



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF ANDREWS, TEXAS

For the Fiscal Year
October 1, 2020 through September 30, 2021

Issued by:
Finance Department
Ashton Jones, Director

City of Andrews, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2021

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INTRODUCTORY SECTION

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March 10, 2022

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

The Finance Department and the City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Andrews, Texas, for the fiscal year ended September 30, 2021. The purpose of the CAFR is to provide accurate and meaningful information concerning the City's financial condition and performance. Independent auditors have verified that the City has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

City Profile

The City of Andrews, population 13,487, is located in the oil-rich Permian Basin in West Texas, thirty miles from the New Mexico border. It is approximately 100 miles south of Lubbock, Texas, and thirty-five miles north of Midland and Odessa, Texas. Located in Andrews County, it is the only town in the County and serves as the county seat. Commercial air travel is available through Midland International Airport.

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

The City provides to its citizens those services that have proven to be necessary and meaningful the City can provide at the least cost. Major services provided under general government and enterprise functions 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 '10s as the United States climbed out of recession. With rising energy prices as its catalyst, the local economy became one of the most rapidly growing in the nation, resulting in hundreds of new jobs and a population influx that has held to present date.

During FY 2021, the region – like the rest of the world – has been tasked with responding to the COVID-19 pandemic. The onset of the pandemic at the beginning of calendar year 2020 had a severe impact on the region. With the local economy still largely tied to the price of oil, the region experienced a ‘double whammy’ scenario because of the pandemic and low oil prices. Many local businesses were forced to lay off employees or close their doors.

Even with the pronounced downturn at the outset of the pandemic, the economic recovery has been quicker and more robust than initially expected. The last six months sale tax receipts for FY 2021 returned to pre-pandemic levels.

At the end of FY 2021, the price per barrel of WTI crude sat at \$75.03, up from \$39.63 per barrel at the beginning of FY 2021. According to the Texas Railroad Commission, oil production in Andrews County increased to 39.4 million barrels in calendar year 2021 from 38.0 million in calendar year 2020. Despite wide swings in oil prices and a drop in national oil production, Andrews County has consistently averaged over 37.0 million barrels since fiscal year 2014. Due to the negative impact of the pandemic and low oil prices during the first half of FY2021, revenues for sales tax – a strong indicator of local oil activity – decreased 12.0% from 2020 to 2021.

According to the Texas Workforce Commission, the civilian labor force in Andrews County dropped from 9,153 in September 2020 to 8,664 in September 2021. The unemployment rate, however, also decreased from 9.5% to 5.1% during this same period. The September 2021 unemployment rate of 5.1% is slightly lower than the state level of 5.6% and slightly higher than the federal level of 4.7%

How the oil industry fares during this economic slowdown will play a significant role to what extent the local region is able to recover from the current recession. Local sales tax figures for the first four months of FY 2022 show an increase of 12.6% from the same period in FY 2021.

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. In 2020, the City and the Andrews Economic Development Corporation 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.

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

Replace and/or upgrade all water meters with “smart meters” – In 2018, the City began a multi-year project to replace all residential water meters within the city with “smart meters” by 2022. These meters will eventually allow both the City and customers to instantaneously monitor and collect water consumption information.

Resurface all arterial roads within the city limits by 2030 – In 2020, the City had an engineering firm professionally grade all roads within the city limits to help create and prioritize an effective resurfacing strategy. In 2021, the City initiated the process of resurfacing arterial roads within the city limits.

Improve water pressure and volume throughout the City –An initiative began in 2019 to replace old 2” water lines with larger PVC lines in at least 50 alleys by 2024. Beginning in FY 2022, the City plans to begin systematically replacing over 2% of its water lines each year.

Rehabilitate or replace wastewater lines as necessary – In 2019, the City began a program to video the inside of major wastewater lines to identify lines needing to be rehabilitated or replaced. In 2020, a large section of wastewater line running along NE Mustang drive was replaced. Beginning in FY 2022, the City plans to begin systematically replacing over 1% of its sewer lines each year.

All of 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 Comprehensive Annual Financial Report for the fiscal year ended September 30, 2020. 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-first consecutive year that the municipal government has received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year beginning October 1, 2021. 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 tenth consecutive year that the municipal government has received this award.

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

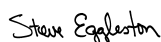
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion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

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

Request for Information

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

Respectfully submitted,



Steve Eggleston
City Manager



Ashton Jones
Director of Finance

CITY OF ANDREWS, TEXAS
List of Elected and Appointed Officials
September 30, 2021

Elected Officials

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

Appointed Officials

Steve Eggleston	City Manager
Matt Wade	City Attorney
Sara Copeland	City Secretary
Debbie Gomez	Municipal Judge

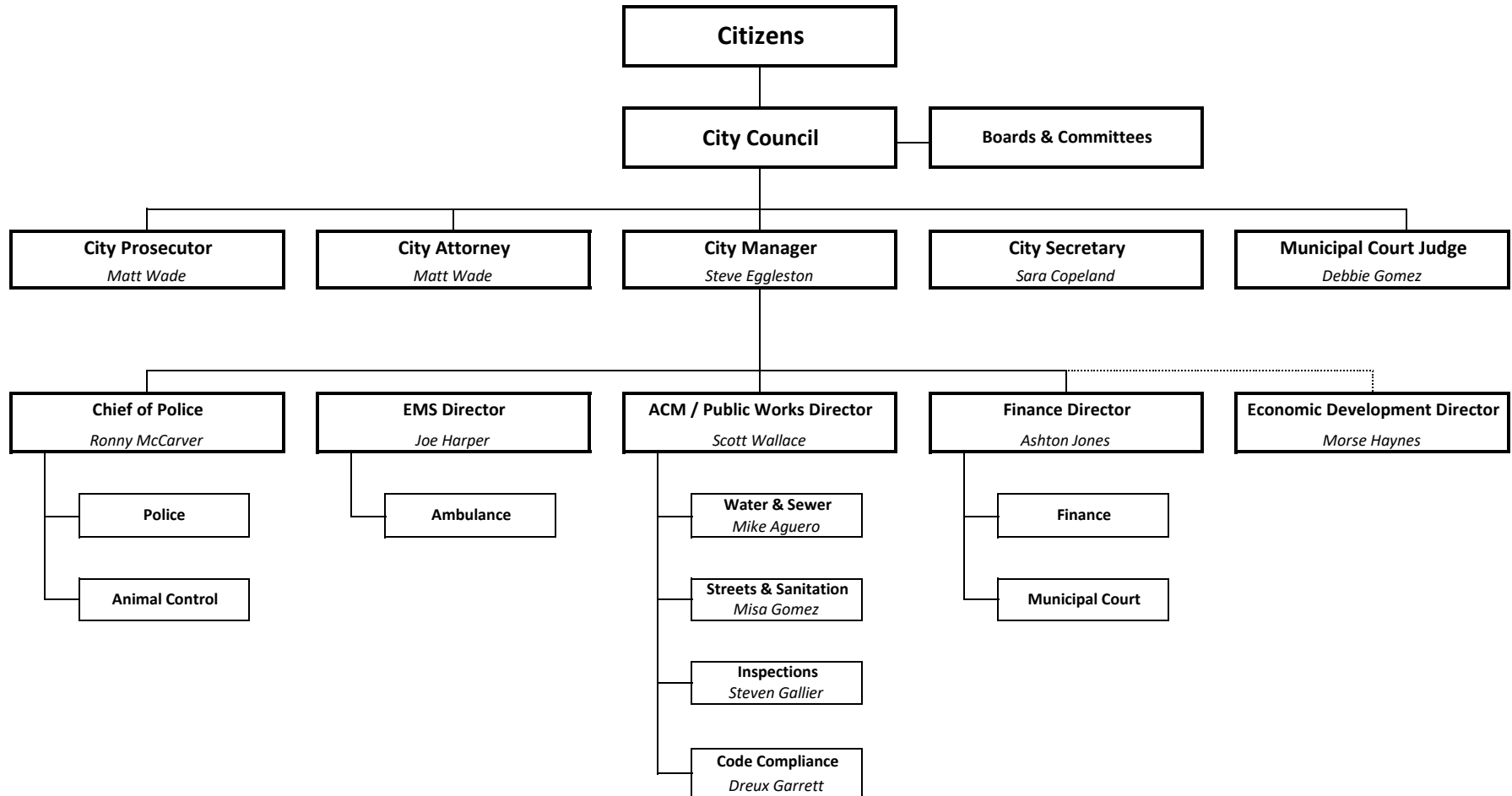
Finance Staff

Ashton Jones	Director of Finance
Robyn Abney	Administrative Specialist
Alyson Garrett	Administrative Specialist
Maria Jimenez	Administrative Specialist
Rena Black	Cashier
Daisy Huckaby	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, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Andrews, Texas (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Andrews, Texas as of September 30, 2021, and the respective changes in financial position, cash flows, where applicable, and the budgetary (GAAP) basis) and actual comparison for the general fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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



Texas Society of
Certified Public Accountants

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



We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

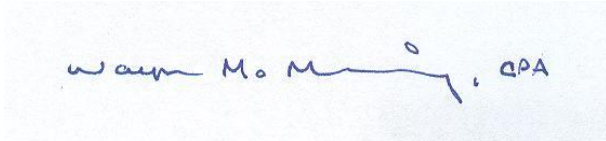
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the individual fund budgetary comparison schedule, and statistical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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Andrews, Texas
February 15, 2022

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, 2021. Readers are encouraged to consider the information included in the transmittal letter and in the other sections of the Comprehensive Annual Financial Report (CAFR) e.g., combining statements, and the statistical section in conjunction with the MD&A.

FINANCIAL HIGHLIGHTS

The following financial highlights summarize the City's financial position for the fiscal year ending September 30, 2021.

Government-wide

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2021 fiscal year by \$73,288,973 (*net position*). Of this amount, \$18,310,986 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- During 2021, the City's total net position increased \$1,725,936, or 2.41%, related to operations. The net position of business-type activities increased by \$1,331,505, or 4.61%, from operations. The net position of governmental activities increased by \$394,431, or .92%, from operations.
- Total expenses of all the City's programs were \$18,439,082 in 2021.

Fund Statements

- As of September 30, 2021, the City's governmental funds reported combined fund balances of \$19,593,332, an increase from prior year of \$1,052,756. Of this total amount, \$6,709,265 or approximately 34.2%, 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 \$6,709,265, or 63.8% of the General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

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

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

- **Governmental Activities** – Most of the City's basic functions are reported here, including general government, public safety, and public works. Property taxes, sales taxes and franchise fees provide the majority of funding for these activities, with the addition of charges for services, grants and contributions.
- **Business-type Activities** – The City charges a fee to customers to help recover all or most of the cost of certain services it provides. The City's water and sewer system is reported here, as well as sanitation operations.
- **Component Units** – The City maintains one component unit, the Andrews Economic Development Corporation (AEDC). Although legally separate, this component unit is important because the City is financially accountable for them. The City includes the AEDC as a discretely presented component unit on the government-wide statements because it does not function as an integral part of the primary government. Financial information for the AEDC is reported separately from the financial information presented for the primary government itself. Supplementary information for the AEDC can be found on pages 127-129.

The government-wide financial statements can be found on pages 26-27 of this report.

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

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

The City maintains 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 100-101 of this report.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

- **Proprietary Funds** – *Enterprise funds*, a type of proprietary fund, are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water/sewer and sanitation operations. The City does not currently use any *internal service funds*. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Sewer and Sanitation funds since both are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 33-34 of this report.
- **Fiduciary Funds** – *Fiduciary funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources are not available to support the City's own programs. *Agency funds*, a type of fiduciary fund, are used to report resources held by the City in a purely custodial capacity (assets=liabilities) for individuals, private organizations and other governments. The City maintains two agency funds. The Escrow Fund is used to report resources held for developers for curb and gutter, paving, and water and sewer extensions. The Employee Christmas Fund is used to report resources held for participating employees in a Christmas savings account. The agency funds financial statements can be found on page 36 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 39-73.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 77-80 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 \$73,288,973 at the close of the most recent fiscal year.

Net Position for the City of Andrews

\$000	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current & other assets	\$21,353	\$20,097	\$6,663	\$5,924	\$28,016	\$26,021
Capital assets (net)	36,983	38,082	26,155	25,608	63,138	63,690
Total assets	58,336	58,179	32,818	31,532	91,154	89,712
Deferred Outflows	689	667	256	247	945	914
Long-term liabilities	14,396	14,903	1,968	2,030	16,364	16,933
Other liabilities	792	636	590	612	1,382	1,248
Total liabilities	15,188	15,539	2,558	2,642	17,746	18,181
Deferred Inflows	758	624	305	257	1,063	881
Net Position:						
Invested in Capital Assets	25,930	26,733	26,155	25,608	52,085	52,341
Restricted	2,013	302	880	840	2,893	1,142
Unrestricted	15,135	15,649	3,175	2,431	18,310	18,080
Total net position	\$43,078	\$42,684	\$30,210	\$28,879	\$73,288	\$71,563

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

The largest portion of the City's net position (71.07%) reflects its investment in capital assets (e.g. land, building, equipment, improvements, and infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.95%) represents resources subject to external restrictions on how they may be used. The remaining balance of \$18,310,986 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.

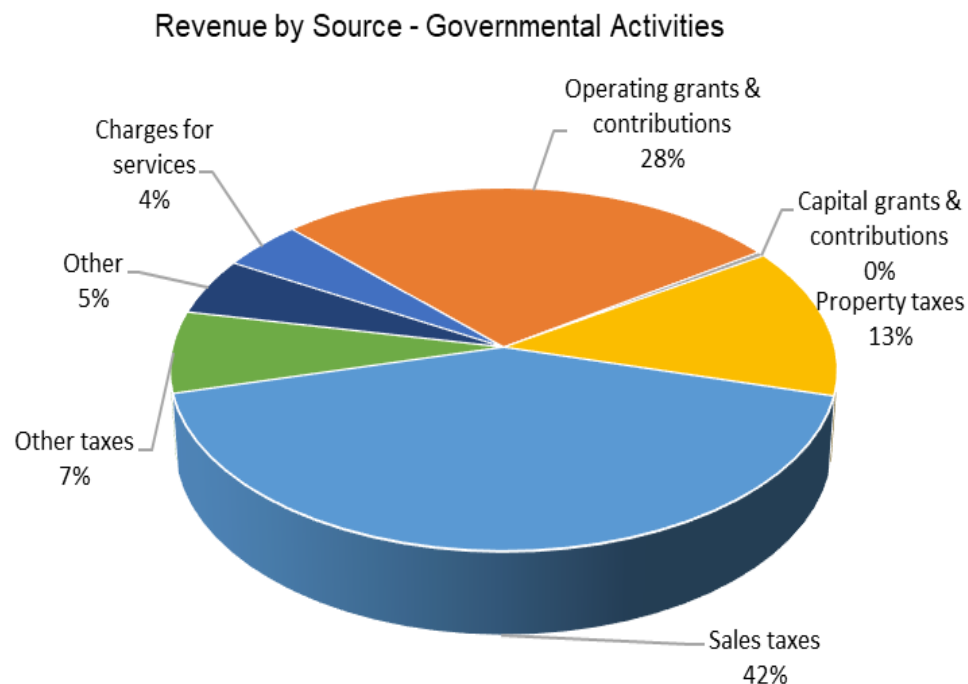
City of Andrews' Changes in Net Position

