,136	167,765	23,371
Supplies	11,550	11,550	13,973	(2,423)
Maintenance & Repairs	29,500	29,500	26,073	3,427
Outside Services	107,209	107,209	172,823	(65,614)
Other Operating Expense	150	150	5	145
	<u>339,545</u>	<u>339,545</u>	<u>380,639</u>	<u>(41,094)</u>
Swimming Pool				
Personnel services	59,183	59,183	58,256	927
Supplies	32,570	32,570	39,047	(6,477)
Maintenance & Repairs	16,350	16,350	10,810	5,540
Outside Services	19,540	19,540	25,143	(5,603)
	<u>127,643</u>	<u>127,643</u>	<u>133,257</u>	<u>(5,614)</u>
Capital Expenditures	<u>2,658,270</u>	<u>7,231,270</u>	<u>2,386,632</u>	<u>4,844,638</u>
Total Expenditures	<u>11,869,530</u>	<u>16,442,530</u>	<u>12,165,191</u>	<u>4,277,339</u>

**City of Andrews, Texas**  
**Debt Service Fund**  
**Comparative Balance Sheet**  
**September 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Cash and cash investments	\$ -	\$ -
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	127,485	127,485
Total Assets	<u>\$ 127,485</u>	<u>\$ 127,485</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Total Other Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Committed to Debt Service	<u>\$ 127,485</u>	<u>\$ 127,485</u>
Total Fund Balance	<u>\$ 127,485</u>	<u>\$ 127,485</u>
Total Liabilities and Fund Balance	<u>\$ 127,485</u>	<u>\$ 127,485</u>

**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, 2022**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES:</b>			
	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<b>EXPENDITURES:</b>			
Debt service:			
Principal	320,000	320,000	-
Interest	446,975	409,320	37,655
Total Expenditures	766,975	729,320	37,655
Excess (deficiency) of revenues over expenditures	(766,975)	(729,320)	37,655
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Reliever Route Maintenance Fund	454,875	417,220	(37,655)
Loop 1910 Repair Fund	312,100	312,100	-
Transfers out	-	-	-
Total other financing sources and uses	766,975	729,320	(37,655)
Net change in fund balance	-	-	(0)
Fund balances - beginning of year	127,485	127,485	-
Fund balances - end of year	\$ 127,485	\$ 127,485	\$ (0)

**City of Andrews, Texas**  
**American Rescue Plan Fund**  
**Comparative Balance Sheet**  
**September 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Cash and cash investments	\$ 2,184,247	\$ 1,748,090
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	-	-
Total Assets	<u>\$ 2,184,247</u>	<u>\$ 1,748,090</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 41,302	\$ -
Total Other Liabilities	<u>\$ 41,302</u>	<u>\$ -</u>
Fund Balances		
Restricted	\$ 2,142,945	\$ 1,748,090
Total Fund Balance	<u>\$ 2,142,945</u>	<u>\$ 1,748,090</u>
Total Liabilities and Fund Balance	<u>\$ 2,184,247</u>	<u>\$ 1,748,090</u>

**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, 2022**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES:</b>			
Grant Income	\$ 1,748,006	\$ 1,751,461	\$ (3,455)
Interest Income	\$ -	\$ 7,311	\$ (7,311)
Total Revenues	<u>1,748,006</u>	<u>1,758,772</u>	<u>(10,766)</u>
<b>EXPENDITURES:</b>			
Current:			
General Gov't	926,292	636,696	289,596
Public Safety	96,000	25,024	70,976
Water/Sewer	1,120,000	-	1,120,000
Sanitation	-	-	-
Total Expenditures	<u>2,142,292</u>	<u>661,721</u>	<u>1,480,571</u>
Excess (deficiency) of revenues over expenditures	(394,286)	1,097,051	(1,491,337)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out) - Utility Fund		(702,196)	
Total other financing sources and uses	<u>-</u>	<u>(702,196)</u>	<u>-</u>
Net change in fund balance	(394,286)	394,855	(1,491,337)
Fund balances - beginning of year	<u>1,748,090</u>	<u>1,748,090</u>	<u>-</u>
Fund balances - end of year	<u>\$ 1,353,804</u>	<u>\$ 2,142,945</u>	<u>\$ (1,491,337)</u>

**City of Andrews, Texas**  
**Reliever Route Fund**  
**Comparative Balance Sheet**  
**September 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Cash and cash investments	\$ 392,503	\$ 513,238
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	-	-
Total Assets	<u>\$ 392,503</u>	<u>\$ 513,238</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts Payable	100	
Due to Other Funds	\$ 127,485	\$ 127,485
Total Other Liabilities	<u>\$ 127,585</u>	<u>\$ 127,485</u>
Fund Balances		
Committed to Reliever Route	\$ 264,918	\$ 385,753
Total Fund Balance	<u>\$ 264,918</u>	<u>\$ 385,753</u>
Total Liabilities and Fund Balance	<u>\$ 392,503</u>	<u>\$ 513,238</u>

**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, 2022**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>			
Investment Income	\$ 500	\$ 2,565	\$ (2,065)
Intergovernmental Revenue	\$ 862,500	\$ 1,106,415	\$ (243,915)
Total Revenues	<u>863,000</u>	<u>1,108,980</u>	<u>(245,980)</u>
<b>EXPENDITURES:</b>			
Street	75,350	97,495	(22,145)
Total Expenditures	<u>75,350</u>	<u>97,495</u>	<u>(22,145)</u>
Excess (deficiency) of revenues over expenditures	787,650	1,011,485	223,835
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in/(out) - General Fund	(403,000)	(403,000)	-
Transfers in/(out) - Debt Service Fund	(766,975)	(729,320)	37,655
Total other financing sources and uses	<u>(1,169,975)</u>	<u>(1,132,320)</u>	<u>37,655</u>
Net change in fund balance	(382,325)	(120,835)	261,490
Fund balances - beginning of year	<u>385,753</u>	<u>385,753</u>	<u>-</u>
Fund balances - end of year	<u><u>\$ 3,428</u></u>	<u><u>\$ 264,918</u></u>	<u><u>\$ 261,490</u></u>



**City of Andrews, Texas**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**September 30, 2022**

	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	\$ 10,717	\$ 12,877	\$ 13,585	\$ 538	\$ 47,148	\$ 121,204	\$ 26,125	\$ 24,410	\$ 488	\$ 257,092
Total Assets	<u>10,717</u>	<u>12,877</u>	<u>13,585</u>	<u>538</u>	<u>47,148</u>	<u>121,204</u>	<u>26,125</u>	<u>24,410</u>	<u>488</u>	<u>257,092</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities										
Accounts payable										-
Due to other funds										-
Deposit						10,000				10,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Fund Balances										
Nonspendable							26,125			26,125
Restricted		12,877	13,585							26,462
Committed	10,717			538	47,148	111,204		24,410	488	194,505
Total Fund Balance	<u>10,717</u>	<u>12,877</u>	<u>13,585</u>	<u>538</u>	<u>47,148</u>	<u>111,204</u>	<u>26,125</u>	<u>24,410</u>	<u>488</u>	<u>247,092</u>
Total Liabilities and Fund Balances	<u>\$ 10,717</u>	<u>\$ 12,877</u>	<u>\$ 13,585</u>	<u>\$ 538</u>	<u>\$ 47,148</u>	<u>\$ 121,204</u>	<u>\$ 26,125</u>	<u>\$ 24,410</u>	<u>\$ 488</u>	<u>\$ 257,092</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, 2022**