\$000	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Fees, fines & charges for service	\$ 560	\$ 580	\$6,781	\$6,665	\$7,341	\$7,245
Operating grants & contributions	3,500	2,489	-	-	3,500	2,489
Capital grants & contributions	52	17	504	-	556	17
General revenues:						
Property taxes	1,706	1,701	-	-	1,706	1,701
Sales tax	5,280	6,004	-	-	5,280	6,004
Franchise fees	705	719	-	-	705	719
Other	217	283	-	-	217	283
Miscellaneous Revenue	528	423	165	159	693	582
Investment income	108	263	6	55	114	318
Gain on disposition of assets	-	-	42	17	42	17
Transfers	11	-	-	-	11	-
Total revenues	12,667	12,479	7,498	6,896	20,165	19,375
Expenses:						
General government & admin	2,188	2,088	-	-	2,188	2,088
Public safety	5,581	5,216	-	-	5,581	5,216
Highways & streets	2,633	2,515	-	-	2,633	2,515
Culture-recreation	1,065	1,205	-	-	1,065	1,205
Economic development	386	415	-	-	386	415
Interest	419	428	-	-	419	428
Water & sewer	-	-	4,257	4,795	4,257	4,795
Sanitation	-	-	1,910	1,894	1,910	1,894
Total expenses	12,272	11,867	6,167	6,689	18,439	18,556
Increase/(decrease) before transfers	395	612	1,331	207	1,726	819
Transfers	-	(1,015)	-	1,015	-	-
Change in net position	395	(403)	1,331	1,222	1,726	819
Net position – beginning	42,683	43,052	28,880	27,658	71,563	70,710
Prior Period Adjustment	-	34	-	-	-	34
Net position - ending	\$43,078	\$42,683	\$30,211	\$28,880	\$73,289	\$71,563

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$394,431 or .92% from the prior year for an ending balance of \$43,078,040. Key elements of this change are as follows:

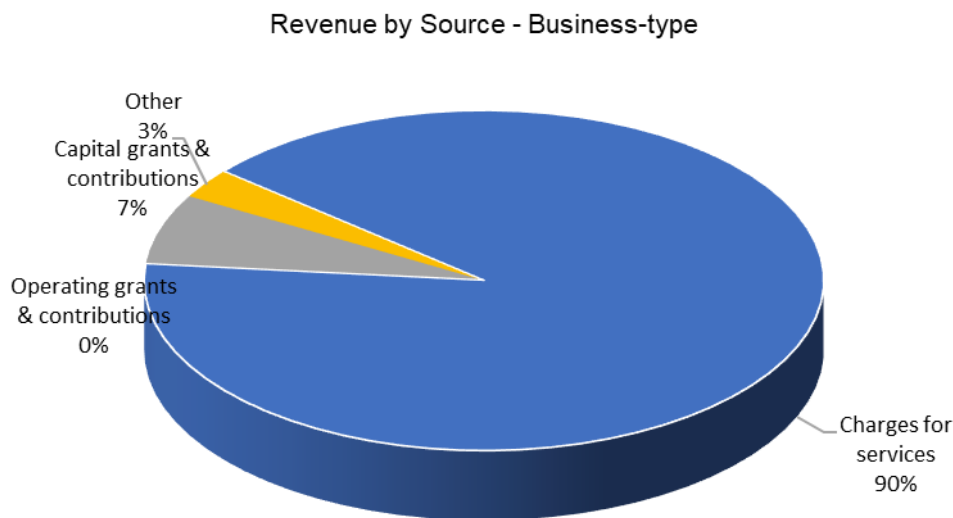
- Sales Tax Revenues decreased \$585,497 as a result of COVID-19 crisis and decreased business activity in the region.
- Operating Grants and Contributions increased by \$964,402 due to receiving 1,748,006 in a grant from the American Rescue Plan Act. Last year, a grant of \$805,915 was received for the Corona Virus Relief Fund.
- The largest increase in expenses was in the area of public safety at \$1,088,396 due to an increase in payroll in fiscal year 2020 \$805,915 of police payroll was paid for by the Corona Virus Relief Funding. The EMS department also switched to 24 hour shifts from 19 hour shifts which increased their expenses from the prior year by \$191,396.
- The street expenses increased of \$118,118 due mainly to fiscal year 2021 being the first year a portion of the City's reliever route was seal coated.
- Building Services expenses increased \$100,459 due primarily to reallocating labor costs previously split between streets and building services fully to building services..



CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Business-type Activities. During the current fiscal year, net position for business-type activities increased \$1,331,505 or 4.61% from the prior year for an ending balance of \$30,210,933. Key elements of this change are as follows:

- Water and sewer charges for services did cover expenses by \$496,531. Water and sewer charges for services increased \$165,517 due to an increase in the water rates effective 10/1/2020. Expenses decreased 538,359 mainly due to maintenance and repairs which includes replacing water and sewer lines.
- Sanitation charges for services did cover operating expenses causing an income from operations of \$118,538. Revenue decreased \$48,537 and personnel expenses decreased \$57,820. Depreciation increased \$68,083 due to the purchase of two new sanitation trucks in the prior year.



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, 2021, the City's governmental funds reported combined fund balances of \$19,593,332, an increase of \$1,052,756 in comparison with the prior year. Approximately 34.2% of this amount (\$6,709,265) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *restricted* for particular purposes (\$1,983,996), *committed* for particular purposes (\$8,276,326), *nonspendable* (\$28,683), or *assigned* for particular purposes (\$2,595,062).

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

The general fund is the chief operating fund of the City. The fund balance of the City's general fund decreased \$337,623 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 63.8% of total general fund expenditures, while total fund balance represents approximately 162.8% of that same amount.

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

- \$561,390 decrease in total revenues – decrease in property and sales tax revenues of \$585,497, in franchise tax revenue of \$13,426, in fines and court costs of \$19,630 and investment income of \$144,680. All revenue decreased in correlation with the COVID-19 pandemic.
- \$897,010 increase in total expenditures – increase in public safety payroll expenditures of \$1,088,396, the majority related to no Corona Virus Relief Fund reimbursement in fiscal year 2021.

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 100-101 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 \$2,782,218 for the Water and Sewer Fund and \$393,658 for the Sanitation Fund. Overall, water and sewer net position increased by \$1,171,817 while sanitation net position increased by \$159,688. As noted earlier in the discussion of business-type activities, the increase for the Water and Sewer Fund results primarily from the increase in water rates and decreased expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. The City Council approved additional appropriations of \$1,225,421 to the original General Fund budget as follows (1) \$259,810 for adjustments of the police officers pay scale, (2) \$152,000 for the architect fees related to the new City Hall, (3) \$201,750 for a new roof for City Hall and the EMS Building, (4) \$50,000 for the community services fund, (5) \$50,000 for the Prairie Lane Ribbon.

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	\$3,250,000	\$3,516,511	\$266,511
Reliever Route Tax	812,500	879,128	66,628
Investment Income	220,000	107,690	(112,310)

Sales tax revenues for the City trend with wide fluctuations in oil prices. Sales tax revenues were lower than last year due to COVID-19 and decreased business activity in the region. Investment Income was lower due to lower interest rates.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Total actual expenditures fell short of the budgeted expenditures by \$232,486. Capital expenditures of \$222,894 for the police vehicles budgeted in 2021 were not completed in 2021.

CAPITAL ASSETS

The City of Andrews investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$63,138,446 net of accumulated depreciation. This investment in capital assets includes land, building, equipment, improvements, and infrastructure. The City's total investment in capital assets for the fiscal year decreased .87%.

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

- The purchase of two Chevy Tahoes for the inspection department for 111,058.
- The South Loop Drainage Issue for \$885,099.
- Pool improvements totaling \$141,541.
- The water department began many capital projects but they were not completed including drilling two new DCP wells for \$192,873, 20" pipeline from Florey to Mustang for \$150,755 and the 500K groundwater storage tank for \$110,068.
- Replace and upgrade approximately 600 water meters at a cost of \$278,730.
- The purchase of a backhoe for the water department for \$117,050.
- The purchase of a bulldozer for the sanitation department for \$409,960.

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

\$000	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$1,409	\$1,409	\$3,294	\$3,294	\$4,703	\$4,703
Buildings	5,509	5,733	3,345	3,366	8,854	9,099
Improvements other than buildings	4,477	4,675	23	27	4,500	4,702
Infrastructure	23,527	23,754	-	-	23,527	23,754
Machinery & Equipment	2,061	2,513	2,106	2,410	4,167	4,923
Water & Sewer System	-	-	17,387	16,511	17,387	16,511
Total	\$36,983	\$38,082	\$26,155	\$25,608	\$63,138	\$63,692

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt outstanding of \$11,250,000, 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.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Outstanding Debt at Year-end

\$000	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$11,250	\$11,555	\$ -	\$ -	\$11,250	\$11,555
Pension related debt	2,346	2,614	928	1,037	3,274	3,651
Total	\$13,596	\$14,169	\$928	\$1,037	\$14,524	\$15,206

The City's total debt decreased by \$681,702 or 4.5% 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, 2021 was 6.89%.

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 2022 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. Sales tax revenues for FY2020 before the COVID-19 outbreak were trending over budget. During the COVID-19 outbreak, oil prices plummeted and sales tax revenues had been trending around budgeted levels. The oilfield has started to turn around and the sales tax revenues have been trending above budget. Sales tax revenues for 2022 are budgeted with a conservative \$400,000 increase compared to 2021 budget.
- Taxable assessed property values for the City increased 2.5% in 2021 to \$928,634,033. The City was able to decrease the ad valorem tax rate from \$.181917 to .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 2022, water rates increased by 3%.
- Sanitation collection rates will remain the same for 2022.
- The City's full-time employee headcount is budgeted to increase by five in 2022 as the City adds 3 new police officers, a full time janitor and an accountant to the finance department.
- New Capital expenditures for fiscal year 2022 are budgeted at \$11.3 million. Of this total, 5 million is directed towards the replacement of the Florey water line, \$0.5 Million to finish the meter changeout project, \$0.6 million for a 500K gallon ground storage tank at Florey, \$0.5 million for the Florey booster station discharge header, \$0.4 million to seal coat the loop, and \$0.3 million to purchase four new Chevy Tahoes for the police department. All the projects mentioned involving the Florey wellfield are being financed by Andrews Economic Development Corporation.

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.

BASIC FINANCIAL STATEMENTS

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City of Andrews, Texas
Government-wide Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental	Business Type		Andrews Econ.
	Activities	Activities	Total	Dev. Corp.
ASSETS				
Cash and cash equivalents	\$ 17,988,348	\$ 4,947,303	\$ 22,935,651	\$ 6,425,237
Investments	1,663,056	700,849	2,363,905	1,509,871
Receivables (net of allow. for doubtful accts)	1,701,888	707,210	2,409,098	157,376
Due from other funds	-	160,068	160,068	-
Inventories	-	146,275	146,275	-
Prepaid items	-	953	953	-
Capital Assets:				
Land	1,408,535	3,294,007	4,702,542	2,501,759
Building	8,708,749	4,219,278	12,928,027	-
Improvements other than buildings	8,257,315	75,647	8,332,962	773,883
Infrastructure	32,459,236	-	32,459,236	-
Water & sewer systems	-	32,753,536	32,753,536	-
Machinery & equipment	6,524,726	5,048,864	11,573,590	7,559
Accumulated depreciation	(20,375,584)	(19,235,843)	(39,611,427)	(208,770)
Total Assets	<u>58,336,269</u>	<u>32,818,147</u>	<u>91,154,416</u>	<u>11,166,915</u>
DEFERRED OUTFLOWS				
Pension Related (TMRS):				
Difference between expected and actual experience	-	-	-	-
Difference between projected and actual earnings	272,858	104,806	377,664	-
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	3,119	-	3,119	-
Deferred pension contributions	10,467	-	10,467	-
Total Deferred Outflows	<u>688,568</u>	<u>255,803</u>	<u>944,371</u>	<u>5,902</u>
LIABILITIES				
Accounts payable	476,209	282,700	758,909	344,716
Accrued Interest Payable	127,485	-	127,485	-
Other payables	178,843	13,280	192,123	160,754
Customer Deposits	10,000	294,255	304,255	-
Noncurrent liabilities				
Due within one year	329,062	2,000	331,062	-
Due in more than one year	14,067,366	1,965,788	16,033,155	48,510
Total Liabilities	<u>15,188,965</u>	<u>2,558,023</u>	<u>17,746,988</u>	<u>553,980</u>
DEFERRED INFLOWS				
Pension Related (TMRS):				
Difference between expected and actual experience	707,271	304,995	1,012,266	6,074
Difference between projected and actual earnings	-	-	-	1,331
Pension Related (TESRS):				
Difference between expected and actual experience	32,129	-	32,129	-
Difference between projected and actual earnings	18,430	-	18,430	-
Total Deferred Inflows	<u>757,830</u>	<u>304,995</u>	<u>1,062,825</u>	<u>7,405</u>
NET POSITION				
Net investment in capital assets	25,930,250	26,155,489	52,085,740	3,074,431
Nonspendable				
Confiscated funds	28,683	-	28,683	-
Restricted for:				
Confiscated for police investigations	9,056	-	9,056	-
Law enforcement education programs	13,731	-	13,731	-
General obligation debt	127,485	-	127,485	-
Hotel Occupancy Tax	85,634	-	85,634	-
Landfill Closure	-	879,568	879,568	-
Grant Restrictions	1,748,090	-	1,748,090	-
Unrestricted	15,135,111	3,175,876	18,310,986	7,537,001
Total Net Position	<u>\$ 43,078,040</u>	<u>\$ 30,210,933</u>	<u>\$ 73,288,973</u>	<u>\$10,611,431</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, 2021

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	Primary Government			
					Governmental Activities	Business -type Activities	Total	
Primary Government:								
Governmental activities:								
General gov't and admin	\$ 2,188,053	\$ 81,293	\$ -	\$ -	\$ (2,106,760)	\$ -	\$ (2,106,760)	
Public safety	5,581,014	371,324	3,450,370	38,088	(1,721,232)	-	(1,721,232)	
Highways and streets	2,633,496	-	-	-	(2,633,496)	-	(2,633,496)	
Culture - recreation	1,065,481	52,022	-	13,658	(999,801)	-	(999,801)	
Economic development	385,909	54,950	50,000	-	(280,959)	-	(280,959)	
Interest	418,701				(418,701)	-	(418,701)	
Total Governmental Activities	12,272,654	559,589	3,500,370	51,746	(8,160,949)	-	(8,160,949)	
Business-type activities:								
Water and sewer	4,256,597	4,753,126	-	503,696	-	1,000,225	1,000,225	
Sanitation	1,909,831	2,028,370	-	-	-	118,539	118,539	
Total Business-type Activities	6,166,428	6,781,496	-	503,696	-	1,118,764	1,118,764	
Total Primary Government	\$ 18,439,082	\$ 7,341,085	\$ 3,500,370	\$ 555,442	(8,160,949)	1,118,764	(7,042,185)	
Component Unit:								
Andrews Economic Dev. Corp.	\$ 1,213,924	\$ -	\$ -	\$ -				\$ (1,213,924)
Total Component Unit	\$ 1,213,924	\$ -	\$ -	\$ -				\$ (1,213,924)
General revenues:								
Taxes								
Property					1,706,226	-	1,706,226	-
Sales					5,280,382	-	5,280,382	1,758,256
Franchise					705,078	-	705,078	-
Other					216,906	-	216,906	-
Miscellaneous revenue					528,061	164,726	692,787	-
Investment income					108,201	6,064	114,265	28,132
Gain on disposition of assets					-	41,950	41,950	-
Transfers					10,527	-	10,527	-
Total general revenues and transfers					8,555,381	212,740	8,768,121	1,786,388
Change in net position					394,432	1,331,504	1,725,936	572,464
Net position, beginning					42,683,609	28,879,428	71,563,037	10,038,966
Prior Period Adjustment					-	-	-	-
Net position, ending					\$ 43,078,041	\$ 30,210,932	\$ 73,288,973	\$ 10,611,430