	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	-	-	-	-	-	224,812	-	-	-	224,812
Investment Income	87	134	142	6	383	758	-	-	-	1,507
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	8,015	3,687	-	-	9,584	-	-	9,455	189	30,930
Grant Income	-	-	1,411	-	-	-	-	-	-	1,411
Contributions	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>8,102</u>	<u>3,821</u>	<u>1,552</u>	<u>6</u>	<u>9,966</u>	<u>225,570</u>	<u>-</u>	<u>9,455</u>	<u>189</u>	<u>258,660</u>
<b>EXPENDITURES:</b>										
Current:										
General government	7,678	-	-	-	20,566	-	-	-	-	28,244
Public safety	-	-	1,698	-	-	-	2,558	-	-	4,256
Street	-	-	-	-	-	-	-	-	-	-
Culture-recreation	-	-	-	-	-	200,000	-	-	-	200,000
Debt Service	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>7,678</u>	<u>-</u>	<u>1,698</u>	<u>-</u>	<u>20,566</u>	<u>200,000</u>	<u>2,558</u>	<u>-</u>	<u>-</u>	<u>232,500</u>
Excess (deficiency) of revenues over expenditures	424	3,821	(146)	6	(10,600)	25,570	(2,558)	9,455	189	26,160
Transfer in/(out) - General Fund	-	-	-	-	-	-	-	-	-	-
Fund balances - beginning of year	10,294	9,056	13,731	532	57,748	85,634	28,683	14,955	299	220,932
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Fund balances - end of year	<u>\$ 10,718</u>	<u>\$ 12,877</u>	<u>\$ 13,585</u>	<u>\$ 538</u>	<u>\$ 47,148</u>	<u>\$ 111,204</u>	<u>\$ 26,125</u>	<u>\$ 24,410</u>	<u>\$ 488</u>	<u>\$ 247,092</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, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 8,508,713	\$ 3,149,594
Investment - treasury securities/certificate of dep.	-	-
Interest receivable	-	-
Accounts receivable	400,349	484,969
Due from Andrews Economic Development	-	160,068
Inventories	143,304	146,275
Prepaid costs	707	953
Total Current Assets	<u>9,053,073</u>	<u>3,941,859</u>
Capital Assets		
Land	1,555,631	1,555,631
Buildings	4,107,515	4,035,363
Equipment	1,365,782	1,591,773
Infrastructure	34,278,598	32,753,536
Accumulated depreciation	(16,593,383)	(17,542,615)
Total Capital Assets Net of Accum Depr	<u>24,714,143</u>	<u>22,393,687</u>
Total Assets	<u>33,767,216</u>	<u>26,335,546</u>
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	251,406	
Difference between projected and actual earnings	129,431	56,654
Difference due to changes in actuarial assumptions	11,885	11,885
Deferred pension contributions	68,648	68,648
Total Deferred Outflows	<u>461,370</u>	<u>137,187</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	150,750	252,414
Accrued liabilities	7,459	4,495
Customer deposits	294,910	288,354
Accrued compensated absences	1,000	1,000
Bond Payable	80,000	
Bond Premium	31,667	
Total Current Liabilities	<u>565,786</u>	<u>546,263</u>
Non-Current Liabilities		
Accrued compensated absences	79,654	69,825
Accrued pension liability	267,325	511,864
Bond Payable	5,625,000	
Bond Premium	570,002	
Total Other Liabilities	<u>6,541,981</u>	<u>581,690</u>
Total Liabilities	<u>7,107,767</u>	<u>1,127,953</u>
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	631,538	168,876
Total Deferred Inflows	<u>631,538</u>	<u>168,876</u>
<b>NET POSITION</b>		
Invested in capital, net of related debt	24,714,143	22,393,687
Unrestricted	1,775,138	2,782,216
Total Net Position	<u>\$ 26,489,281</u>	<u>\$ 25,175,903</u>

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended September 30, 2022 and 2021**

	2022	2021
Operating Revenues		
Charges for services		
Water	\$ 3,894,528	\$ 3,584,064
Sewer	1,025,099	1,026,999
Other	136,606	142,063
Total Operating Revenues	<u>5,056,233</u>	<u>4,753,127</u>
Operating Expenses		
Personnel services	862,798	893,720
Supplies	959,945	553,642
Maintenance & Repairs	310,195	464,682
Outside Services	900,553	876,516
Other Operating Expense	461,427	318,556
Depreciation	1,203,821	1,149,481
Total Operating Expenses	<u>4,698,739</u>	<u>4,256,596</u>
Operating Income (Loss)	<u>357,494</u>	<u>496,531</u>
Nonoperating Revenues (Expenses)		
Investment income	67,584	1,911
Gain/(Loss) on disposal of capital assets	2,000	4,950
Grant income	-	
Bond Premium Amortization	31,667	
Rent	120,923	118,575
Surface Damages / Water Disposal	31,513	46,151
Total Nonoperating Revenue	<u>253,687</u>	<u>171,588</u>
Income before capital contributions and transfers	611,181	668,118
Capital contributions	-	503,696
Transfers in from American Rescue Plan Fund	<u>702,196</u>	<u>-</u>
Change in Net Position	1,313,377	1,171,815
Net Position, beginning	25,175,904	24,004,089
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u><u>\$ 26,489,281</u></u>	<u><u>\$ 25,175,904</u></u>

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customer	\$ 5,307,477	\$ 4,784,233
Other operating cash receipts	-	-
Cash payments to suppliers for goods and services	(2,596,173)	(1,968,637)
Cash payments to employees for services	(956,064)	(922,990)
Cash payments to other funds for services	(134,394)	(287,545)
Net cash provided (used) by operating activities	<u>1,620,846</u>	<u>1,605,061</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Net cash provided by non-capital and related financing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(3,524,277)	(1,547,217)
Cash transfer from General Fund and/or AEDC for Capital Projects	-	343,628
Grant income for capital activities	-	-
Proceeds from sale of salvage	2,000	4,948
Income from Surface Damage and Salt Water Disposal on City Property	31,513	46,152
Rental income from Utility Fund Assets	120,923	118,575
General Obligation Bond Premium Amortization	31,667	-
Cash transfer from American Rescue Fund for Capital Projects	702,196	-
General Obligation Bond Issue	6,306,669	-
Net cash provided (used) by capital and related financing activities	<u>3,670,691</u>	<u>(1,033,914)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	67,583	1,911
(Purchase) / Redemption of treasury securities/certificate of deposit	-	-
Net cash provided (used) by investing activities	<u>67,583</u>	<u>1,911</u>
Net increase (decrease) in cash and cash equivalents	5,359,120	573,058
Cash and cash equivalents, beginning	3,149,594	2,576,536
Cash and cash equivalents, ending	<u>\$ 8,508,714</u>	<u>\$ 3,149,594</u>
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>		
Operating Income (Loss)	\$ 357,494	\$ 496,531
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	1,203,821	1,149,481
Provision for doubtful accounts	(1,977)	(1,977)
Prior Period Adjustment		
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	86,597	30,991
Decrease (increase) in interest receivable	-	-
Decrease (increase) in due from other funds	160,068	-
Decrease (increase) in inventory	2,971	(13,070)
Decrease (increase) in prepaid costs	246	(414)
Decrease (increase) in deferred outflows of resources for pensions	(324,183)	(4,758)
Increase (decrease) in accounts payable	(101,664)	(29,302)
Increase (decrease) in other payables	2,965	4,495
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	9,829	4,536
Increase (decrease) in pension liability	(244,540)	(59,731)
Increase (decrease) in customer deposits	6,556	2,093
Increase (decrease) in deferred outflows of resources for pensions	462,663	26,187
Net cash provided (used) by operating activities	<u>\$ 1,620,846</u>	<u>\$ 1,605,060</u>



**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Schedule of Operating and Non-operating Revenues - Budget and Actual**  
**For the year ended September 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
<b>OPERATING REVENUE - WATER</b>				
Water sales	\$ 3,650,900	\$ 3,650,900	\$ 3,671,366	\$ 20,466
Water tapping fees	20,000	20,000	25,200	5,200
Water pro rata	-	-	-	-
Total Operating Revenues - Water	<u>3,670,900</u>	<u>3,670,900</u>	<u>3,696,566</u>	<u>25,666</u>
<b>OPERATING REVENUE - SEWER</b>				
Sewer rentals	1,000,000	1,000,000	989,794	(10,206)
Sewer tapping fees	20,000	20,000	16,625	(3,375)
Septic tank waste disposal	8,000	8,000	16,680	8,680
Reclaimed water	2,000	2,000	2,000	-
Total Operating Revenues - Sewer	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,025,099</u>	<u>(4,901)</u>
<b>OPERATING REVENUE - OTHER</b>				
Miscellaneous	3,000	3,000	12,376	9,376
Water capital impr surcharge	170,000	170,000	197,962	27,962
Service fees	125,000	125,000	124,230	(770)
Total Operating Revenues - Other	<u>298,000</u>	<u>298,000</u>	<u>334,568</u>	<u>36,568</u>
Total Operating Revenues	<u>4,998,900</u>	<u>4,998,900</u>	<u>5,056,234</u>	<u>57,334</u>
<b>NON-OPERATING REVENUE</b>				
Investment income	7,000	7,000	67,583	60,583
Gain on sale of assets	-	-	2,000	2,000
Transfer from American Rescue Plan	1,120,000	-	-	-
Rent	123,423	123,423	120,923	(2,500)
Surface Damage and Water Disposal	30,000	30,000	31,512	1,512
Amortization of Bond Premium	-	-	31,667	31,667
Transfer from General Fund	-	-	-	-
Transfer from A.E.D.C.	6,183,000	3,261,300	-	(3,261,300)
Total Non-Operating Revenues	<u>7,463,423</u>	<u>3,421,723</u>	<u>253,686</u>	<u>(3,168,037)</u>
Total Revenues	<u>\$ 12,462,323</u>	<u>\$ 8,420,623</u>	<u>\$ 5,309,920</u>	<u>\$ (3,110,703)</u>