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

City of Andrews, Texas
Governmental Funds
Balance Sheet
September 30, 2021

	General Fund	Debt Service Fund	American Rescue Plan Funds	Reliever Route Funds	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 15,496,088	-	\$ 1,748,090	\$ 513,238	\$ 230,932	17,988,348
Investments	1,663,056	-	-	-	-	1,663,056
Due from Other Funds	-	127,485	-	-	-	127,485
Receivables (net of allowance for uncollectibles)						-
Ad valorem taxes	192,787	-	-	-	-	192,787
Sales taxes	610,018	-	-	-	-	610,018
Miscellaneous	17,163	-	-	-	-	17,163
Interest	3,473	-	-	-	-	3,473
Total Assets	<u>\$ 17,982,585</u>	<u>\$ 127,485</u>	<u>\$ 1,748,090</u>	<u>\$ 513,238</u>	<u>\$ 230,932</u>	<u>\$ 20,602,330</u>
DEFERRED OUTFLOWS	-	-	-	-	-	-
LIABILITIES						
Accounts payable	\$ 476,209	\$ -	\$ -	\$ -	\$ -	476,209
Due to other funds	-	-	-	127,485	-	127,485
Other payables	178,843	-	-	-	-	178,843
Customer deposits	3,675	-	-	-	10,000	13,675
Unearned revenue	212,787	-	-	-	-	212,787
Total Liabilities	<u>871,514</u>	<u>-</u>	<u>-</u>	<u>127,485</u>	<u>10,000</u>	<u>1,008,999</u>
DEFERRED INFLOWS	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable						
Confiscated funds			-	-	28,683	28,683
Restricted:						
Confiscated funds for police investigations	-	-	-	-	9,056	9,056
Law enforcement education programs	-	-	-	-	13,731	13,731
General obligation debt	-	127,485	-	-	-	127,485
Hotel Occupancy Tax			-	-	85,634	85,634
Grant Restrictions			1,748,090			1,748,090
Committed:						
Capital improvement projects	7,620,237	-	-	-	-	7,620,237
Ambulance services	186,508	-	-	-	-	186,508
Reliever Route maintenance	-	-	-	385,753	-	385,753
Court technology projects	-	-	-	-	10,294	10,294
Child safety seat purchases	-	-	-	-	532	532
Court security projects	-	-	-	-	57,748	57,748
Local Truancy Prevention			-	-	14,955	14,955
Municipal Jury Fund			-	-	299	299
Assigned:						
Pension Liability	2,427,912	-	-	-	-	2,427,912
Adult education programs	120,655	-	-	-	-	120,655
Litter Control	35,399	-	-	-	-	35,399
Police investigation	11,096	-	-	-	-	11,096
Unassigned	<u>6,709,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,709,265</u>
Total fund balances (deficits)	<u>17,111,072</u>	<u>127,485</u>	<u>1,748,090</u>	<u>385,753</u>	<u>220,932</u>	<u>19,593,332</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 17,982,586</u>	<u>\$ 127,485</u>	<u>\$ 1,748,090</u>	<u>\$ 513,238</u>	<u>\$ 230,932</u>	<u>\$ 20,602,331</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, 2021

Total Fund Balances - Governmental Funds	\$	19,593,332
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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.		36,982,976
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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.		(14,589,502)
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Deferred income is not revenue in the current period and therefore is not reported in the Statement of Net Position.		212,787
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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.		878,447
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Net Position of Governmental Activities	\$	43,078,040
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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, 2021

	General Fund	Debt Service Fund	American Rescue Plan Fund	Reliever Route Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 6,108,548	-	-	879,128	\$ 183,712	\$ 7,171,388
Franchise fees	705,078	-	-	-	-	705,078
License, permits, fees	89,594	-	-	-	-	89,594
Charges for services	52,022	-	-	-	-	52,022
Fines and court costs	235,042	-	-	-	34,201	269,243
Miscellaneous	513,011	-	-	-	-	513,011
Investment income	107,690	-	84	347	80	108,201
Intergovernmental revenue	1,848,992	-	-	-	-	1,848,992
Grant income	88,088	-	1,748,006	-	1,629	1,837,723
Contributions	-	-	-	-	-	-
Total Revenues	9,748,065	-	1,748,090	879,475	219,622	12,595,252
EXPENDITURES						
Current:						
General governmental and administration	2,103,010	-	-	-	5,071	2,108,081
Public safety	5,074,879	-	-	-	990	5,075,869
Highway and streets	1,240,943	-	-	98,187	-	1,339,130
Culture-recreation	419,515	-	-	-	229,152	648,667
Economic development	141,104	-	-	-	-	141,104
Debt service:						
Principal	-	305,000	-	-	-	305,000
Interest	-	418,701	-	-	-	418,701
Capital outlay:						
General governmental and administration	54,369	-	-	-	-	54,369
Public safety	134,990	-	-	-	-	134,990
Highway and streets	933,425	-	-	-	-	933,425
Culture-recreation	408,739	-	-	-	-	408,739
Economic development	-	-	-	-	-	-
Total Expenditures	10,510,975	723,701	-	98,187	235,213	11,568,076
Excess (deficiency) of revenues over (under) expenditures	(762,909)	(723,701)	1,748,090	781,288	(15,591)	1,027,177
OTHER FINANCING SOURCES (USES)						
Transfer in	425,285	723,701	-	-	-	1,148,986
Transfers out	-	-	-	(1,123,407)	-	(1,123,407)
Lawsuit settlement	-	-	-	-	-	-
Total other financing sources (uses)	425,285	723,701	-	(1,123,407)	-	25,579
Net Change in Fund Balance	(337,624)	-	1,748,090	(342,119)	(15,591)	1,052,756
Fund balance, beginning	17,448,695	127,485	-	727,872	236,524	18,540,576
Prior Period Adjustment	-	-	-	-	-	-
Fund balance, ending	\$ 17,111,071	\$ 127,485	\$ 1,748,090	\$ 385,753	\$ 220,933	\$ 19,593,332

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, 2021

Net Change in Fund Balance - Governmental Funds	\$ 1,052,756
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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).	(1,099,122)
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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.	305,000
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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;">135,799</div>
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Change in Net Assets of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 394,433</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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 5,757,856	\$ 5,757,856	\$ 6,108,548	\$ 350,692
Franchise fees	710,000	710,000	705,078	(4,922)
License, permits, fees	35,850	35,850	89,594	53,744
Charges for services	65,000	65,000	52,022	(12,978)
Fines and court costs	320,650	320,650	235,042	(85,608)
Miscellaneous	513,336	513,336	513,011	(325)
Investment income	220,000	220,000	107,690	(112,310)
Intergovernmental revenue	1,842,335	1,842,335	1,848,992	6,657
Grant income	50,000	50,000	88,088	38,088
Total Revenues	<u>9,515,027</u>	<u>9,515,027</u>	<u>9,748,065</u>	<u>233,038</u>
EXPENDITURES				
Current				
General gov't and admin	2,084,759	2,134,759	2,103,010	31,749
Public safety	4,809,803	5,071,533	4,268,964	802,569
Highways and street	650,702	650,702	1,240,943	(590,241)
Culture - recreation	476,963	476,963	419,515	57,448
Economic development	158,673	158,673	141,104	17,569
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
General government and admin.	43,100	244,850	54,369	190,481
Public safety	570,410	576,810	134,990	441,820
Highway and streets	696,500	729,000	933,425	(204,425)
Culture-recreation	469,570	640,170	408,739	231,431
Economic development	60,000	60,000	-	60,000
Total Expenditures	<u>10,020,480</u>	<u>10,743,460</u>	<u>9,705,060</u>	<u>1,038,400</u>
Excess (deficiency) of revenues over expenditures and other uses	(505,453)	(1,228,433)	43,006	1,271,439
OTHER FINANCING SOURCES (USES)				
Transfer in	460,000	460,000	410,235	49,765
Transfers out	-	-	-	-
General obligation bond issued	-	-	-	-
Sale of general capital assets	-	-	15,051	(15,051)
Lawsuit settlement	-	-	-	-
Total other financing sources (uses)	<u>460,000</u>	<u>460,000</u>	<u>425,286</u>	<u>34,714</u>
Net change in fund balance	(45,453)	(768,433)	468,292	1,306,153
Fund balance, beginning	17,448,695	17,448,695	17,448,695	-
Fund balance, ending	<u>\$ 17,403,242</u>	<u>\$ 16,680,262</u>	<u>\$ 17,916,987</u>	<u>\$ 1,306,153</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, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,149,594	\$ 1,797,709	\$ 4,947,303
Investment-treasury securities/cert. of dep.	-	698,239	698,239
Interest receivable	-	2,610	2,610
Accounts receivable	484,969	222,241	707,210
(net of allowance for doubtful accounts of \$23,453)	-	-	-
Due from other funds	160,068	-	160,068
Inventories	146,275	-	146,275
Prepaid costs	953	-	953
Total Current Assets	<u>3,941,859</u>	<u>2,720,799</u>	<u>6,662,658</u>
Noncurrent Assets:			
Capital Assets			
Land	1,555,631	1,738,376	3,294,007
Buildings	4,035,363	183,915	4,219,278
Equipment	1,591,773	3,532,738	5,124,511
Infrastructure	32,753,536	-	32,753,536
Less accumulated depreciation	(17,542,615)	(1,693,228)	(19,235,843)
Total noncurrent assets	<u>22,393,688</u>	<u>3,761,801</u>	<u>26,155,489</u>
Total Assets	<u>26,335,547</u>	<u>6,482,600</u>	<u>32,818,147</u>
DEFERRED OUTFLOWS			
Pension Related:			
Difference between expected and actual experience	-	-	-
Difference between projected and actual earnings	56,654	48,152	104,806
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>137,187</u>	<u>118,616</u>	<u>255,803</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	252,414	30,286	282,700
Accrued liabilities	4,495	8,785	13,280
Sales tax payable	-	-	-
Customer deposits	288,355	5,900	294,255
Accrued compensated absences	1,000	1,000	2,000
Total Current Liabilities	<u>546,264</u>	<u>45,971</u>	<u>592,235</u>
Noncurrent liabilities:			
Accrued compensated absences	69,825	87,911	157,736
Accrued pension benefit payable	511,864	416,620	928,484
Landfill closure costs	-	879,568	879,568
Total Noncurrent Liabilities	<u>581,689</u>	<u>1,384,099</u>	<u>1,965,788</u>
Total Liabilities	<u>1,127,953</u>	<u>1,430,070</u>	<u>2,558,023</u>
DEFERRED INFLOWS			
Pension Related:			
Difference between expected and actual experience	168,876	136,119	304,995
Total Deferred Inflows	<u>168,876</u>	<u>136,119</u>	<u>304,995</u>
NET POSITION			
Net investment in capital assets	22,393,688	3,761,801	26,155,489
Restricted:			
Landfill closure costs	-	879,568	879,568
Unrestricted	2,782,218	393,658	3,175,876
Total Net Position	<u>\$ 25,175,906</u>	<u>\$ 5,035,027</u>	<u>\$ 30,210,933</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, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
OPERATING REVENUES			
Charges for services:			
Water	\$ 3,584,064	\$ -	\$ 3,584,064
Sewer	1,026,999	-	1,026,999
Sanitation	-	2,028,370	2,028,370
Other	142,063	-	142,063
Total Operating Revenues	<u>4,753,126</u>	<u>2,028,370</u>	<u>6,781,496</u>
OPERATING EXPENSES			
Personal services	893,720	831,547	1,725,267
Supplies	553,642	102,289	655,931
Maintenance & Repairs	464,682	108,385	573,067
Outside Services	876,516	229,983	1,106,499
Other Operating Expense	318,556	287,545	606,101
Landfill closure	-	39,480	39,480
Depreciation	1,149,481	310,602	1,460,083
Total Operating Expenses	<u>4,256,597</u>	<u>1,909,831</u>	<u>6,166,428</u>
Income from Operations	<u>496,529</u>	<u>118,539</u>	<u>615,068</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,911	4,153	6,064
Gain/(Loss) on disposal of capital assets	4,950	37,000	41,950
Rent	118,575	-	118,575
Surface Damages / Water Disposal	46,151	-	46,151
Total Nonoperating Revenues (Expenses)	<u>171,587</u>	<u>41,153</u>	<u>212,740</u>
Income before capital contributions and transfers	<u>668,116</u>	<u>159,692</u>	<u>827,808</u>
Capital contributions	503,696	-	503,696
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,171,812	159,692	1,331,504
Net Position, beginning	24,004,089	4,875,338	28,879,427
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>0</u>
Net Position, ending	<u>\$ 25,175,901</u>	<u>\$ 5,035,030</u>	<u>\$ 30,210,932</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, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customer	\$ 4,784,233	\$ 1,996,064	\$ 6,780,297
Other operating cash receipts	-	(724)	(724)
Cash payments to suppliers for goods and services	(1,968,637)	(448,413)	(2,417,050)
Cash payments to employees for services	(922,990)	(852,061)	(1,775,051)
Cash payments to other funds for services	(287,545)	(287,545)	(575,090)
Net cash provided (used) by operating activities	<u>1,605,061</u>	<u>407,320</u>	<u>2,012,381</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,547,217)	(460,319)	(2,007,536)
Cash transfer from General Fund for Capital Projects	343,628	-	
Grant income for capital activities	-	-	
Proceeds from sale of capital assets	4,948	37,000	41,948
Income from Surface Damage and Salt Water Disposal on City Property	46,152	-	46,152
Rental income from City assets	118,575	-	118,575
Net cash provided (used) by capital and related financing activities	<u>(1,033,914)</u>	<u>(423,319)</u>	<u>(1,800,861)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and investments	1,911	4,153	6,064
Purchase of treasury securities/certificate of deposit	-	(126,239)	(126,239)
Net cash provided (used) by investing activities	<u>1,911</u>	<u>(122,086)</u>	<u>(120,175)</u>
Net increase (decrease) in cash and cash equivalents	573,058	(138,085)	434,973
Cash and cash equivalents, beginning	2,576,536	1,935,795	4,512,331
Cash and cash equivalents, ending	<u>\$ 3,149,594</u>	<u>\$ 1,797,710</u>	<u>\$ 4,947,304</u>
Reconciliation of income from operations to net cash provided by (used for) operating activities			
Operating Income (Loss)	\$ 504,115	\$ 118,538	\$ 622,653
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	1,141,897	310,602	1,452,499
Landfill closure costs	(1,977)	39,480	37,503
Prior Period Adjustment	-	-	-
Provision for doubtful accounts	-	-	-
Change in assets and liabilities			
Decrease (increase) in accounts receivable	30,991	(32,305)	(1,314)
Decrease (increase) in interest receivable	-	(724)	(724)
Decrease (increase) in due from other funds	-	-	-
Decrease (increase) in inventory	(13,070)	-	(13,070)
Decrease (increase) in prepaid costs	(414)	-	(414)
Decrease (increase) in deferred outflows of resources for pensions	(4,758)	(3,882)	(8,640)
Increase (decrease) in accounts payable	(29,302)	(8,055)	(37,357)
Increase (decrease) in accrued liabilities	-	8,785	8,785
Increase (decrease) in sales tax payable	-	-	-
Increase (decrease) in other payables	4,495	-	4,495
Increase (decrease) in compensated absences	4,536	1,951	6,487
Increase (decrease) in pension benefit obligation	(59,731)	(48,734)	(108,465)
Increase (decrease) in customer deposits	2,093	300	2,393
Increase (decrease) in deferred outflows of resources for pensions	26,187	21,366	47,553
Net cash provided (used) by operating activities	<u>\$ 1,605,062</u>	<u>\$ 407,320</u>	<u>\$ 2,012,382</u>

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

City of Andrews, Texas
Statement of Fiduciary Net Position
Agency Funds
September 30, 2021

	<u>Total</u>
ASSETS	
Cash in bank	\$ 127,232
Total Assets	<u>127,232</u>
 LIABILITIES	
Deposits held for others	127,232
Total Liabilities	<u>\$ 127,232</u>

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

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

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CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

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 125-128 of this report and are included within the scope of the independent audit.

B. Basis of Presentation – Government-wide Statements

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

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

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.

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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.

- 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, only the Reliever Route Fund and the Hotel Occupancy Tax Fund were budgeted in 2020-21.

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

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1. Deposits and Investments

The City's cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near to maturity that they present insignificant risk of

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changes in value because of changes in interest rates. The City has included both cash in bank and cash invested in investment pools that have the general characteristics of demand deposit accounts in that additional cash may be deposited at any time and also effectively may withdraw cash at any time without prior notice or penalty, (TexSTAR and Texas CLASS) as cash equivalents.