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Schedule of Operating Expenses - Budget and Actual**  
**For the year ended September 30, 2022**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
General Operations				
Outside Services	\$ 1,500	\$ 1,500	\$ 1,128	\$ 372
Other Operating Expense	304,467	304,467	\$ 461,427	(156,960)
	<u>305,967</u>	<u>305,967</u>	<u>462,555</u>	<u>(156,588)</u>
Warehouse Building				
Personnel services	-	-	-	-
Supplies	7,700	7,700	12,989	(5,289)
Maintenance & Repairs	14,500	14,500	7,193	7,307
Outside Services	10,894	10,894	15,610	(4,716)
	<u>33,094</u>	<u>33,094</u>	<u>35,791</u>	<u>(2,697)</u>
Water Production				
Personnel services	167,162	167,162	144,158	23,004
Supplies	471,025	471,025	827,791	(356,766)
Maintenance & Repairs	146,500	146,500	74,130	72,370
Outside Services	772,120	772,120	771,541	579
	<u>1,556,807</u>	<u>1,556,807</u>	<u>1,817,621</u>	<u>(260,814)</u>
Water Distribution				
Personnel services	392,740	392,740	275,375	117,365
Supplies	56,100	56,100	58,742	(2,642)
Maintenance & Repairs	150,750	150,750	116,148	34,602
Outside Services	52,200	52,200	26,460	25,740
	<u>651,790</u>	<u>651,790</u>	<u>476,725</u>	<u>175,065</u>
Wastewater (Sewer) Collection				
Personnel services	286,153	286,153	271,085	15,068
Supplies	9,000	9,000	24,697	(15,697)
Maintenance & Repairs	58,500	58,500	58,440	60
Outside Services	13,050	13,050	10,712	2,338
	<u>366,703</u>	<u>366,703</u>	<u>364,933</u>	<u>1,770</u>
Wastewater (Sewer) Treatment				
Personnel services	211,823	211,823	172,181	39,642
Supplies	25,800	25,800	35,725	(9,925)
Maintenance & Repairs	72,700	72,700	54,285	18,415
Outside Services	97,252	97,252	75,102	22,150
	<u>407,575</u>	<u>407,575</u>	<u>337,292</u>	<u>70,283</u>
Depreciation	<u>1,213,385</u>	<u>1,213,385</u>	<u>1,203,821</u>	<u>9,564</u>
Total Operating Expenses	<u>\$ 4,535,321</u>	<u>\$ 4,535,321</u>	<u>\$ 4,698,739</u>	<u>\$ (163,418)</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Comparative Statements of Net Position**  
**September 30, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,171,111	\$ 1,797,709
Investment - treasury securities/cert. of deposit	867,000	698,239
Interest receivable	312	2,610
Accounts receivable	181,660	222,241
Total Current Assets	<u>3,220,083</u>	<u>2,720,800</u>
Capital Assets:		
Land	1,738,376	1,738,376
Buildings	183,915	183,915
Equipment	3,183,858	3,532,738
Accumulated depreciation	(1,600,520)	(1,693,228)
Total Capital Assets Net of Accum Depr	<u>3,505,629</u>	<u>3,761,801</u>
Total Assets	<u>6,725,712</u>	<u>6,482,601</u>
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	205,119	-
Difference between projected and actual earnings	107,530	48,152
Difference due to changes in actuarial assumptions	9,697	9,697
Deferred pension contributions	60,767	60,767
Total Deferred Outflows	<u>383,113</u>	<u>118,615</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	44,392	30,286
Accrued liabilities	12,637	8,785
Sales tax payable	-	-
Customer deposits	6,300	5,900
Accrued compensated absences	1,000	1,000
Total Current Liabilities	<u>64,329</u>	<u>45,970</u>
Other Liabilities:		
Accrued compensated absences	79,640	87,911
Accrued pension liability	217,103	416,620
Landfill closure costs	989,862	879,568
Total Other Liabilities	<u>1,286,605</u>	<u>1,384,099</u>
Total Liabilities	<u>1,350,934</u>	<u>1,430,069</u>
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	513,600	136,119
Total Deferred Inflows	<u>513,600</u>	<u>136,119</u>
<b>NET POSITION</b>		
Invested in capital, net of related debt	3,505,629	3,761,801
Restricted	989,862	879,568
Unrestricted	748,800	393,659
Total Net Position	<u>\$ 5,244,291</u>	<u>\$ 5,035,028</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended September 30, 2022 and 2021**

	2022	2021
Operating Revenues		
Sanitation	2,098,780	2,028,370
Total Operating Revenues	<u>2,098,780</u>	<u>2,028,370</u>
Operating Expenses		
Personnel services	658,687	831,547
Supplies	148,431	102,289
Maintenance & Repairs	159,148	108,385
Outside Services	167,938	229,983
Other Operating Expense	294,463	287,545
Landfill closure	110,295	39,480
Depreciation	375,673	310,602
Total Operating Expenses	<u>1,914,635</u>	<u>1,909,832</u>
Income from Operations	<u>184,145</u>	<u>118,538</u>
Nonoperating Revenues (Expenses)		
Investment income	25,118	4,153
Gain (Loss) on sales/retirement of capital assets	-	37,000
Total Nonoperating Revenue	<u>25,118</u>	<u>41,153</u>
Income before capital contributions and transfers	209,262	159,691
Capital contributions	-	-
Transfers in	<u>-</u>	<u>-</u>
Change in Net Position	209,262	159,691
Net Position, beginning	5,035,028	4,875,338
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u><u>\$ 5,244,291</u></u>	<u><u>\$ 5,035,028</u></u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customer	\$ 2,139,361	\$ 1,996,064
Other operating cash receipts	2,298	(724)
Cash payments to suppliers for goods and services	(461,011)	(448,413)
Cash payments to employees for services	(749,639)	(852,061)
Cash payments to other funds for services	(294,463)	(287,545)
Net cash provided (used) by operating activities	<u>636,546</u>	<u>407,320</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Grant income for operating activities	-	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(119,503)	(460,319)
Cash transfer from General Fund for Purchase of Land	-	-
Proceeds from sale of capital assets	-	37,000
Net cash provided (used) by capital and related financing activities	<u>(119,503)</u>	<u>(423,319)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	25,118	4,153
Purchase of treasury securities/certificate of deposit	(168,761)	(126,239)
Net cash provided (used) by investing activities	<u>(143,643)</u>	<u>(122,086)</u>
Net increase (decrease) in cash and cash equivalents	373,400	(138,086)
Cash and cash equivalents, beginning	1,797,710	1,935,795
Cash and cash equivalents, ending	<u>\$ 2,171,110</u>	<u>\$ 1,797,710</u>
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>		
Operating Income (Loss)	\$ 184,145	\$ 118,538
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	375,673	310,602
Landfill closure costs	110,295	39,480
Prior Period Adjustment	-	-
Change in assets, deferred outflows/inflows, and liabilities:		
Decrease (increase) in accounts receivable	40,581 x	(32,305)
Decrease (increase) in interest receivable	2,298 x	(724)
Decrease (increase) in due from other funds	-	-
Decrease (increase) in deferred outflows of resources for pensions	(264,498)	(3,882)
Increase (decrease) in accounts payable	14,107 x	(8,055)
Increase (decrease) in accrued liabilities	3,852	8,785
Increase (decrease) in sales taxes payable	- x	-
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	(8,271)	1,951
Increase (decrease) in pension liability	(199,517)	(48,734)
Increase (decrease) in customer deposits	400 x	300
Increase (decrease) in deferred inflows of resources for pensions	377,481	21,366
Net cash provided (used) by operating activities	<u>\$ 636,546</u>	<u>\$ 407,320</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Schedule of Revenues - Budget and Actual**  
**For the year ended September 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
<b>OPERATING REVENUE</b>				
Sanitation collection	\$ 1,150,000	\$ 1,150,000	\$ 1,130,714	\$ (19,286)
Municipal landfill	750,000	750,000	741,388	(8,612)
Public hauling-type I	8,000	8,000	9,787	1,787
Public hauling-type IV	90,000	90,000	117,590	27,590
Recycling sales	400	400	339	(61)
Miscellaneous	43,058	43,058	107,611	64,553
Total Operating Revenues	<u>2,041,458</u>	<u>2,041,458</u>	<u>2,107,429</u>	<u>65,971</u>
<b>NON-OPERATING REVENUE</b>				
Investment income	11,000	11,000	16,468	5,468
Grant income	-	-	-	-
Transfer from General Fund	-	-	-	-
Gain on sale/disposition of assets	-	-	-	-
Total Non-operating Revenue	<u>11,000</u>	<u>11,000</u>	<u>16,468</u>	<u>5,468</u>
Total Revenues	<u>\$ 2,052,458</u>	<u>\$ 2,052,458</u>	<u>\$ 2,123,897</u>	<u>\$ 71,439</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Schedule of Operating & Non-Operating Expenses - Budget and Actual**  
**For the year ended September 30, 2022**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>OPERATING EXPENSE</b>				
General Operations				
Other Operating Expense	\$ 294,467	\$ 294,467	\$ 294,463	\$ 4
	<u>294,467</u>	<u>294,467</u>	<u>294,463</u>	<u>4</u>
Sanitation Collection				
Personnel Services	371,076	371,076	308,470	62,606
Supplies	71,950	71,950	99,394	(27,444)
Maintenance & Repairs	73,200	73,200	124,156	(50,956)
Outside Services	780	780	774	6
Other Operating Expense	200	200	-	200
	<u>517,206</u>	<u>517,206</u>	<u>532,793</u>	<u>(15,587)</u>
Sanitation Bulk				
Personnel Services	183,234	183,234	152,147	31,087
Supplies	7,400	7,400	12,905	(5,505)
Maintenance & Repairs	13,800	13,800	10,358	3,442
Outside Services	500	500	542	(42)
Other Operating Expense	-	-	-	-
	<u>204,934</u>	<u>204,934</u>	<u>175,952</u>	<u>28,982</u>
Landfill				
Personnel Services	282,647	282,647	198,070	84,577
Supplies	26,733	26,733	36,132	(9,399)
Maintenance & Repairs	24,200	24,200	24,634	(434)
Outside Services	237,109	237,109	166,623	70,486
Other Operating Expense	-	-	-	-
	<u>570,689</u>	<u>570,689</u>	<u>425,460</u>	<u>145,229</u>
Landfill closure	30,000	30,000	110,295	(80,295)
Depreciation	<u>344,536</u>	<u>344,536</u>	<u>375,673</u>	<u>(31,137)</u>
	<u>374,536</u>	<u>374,536</u>	<u>485,968</u>	<u>(111,432)</u>
Total Operating Expenses	<u>\$ 1,961,832</u>	<u>\$ 1,961,832</u>	<u>\$ 1,914,635</u>	<u>\$ 47,197</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>\$ 1,961,832</u>	<u>\$ 1,961,832</u>	<u>\$ 1,914,635</u>	<u>\$ 47,197</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, 2022**

,

	<u>Escrow Fund</u>	<u>Employee Christmas Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 15,572</u>	<u>\$ 111,620</u>	<u>\$ 127,192</u>
Total Assets	<u><u>15,572</u></u>	<u><u>111,620</u></u>	<u><u>\$ 127,192</u></u>
<b>LIABILITIES</b>			
Deposits held for others	<u>15,572</u>	<u>111,620</u>	<u>127,192</u>
Total Liabilities	<u><u>\$ 15,572</u></u>	<u><u>\$ 111,620</u></u>	<u><u>\$ 127,192</u></u>
<b>NET POSITION</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

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**City of Andrews, Texas**  
**Capital Assets used in the Operation of Governmental Funds**  
**Comparative Schedules by Source**  
**September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Governmental Fund Capital Assets</b>		
Land	\$ 1,408,535	\$ 1,408,535
Buildings	9,703,090	8,708,749
Improvements other than buildings	8,466,986	8,257,315
Machinery and equipment	7,028,221	6,524,726
Infrastructure	<u>33,043,335</u>	<u>32,459,236</u>
Total Governmental Funds Capital Assets	<u><u>59,650,167</u></u>	<u><u>57,358,560</u></u>
 <b>Investments in Governmental Funds</b>		
<b>Capital Assets by Source</b>		
General fund	39,582,081	37,290,475
Donations	5,405,679	5,405,679
Subdividers	1,267,406	1,267,406
General obligation bonds	<u>13,395,000</u>	<u>13,395,000</u>
	<u><u>\$ 59,650,167</u></u>	<u><u>\$ 57,358,560</u></u>

**City of Andrews, Texas**  
**Capital Assets used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2022**

Function and Activity	Total	Land	Building	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
General Government:						
City Hall - City Mgr., Finance, Court	\$ 1,742,176	\$ 312,290	\$ 623,174	\$ 427,909	\$ -	\$ 378,804
Business/Technology Center	4,266,099	409,978	3,373,586	-	-	482,534
Total General Government	<u>6,008,275</u>	<u>722,268</u>	<u>3,996,760</u>	<u>427,909</u>	<u>-</u>	<u>861,339</u>
Public Safety:						
Police protection	3,236,918	146,741	754,888	-	-	2,335,289
Emergency medical services	2,954,930	-	1,303,812	-	-	1,651,118
Animal pound	399,573	-	233,185	-	-	166,388
Fire protection	3,385,849	25,296	2,490,021	65,104	-	805,428
Total Public Safety	<u>9,977,269</u>	<u>172,037</u>	<u>4,781,906</u>	<u>65,104</u>	<u>-</u>	<u>4,958,222</u>
Streets and storm drainage	37,580,753	484,349	-	3,143,135	33,043,335	909,934
Inspection	298,726	-	-	-	-	298,726
Recreation and parks	5,785,143	29,881	924,424	4,830,839	-	-
Total Governmental Funds Capital Assets	<u>\$ 59,650,167</u>	<u>\$ 1,408,535</u>	<u>\$ 9,703,090</u>	<u>\$ 8,466,986</u>	<u>\$ 33,043,335</u>	<u>\$ 7,028,221</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, 2022**