Investments authorized by the City's investment policy, which is guided by state laws and city ordinances, generally include: obligations of the United States of America or its agencies and instrumentalities; fully-collateralized Certificates of Deposit from City Council-approved public depositories; direct obligations of the State of Texas or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions; no-load money market mutual funds registered and regulated by the Securities and Exchange Commission; corporate commercial paper; fully collateralized repurchase agreements; and reverse repurchase agreements within specific terms.

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

2. Receivables and Payables

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

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

3. Inventories and Prepaid Expenses

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

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial 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.

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

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

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

5. Deferred outflows of resources

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

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

6. Compensated Absences

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

7. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from the TMRS' fiduciary net position have been determined on the same basis as they are reported by

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TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

8. Long-term Debt

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

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

9. Deferred inflows of resources

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

- 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

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the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund balance reporting

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

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

F. Revenues and expenditures/expenses

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

Property Taxes – Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Appraised values are 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

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incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

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

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its fair value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every three years; however, the city may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and if necessary, legal action. Under this legislation the City continues to set tax rates on City property. However, if the no new revenue tax rate, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Property Tax Calendar

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

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

Transactions between funds – The City allocates to the proprietary funds an indirect cost percentage for administration and financial services that include costs of personnel and other indirect costs deemed necessary for their operations. During the year ended September 30, 2021, the City allocated \$517,178 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. The City has implemented GASB 87 in this annual report.

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

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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 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, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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 15, 2020. The City has implemented GASB 92 in this annual report.

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 December 31, 2021. 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. 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 15, 2022. 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 15, 2022, 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 15, 2021.

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

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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 will be effective for the City for Fiscal Year September 30, 2022.

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 \$36,982,978 are as follows:

Land	\$ 1,408,535
Buildings	8,708,749
Less: Accumulated depreciation – buildings	(3,199,387)
Improvements other than buildings	8,257,315
Less: Accumulated depreciation – improvements	(3,779,950)
Infrastructure	32,459,236
Less: Accumulated depreciation – infrastructure	(8,932,554)
Machinery and equipment	6,524,726
Less: Accumulated depreciation – machinery & equipment	<u>(4,463,692)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$36,982,978</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 \$14,589,502 difference are as follows:

Bonds payable	\$11,250,000
Add: Issuance premium (to be amortized over life of debt)	197,275
Pension-related debt	2,414,988
Compensated absences	599,754
Accrued interest payable	<u>127,485</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$14,589,502</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 \$187,787 in deferred income from ad valorem taxes expected to be collected within 60 days of the close of the fiscal year and \$25,000 in deferred income for the AISD School Officer that was billed for October-December 2021 and paid in September.

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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 \$878,448 difference are as follows:

Court citations receivable	\$ 868,121
Weed control receivable	<u>10,327</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 878,448</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net *changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.” The details of this \$1,099,122 difference are as follows:

Capital outlay	\$ (1,520,995)
Sale of Assets	4,597
Depreciation expense	<u>2,615,520</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,099,122</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 \$305,000 during fiscal year 2021 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 \$135,799 difference are as follows:

Compensated absences	\$(74,578)
Pension liability	155,734
Court citations issued not billed	13,645
Weed control services not billed	486
Property tax not collectable in 60 days	7,125
ASID School Resource Officer Billing	25,000
Amortization on bond premium	8,387
Accrued interest expense on bond	<u>-</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>\$ 135,799</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, 2021, are as follows:

	Primary Government	Fiduciary Activities	Total Government	Component Unit	Total
Cash on hand	\$ 1,276	\$ -	\$ 1,276	\$ -	\$ 1,276
Bank Deposits	1,611,451	127,232	1,738,683	147,674	1,886,357
State Investment Pools	21,322,924	-	21,322,924	6,277,563	27,600,487
Total cash and equivalents	<u>\$ 22,935,651</u>	<u>\$ 127,232</u>	<u>\$ 15,526,078</u>	<u>\$ 6,425,237</u>	<u>\$ 29,488,120</u>

Bank Deposits – On September 30, 2021, 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, 2021, City and Andrews Economic Development Corporations (Component Unit) funds were invested as follows:

	TexStar	Texas CLASS	Total
City of Andrews	\$2,720,958	\$ 18,601,966	\$21,322,924
Andrews EDC	0	6,277,563	6,277,563
Total	<u>\$2,720,958</u>	<u>\$24,879,529</u>	<u>\$27,600,487</u>

CITY OF ANDREWS, TEXAS
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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, 2021. (Local government investment pools have been reported in the financial statements as cash equivalents.)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
<u>City of Andrews</u>		
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	2,364,469	17
Total fair value	<u>\$ 2,364,469</u>	
Portfolio weighted average maturity		17
<u>Andrews Economic Development Corporation</u>		
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	1,512,710	40
Total fair value	<u>\$ 1,512,710</u>	
Portfolio weighted average maturity		40

C. Restricted Cash and Investments

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Activities</u>	<u>Total Government</u>
Unrestricted	\$ 17,638,725	\$ 4,768,584	\$ 22,407,309	\$ -	\$ 22,407,309
Restricted	1,983,996	879,568	2,863,564	127,232	2,990,796
Nonspendable	28,683		28,683		28,683
Total	<u>\$ 19,651,404</u>	<u>\$ 5,648,152</u>	<u>\$ 25,299,556</u>	<u>127,232</u>	<u>\$ 25,426,788</u>

CITY OF ANDREWS, TEXAS
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Cash and investments at September 30, 2021, 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	9,056
Police education	13,731
Grant Restrictions	1,748,090
Hotel Occupancy Tax	<u>85,634</u>
Total governmental activities	1,983,996
Business-type activities:	
Sanitation fund:	
Landfill closure	<u>879,568</u>
Total business-type activities	879,568
Total primary governmental restricted cash	<u>2,863,564</u>
Total fiduciary activities	<u>127,232</u>
Total restricted cash and investments	<u>\$2,990,796</u>

Total cash and investments reported for the City's only component unit, Andrews Economic Development Corporation, was \$7,935,108 none of which was restricted.

Cash and investments at September 30, 2021, 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>28,683</u>
Total governmental activities	28,683
Total nonspendable cash and investments	<u>\$28,683</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, 2021, 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	\$ 658,830	\$ 707,542	\$ 1,366,372
Certificates of Deposit	2,364,469	-	2,364,469
Total fair value	<u>\$ 3,023,299</u>	<u>\$ 707,542</u>	<u>\$ 3,730,841</u>

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On September 30, 2021, pledged collateral with a fair value of \$4,121,994, providing a collateral level of 583%. 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, 2021, the Local Government Investment Pools (which represent approximately 85.14% 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, 2021, the City had diversified its portfolio by investing in certificates of deposit from fifteen (15) 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	\$ -	\$ 1,383,972	\$ 1,383,972
6 - 12	-	249,545	249,545
12 - 18	-	730,952	730,923
18 - 24	-	-	-
24 - 36	-	-	-
	<u>\$ -</u>	<u>\$ 2,364,469</u>	<u>\$ 2,364,469</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, 2021. 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.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
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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.

Receivables	Governmental Activities	Business Type Activities	Total
Ad Valorem Taxes	192,787	-	192,787
Municipal Court	868,121	-	868,121
Weeds	10,327	-	10,327
Utility Accounts	-	707,210	707,210
Sales Tax	610,018	-	610,018
Hospital District	-	-	-
Fees, liens and fines	17,163	-	17,163
Interest	3,473	-	3,473
	<u>\$1,701,888</u>	<u>\$ 707,210</u>	<u>\$2,409,098</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 2020 tax year was \$0.181917 per \$100 of assessed value with \$0.181917 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/Document_Center/Community%20Profile/Incentives/Tax-Abatement-I-Guidelines-2016.pdf

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

CITY OF ANDREWS, TEXAS
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The following tax abatements were entered into by the City in fiscal 2021:

Name	Reason	Type	Abated Value	Tax Abated
2 Combs Enterprises (La Quinta)	New Construction	Real	\$ 3,764,800	\$ 6,795
Anixter Inc. (H.D. Supply)	New BPP	Pers	115,788	209
Anixter Inc. (H.D. Supply)	New BPP	Pers	3,874,906	6,993
Barnes (Cannonball Pipe)	New Construction	Real	536,403	968
BHH Capital of Texas 3 LLC(Beehive)	New Construction	Real	979,972	1,769
Black Hawk Energy Services, LTD	New BPP	Pers	2,548,489	4,599
Black Hawk Energy Services, LTD	New Construction	Real	304,395	549
Bustamante (Mustang Well Service)	Remodel	Real	550,858	994
Cannonball Pipe Inspection	New BPP	Pers	1,239,930	2,238
Cornerstone 2100 LC	New Construction	Real	491,810	888
Corral Oilfield Services LLC	New Construction	Real	688,064	1,242
Corral Oilfield Services LLC	New BPP	Pers	3,371	6
D & JD Service LTD	New Construction	Real	328,727	593
D & JD Service LTD	New BPP	Pers	41,652	75
Dolgenercorp of Texas	New BPP	Pers	195,483	353
Hoffman Enterprises (KV Power)	New Construction	Real	1,138,380	2,054
Interpointe East LLC	New Construction	Real	59,238	107
JGL Solutions LTD	Remodel	Real	225,934	408
KV Power LP	New BPP	Pers	828,240	1,495
Leeco Energy (H.D. Supply)	New Construction	Real	554,172	1,000
Lujan Luis V	New Construction	Real	43,462	78
Mustang Well Service LLC	New BPP	Pers	37,012	67
Newbrough (Bro Wash)	New Construction	Real	188,667	341
Red Mesa Real Estate Holding LLC	New Construction	Real	303,753	548
S & S Fishing & Rental Inc	New BPP	Pers	139,085	251
Salazar Service & Trucking Corp	New Construction	Real	641,049	1,157
Salazar Service & Trucking Corp	New BPP	Pers	122,281	221
Sprinkle (S&S Fishing & Rental)	New Construction	Real	763,138	1,377
Stampede Incorporated	New BPP	Pers	176,920	319
Stampede Incorporated	New Construction	Real	479,679	866
Varner (Vessel Components)	New Construction	Real	334,468	604
Totals			\$21,700,126	\$ 39,164

Total abated value:	\$21,700,126
x 2021 Tax Rate	.00180475
Total abated property tax for FYE September 30, 2021	\$ 39,164

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

Capital activity for the year ended September 30, 2021, was as follows:

Governmental Activities:

	Balance Sept 30, 2020	Increases	Decreases	Balance Sept 30, 2021
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	8,685,546	23,203	-	8,708,749
Improvements other than buildings	7,941,493	315,822	-	8,257,315
Infrastructure	31,550,211	909,025	-	32,459,236
Machinery and equipment	6,469,168	272,946	(217,388)	6,524,725
Total capital assets being depreciated	54,646,418	1,520,995	(217,388)	55,950,025
Less accumulated depreciation:				
Buildings	(2,952,984)	(246,403)	-	(3,199,387)
Improvements other than buildings	(3,266,916)	(513,034)	-	(3,779,950)
Infrastructure	(7,796,535)	(1,136,019)	-	(8,932,554)
Machinery and equipment	(3,956,419)	(720,064)	212,791	(4,463,692)
Total accumulated depreciation	(17,972,854)	(2,615,520)	212,791	(20,375,583)
Total capital assets being depreciated, net	36,673,564	(1,094,525)	(4,597)	35,574,442
Governmental activities capital assets, net	\$38,082,097	\$(1,094,525)	\$(4,597)	\$ 36,982,976

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

Governmental Activities:

General government and administration	\$ 88,159
Public safety	666,845
Highways and streets	1,312,835
Economic development	292,349
Culture-recreation	<u>255,332</u>
Total depreciation expense - governmental activities	<u>\$2,615,520</u>

CITY OF ANDREWS, TEXAS
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Business-type activities:

	Balance Sept 30, 2020	Increases	Decreases	Balance Sept 30, 2021
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	4,154,809	64,469	-	4,219,278
Improvements other than buildings	75,647	-	-	75,647
Water and sewer systems	31,297,590	1,455,946	-	32,753,536
Machinery and equipment	4,606,624	487,121	(44,883)	5,048,862
Total capital assets being depreciated	40,134,670	2,007,536	(44,883)	42,097,325
Less accumulated depreciation:				
Buildings	(788,637)	(85,609)	-	(874,246)
Improvements other than buildings	(48,680)	(3,809)	-	(52,489)
Water and sewer systems	(14,786,453)	(970,182)	-	(15,756,635)
Machinery and equipment	(2,196,875)	(400,483)	44,883	(2,552,475)
Total accumulated depreciation	(17,820,645)	(1,460,083)	44,883	(19,235,843)
Total capital assets being depreciated, net	22,314,025	547,453	-	22,861,478
Business-type activities capital assets, net	\$ 25,608,034	\$547,453	\$ -	\$ 26,155,485

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	\$ 1,149,481
Sanitation	<u>310,602</u>
Total depreciation expense-Business-type activities	<u>\$ 1,460,083</u>

NOTE 7: OTHER PAYABLES

Other payables as of September 30, 2021 for the primary government include:

	Governmental Activities	Business Type Activities	Total
Municipal court deferred adjudication and bonds	\$ 10,344	\$ -	\$ 10,344
Sales tax to economic development corp.	152,505	-	152,505
Unclaimed property	7,292	-	7292
Teen Court	725	-	725
Vending Machine	(318)	-	(318)
Flex Payable	8,295	13,280	21,575
Total other payables	<u>\$ 178,843</u>	<u>13,280</u>	<u>\$ 192,123</u>

NOTE 8: PENSION LIABILITIES

A. Texas Municipal Retirement System

Plan Description

The City of Andrews participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at 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 2020 provisions for the City were as follows:

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

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Employees covered by benefit terms.

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

	<u>City</u>	<u>AEDC</u>
Inactive employees or beneficiaries currently receiving benefits	39	0
Inactive employees entitled to but not yet receiving benefits	45	0
Active employees	<u>76</u>	<u>0</u>
	160	0

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.98% and 16.18% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for city and AEDC employees for the year ended September 30, 2021, were \$861,465, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

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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, 2015 to December 31, 2019. They were adopted in 2020 and first used in the December 31, 2020 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the 2020 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 2021 are summarized in the following table:

International Equity	35.0%
Core Fixed Income	6.0%
Non-Core Fixed Income	20.0%
Other Public and Private Markets	12.0%
Real Estate	12.0%
Hedge Funds	5.0%
Private Equity	10.0%
Total	100.0%

Discount Rate

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

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<u>Changes in the Net Pension Liability</u> (City + AEDC)			
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2019	\$28,807,474	\$25,117,546	\$3,689,928
Changes for the year:			
Service cost	804,436	-	804,436
Interest	1,926,751	-	1,926,751
Change of benefit terms	-	-	-
Difference between expected and actual experience	(57,312)	-	(57,312)
Changes of assumptions	-	-	-
Contributions – employer	-	808,993	(808,993)
Contributions – employee	-	354,377	(354,377)
Net investment income	-	1,904,120	(1,904,120)
Benefit payments, including refunds of employee contributions	(1,330,466)	(1,330,466)	-
Administrative expense	-	(12,377)	12,377
Other changes	-	(481)	481
Net changes	\$1,343,409	\$1,724,205	\$(380,796)
Balance at 12/31/2020	\$30,150,883	\$26,841,751	\$3,309,132

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

The following presents the net pension liability of the City and AEDC, calculated using the discount rate of 6.75%, as well as what the City and AEDC's net pension liability would be if it were calculated using a discount rate 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

City's net pension liability	\$7,447,455	\$3,309,132	\$(81,196)
AEDC's net pension liability	\$ 0	\$ 0	\$ 0
Total net pension liability	\$7,447,455	\$3,309,132	\$(81,196)

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.

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

For the year ended September 30, 2021, the city recognized pension expense of \$558,741 and AEDC recognized pension expense of \$6,073.