Function and Activity	Governmental Funds Capital Assets 2021	Additions	Deductions	Governmental Funds Capital Assets 2022
General Government				
City Hall - City Mgr., Finance, Court	\$ 1,501,772	\$ 399,358	\$ 158,954	\$ 1,742,176
Business/Technology Center	4,234,802	37,557	6,261	4,266,098
Total General Government	<u>5,736,574</u>	<u>436,915</u>	<u>165,215</u>	<u>6,008,274</u>
Public Safety				
Police protection	2,969,863	373,076	98,212	3,244,727
Emergency medical services	2,667,693	353,755	66,518	2,954,930
Animal pound	344,753	51,598	4,588	391,763
Fire protection	3,388,341	3,032	5,524	3,385,849
Total Public Safety	<u>9,370,650</u>	<u>781,461</u>	<u>174,842</u>	<u>9,977,269</u>
Streets and storm drainage	36,954,589	676,640	50,476	37,580,753
Inspection	252,542	46,184	-	298,726
Recreation and parks	<u>5,044,205</u>	<u>1,107,151</u>	<u>366,212</u>	<u>5,785,144</u>
Total Governmental Funds Capital Assets	<u><u>\$ 57,358,560</u></u>	<u><u>\$ 3,048,351</u></u>	<u><u>\$ 756,745</u></u>	<u><u>\$ 59,650,167</u></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, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 8,099,759	\$ 6,425,237
Investment - treasury securities/cert. of deposit	1,329,000	\$ 1,509,871
Sales tax receivable	231,442	152,505
Miscellaneous receivable	2,200	4,871
Total Current Assets	<u>9,662,401</u>	<u>8,092,484</u>
Capital Assets		
Land	2,500,303	2,501,759
Improvements other than Buildings	779,508	773,883
Furniture & Fixtures	7,559	7,559
Accumulated depreciation	(241,508)	(208,770)
Total Capital Assets Net of Accum. Depr.	<u>3,045,862</u>	<u>3,074,430</u>
Total Assets	<u>12,708,263</u>	<u>11,166,914</u>
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	41,651	-
Difference between projected and actual earnings	-	(1,331)
Difference due to changes in actuarial assumptions	815	815
Deferred pension contributions	5,086	5,086
Total Deferred Outflows	<u>47,552</u>	<u>4,570</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	4,882	344,716
Other payables	756	160,754
Compensated absences payable	14,108	13,587
Pension liability payable	18,159	34,923
Total Current Liabilities	<u>37,905</u>	<u>553,979</u>
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between projected and actual earnings	13,660	-
Difference between expected and actual experience	44,890	6,074
Total Deferred Inflows	<u>58,550</u>	<u>6,074</u>
<b>NET POSITION</b>		
Net investment in capital assets	3,045,862	3,074,430
Restricted	-	-
Unrestricted	9,613,498	7,537,000
Total Net Position	<u>\$ 12,659,360</u>	<u>\$ 10,611,430</u>

**City of Andrews, Texas**  
**Andrews Economic Development Corporation**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Support and revenues		
Economic development sales tax	\$ 2,212,830	\$ 1,758,256
Interest income	70,616	28,132
Miscellaneous	-	-
Total support and revenues	<u>2,283,446</u>	<u>1,786,387</u>
Expenses		
Personnel services	198,424	233,347
Supplies	1,473	2,447
Maintenance & Repairs	-	-
Outside Services	119,123	179,391
Other Operating Expense	11,703	10,369
Incentives	101,456	180,596
Business Park Maintenance	-	-
Contributions to County or City	75,000	578,696
Depreciation	32,737	29,077
Total Expenses	<u>539,916</u>	<u>1,213,924</u>
Income from Operations	<u>1,743,530</u>	<u>572,464</u>
Sale of Land	309,271	-
Increase in Net Position	<u>2,052,801</u>	<u>572,464</u>
Net Position, beginning	10,611,430	10,038,966
Prior Period Adjustment	<u>(4,871)</u>	<u>-</u>
Net Position, ending	<u><u>\$ 12,659,360</u></u>	<u><u>\$ 10,611,430</u></u>

**City of Andrews, Texas**  
**Andrews Economic Development Corporation**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from sales tax	\$ 2,133,892	\$ 1,729,986
Other operating cash receipts	73,287	23,260
Cash payments to suppliers for goods and services	(733,587)	120,927
Cash payments to employees for services	(205,173)	(231,609)
Cash payments for other funds	(75,000)	(578,696)
Net cash provided (used) by operating activities	<u>1,193,420</u>	<u>1,063,868</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(5,625)	(1,512,267)
Sale of Assets	309,271	-
Land incentives from Business Parks	1,456	39,596
Prior Period Adjustments	(4,871)	-
Net cash provided (used) by capital and related financing activities	<u>300,231</u>	<u>(1,472,670)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of treasury securities/certificate of deposit	180,871	614,833
Net cash provided (used) by investing activities	<u>180,871</u>	<u>614,833</u>
Net increase (decrease) in cash and cash equivalents	1,674,522	206,030
Cash and cash equivalents, beginning	6,425,236	6,219,206
Cash and cash equivalents, ending	<u>\$ 8,099,758</u>	<u>\$ 6,425,236</u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities</b>		
Operating Income/Loss	\$ 1,743,530	\$ 572,464
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	32,737	29,077
Prior Period Adjustment - Pension	-	-
Change in assets and liabilities:		
Decrease (increase) in sales tax receivable	(78,938)	(28,270)
Decrease (increase) in misc receivable	2,671	(4,871)
Decrease (increase) in deferred outflows of resources for pensions	(42,982)	(326)
Increase (decrease) in accounts payable	(339,834)	333,306
Increase (decrease) in other payables	(159,998)	160,424
Increase (decrease) in compensated absences	521	4,364
Increase (decrease) in pension liability	(16,764)	(4,095)
Increase (decrease) in deferred inflows of resources for pension	52,476	1,795
Net cash provided (used) by operating activities	<u>\$ 1,193,420</u>	<u>\$ 1,063,868</u>

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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**  
**2013-2022**  
**(accrual basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets	\$ 19,138,104	\$ 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
Nonspendable									\$ 28,683	\$ 26,125
Restricted	19,968	12,088	10,982	153,694	143,398	353,167	473,392	302,144	1,983,996	2,408,096
Unrestricted	14,496,468	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
Total governmental activities net position	33,654,540	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
<b>Business-type activities</b>										
Net investment in capital assets	10,988,113	13,072,308	18,722,336	20,050,869	21,347,109	21,915,482	23,985,637	25,608,034	26,155,489	28,219,772
Restricted	641,037	653,151	685,007	696,274	756,272	779,346	822,804	840,088	879,568	989,862
Unrestricted	6,887,643	8,237,216	4,411,228	3,667,163	2,544,031	2,571,953	2,849,486	2,431,306	3,175,876	2,523,938
Total business-type activities net position	18,516,793	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
<b>Primary government:</b>										
Net investment in capital assets	30,126,217	36,584,154	43,218,640	49,848,441	50,694,017	50,120,684	50,832,148	52,340,793	52,085,739	54,966,299
Nonspendable									28,683	26,125
Restricted	661,005	665,239	695,989	849,968	899,670	1,132,513	1,296,195	1,142,232	2,863,564	3,397,958
Unrestricted	21,384,111	23,806,961	19,051,405	13,556,932	13,399,349	14,478,406	18,575,255	18,080,012	18,310,987	17,747,137
Total primary government net position	\$ 52,171,333	\$ 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



**CITY OF ANDREWS, TEXAS**  
**Changes in Net Position**  
**2013-2022**  
**(accrual basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities										
General government & administration	\$ (1,072,289)	\$ (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)
Public safety	(2,838,223)	(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)
Highways and streets	(844,717)	(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)
Culture-recreation	(213,716)	(146,143)	(391,582)	(407,877)	(386,330)	(1,011,387)	(988,684)	(1,204,712)	(1,065,481)	(1,220,101)
Economic development	(250,507)	(250,335)	(464,337)	(311,924)	(319,047)	(434,032)	(358,412)	(414,841)	(385,909)	(292,019)
Other financing uses	(137,546)	(125,280)	(182,150)	(549,556)	(425,597)	(448,757)	(431,221)	(427,576)	(418,701)	(356,535)
Total governmental activities	<u>(5,356,998)</u>	<u>(7,059,663)</u>	<u>(8,181,866)</u>	<u>(8,623,781)</u>	<u>(9,170,232)</u>	<u>(10,317,447)</u>	<u>(10,917,248)</u>	<u>(11,866,522)</u>	<u>(12,272,654)</u>	<u>(12,142,012)</u>
Business-type activities:										
Water and sewer	(2,616,423)	(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)
Sanitation	(1,435,073)	(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)
Total business-type activities	<u>(4,051,496)</u>	<u>(4,500,805)</u>	<u>(4,825,715)</u>	<u>(5,440,727)</u>	<u>(5,907,263)</u>	<u>(5,952,088)</u>	<u>(6,449,024)</u>	<u>(6,689,428)</u>	<u>(6,166,428)</u>	<u>(6,613,374)</u>
Total Expenses	<u>\$ (9,408,494)</u>	<u>\$ (11,560,468)</u>	<u>\$ (13,007,580)</u>	<u>\$ (14,064,508)</u>	<u>\$ (15,077,495)</u>	<u>\$ (16,269,534)</u>	<u>\$ (17,366,272)</u>	<u>\$ (18,555,950)</u>	<u>\$ (18,439,082)</u>	<u>\$ (18,755,386)</u>
Program revenues:										
Governmental Activities:										
Fees, fines and charges for services:										
General government	\$ 55,806	\$ 76,106	\$ 56,520	\$ 53,581	\$ 50,555	\$ 58,045	\$ 88,078	\$ 74,016	\$ 81,293	\$ 70,229
Public safety	1,119,972	365,395	222,783	339,073	619,529	555,225	559,626	399,110	371,324	447,272
Culture-recreation	36,868	80,915	84,713	76,404	71,063	64,365	48,814	45,957	52,022	58,514
Economic development	12,700	18,394	12,995	39,845	21,928	20,645	23,494	61,675	54,950	43,295
Other financing uses	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	50,152	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
Capital grants and contributions	1,582,341	2,615,776	413,043	780,453	766,743	29,449	16,196	17,022	51,746	21,103
Total governmental activities	<u>2,857,839</u>	<u>4,894,608</u>	<u>2,056,542</u>	<u>2,509,266</u>	<u>2,801,334</u>	<u>2,102,733</u>	<u>2,304,107</u>	<u>3,086,967</u>	<u>4,111,705</u>	<u>4,732,455</u>
Business-type activities:										
Charges for services:										
Water and sewer	3,459,096	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
Sanitation	1,419,654	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
Capital grants and contributions	-	-	519,792	392,068	3,850	-	-	-	503,696	-
Total business-type activities	<u>4,878,750</u>	<u>5,368,030</u>	<u>5,893,568</u>	<u>5,830,029</u>	<u>5,884,182</u>	<u>6,284,245</u>	<u>6,181,604</u>	<u>6,664,516</u>	<u>7,285,192</u>	<u>7,155,013</u>
Total Program Revenues	<u>\$ 7,736,589</u>	<u>\$ 10,262,638</u>	<u>\$ 7,950,110</u>	<u>\$ 8,339,295</u>	<u>\$ 8,685,516</u>	<u>\$ 8,386,977</u>	<u>\$ 8,485,711</u>	<u>\$ 9,751,483</u>	<u>\$ 11,396,897</u>	<u>\$ 11,887,468</u>
Net revenues (expenses)										
Governmental activities	(2,499,159)	(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)
Business-type activities	827,254	867,225	1,067,853	389,302	(23,081)	332,157	(267,420)	(24,912)	1,118,764	541,639
Total net revenues (expenses)	<u>(1,671,905)</u>	<u>(1,297,830)</u>	<u>(5,057,470)</u>	<u>(5,725,213)</u>	<u>(6,391,979)</u>	<u>(7,882,557)</u>	<u>(8,880,561)</u>	<u>(8,804,467)</u>	<u>(7,042,185)</u>	<u>(6,867,918)</u>

(Continued)

**CITY OF ANDREWS, TEXAS**  
**Changes in Net Position**  
**2013-2022**  
**(accrual basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues:										
Governmental Activities										
Taxes:										
Property taxes	1,008,829	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
Sales	5,435,954	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
Franchise	711,639	782,495	781,609	739,276	704,419	650,398	787,221	718,504	705,078	701,972
Other	72,560	101,096	107,140	82,027	68,826	589,596	492,148	282,800	216,906	239,282
Miscellaneous revenue	17,162	122,464	108,166	31,121	(0)	103,442	4,172,329	422,380	528,061	42,173
Investment income	36,923	63,211	75,689	89,519	125,162	218,555	357,715	263,194	108,201	116,760
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)
Total governmental activities	<u>7,283,067</u>	<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>
Business-type activities:										
Miscellaneous revenue	21,094	192,793	324,916	222,085	218,368	213,711	198,139	159,921	164,726	184,103
Investment income	56,590	24,455	27,949	26,709	36,820	66,900	122,427	54,756	6,064	92,702
Gain/Loss on disposition of assets	77,779	6,978	2,000	(43,704)	1,000	6,599	-	16,737	41,950	2,000
Transfers	-	1,123,145	1,055,000	1,343	-	(0)	2,338,000	1,015,000	-	702,196
Total business-type activities	<u>155,463</u>	<u>1,347,372</u>	<u>1,409,866</u>	<u>206,433</u>	<u>256,188</u>	<u>287,210</u>	<u>2,658,566</u>	<u>1,246,414</u>	<u>212,740</u>	<u>981,001</u>
Total primary government	<u>7,438,530</u>	<u>8,951,565</u>	<u>8,878,833</u>	<u>7,060,450</u>	<u>7,129,674</u>	<u>8,613,373</u>	<u>13,860,306</u>	<u>9,622,996</u>	<u>8,768,121</u>	<u>9,716,463</u>
Changes in net position										
Governmental activities	4,783,908	5,439,138	1,343,643	739,502	504,587	111,449	2,588,599	(402,973)	394,432	1,325,906
Business-type activities	982,717	2,214,597	2,477,719	595,736	233,107	619,367	2,391,146	1,221,502	1,331,504	1,522,640
Total change in net position	<u>\$ 5,766,625</u>	<u>\$ 7,653,735</u>	<u>\$ 3,821,362</u>	<u>\$ 1,335,238</u>	<u>\$ 737,695</u>	<u>\$ 730,816</u>	<u>\$ 4,979,745</u>	<u>\$ 818,529</u>	<u>\$ 1,725,936</u>	<u>\$ 2,848,546</u>

**CITY OF ANDREWS, TEXAS**  
**Fund Balances of Governmental Funds**  
**2013-2022**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Committed	7,629,996	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
Assigned	2,005,343	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
Unassigned	4,008,365	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
Total general fund	<u>13,643,704</u>	<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>
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
Restricted										
Reported in special revenue funds	19,968	12,088	10,982	17,398	15,913	225,682	345,907	153,145	1,856,511	2,280,611
Debt Service			207,799	136,296	127,485	127,485	127,485	127,485	127,485	127,485
Committed										
Reported in special revenue funds	968,510	22,038	26,404	119,740	152,388	287,404	585,602	789,737	469,581	348,219
Total all other governmental funds	<u>988,478</u>	<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>
Total Governmental Funds	<u>\$ 14,632,182</u>	<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>

**CITY OF ANDREWS, TEXAS**  
**Changes in Fund Balances of Governmental Funds**  
**2013-2022**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Taxes	\$ 6,516,669	\$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
Franchise fees	711,639	782,495	781,609	739,276	704,419	650,398	787,221	718,504	705,078	701,972
License, permits, fees	60,105	81,585	65,504	72,009	48,494	64,746	93,073	88,431	89,594	67,255
Charges for services	36,868	80,915	84,713	76,404	71,063	64,365	48,814	45,957	52,022	58,514
Fines and court costs	188,858	235,589	218,077	319,434	408,514	391,761	415,451	283,708	269,243	304,276
Miscellaneous	491,801	591,948	639,161	555,613	544,024	684,486	640,824	422,380	513,011	564,781
Investment income	36,923	63,211	75,689	89,520	125,162	218,555	357,715	263,194	108,201	116,760
Intergovernmental revenue	2,465,065	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
Grant income	52,341	707,079	89,203	64,778	68,484	67,582	67,406	873,489	1,837,723	1,823,675
Contributions	112	86	60	32	750,023	-	-	-	-	-
Voluntary non-exchange revenues	-	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>10,560,382</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>Expenditures:</b>										
<b>Current</b>										
General gov't and admin.	1,456,364	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
Public safety	2,649,784	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
Highway and streets	650,378	646,324	1,349,240	1,159,857	703,367	975,784	1,192,109	1,215,770	1,339,130	1,280,869
Culture-recreation	184,412	102,689	153,749	177,505	126,018	749,789	697,762	914,230	648,667	713,896
Economic development	143,692	140,022	155,603	156,851	161,116	180,394	109,388	147,018	141,104	118,731
<b>Debt Service</b>										
Principal	655,000	340,000	345,000	355,000	310,000	270,000	285,000	295,000	305,000	320,000
Interest	140,984	126,530	119,088	496,231	434,408	443,940	436,038	427,576	418,701	409,320
Bond Issuance Costs	-	-	165,645	-	-	-	-	-	-	-
Capital outlay	7,668,784	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
<b>Total expenditures</b>	<b>13,549,398</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>Excess (deficiency) of revenues over expenditures</b>	<b>(2,989,016)</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>Other financing sources (uses):</b>										
Transfers in	6,117,459	1,000,000	1,072,887	5,191,197	735,597	713,940	721,038	722,576	1,148,986	1,132,320
Transfers out	(6,117,459)	(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)
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>-</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>Net change in fund balance</b>	<b>\$ (2,989,016)</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>Debt service as a percentage of noncapital expenditures</b>	<b>13.5%</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>