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At September 30, 2021, the City and AEDC reported deferred outflows of resources related to pensions from the following sources:

Difference between expected and actual experience	\$ -	\$ -
Difference between projected and actual investment earnings	377,664	-
Difference due to change in actuarial assumptions	73,944	815
Contributions subsequent to the measurement date	479,177	5,086
Total Outflows	\$ 930,785	\$ 5,902

At September 30, 2021, the City and AEDC reported deferred inflows of resources related to TMRS pensions.

Difference between expected and actual experience	\$ 1,012,266	\$ 6,074
Difference between projected and actual investment earnings	-	1,331
Total Outflows	\$ 1,012,266	\$ 7,405

\$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, 2022. 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
2021	\$ (200,302)
2022	65,954
2023	(419,770)
2024	(50,890)
2025	0
Thereafter	0
Total	\$ (605,008)

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, 2020, there were 238 contributing fire and/or emergency service departments participating in TESRS.

At August 31, 2020, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,623
Terminated participants entitled to benefits but not yet receiving benefits	1,787

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

Active participants (vested and non-vested)

3,634

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

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.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System. A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into 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, 2020, total contributions of \$3,333,578 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, 2020.

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, 2020 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.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 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	\$ 158,347	\$ 82,187	\$ 29,271

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

At September 30, 2021, the City reported a liability of \$82,187 for its proportionate share of TESRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

City's proportionate share of the collective net pension liability	\$ 82,187
State's proportionate share that is associated with the City*	<u>23,429</u>
Total	<u>\$ 105,616</u>

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

The net pension liability was measured as of August 31, 2020 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, 2020, the employer's proportion of the collective net pension liability was 0.326% compared to 0.326% at August 31, 2019.

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, 2021, the City recognized pension expense of \$21,747. The City recognized on-behalf revenues of \$4,333 calculated by taking the State's total contributions to TESRS (\$1,329,224) multiplied by the City's proportionate share (.326%).

On September 30, 2021, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 32,129
Difference between projected and actual investment earnings	-	18,430
Difference due to change in actuarial assumptions	3,119	
Contributions paid to TESRS subsequent to the measurement date	10,467	-
Total	\$ 13,586	\$ 50,559

\$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, 2022. 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:

2021	\$ (350)
2022	(72)
2023	282
2024	<u>(221)</u>
Total	\$ (361)

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

C. Aggregate Pension Expense

TMRS City	\$ 558,741
TMRS AEDC	6,073
TESRS	21,747
Total Outflows	\$ 586,561

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, 2020 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, 2021</u>
Economic development	2012	\$7,000,000	2.20-4.15%	2031	\$3,250,000
Economic development	2015	\$8,000,000	3.746%	2045	\$8,000,000

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

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 2021 the City has complied with the requirements of all bond ordinances and related bond restrictions.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

Legal debt margin

There is no statutory debt limitation in the City Charter or under State law. The City Charter provides that the total debt of the City shall not exceed that provided by state law. Under the provisions of State law (Article XI, Section 5, of the State of Texas Constitution), the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. The City's tax rate is currently \$.181917 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, 2021 was 6.89%. 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
2022	320,000	446,975
2023	335,000	433,695
2024-2028	1,875,000	1,949,563
2029-2033	2,045,000	1,544,223
2034-2038	2,410,000	1,110,100
2039-2043	2,930,000	592,551
2044-2045	1,335,000	75,563
Total	\$11,250,000	\$6,152,760

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 26 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 \$39,480 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 2021, \$879,568 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.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

C. Changes in long-term liabilities

Changes in the government's long-term liabilities for the year ended September 30, 2021 are as follows:

NOTES TO FINANCIAL STATEMENTS:

	Balance Sep. 30, 2020	Additions	Reductions	Balance Sep. 30, 2021	Due Within One Year
Governmental Activities:					
General obligation bonds					
Principal	\$ 11,555,000	\$ -	\$ (305,000)	\$ 11,250,000	\$ 315,000
Premium	205,662	-	(8,387)	197,274	8,387
Pension related debt (includes pr yr adj)	2,613,961		(268,236)	2,345,725	-
Compensated absences	525,175	92,806	(18,227)	599,753	2,000
Deposits - Permit Fees	3,675	-	-	3,675	3,675
Governmental activities L/T liabilities	<u>14,903,473</u>	<u>92,806</u>	<u>(599,851)</u>	<u>14,396,428</u>	<u>329,062</u>
Business-type Activity:					
Pension related debt (includes pr yr adj)	\$ 1,036,950		\$ (108,466)	\$ 928,484	\$ -
Compensated absences	153,250	16,517	(10,030)	159,737	2,000
Landfill closure	840,088	39,480	-	879,568	-
Business-type activities L/T liabilities	<u>2,030,287</u>	<u>55,997</u>	<u>(118,496)</u>	<u>1,967,788</u>	<u>2,000</u>
Andrews Economic Development Corp.					
Pension related debt (includes pr yr adj)	\$ 39,017		\$ (4,095)	\$ 34,922	\$ -
Compensated absences	9,223	4,364	-	13,587	-
AEDC long-term liabilities	<u>48,240</u>	<u>4,364</u>	<u>(4,095)</u>	<u>48,509</u>	<u>-</u>

NOTE 10: FUND BALANCE

Minimum fund balance policy

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

NOTE 11: INTERFUND TRANSACTIONS

A. Interfund transfers:

	General fund	Debt service fund	Non-major governmental funds	Total
Transfers out:				
General fund	\$ -	\$ -	\$ -	\$ -
Non-major governmental funds	-	723,701	-	723,701
Total	\$ -	\$ 723,701	\$ -	\$ 723,701

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

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 \$517,178 for the year ended September 30, 2021, and are recorded as revenue in the General Fund and split equally as expense in the funds assessed.

NOTE 12: DISCRETELY PRESENTED COMPONENT UNITS

Andrews Economic Development Corporation (AEDC)

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

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

Since inception, the Andrews Economic Development Corporation has offered the following incentive packages, dependent upon completion of structures and creation of new jobs. The following table reflects the status of the incentive packages at September 30, 2021; recipients that have remainders due have not yet met the criteria to be paid so the liability is contingent.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2021

AEDC Incentive Packages as of September 30, 2021 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	25,000	2020
Redline Electric Services, LP	130,000	50,000	80,000	2021
Elite Truck Performance, LLC	39,000	39,000	-	2020, '21
HLC Custom Processing	100,000	20,000	80,000	2021
GTG Automation – 2021	200,000	-	200,000	
 Total Commitments	 <u>\$4,550,451</u>	 <u>\$3,468,906</u>	 <u>\$ 506,445</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, 2021 the City had entered into agreements to lock rates for its expected electricity use from October 1, 2016 through November 30, 2024. The total committed price is approximately \$2 million for expected usage. This amount will be appropriated in future annual budgets.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 10, 2022, 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
Total pension liability							
Service Cost	\$ 461,085	\$ 587,370	\$ 656,783	\$ 671,710	\$ 723,012	\$ 741,150	\$ 804,436
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
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	208,728	(221,702)	442,998	173,199	6,947	80,288	(57,312)
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)
Net Change in Total Pension Liability	1,289,167	954,859	1,639,622	1,498,176	771,984	1,224,252	1,343,409
Total Pension Liability - Beginning	21,429,414	22,718,581	23,673,440	25,313,062	26,811,238	27,583,222	28,807,474
Total Pension Liability - Ending (a)	\$ 22,718,581	\$ 23,673,440	\$ 25,313,062	\$ 26,811,238	\$ 27,583,222	\$ 28,807,474	\$ 30,150,883
Plan Fiduciary Net Position							
Contributions - Employer	617,042	630,148	646,867	657,713	729,430	753,879	808,993
Contributions - Employee	251,562	269,789	289,150	296,842	320,931	330,442	354,377
Net Investment Income	1,065,329	29,037	1,320,861	2,874,101	(704,114)	3,415,070	1,904,120
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)
Administrative Expense	(11,123)	(17,687)	(14,925)	(14,904)	(13,617)	(19,322)	(12,337)
Other	(914)	(874)	(804)	(755)	(711)	(580)	(481)
Net Change in Plan Fiduciary Net Position	1,055,381	(124,855)	1,196,136	2,770,158	(1,401,706)	2,998,900	1,724,206
Plan Fiduciary Net Position - Beginning	18,623,531	19,678,912	19,554,059	20,750,195	23,520,352	22,118,646	25,117,546
Plan Fiduciary Net Position - Ending (b)	19,678,912	19,554,059	20,750,195	23,520,352	22,118,646	25,117,546	26,841,752
Net Pension Liability - Ending (a) - (b)	\$ 3,039,669	\$ 4,119,381	\$ 4,562,867	\$ 3,290,886	\$ 5,464,576	\$ 3,689,928	\$ 3,309,131
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.62%	82.60%	81.97%	87.73%	80.19%	87.19%	89.02%
Covered Payroll	\$ 3,593,739	\$ 3,854,135	\$ 4,130,712	\$ 4,240,594	\$ 4,584,733	\$ 4,714,696	\$ 5,062,530
Net Pension Liability as a Percentage of Covered Payroll	84.58%	106.88%	110.46%	77.60%	119.19%	78.26%	65.37%

Notes to Schedule:
N/A

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 564,856	\$ 551,403	\$ 603,674	\$ 632,963	\$ 644,449	645,682	711,811	742,387	793,746	861,465
Contributions in relation to the actuarially determined contribution	539,288	551,403	603,671	632,999	644,450	645,683	723,953	742,387	793,746	861,465
Contribution deficiency (excess)	25,569	0	3	(36)	(0)	(1)	(12,142)	-	-	-
Covered payroll	\$ 2,956,459	\$ 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
Contributions as a percentage of covered payroll	95.47%	100.00%	100.00%	100.01%	100.00%	100.00%	101.71%	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
City's proportion of the net pension liability	0.332%	0.305%	0.334%	0.313%	0.326%	0.326%	0.326%
City's proportionate share of the net pension liability	\$ 60,330	\$ 81,412	\$ 97,288	\$ 75,125	\$ 70,580	\$ 92,407	\$ 82,187
State's proportionate share of the net pension liability	\$ 16,178	\$ 25,869	\$ 30,528	\$ 20,145	\$ 17,284	\$ 25,538	\$ 23,429
Total	\$ 76,507	\$ 107,281	\$ 127,816	\$ 95,270	\$ 87,864	\$ 117,944	\$ 105,616
Number of Active Members **	42	42	42	42	42	42	45
City's Net Pension Liability per Active Member	\$ 1,822	\$ 2,554	\$ 3,043	\$ 2,268	\$ 2,092	\$ 2,808	\$ 2,347
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%

* 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 *

	Fiscal Year							
	2014	2015	2016	2017	2018	2019	2020	
Contractually required contributions	\$ 15,048	\$ 14,400	\$ 15,120	\$ 15,120	\$ 15,606	\$ 14,598	\$ 15,840	
Contributions in relation to the contractually determined contribution	15,120	14,400	15,120	15,120	15,687	15,840	15,228	
Contribution deficiency (excess)	(72)	-	-	-	(81)	(1,242)	612	
Number of Active members **	42	42	42	42	42	42	45	
Contributions per active member	\$ 360	\$ 343	\$ 360	\$ 360	\$ 373	\$ 377	\$ 338	

* 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.

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.

Corona Virus Relief Fund-Grant funding from the federal government in response to the Corona Virus.

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, 2021 and 2020**

	2021	2020
ASSETS		
Cash and cash investments	\$ 984,577	\$ 346,721
Cash equivalent - Tex Pool/Tex Star investment	14,511,511	9,450,369
Investments - certificates of deposit	1,663,056	6,933,284
Due from Other Funds	-	644,732
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	192,787	185,662
Sales taxes	610,018	496,939
Miscellaneous	17,163	48,216
Interest	3,473	25,638
Total Assets	<u>\$ 17,982,585</u>	<u>\$ 18,131,561</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 476,209	\$ 357,677
Due to other funds	-	-
Other payables	178,843	140,852
Customer deposits	3,675	3,675
Unearned income - Ad valorem tax	187,787	180,662
Unearned income - School Resource Officer	25,000	
Total Other Liabilities	<u>871,514</u>	<u>682,866</u>
Fund Balances		
Committed to Capital Improvement	\$ 7,620,237	8,605,588
Committed to Ambulance Services	186,508	123,142
Assigned to Pension Liability	2,427,912	2,706,368
Assigned to Adult Education	120,655	110,786
Assigned to Litter Control	35,399	19,391
Assigned to Police Investigation	11,096	8,060
Unassigned	6,709,265	5,875,360
Total Fund Balance	<u>17,111,071</u>	<u>17,448,695</u>
 Total Liabilities and Fund Balance	 <u>\$ 17,982,585</u>	 <u>\$ 18,131,561</u>

City of Andrews, Texas
General Fund
Schedule of Budgeted and Actual Revenues and Expenditures
For the year ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Taxes	\$ 5,757,856	\$ 5,757,856	\$ 6,108,548	\$ 350,692
Francise fees	710,000	710,000	705,078	(4,922)
License, permits, fees	35,850	35,850	89,594	53,744
Charges for services	65,000	65,000	52,022	(12,978)
Fines and court costs	320,650	320,650	235,042	(85,608)
Miscellaneous	513,336	513,336	513,011	(325)
Investment income	220,000	220,000	107,690	(112,310)
Intergovernmental revenue	1,842,335	1,842,335	1,848,992	6,657
Grant income	50,000	50,000	88,088	38,088
Contributions	-	-	-	-
Total Revenues	9,515,027	9,515,027	9,748,065	233,038
EXPENDITURES				
Current:				
City Council / Legislative	126,550	176,550	163,225	13,325
City Manager / Administration	323,199	323,199	308,186	15,013
Finance	670,242	670,242	680,402	(10,160)
General Operations	396,954	396,954	391,097	5,857
Municipal court	207,788	207,788	200,457	7,331
Business technology center	158,673	158,673	141,104	17,569
Police	2,586,933	2,848,663	2,814,027	34,636
Ambulance	1,700,735	1,700,735	1,761,411	(60,676)
Animal control	227,180	227,180	210,808	16,372
Fire	294,955	294,955	288,632	6,323
Building Services (Permits, Inspections)	360,026	360,026	359,644	382
Street	650,702	650,702	1,240,943	(590,241)
Building & Grounds	332,421	332,421	314,056	18,365
Swimming pool	144,542	144,542	105,459	39,083
Capital outlay	1,839,580	2,250,830	1,531,523	719,307
Total Expenditures	10,020,480	10,743,460	10,510,975	232,486
Excess (deficiency) of revenues over expenditures	(505,453)	(1,228,433)	(762,909)	465,524
OTHER FINANCING SOURCES (USES)				
Andrews County	-	-	-	-
Non-Major Gov't Fund - Reliever Route	400,000	400,000	399,707	293
Building Use Fund	60,000	60,000	10,528	-
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	-	-	15,051	(15,051)
Lawsuit Settlement	-	-	-	-
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	460,000	460,000	425,285	(14,758)
Net change in fund balance	(45,453)	(768,433)	(337,624)	450,766
Fund Balance - beginning	17,448,695	17,448,695	17,448,695	-
Prior Period Adjustment	-	-	-	-
Fund Balance (deficit) - ending	\$ 17,403,242	\$ 16,680,262	\$ 17,111,071	\$ 450,766

CITY OF ANDREWS, TEXAS
Required Notes to the Supplementary Information
September 30, 2021

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, 2021, total appropriated funds of \$10,743,460 exceed general fund expenditures of \$10,510,975.