**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						
2013	403,034	90,939	141,241	44,219	590,996	0.18900	590,997	100%
2014	466,035	105,028	135,588	57,540	649,111	0.18900	649,111	100%
2015	526,116	132,827	138,946	75,224	722,664	0.18900	722,664	100%
2016	538,304	202,862	123,785	143,062	721,888	0.18900	721,888	100%
2017	554,765	208,994	134,032	149,116	748,675	0.18900	748,675	100%
2018	559,098	212,099	143,514	138,043	776,668	0.18900	776,668	100%
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%

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	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total
2013	0.18900	-	0.18900	1.06000	0.11000	1.17000	0.31600	-	0.31600	0.05180	-	0.05180	0.22109	0.10000	0.32109	1.83789	0.21000	2.04789
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

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	2022 Tax Roll			2013 Tax Roll		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
Enterprise FM Trust	\$19,429,908	1	2.2%			
Andrews Apartments LP	10,038,869	2	1.1%			
Oncor Electric Delivery Co	7,180,808	3	0.8%	3,178,430	9	0.5%
Infrastructure Networks Inc	6,617,036	4	0.8%			
Salazar Srvc & Trucking Corp	6,365,136	5	0.7%			
Viva Well Servicing Co., LP	5,343,607	6	0.6%	4,707,263	6	0.8%
Refinery Specilties Inc	4,390,342	7	0.5%			
Brigade Energy Services LLC	4,143,355	8	0.5%			
Benny Boyd Chrysler Dodge Jeep R	4,072,724	9	0.5%			
KV Power, LP	3,896,701	10	0.4%			
Nabors Well Service				14,023,610	1	2.4%
Basic Energy - Permian Reg 201				12,864,360	2	2.2%
Key Energy Service, Inc.				6,527,310	3	1.1%
Apache Corporation				6,066,614	4	1.0%
Viva Support Service				5,244,111	5	0.9%
Basic Energy Services Inc. 100				3,982,900	7	0.7%
Blackhawk Energy Services				3,804,000	8	0.7%
JP Morgan Chase Bank NA				3,155,270	10	0.5%
	<u>\$71,478,486</u>		<u>8.2%</u>	<u>\$ 63,553,868</u>		<u>10.8%</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
2013	\$981	\$958	97.7%	\$20	\$978	99.7%
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%			0.0%

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



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

Calendar Year	City (1.00%)	Economic Development (1) (0.50%)	Property Tax Reduction (1) (0.25%)	Reliever Route Project (1) (0.25%)	Total
2013	\$3,721,433	\$ 1,860,716	\$ 930,358	\$ 930,358	\$7,442,865
2014	\$4,103,131	\$ 2,051,566	\$ 1,025,783	\$ 1,025,783	\$8,206,263
2015	\$3,766,943	\$ 1,883,471	\$ 941,736	\$ 941,736	\$7,533,885
2016	\$2,839,901	\$ 1,419,950	\$ 709,975	\$ 709,975	\$5,679,802
2017	\$3,037,640	\$ 1,518,820	\$ 759,410	\$ 759,410	\$6,075,280
2018	\$3,794,997	\$ 1,897,499	\$ 948,749	\$ 948,749	\$7,589,995
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

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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Ag., Forestry, Fishing, Hunting	-	-	-	-	-	-	-	-	-	-
Mining	\$ 49,522,078	\$ 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
Utilities	-	-	-	-	-	-	-	-	-	-
Construction	23,687,231	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
Manufacturing	12,011,518	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
Wholesale Trade	15,184,915	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
Retail Trade	80,228,874	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
Transportation / Warehousing	3,263,743	1,515,879	1,366,341	1,291,177	864,489	1,377,905	1,651,000	1,412,000	373,215	412,000
Information	-	-	-	3,910,107	5,212,568	5,071,993	5,709,000	6,076,000	4,736,209	3,774,000
Finance, Insurance	517,093	670,089	853,051	425,279	204,445	199,142	137,000	127,000	25,751	37,000
Real Estate, Rental, Leasing	28,324,429	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
Professional, Scientific, Tech. Svc	1,373,442	1,268,743	920,384	537,755	583,446	604,118	716,000	811,000	617,203	681,000
Mgmt of Companies, Enterprises	-	-	-	-	-	-	-	-	-	-
Admin, Supp., Waste Mgt., Remed.	10,072,059	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
Educational Services	-	-	-	-	-	-	-	-	-	-
Health Care, Social Assist.	-	-	-	-	-	160	-	-	31,072	-
Arts, Entertainment, Recreation	731,998	666,525	558,771	620,723	824,702	476,121	725,000	773,000	642,213	639,000
Accommodation, Food Svc.	17,274,028	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
Other Services	8,172,271	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
Public Administration	-	-	-	-	-	-	-	-	-	-
Other	3,984,889	4,168,133	4,785,197	1,504,807	83,770	197,092	-	-	-	104,000
<b>Total</b>	<b>\$254,348,568</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>
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 2022 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)**

	2021				2012			
	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%	\$ -	-	1	0.20%	\$ -	-
Mining	65	11.48%	62,675	22.98%	42	8.47%	49,522	19.47%
Utilities	-	0.00%	-	-	2	0.40%	-	-
Construction	43	7.60%	27,723	10.17%	47	9.48%	23,687	9.31%
Manufacturing	40	7.07%	14,512	5.32%	22	4.44%	12,012	4.72%
Wholesale Trade	22	3.89%	4,397	1.61%	20	4.03%	15,185	5.97%
Retail Trade	182	32.16%	81,696	29.96%	164	33.06%	80,229	31.54%
Transportation, Warehousing	15	2.65%	412	0.15%	20	4.03%	3,264	1.28%
Information	5	0.88%	3,774	1.38%	1	0.20%	-	0.00%
Finance, Insurance	6	1.06%	37	0.01%	7	1.41%	517	0.20%
Real Estate, Rental, Leasing	22	3.89%	29,179	10.70%	28	5.65%	28,324	11.14%
Professional, Scientific, Tech. Svc	26	4.59%	681	0.25%	25	5.04%	1,373	0.54%
Mgmt of Companies, Enterprises	-	0.00%	-	-	-	0.00%	-	-
Admin, Supp., Waste Mgt., Remed.	15	2.65%	1,725	0.63%	19	3.83%	10,072	3.96%
Educational Services	-	0.00%	-	-	1	0.20%	-	-
Health Care, Social Assist.	4	0.71%	-	-	1	0.20%	-	-
Arts, Entertainment, Recreation	5	0.88%	639	0.23%	8	1.61%	732	0.29%
Accommodation, Food Svc.	69	12.19%	31,533	11.56%	44	8.87%	17,274	6.79%
Other Services	46	8.13%	13,602	4.99%	42	8.47%	8,172	3.21%
Public Administration	-	0.00%	-	-	1	0.20%	-	-
Other	1	0.18%	104	0.04%	1	0.20%	3,985	1.57%
<b>Total</b>	<b>566</b>	<b>100.00%</b>	<b>\$ 272,689</b>	<b>100.00%</b>	<b>496</b>	<b>100.00%</b>	<b>\$ 254,349</b>	<b>100.00%</b>

Annual data for 2022 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					
2022	\$ 10,930,000	\$ 188,887.00	\$ -	\$ 5,705,000.00	\$ 601,669.00	\$ 17,425,556	2.41%	2.35%	14,000	\$ 1,245
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
2013	\$ 5,755,000		\$ -	\$ -	\$ -	\$ 5,755,000	0.97%	0.66%	12,702	\$ 453

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 127 for property value data.
- (3) Personal income is disclosed on page 138.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 138.