City of Andrews, Texas
General Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance
For the years ended September 30, 2021 and 2020

	2021	2020
REVENUES		
Taxes	\$ 6,108,548	\$ 6,694,046
Francise fees	705,078	718,504
License, permits, fees	89,594	88,431
Charges for services	52,022	45,957
Fines and court costs	235,042	254,671
Miscellaneous	513,011	422,380
Investment income	107,690	252,370
Intergovernmental revenue	1,848,992	1,767,320
Grant income	88,088	65,777
Contributions	-	-
Total Revenues	<u>9,748,065</u>	<u>10,309,456</u>
EXPENDITURES		
Current:		
City Council / Legislative	163,225	106,169
City Manager / Administration	308,186	406,187
Finance	680,402	641,585
General Operations	391,097	372,104
Municipal court	200,457	198,629
Business technology center	141,104	147,018
Police	2,814,027	1,725,631
Ambulance	1,761,411	1,570,015
Animal control	210,808	167,801
Fire	288,632	307,236
Building Services (Permits, Inspections)	359,644	259,186
Street	1,240,943	1,122,825
Building & Grounds	314,056	358,874
Swimming pool	105,459	102,945
Capital outlay	1,531,523	2,127,762
Total Expenditures	<u>10,510,975</u>	<u>9,613,965</u>
Excess (deficiency) of revenues over expenditures	<u>(762,909)</u>	<u>695,491</u>
OTHER FINANCING SOURCES (USES)		
Transfers in:		
Non-Major Gov't Fund - Reliever Route	399,707	-
Pledge from Utility Fund	10,528	-
Transfers out:		
Utility Fund	-	(1,000,000)
Sanitation Fund	-	(15,000)
Lawsuit Settlement	-	-
Total other financing sources (uses)	<u>425,285</u>	<u>(1,015,000)</u>
Net change in fund balance	(337,624)	(319,509)
Fund Balance - beginning	17,448,695	17,768,204
Fund Balance (deficit) - ending	<u>\$ 17,111,071</u>	<u>\$ 17,448,695</u>

City of Andrews, Texas
General Fund
Schedule of Revenues - Budget and Actual
For the year ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Ad valorem				
Current	\$ 1,642,356	\$ 1,642,356	\$ 1,637,223	\$ (5,133)
Penalty and interest	20,000	20,000	36,878	16,878
Total Ad valorem	<u>1,662,356</u>	<u>1,662,356</u>	<u>1,674,101</u>	<u>11,745</u>
Sales				
1% City sales	3,250,000	3,250,000	3,516,511	266,511
.25% Property reduction sales	812,500	812,500	879,128	66,628
Alcoholic beverage	8,000	8,000	5,615	(2,385)
Total Sales	<u>4,070,500</u>	<u>4,070,500</u>	<u>4,401,254</u>	<u>330,754</u>
Other taxes				
Payment in lieu of taxes	25,000	25,000	33,194	8,194
Total Other	<u>25,000</u>	<u>25,000</u>	<u>33,194</u>	<u>8,194</u>
FRANCHISE FEES				
Electrical	375,000	375,000	398,746	23,746
Telephone	140,000	140,000	124,580	(15,420)
Gas	100,000	100,000	96,499	(3,501)
Cable	95,000	95,000	85,253	(9,747)
Total Franchise fees	<u>710,000</u>	<u>710,000</u>	<u>705,078</u>	<u>(4,922)</u>
LICENSE, PERMITS, FEES				
Animal registration	7,750	7,750	14,525	6,775
Sanitarian	500	500	5,355	4,855
Zoning	2,000	2,000	5,055	3,055
Other	1,200	1,200	2,508	1,308
Building and inspection	24,000	24,000	40,441	16,441
Building use fees & adult ed. Fees	-	-	20,350	20,350
Peddler's	400	400	1,360	960
Total License and Permits	<u>35,850</u>	<u>35,850</u>	<u>89,594</u>	<u>53,744</u>
CHARGES FOR SERVICES				
Swimming pool fees	65,000	65,000	52,022	(12,978)
Total Charges for Services	<u>65,000</u>	<u>65,000</u>	<u>52,022</u>	<u>(12,978)</u>
FINES AND COURT COSTS				
State costs and fees	80,650	80,650	61,961	(18,689)
Fines	240,000	240,000	173,080	(66,920)
Total Fines and Forfeitures	<u>320,650</u>	<u>320,650</u>	<u>235,042</u>	<u>(85,608)</u>
MISCELLANEOUS				
Administrative services	513,336	513,336	517,178	3,842
Other	-	-	10,883	10,883
Transfers from Other Funds	460,000	460,000	410,234	(49,766)
Total Miscellaneous	<u>973,336</u>	<u>973,336</u>	<u>938,296</u>	<u>(35,040)</u>
INVESTMENT INCOME				
Interest	220,000	220,000	107,690	(112,310)
Total Investment Income	<u>220,000</u>	<u>220,000</u>	<u>107,690</u>	<u>(112,310)</u>
INTER/INTRA-GOVERNMENTAL				
Andrews Economic Development Corp.	34,600	34,600	34,600	-
Andrews County	7,000	7,000	13,658	6,658
AISD - School Resource Officer	100,000	100,000	100,000	-
Andrews Hospital District ambulance	1,700,735	1,700,735	1,700,735	(0)
Total Inter/Intra-Governmental	<u>1,842,335</u>	<u>1,842,335</u>	<u>1,848,992</u>	<u>6,657</u>
GRANT INCOME				
A. E. D. C. - job training	50,000	50,000	50,000	-
Coronavirus Relief Fund	-	-	-	-
Texas "J" Rac funds	-	-	38,088	38,088
Total Grant Income	<u>50,000</u>	<u>50,000</u>	<u>88,088</u>	<u>38,088</u>
Total Revenues	<u>\$ 9,975,027</u>	<u>\$ 9,975,027</u>	<u>\$ 10,173,351</u>	<u>\$ 198,324</u>

City of Andrews, Texas
General Fund
Schedule of Expenditures - Budget and Actual
For the year ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
City Council / Legislative				
Personnel services	\$ 8,000	\$ 8,000	\$ 5,343	\$ 2,657
Supplies	3,050	\$ 3,050	2,537	513
Outside Services	2,000	\$ 2,000	3,852	(1,852)
Other Operating Expense	113,500	\$ 163,500	151,492	12,008
	<u>126,550</u>	<u>176,550</u>	<u>163,225</u>	<u>13,325</u>
City Manager / Administration				
Personnel services	306,919	306,919	296,506	10,413
Supplies	1,700	1,700	591	1,109
Maintenance & Repairs	3,000	3,000	240	2,760
Outside Services	11,580	11,580	10,849	731
	<u>323,199</u>	<u>323,199</u>	<u>308,186</u>	<u>15,013</u>
Finance				
Personnel services	465,092	465,092	453,010	12,082
Supplies	13,150	13,150	11,159	1,991
Maintenance & Repairs	51,500	51,500	46,769	4,731
Outside Services	140,500	140,500	169,464	(28,964)
	<u>670,242</u>	<u>670,242</u>	<u>680,402</u>	<u>(10,160)</u>
General Operations				
Personnel services	62,600	62,600	63,580	(980)
Supplies	14,200	14,200	11,355	2,845
Outside Services	319,654	319,654	316,162	3,492
Other Operating Expense	500	500	-	500
	<u>396,954</u>	<u>396,954</u>	<u>391,097</u>	<u>5,857</u>
Municipal Court				
Personnel services	197,048	197,048	190,835	6,213
Supplies	5,700	5,700	3,733	1,967
Outside Services	4,290	4,290	5,889	(1,599)
Other Operating Expense	750	750	-	750
	<u>207,788</u>	<u>207,788</u>	<u>200,457</u>	<u>7,331</u>
Business/Technology Center				
Personnel services	75	75	-	75
Supplies	11,600	11,600	5,310	6,290
Maintenance & Repairs	7,000	7,000	9,135	(2,135)
Outside Services	139,998	139,998	126,660	13,338
	<u>158,673</u>	<u>158,673</u>	<u>141,104</u>	<u>17,569</u>
Police				
Personnel services	2,132,492	2,392,222	2,369,421	22,801
Supplies	101,650	103,650	121,647	(17,997)
Maintenance & Repairs	124,900	124,900	110,619	14,281
Outside Services	223,291	223,291	208,957	14,334
Other Operating Expense	4,600	4,600	3,383	1,217
	<u>2,586,933</u>	<u>2,848,663</u>	<u>2,814,027</u>	<u>34,636</u>
Ambulance				
Personnel services	1,390,266	1,390,266	1,500,021	(109,755)
Supplies	71,200	71,200	102,752	(31,552)
Maintenance & Repairs	50,900	50,900	47,411	3,489
Outside Services	107,798	107,798	111,227	(3,429)
Depreciation	80,571	80,571	-	80,571
	<u>1,700,735</u>	<u>1,700,735</u>	<u>1,761,411</u>	<u>(60,676)</u>

(Continued)

Animal Control

City of Andrews, Texas
General Fund
Schedule of Expenditures - Budget and Actual
For the year ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Personnel services	184,079	184,079	173,571	10,508
Supplies	20,502	20,502	12,062	8,440
Maintenance & Repairs	3,795	3,795	6,577	(2,782)
Outside Services	18,804	18,804	18,599	205
	<u>227,180</u>	<u>227,180</u>	<u>210,808</u>	<u>16,372</u>
Fire				
Personnel services	140,155	140,155	138,695	1,460
Supplies	50,900	50,900	27,779	23,121
Maintenance & Repairs	67,000	67,000	90,746	(23,746)
Outside Services	36,900	36,900	31,412	5,488
	<u>294,955</u>	<u>294,955</u>	<u>288,632</u>	<u>6,323</u>
Building Services (Permits, Inspections)				
Personnel services	292,685	292,685	284,670	8,015
Supplies	13,500	13,500	15,236	(1,736)
Maintenance & Repairs	15,600	15,600	13,082	2,518
Outside Services	20,241	20,241	28,656	(8,415)
Other Operating Expense	18,000	18,000	18,000	-
	<u>360,026</u>	<u>360,026</u>	<u>359,644</u>	<u>382</u>
Street				
Personnel services	280,339	280,339	265,810	14,529
Supplies	24,400	24,400	21,010	3,390
Maintenance & Repairs	123,950	123,950	782,431	(658,481)
Outside Services	164,100	164,100	113,780	50,320
Other Operating Expense	57,913	57,913	57,913	0
	<u>650,702</u>	<u>650,702</u>	<u>1,240,943</u>	<u>(590,241)</u>
Building & Grounds				
Personnel services	179,965	179,965	109,078	70,887
Supplies	11,300	11,300	14,630	(3,330)
Maintenance & Repairs	28,000	28,000	39,239	(11,239)
Outside Services	111,156	111,156	150,500	(39,344)
Other Operating Expense	2,000	2,000	608	1,392
	<u>332,421</u>	<u>332,421</u>	<u>314,056</u>	<u>18,365</u>
Swimming Pool				
Personnel services	68,182	68,182	50,817	17,365
Supplies	39,270	39,270	26,850	12,420
Maintenance & Repairs	16,550	16,550	9,382	7,168
Outside Services	20,540	20,540	18,409	2,131
	<u>144,542</u>	<u>144,542</u>	<u>105,459</u>	<u>39,083</u>
Capital Expenditures	<u>1,839,580</u>	<u>2,250,830</u>	<u>1,531,523</u>	<u>719,307</u>
Total Expenditures	<u>10,020,480</u>	<u>10,743,460</u>	<u>10,510,975</u>	<u>232,486</u>

City of Andrews, Texas
Debt Service Fund
Comparative Balance Sheet
September 30, 2021 and 2020

	2021	2020
ASSETS		
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>
 LIABILITIES AND FUND BALANCES		
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, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES:			
Debt service:			
Principal	305,000	305,000	-
Interest	459,633	418,701	40,932
Total Expenditures	764,633	723,701	40,932
Excess (deficiency) of revenues over expenditures	(764,633)	(723,701)	40,932
OTHER FINANCING SOURCES (USES)			
Transfers in			
Reliever Route Maintenance Fund	452,533	411,601	(40,932)
Loop 1910 Repair Fund	312,100	312,100	-
Transfers out	-	-	-
Total other financing sources and uses	764,633	723,701	(40,932)
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, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash investments	\$ 1,748,090	\$ -
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	-	-
Total Assets	<u>\$ 1,748,090</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
Total Other Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Restricted	<u>\$ 1,748,090</u>	<u>\$ -</u>
Total Fund Balance	<u>\$ 1,748,090</u>	<u>\$ -</u>
Total Liabilities and Fund Balance	<u>\$ 1,748,090</u>	<u>\$ -</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, 2021

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES:			
Grant Income	\$ -	\$ 1,748,006	\$ 1,748,006
Interest Income	\$ -	\$ 84	\$ 84
Total Revenues	<u>-</u>	<u>1,748,090</u>	<u>1,748,090</u>
EXPENDITURES:			
Current:			
General Gov't	-	-	-
Public Safety	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	1,748,090	1,748,090
OTHER FINANCING SOURCES (USES)			
Transfers in/(out) - General Fund			
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	1,748,090	1,748,090
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,748,090</u></u>	<u><u>\$ 1,748,090</u></u>

City of Andrews, Texas
Reliever Route Fund
Comparative Balance Sheet
September 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash investments	\$ 513,238	\$ 855,357
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	-	-
Total Assets	<u>\$ 513,238</u>	<u>\$ 855,357</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to Other Funds	<u>\$ 127,485</u>	<u>\$ 127,485</u>
Total Other Liabilities	<u>\$ 127,485</u>	<u>\$ 127,485</u>
Fund Balances		
Committed to Reliever Route	<u>\$ 385,753</u>	<u>\$ 727,872</u>
Total Fund Balance	<u>\$ 385,753</u>	<u>\$ 727,872</u>
Total Liabilities and Fund Balance	<u>\$ 513,238</u>	<u>\$ 855,357</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, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
Investment Income	\$ 5,400	\$ 347	\$ 5,053
Intergovernmental Revenue	\$ 812,500	\$ 879,128	\$ (66,628)
Total Revenues	<u>817,900</u>	<u>879,475</u>	<u>(61,575)</u>
EXPENDITURES:			
Street	75,350	98,187	(22,837)
Total Expenditures	<u>-</u>	<u>98,187</u>	<u>(22,837)</u>
Excess (deficiency) of revenues over expenditures	817,900	781,288	(36,612)
OTHER FINANCING SOURCES (USES)			
Transfers in/(out) - General Fund	(400,000)	(399,706)	294
Transfers in/(out) - Debt Service Fund	(764,633)	(723,701)	40,932
Total other financing sources and uses	<u>(1,164,633)</u>	<u>(1,123,407)</u>	<u>41,226</u>
Net change in fund balance	(346,733)	(342,119)	4,614
Fund balances - beginning of year	<u>727,872</u>	<u>727,872</u>	<u>-</u>
Fund balances - end of year	<u><u>\$ 381,139</u></u>	<u><u>\$ 385,753</u></u>	<u><u>\$ 4,614</u></u>

**City of Andrews, Texas
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2021**

	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
ASSETS										
Cash and cash equivalents	\$ 10,294	\$ 9,056	\$ 13,731	\$ 532	\$ 57,748	\$ 95,634	\$ 28,683	\$ 14,955	\$ 299	\$ 230,932
Total Assets	<u>10,294</u>	<u>9,056</u>	<u>13,731</u>	<u>532</u>	<u>57,748</u>	<u>95,634</u>	<u>28,683</u>	<u>14,955</u>	<u>299</u>	<u>230,932</u>
LIABILITIES AND FUND BALANCES										
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							28,683			28,683
Restricted		9,056	13,731	532	57,748	85,634		14,955	299	22,787
Committed	10,294									169,462
Total Fund Balance	<u>10,294</u>	<u>9,056</u>	<u>13,731</u>	<u>532</u>	<u>57,748</u>	<u>85,634</u>	<u>-</u>	<u>14,955</u>	<u>299</u>	<u>220,932</u>
Total Liabilities and Fund Balances	<u>\$ 10,294</u>	<u>\$ 9,056</u>	<u>\$ 13,731</u>	<u>\$ 532</u>	<u>\$ 57,748</u>	<u>\$ 95,634</u>	<u>\$ -</u>	<u>\$ 14,955</u>	<u>\$ 299</u>	<u>\$ 230,932</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, 2021

	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
REVENUES:										
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy Tax	-	-	-	-	-	183,712	-	-	-	183,712
Investment Income	3	5	8	0	-	64	-	-	-	80
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	7,929	-	-	-	9,525	-	7,169	9,390	188	34,201
Grant Income	-	-	1,629	-	-	-	-	-	-	1,629
Contributions	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>7,932</u>	<u>5</u>	<u>1,636</u>	<u>0</u>	<u>9,525</u>	<u>183,775</u>	<u>7,169</u>	<u>9,390</u>	<u>188</u>	<u>219,621</u>
EXPENDITURES:										
Current:										
General government	5,071	-	-	-	-	-	-	-	-	5,071
Public safety	-	-	990	-	-	-	-	-	-	990
Street	-	-	-	-	-	-	-	-	-	-
Culture-recreation	-	-	-	-	-	229,152	-	-	-	229,152
Debt Service	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>5,071</u>	<u>-</u>	<u>990</u>	<u>-</u>	<u>-</u>	<u>229,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,213</u>
Excess (deficiency) of revenues over expenditures	2,860	5	646	0	9,525	(45,376)	7,169	9,390	188	(15,592)
Transfer in/(out) - General Fund	-	-	-	-	-	-	-	-	-	-
Fund balances - beginning of year	7,434	9,051	13,084	532	48,223	131,010	21,514	5,565	111	236,524
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Fund balances - end of year	<u>\$ 10,294</u>	<u>\$ 9,056</u>	<u>\$ 13,731</u>	<u>\$ 532</u>	<u>\$ 57,748</u>	<u>\$ 85,634</u>	<u>\$ 28,683</u>	<u>\$ 14,955</u>	<u>\$ 299</u>	<u>\$ 220,932</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, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,149,594	\$ 2,576,536
Investment - treasury securities/certificate of dep.	-	-
Interest receivable	-	-
Accounts receivable	484,969	513,982
Due from other funds	160,068	-
Inventories	146,275	133,205
Prepaid costs	953	539
Total Current Assets	<u>3,941,859</u>	<u>3,224,262</u>
Capital Assets		
Land	1,555,631	1,555,631
Buildings	4,035,363	3,970,894
Equipment	1,591,773	1,609,853
Infrastructure	32,753,536	31,297,590
Accumulated depreciation	(17,542,615)	(16,438,017)
Total Capital Assets Net of Accum Depr	<u>22,393,687</u>	<u>21,995,951</u>
Total Assets	<u>26,335,546</u>	<u>25,220,213</u>
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience		
Difference between projected and actual earnings	56,654	51,896
Difference due to changes in actuarial assumptions	11,885	11,885
Deferred pension contributions	68,648	68,648
Total Deferred Outflows	<u>137,187</u>	<u>132,429</u>
LIABILITIES		
Current Liabilities		
Accounts payable	252,414	281,717
Accrued liabilities	4,495	-
Customer deposits	288,354	286,262
Accrued compensated absences	1,000	1,000
Total Current Liabilities	<u>546,263</u>	<u>568,978</u>
Other Liabilities		
Accrued compensated absences	69,825	65,289
Accrued pension liability	511,864	571,596
Total Other Liabilities	<u>581,690</u>	<u>636,885</u>
Total Liabilities	<u>1,127,953</u>	<u>1,205,863</u>
DEFERRED INFLOWS		
Pension Related:		
Difference between expected and actual experience	168,876	142,688
Total Deferred Inflows	<u>168,876</u>	<u>142,688</u>
NET POSITION		
Invested in capital, net of related debt	22,393,687	21,995,951
Unrestricted	2,782,216	2,008,138
Total Net Position	<u>\$ 25,175,903</u>	<u>\$ 24,004,089</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, 2021 and 2020

	2021	2020
Operating Revenues		
Charges for services		
Water	\$ 3,584,064	\$ 3,516,444
Sewer	1,026,999	1,023,229
Other	142,063	47,936
Total Operating Revenues	<u>4,753,127</u>	<u>4,587,609</u>
Operating Expenses		
Personnel services	893,720	917,113
Supplies	553,642	740,546
Maintenance & Repairs	464,682	875,164
Outside Services	876,516	866,702
Other Operating Expense	318,556	330,458
Depreciation	1,149,481	1,064,973
Total Operating Expenses	<u>4,256,596</u>	<u>4,794,955</u>
Operating Income (Loss)	<u>496,531</u>	<u>(207,346)</u>
Nonoperating Revenues (Expenses)		
Investment income	1,911	24,882
Gain/(Loss) on disposal of capital assets	4,950	12,893
Grant income		
Rent	118,575	117,943
Surface Damages / Water Disposal	46,151	41,978
Voluntary non-exchange-developer contribution	-	-
Total Nonoperating Revenue	<u>171,588</u>	<u>197,695</u>
Income before capital contributions and transfers	668,118	(9,651)
Capital contributions	503,696	-
Transfers in from General Fund	<u>-</u>	<u>1,000,000</u>
Change in Net Position	1,171,815	990,349
Net Position, beginning	24,004,089	23,013,739
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u><u>\$ 25,175,903</u></u>	<u><u>\$ 24,004,089</u></u>

City of Andrews, Texas
Water and Sewer Fund
Comparative Statements of Cash Flows
For the years ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customer	\$ 4,784,233	\$ 4,481,663
Other operating cash receipts	-	-
Cash payments to suppliers for goods and services	(1,968,637)	(2,462,723)
Cash payments to employees for services	(922,990)	(882,956)
Cash payments to other funds for services	(287,545)	(290,846)
Net cash provided (used) by operating activities	<u>1,605,061</u>	<u>845,137</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant income for operating activities	-	-
Net cash provided by non-capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,547,217)	(2,480,655)
Cash transfer from General Fund and/or AEDC for Capital Projects	343,628	1,000,000
Grant income for capital activities	-	-
Proceeds from sale of salvage	4,948	12,895
Income from Surface Damage and Salt Water Disposal on City Property	46,152	41,978
Rental income from Utility Fund Assets	118,575	117,943
Net cash provided (used) by capital and related financing activities	<u>(1,033,914)</u>	<u>(1,307,838)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	1,911	24,882
(Purchase) / Redemption of treasury securities/certificate of deposit	-	-
Net cash provided (used) by investing activities	<u>1,911</u>	<u>24,882</u>
Net increase (decrease) in cash and cash equivalents	573,058	(437,820)
Cash and cash equivalents, beginning	2,576,536	3,014,356
Cash and cash equivalents, ending	<u>\$ 3,149,594</u>	<u>\$ 2,576,536</u>
Reconciliation of income from operations to net cash provided by (used for) operating activities		
Operating Income (Loss)	\$ 496,531	\$ (207,346)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	1,149,481	1,064,973
Provision for doubtful accounts	(1,977)	5,999
Prior Period Adjustment		
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	30,991	(111,085)
Decrease (increase) in interest receivable	-	-
Decrease (increase) in inventory	(13,070)	(6,918)
Decrease (increase) in prepaid costs	(414)	(231)
Decrease (increase) in deferred outflows of resources for pensions	(4,758)	165,396
Increase (decrease) in accounts payable	(29,302)	66,450
Increase (decrease) in other payables	4,495	-
Increase (decrease) in compensated absences	4,536	4,441
Increase (decrease) in pension liability	(59,731)	(278,369)
Increase (decrease) in customer deposits	2,093	(861)
Increase (decrease) in deferred outflows of resources for pensions	26,187	142,688
Net cash provided (used) by operating activities	<u>\$ 1,605,060</u>	<u>\$ 845,137</u>

City of Andrews, Texas
Water and Sewer Fund
Schedule of Operating and Nonoperating Revenues - Budget and Actual
For the year ended September 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
OPERATING REVENUE - WATER				
Water sales	\$ 3,400,900	\$ 3,400,900	\$ 3,379,866	\$ (21,034)
Water tapping fees	30,000	30,000	19,582	(10,418)
Water pro rata	-	-	-	-
Total Operating Revenues - Water	<u>3,430,900</u>	<u>3,430,900</u>	<u>3,399,448</u>	<u>(31,452)</u>
OPERATING REVENUE - SEWER				
Sewer rentals	1,000,000	1,000,000	998,939	(1,061)
Sewer tapping fees	20,000	20,000	17,500	(2,500)
Septic tank waste disposal	15,000	15,000	8,560	(6,440)
Reclaimed water	2,000	2,000	2,000	-
Total Operating Revenues - Sewer	<u>1,037,000</u>	<u>1,037,000</u>	<u>1,026,999</u>	<u>(10,001)</u>
OPERATING REVENUE - OTHER				
Miscellaneous	3,000	3,000	17,838	14,838
Water capital impr surcharge	170,000	170,000	184,616	14,616
Service fees	130,000	130,000	124,225	(5,775)
Total Operating Revenues - Other	<u>303,000</u>	<u>303,000</u>	<u>326,679</u>	<u>23,679</u>
Total Operating Revenues	<u>4,770,900</u>	<u>4,770,900</u>	<u>4,753,127</u>	<u>(17,773)</u>
NON-OPERATING REVENUE				
Investment income	30,000	30,000	1,911	(28,089)
Gain on sale of assets	-	-	4,950	4,950
Grant income	3,620,000	3,700,000	503,696	(3,196,304)
Rent	118,575	118,575	118,575	0
Surface Damage and Water Disposal	45,000	45,000	46,151	1,151
Transfer from General Fund	-	-	-	-
Transfer from A.E.D.C.	-	-	-	-
Total Non-Operating Revenues	<u>3,813,575</u>	<u>3,893,575</u>	<u>675,284</u>	<u>(3,218,291)</u>
Total Revenues	<u>\$ 8,584,475</u>	<u>\$ 8,664,475</u>	<u>\$ 5,428,410</u>	<u>\$ (3,236,065)</u>

City of Andrews, Texas
Water and Sewer Fund
Schedule of Operating Expenses - Budget and Actual
For the year ended September 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
General Operations				
Outside Services	\$ 1,500	\$ 1,500	\$ 1,633	\$ (133)
Other Operating Expense	294,474	294,474	\$ 318,556	(24,082)
	<u>295,974</u>	<u>295,974</u>	<u>320,189</u>	<u>(24,215)</u>
Warehouse Building				
Personnel services	-	-	-	-
Supplies	7,700	7,700	8,884	(1,184)
Maintenance & Repairs	14,500	14,500	9,735	4,765
Outside Services	10,894	10,894	12,660	(1,766)
	<u>33,094</u>	<u>33,094</u>	<u>31,279</u>	<u>1,815</u>
Water Production				
Personnel services	182,365	182,365	202,660	(20,295)
Supplies	471,025	471,025	458,851	12,174
Maintenance & Repairs	146,500	146,500	121,996	24,504
Outside Services	717,120	717,120	731,967	(14,847)
	<u>1,517,010</u>	<u>1,517,010</u>	<u>1,515,474</u>	<u>1,536</u>
Water Distribution				
Personnel services	450,851	450,851	442,675	8,176
Supplies	56,100	56,100	54,585	1,515
Maintenance & Repairs	150,750	150,750	212,227	(61,477)
Outside Services	52,200	52,200	24,928	27,272
	<u>709,901</u>	<u>709,901</u>	<u>734,415</u>	<u>(24,514)</u>
Wastewater (Sewer) Collection				
Personnel services	133,561	133,561	92,027	41,534
Supplies	9,000	9,000	15,769	(6,769)
Maintenance & Repairs	58,500	58,500	66,687	(8,187)
Outside Services	13,050	13,050	10,578	2,472
	<u>214,111</u>	<u>214,111</u>	<u>185,060</u>	<u>29,051</u>
Wastewater (Sewer) Treatment				
Personnel services	163,968	163,968	156,359	7,609
Supplies	25,800	25,800	15,552	10,248
Maintenance & Repairs	72,700	72,700	54,037	18,663
Outside Services	97,252	97,252	94,750	2,502
	<u>359,720</u>	<u>359,720</u>	<u>320,698</u>	<u>39,022</u>
Depreciation	<u>1,168,817</u>	<u>1,168,817</u>	<u>1,149,481</u>	<u>19,336</u>
Total Operating Expenses	<u>\$ 4,298,627</u>	<u>\$ 4,298,627</u>	<u>\$ 4,256,596</u>	<u>\$ 42,031</u>

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Net Position
September 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,797,709	\$ 1,935,796
Investment - treasury securities/cert. of deposit	698,239	572,000
Interest receivable	2,610	1,886
Accounts receivable	222,241	189,936
Total Current Assets	<u>2,720,800</u>	<u>2,699,618</u>
Capital Assets:		
Land	1,738,376	1,738,376
Buildings	183,915	183,915
Equipment	3,532,738	3,072,418
Accumulated depreciation	(1,693,228)	(1,382,626)
Total Capital Assets Net of Accum Depr	<u>3,761,801</u>	<u>3,612,083</u>
Total Assets	<u>6,482,601</u>	<u>6,311,701</u>
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience	-	-
Difference between projected and actual earnings	48,152	44,270
Difference due to changes in actuarial assumptions	9,697	9,697
Deferred pension contributions	60,767	60,767
Total Deferred Outflows	<u>118,615</u>	<u>114,734</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	30,286	38,341
Accrued liabilities	8,785	-
Sales tax payable	-	-
Customer deposits	5,900	5,600
Accrued compensated absences	1,000	1,000
Total Current Liabilities	<u>45,970</u>	<u>44,941</u>
Other Liabilities:		
Accrued compensated absences	87,911	85,960
Accrued pension liability	416,620	465,354
Landfill closure costs	879,568	840,088
Total Other Liabilities	<u>1,384,099</u>	<u>1,391,402</u>
Total Liabilities	<u>1,430,069</u>	<u>1,436,343</u>
DEFERRED INFLOWS		
Pension Related:		
Difference between expected and actual experience	136,119	114,753
Total Deferred Inflows	<u>136,119</u>	<u>114,753</u>
NET POSITION		
Invested in capital, net of related debt	3,761,801	3,612,083
Restricted	879,568	840,088
Unrestricted	393,659	423,168
Total Net Position	<u>\$ 5,035,028</u>	<u>\$ 4,875,339</u>

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the years ended September 30, 2021 and 2020

	2021	2020
Operating Revenues		
Sanitation	2,028,370	2,076,907
Total Operating Revenues	<u>2,028,370</u>	<u>2,076,907</u>
Operating Expenses		
Personnel services	831,547	889,367
Supplies	102,289	86,369
Maintenance & Repairs	108,385	127,739
Outside Services	229,983	240,348
Other Operating Expense	287,545	290,846
Landfill closure	39,480	17,284
Depreciation	310,602	242,519
Total Operating Expenses	<u>1,909,832</u>	<u>1,894,473</u>
Income from Operations	<u>118,538</u>	<u>182,434</u>
Nonoperating Revenues (Expenses)		
Investment income	4,153	29,874
Gain (Loss) on sales/retirement of capital assets	37,000	3,844
Total Nonoperating Revenue	<u>41,153</u>	<u>33,718</u>
Income before capital contributions and transfers	159,691	216,152
Capital contributions	-	-
Transfers in	<u>-</u>	<u>15,000</u>
Change in Net Position	159,691	231,152
Net Position, beginning	4,875,338	4,644,186
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u><u>\$ 5,035,028</u></u>	<u><u>\$ 4,875,338</u></u>