CITY OF ANDREWS  
Direct and Overlapping Governmental Activities Debt  
September 30, 2022

	Net Debt Outstanding		Estimated Percentage Applicable to City		Amount Applicable to City
Andrews County Hospital District	\$ 30,157,312	(1)	14.34%	(4)	\$ 4,325,728
Andrews Independent School District	26,190,000	(2)	14.58%	(5)	3,819,769
County of Andrews	15,060,000	(3)	13.12%	(6)	1,975,907
Subtotal, Overlapping Debt					10,121,404
City of Andrews Direct Debt					17,425,556
Total Direct and Overlapping Debt					<u>\$ 27,546,960</u>

Sources:

- (1) Obtained from Andrews Hospital District
- (2) Obtained from Andrews Independent School District
- (3) Obtained from Andrews County
- (4) 2020 City assessed value of \$906,285,927 ÷ hospital assessed value of \$4,761,413,078
- (5) 2020 City assessed value of \$906,285,927 ÷ school assessed value of \$4,706,150,770
- (6) 2020 City assessed value of \$906,285,927 ÷ county assessed value of \$5,135,556,094

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 Debt (3)	Payable from Ad Valorem Taxes	Payable from Sales Taxes	Payable from Ad Valorem Taxes	
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
2013	591,353,000	8,870,295	5,755,000	5,755,000	-	655,000	-	8,870,295

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**

<u>Fiscal year</u>	<u>Required Principal Payment</u>	<u>Additional Principal Payment</u>	<u>Required Interest Payment</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>% of Debt Service to Total General Expenditures</u>
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>
2013	12,702	\$655,309	\$51,591	3,768	3.6%
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	*14,000	*\$741,202	*\$52,943	4,190	3.1%

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**  
**2022 and 2012**

Employer	2022		2012	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Andrews Ind. School District	603	7.0%	475	5.5%
Permian Regional Medical Center	450	5.2%	398	4.6%
Andrews County	192	2.2%	173	2.0%
Waste Control Specialists	170	2.0%	144	1.7%
Acquire Oilfield Solutions	165			
KV Power	138	1.6%		
Dennis Porter Inc.	100	1.2%	115	1.3%
City of Andrews	92	1.1%		
Kirby West Company	86	1.0%	198	2.3%
Mustang Well Service	82	1.0%		
Palmer of Texas			128	1.5%
Key Energy Services			146	1.7%
Basic Energy Services			113	1.3%
Nabors Industries			102	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>2013</u>	<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>Full-time Employees by Function</u>										
General Government	12	13	14	14	14	15	15	15	15	14.25
Public safety										
Police	18	20	20	20	20	20	21	22	22	25
EMS	7	9	10	9	10	10	11	12	14	14
Animal Control	1	1	1	1	1	1	2	2	2	2
Economic Development	1	1	1	1	1	1	1	2	2	2
Street	2	2	3	3	3	3	3	3	2.5	5
Water and Sewer	10	11	11	11	11	11	11	12	11	11.75
Sanitation	10	11	11	11	11	11	11	11	11.5	10
Total	<u>61</u>	<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>Part-time Employees by Function</u>										
General Government	3	1	1	2	3	3	3	3	1.38	1
Public safety										
Police (includes School Crossing)	3	6	5	3	3	3	3	3	0.77	0.25
EMS	2	5	11	11	5	5	7	5	1.5	1.5
*Fire	1	1	1	1	1	1	1	1	1	0.5
Economic Development	1	0	0	0	0	0	0	0	0	0
Street	2	1	1	1	0	0	0	0	0.8	0
Water and Sewer	0	2	2	0	0	0	0	0	1.89	1.25
Sanitation	3	3	6	5	4	4	4	5	2.3	2.3
Total	<u>15</u>	<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>
Total full and part-time employees	<u>76</u>	<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>

\*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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Physical arrests	496	496	691	676	497	714	777	638	528	611
Citations issued	1,702	2,051	1,509	3,105	3,164	3,605	2,984	2,241	2,280	2,066
Fire:										
Number of emergency calls	391	503	519	361	433	570	697	635	499	606
Emergency Medical Services										
Number of emergency calls	682	805	845	756	796	916	990	904	1,054	1,117
Number of transfers-out of county	284	276	263	298	334	111	191	191	82	59
Total number of runs	966	1,081	1,108	1,054	1,130	1,037	1,181	1,095	825	831
Animal Control										
Number of calls handled	2,098	2,223	2,147	2,426	2,048	1,983	1,295	1,382	1,909	2,555
Streets										
Street resurfacing (miles)	4.00	4.00	4.00	0.25	0.57	2.00	5.50	-	7.34	6.00
Potholes repaired (estimated)	67	109	100	378	421	457	532	560	575	570
Water										
New connections	133	109	68	68	68	54	56	57	53	67
Service calls	7,937	12,367	12,522	9,566	11,689	8,580	8,402	3,144	3,715	6,022
Avg. consumption/day (thousand gallons)	2,687	2,779	2,378	2,293	2,122	2,269	2,042	2,337	2,125	2,299
Sewer										
Service calls	251	233	208	186	151	148	160	182	159	120
Wastewater										
Avg. sewage treated/day (thousand gallons)	1,090	1,101	1,061	982	1,110	1,021	1,157	1,127	871	1,112

\*\*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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	45	47	47
Public works:										
Streets (miles)										
Paved	82.82	86.64	89.17	89.25	89.30	89.30	89.30	89.30	89.30	89.50
Graded	4.96	4.96	6.30	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Sidewalks	40.10	40.10	40.10	40.18	40.20	40.22	40.22	40.22	40.22	40.25
Alleys	43.12	43.12	43.12	43.67	43.69	43.69	43.69	43.69	43.69	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	8	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	4,814	4,897	4,940	4,900	4,945	5,010	5,050	5,064	5,059	5,059
Water mains (miles)	185.49	187.37	187.56	188.36	188.36	188.46	190.21	190.21	190.21	190.35
Fire hydrants	240	250	251	251	251	252	265	267	267	267
Maximum daily consumption (thousands of gallons)	5,321	5,575	4,512	4,520	4,212	3,972	6,410	6,410	4,275	5,238
M/gallons pumped	980,665	1,014,260	867,851	836,959	774,651	828,342	745,150	853,119	775,475	839,231
M/gallons billed	856,339	842,423	726,683	723,599	730,988	793,475	704,353	810,770	738,217	792,878
Sewer and wastewater										
Sanitary sewers (miles)	97.86	98.35	98.52	98.57	98.57	98.67	99.17	99.17	99.17	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	1.6 (2)	7.2	7.2	7.2	7.2	7.2	7.2	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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**City of Andrews, Texas**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2022**

<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	<u>\$1,363,917</u>
<b>TOTAL FEDERAL DIRECT AWARDS</b>			<u>\$1,363,917</u>

**City of Andrews, Texas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2022**

**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, 2022.

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, 2022 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, 2022, 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 9, 2023.

**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.

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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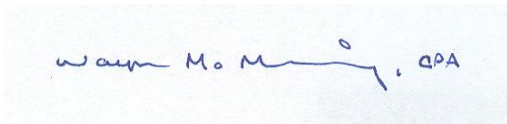
The Honorable Mayor and Members of the City Council  
City of Andrews, Texas  
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### **Compliance and Other Matters**

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". The signature is written in a cursive style.

Wayne M. Manning, CPA  
Andrews, Texas  
March 9, 2023

**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, 2022. 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, 2022.

*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.



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

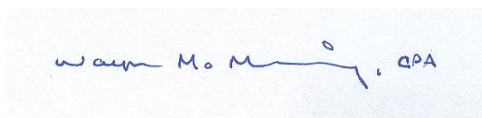
### Report on Internal Control over Compliance

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".

Wayne M. Manning, CPA  
Andrews, Texas  
March 9, 2023

**City of Andrews, Texas**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2022

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

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

**Federal Awards**

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

Internal control over major program:

- Material weakness(es) identified? \_\_\_\_Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_Yes X 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 X 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:	\$1,363,917
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Dollar threshold used to distinguish between Type A and Type B state programs:	\$750,000
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Auditee qualified as low-risk auditee for federal single audit? X Yes \_\_\_\_No

<b>Section 2. Financial Statement Findings</b>	None
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<b>Section 3. Federal Award Findings and Questioned Costs</b>	None
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<b>Section 4. Schedule of Prior Year Findings and Questioned Costs</b>	None
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CITY OF ANDREWS  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2022

**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.