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Cash Flows
For the years ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customer	\$ 1,996,064	\$ 2,070,812
Other operating cash receipts	(724)	(523)
Cash payments to suppliers for goods and services	(448,413)	(467,364)
Cash payments to employees for services	(852,061)	(862,614)
Cash payments to other funds for services	(287,545)	(290,846)
Net cash provided (used) by operating activities	<u>407,320</u>	<u>449,466</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant income for operating activities	-	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(460,319)	(449,236)
Cash transfer from General Fund for Purchase of Land	-	15,000
Proceeds from sale of capital assets	37,000	3,844
Net cash provided (used) by capital and related financing activities	<u>(423,319)</u>	<u>(430,392)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	4,153	29,874
Purchase of treasury securities/certificate of deposit	(126,239)	(264,000)
Net cash provided (used) by investing activities	<u>(122,086)</u>	<u>(234,126)</u>
Net increase (decrease) in cash and cash equivalents	(138,086)	(215,052)
Cash and cash equivalents, beginning	1,935,795	2,150,847
Cash and cash equivalents, ending	<u>\$ 1,797,710</u>	<u>\$ 1,935,795</u>
Reconciliation of income from operations to net cash provided by (used for) operating activities		
Operating Income (Loss)	\$ 118,538	\$ 182,434
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	310,602	242,519
Landfill closure costs	39,480	17,284
Prior Period Adjustment	-	-
Change in assets, deferred outflows/inflows, and liabilities:		
Decrease (increase) in accounts receivable	(32,305) x	(6,094)
Decrease (increase) in interest receivable	(724) x	(523)
Decrease (increase) in due from other funds	-	-
Decrease (increase) in deferred outflows of resources for pensions	(3,882)	136,609
Increase (decrease) in accounts payable	(8,055) x	49
Increase (decrease) in accrued liabilities	8,785	-
Increase (decrease) in sales taxes payable	- x	(13,056)
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	1,951	2,509
Increase (decrease) in pension liability	(48,734)	(227,118)
Increase (decrease) in customer deposits	300 x	100
Increase (decrease) in deferred inflows of resources for pensions	21,366	114,753
Net cash provided (used) by operating activities	<u>\$ 407,320</u>	<u>\$ 449,466</u>

City of Andrews, Texas
Sanitation Fund
Schedule of Revenues - Budget and Actual
For the year ended September 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
OPERATING REVENUE				
Sanitation collection	\$ 1,150,000	\$ 1,150,000	\$ 1,138,245	\$ (11,755)
Municipal landfill	750,000	750,000	746,210	(3,790)
Public hauling-type I	8,000	8,000	11,201	3,201
Public hauling-type IV	125,000	125,000	88,768	(36,233)
Recycling sales	1,000	1,000	320	(680)
Miscellaneous	45,808	45,808	43,625	(2,183)
Total Operating Revenues	<u>2,079,808</u>	<u>2,079,808</u>	<u>2,028,368</u>	<u>(51,440)</u>
NON-OPERATING REVENUE				
Investment income	30,000	30,000	4,153	(25,847)
Grant income	-	-	-	-
Transfer from General Fund	-	-	-	-
Gain on sale/disposition of assets	-	-	37,000	37,000
Total Non-operating Revenue	<u>30,000</u>	<u>30,000</u>	<u>41,153</u>	<u>11,153</u>
Total Revenues	<u>\$ 2,109,808</u>	<u>\$ 2,109,808</u>	<u>\$ 2,069,521</u>	<u>\$ (40,287)</u>

City of Andrews, Texas
Sanitation Fund
Schedule of Operating & Non-Operating Expenses - Budget and Actual
For the year ended September 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING EXPENSE				
General Operations				
Other Operating Expense	\$ 284,474	\$ 284,474	\$ 287,545	\$ (3,071)
	<u>284,474</u>	<u>284,474</u>	<u>287,545</u>	<u>(3,071)</u>
Sanitation Collection				
Personnel Services	450,161	450,161	427,900	22,261
Supplies	71,950	71,950	74,369	(2,419)
Maintenance & Repairs	76,200	76,200	79,960	(3,760)
Outside Services	-	-	776	(776)
Other Operating Expense	200	200	-	200
	<u>598,511</u>	<u>598,511</u>	<u>583,004</u>	<u>15,507</u>
Sanitation Bulk				
Personnel Services	159,976	159,976	139,139	20,837
Supplies	7,400	7,400	8,615	(1,215)
Maintenance & Repairs	10,800	10,800	14,388	(3,588)
Outside Services	500	500	534	(34)
Other Operating Expense	-	-	-	-
	<u>178,676</u>	<u>178,676</u>	<u>162,677</u>	<u>15,999</u>
Landfill				
Personnel Services	285,789	285,789	264,509	21,280
Supplies	26,550	26,550	19,305	7,245
Maintenance & Repairs	17,900	17,900	14,037	3,863
Outside Services	207,279	207,279	228,673	(21,394)
Other Operating Expense	-	-	-	-
	<u>537,518</u>	<u>537,518</u>	<u>526,524</u>	<u>10,994</u>
Landfill closure	30,000	30,000	39,480	(9,480)
Depreciation	310,440	310,440	310,602	(162)
	<u>340,440</u>	<u>340,440</u>	<u>350,082</u>	<u>(9,642)</u>
Total Operating Expenses	<u>\$ 1,939,619</u>	<u>\$ 1,939,619</u>	<u>\$ 1,909,832</u>	<u>\$ 29,787</u>
NON-OPERATING EXPENSE				
Loss on Disposal of Assets	\$ -	\$ -	\$ -	-
Total Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Total Expenses	<u>\$ 1,939,619</u>	<u>\$ 1,939,619</u>	<u>\$ 1,909,832</u>	<u>\$ 29,787</u>

COMBINING FINANCIAL STATEMENT AGENCY FUNDS

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

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

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

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City of Andrews, Texas
Agency Funds
Combining Statement of Net Position
September 30, 2021

	<u>Escrow Fund</u>	<u>Employee Christmas Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 15,572</u>	<u>\$ 111,660</u>	<u>\$ 127,232</u>
Total Assets	<u><u>15,572</u></u>	<u><u>111,660</u></u>	<u><u>\$ 127,232</u></u>
LIABILITIES			
Deposits held for others	<u>15,572</u>	<u>111,660</u>	<u>127,232</u>
Total Liabilities	<u><u>\$ 15,572</u></u>	<u><u>\$ 111,660</u></u>	<u><u>\$ 127,232</u></u>
NET POSITION	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

City of Andrews, Texas
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2021

	Balance Oct. 1 2020	Additions	Deductions	Balance Sept. 30 2021
ESCROW FUND				
Assets				
Cash and cash equivalents	\$ 15,572	\$ -	\$ -	\$ 15,572
	<u>15,572</u>	<u>-</u>	<u>-</u>	<u>15,572</u>
Liabilities				
Deposits held for others	15,572	-	-	15,572
	<u>\$ 15,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,572</u>
 EMPLOYEE CHRISTMAS FUND				
Assets				
Cash and cash equivalents	\$ 99,180	\$ 126,615	\$ 114,135	\$ 111,660
	<u>99,180</u>	<u>126,615</u>	<u>114,135</u>	<u>111,660</u>
Liabilities				
Deposits held for others	99,180	126,615	114,135	111,660
	<u>\$ 99,180</u>	<u>\$ 126,615</u>	<u>\$ 114,135</u>	<u>\$ 111,660</u>
 TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 114,752	\$ 126,615	\$ 114,135	\$ 127,232
	<u>114,752</u>	<u>126,615</u>	<u>114,135</u>	<u>127,232</u>
Liabilities				
Deposits held for others	114,752	126,615	114,135	127,232
	<u>\$ 114,752</u>	<u>\$ 126,615</u>	<u>\$ 114,135</u>	<u>\$ 127,232</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Governmental Fund Capital Assets		
Land	\$ 1,408,535	\$ 1,408,535
Buildings	8,708,749	8,685,546
Improvements other than buildings	8,257,315	7,941,493
Machinery and equipment	6,524,726	6,469,168
Infrastructure	<u>32,459,236</u>	<u>31,550,211</u>
Total Governmental Funds Capital Assets	<u><u>57,358,560</u></u>	<u><u>56,054,952</u></u>
 Investments in Governmental Funds		
Capital Assets by Source		
General fund	37,290,475	35,986,866
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>\$ 57,358,560</u></u>	<u><u>\$ 56,054,952</u></u>

City of Andrews, Texas
Capital Assets used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2021

Function and Activity	Total	Land	Building	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
General Government:						
City Hall - City Mgr., Finance, Court	\$ 1,501,772	\$ 312,290	\$ 541,216	\$ 158,616	\$ -	\$ 489,650
Business/Technology Center	4,234,802	409,978	3,351,066	-	-	473,758
Total General Government	<u>5,736,574</u>	<u>722,268</u>	<u>3,892,282</u>	<u>158,616</u>	<u>-</u>	<u>963,408</u>
Public Safety:						
Police protection	2,969,863	146,741	720,611	-	-	2,102,511
Emergency medical services	2,667,692	-	1,248,786	-	-	1,418,906
Animal pound	344,754	-	233,185	-	-	111,569
Fire protection	3,388,341	25,296	2,490,021	65,104	-	807,920
Total Public Safety	<u>9,370,650</u>	<u>172,037</u>	<u>4,692,603</u>	<u>65,104</u>	<u>-</u>	<u>4,440,906</u>
Streets and storm drainage	36,954,589	484,349	-	3,143,135	32,459,236	867,870
Inspection	252,542	-	-	-	-	252,542
Recreation and parks	5,044,204	29,881	123,864	4,890,460	-	-
Total Governmental Funds Capital Assets	<u>\$ 57,358,560</u>	<u>\$ 1,408,535</u>	<u>\$ 8,708,749</u>	<u>\$ 8,257,315</u>	<u>\$ 32,459,236</u>	<u>\$ 6,524,726</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, 2021

Function and Activity	Governmental Funds Capital Assets 2020	Additions	Deductions	Governmental Funds Capital Assets 2021
General Government				
City Hall - City Mgr., Finance, Court	\$ 1,465,928	\$ 43,842	\$ 7,998	\$ 1,501,772
Business/Technology Center	4,224,274	10,528	-	4,234,802
Total General Government	<u>5,690,202</u>	<u>54,369</u>	<u>7,998</u>	<u>5,736,574</u>
Public Safety				
Police protection	3,037,204	87,698	155,038	2,969,863
Emergency medical services	2,647,812	19,881	-	2,667,693
Animal pound	324,472	25,031	4,750	344,753
Fire protection	3,385,961	2,380	-	3,388,341
Total Public Safety	<u>9,395,449</u>	<u>134,990</u>	<u>159,788</u>	<u>9,370,650</u>
Streets and storm drainage	36,021,164	933,425	-	36,954,589
Inspection	138,605	113,937	-	252,542
Recreation and parks	<u>4,809,532</u>	<u>284,275</u>	<u>49,602</u>	<u>5,044,205</u>
Total Governmental Funds Capital Assets	<u><u>\$ 56,054,952</u></u>	<u><u>\$ 1,520,996</u></u>	<u><u>\$ 217,388</u></u>	<u><u>\$ 57,358,560</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, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,425,237	\$ 6,219,206
Investment - treasury securities/cert. of deposit	1,509,871	\$ 2,124,704
Sales tax receivable	152,505	124,235
Miscellaneous receivable	4,871	-
Total Current Assets	<u>8,092,484</u>	<u>8,468,145</u>
Capital Assets		
Land	2,501,759	1,041,469
Improvements other than Buildings	773,883	761,502
Furniture & Fixtures	7,559	7,559
Accumulated depreciation	(208,770)	(179,693)
Total Capital Assets Net of Accum. Depr.	<u>3,074,430</u>	<u>1,630,837</u>
Total Assets	<u>11,166,914</u>	<u>10,098,982</u>
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience	-	-
Difference between projected and actual earnings	(1,331)	(1,658)
Difference due to changes in actuarial assumptions	815	815
Deferred pension contributions	5,086	5,086
Total Deferred Outflows	<u>4,570</u>	<u>4,244</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	344,716	11,410
Other payables	160,754	330
Compensated absences payable	13,587	9,223
Pension liability payable	34,923	39,017
Total Current Liabilities	<u>553,979</u>	<u>59,980</u>
DEFERRED INFLOWS		
Pension Related:		
Difference between expected and actual experience	6,074	4,279
Total Deferred Inflows	<u>6,074</u>	<u>4,279</u>
NET POSITION		
Net investment in capital assets	3,074,430	1,630,837
Restricted	-	-
Unrestricted	7,537,000	8,408,129
Total Net Position	<u>\$ 10,611,430</u>	<u>\$ 10,038,966</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Support and revenues		
Economic development sales tax	\$ 1,758,256	\$ 1,998,806
Interest income	28,132	110,183
Miscellaneous	-	-
Total support and revenues	<u>1,786,387</u>	<u>2,108,989</u>
Expenses		
Personnel services	233,347	228,715
Supplies	2,447	4,143
Maintenance & Repairs	-	-
Outside Services	179,391	452,004
Other Operating Expense	10,369	10,716
Incentives	180,596	194,963
Business Park Maintenance	-	-
Contributions to County or City	578,696	75,000
Depreciation	29,077	29,370
Total Expenses	<u>1,213,924</u>	<u>994,911</u>
Transfers	-	-
Increase in Net Position	<u>572,464</u>	<u>1,114,078</u>
Net Position, beginning	10,038,966	8,924,888
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u><u>\$ 10,611,430</u></u>	<u><u>\$ 10,038,966</u></u>

City of Andrews, Texas
Andrews Economic Development Corporation
Comparative Statements of Cash Flows
For the years ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from sales tax	\$ 1,729,986	\$ 2,049,026
Other operating cash receipts	23,260	110,183
Cash payments to suppliers for goods and services	120,927	(642,444)
Cash payments to employees for services	(231,609)	(225,212)
Cash payments for other funds	(578,696)	(75,000)
Net cash provided (used) by operating activities	<u>1,063,868</u>	<u>1,216,552</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,512,267)	(709,644)
Assets transferred to City	-	-
Land incentives from Business Parks	39,596	61,963
Prior Period Adjustments	-	(2,140,035)
Net cash provided (used) by capital and related financing activities	<u>(1,472,670)</u>	<u>(2,787,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of treasury securities/certificate of deposit	614,833	-
Net cash provided (used) by investing activities	<u>614,833</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	206,030	(1,571,164)
Cash and cash equivalents, beginning	6,219,206	7,790,370
Cash and cash equivalents, ending	<u>\$ 6,425,236</u>	<u>\$ 6,219,206</u>
Reconciliation of income from operations to net cash provided (used) by operating activities		
Increase in Net Position	\$ 572,464	\$ 1,114,078
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	29,077	29,370
Change in assets and liabilities:		
Decrease (increase) in sales tax receivable	(28,270)	50,220
Decrease (increase) in misc receivable	(4,871)	-
Decrease (increase) in deferred outflows of resources for pensions	(326)	16,840
Increase (decrease) in accounts payable	333,306	10,682
Increase (decrease) in other payables	160,424	8,699
Increase (decrease) in compensated absences	4,364	1,466
Increase (decrease) in pension liability	(4,095)	(19,082)
Increase (decrease) in deferred inflows of resources for pension	<u>1,795</u>	<u>4,279</u>
Net cash provided (used) by operating activities	<u>\$ 1,063,868</u>	<u>\$ 1,216,552</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.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	133-136
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
2012-2021
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$17,801,675	\$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
Restricted	40,705	19,968	12,088	10,982	153,694	143,398	353,167	473,392	302,144	2,012,679
Unrestricted	11,028,253	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
Total governmental activities net position	28,870,634	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
Business-type activities										
Net investment in capital assets	10,494,928	10,988,113	13,072,308	18,722,336	20,050,869	21,347,109	21,915,482	23,985,637	25,608,034	26,163,073
Restricted	616,641	641,037	653,151	685,007	696,274	756,272	779,346	822,804	840,088	879,568
Unrestricted	6,422,507	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
Total business-type activities net position	17,534,076	18,516,793	21,962,675	23,818,570	24,414,306	24,647,412	25,266,780	27,657,926	28,879,428	30,218,517
Primary government:										
Net investment in capital assets	28,296,603	30,126,217	36,584,154	43,218,640	49,848,441	50,694,017	50,120,684	50,832,148	52,340,793	52,093,323
Restricted	657,346	661,005	665,239	695,989	849,968	899,670	1,132,513	1,296,195	1,142,232	2,892,247
Unrestricted	17,450,760	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
Total primary government net position	46,404,710	52,171,333	61,056,354	62,966,033	64,255,341	64,993,036	65,731,603	70,703,599	71,563,037	73,296,557

CITY OF ANDREWS, TEXAS
Changes in Net Position
2012-2021
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues:										
Governmental Activities										
Taxes:										
Property taxes	1,035,988	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
Sales	4,316,956	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
Franchise	700,210	711,639	782,495	781,609	739,276	704,419	650,398	787,221	718,504	705,078
Other	83,674	72,560	101,096	107,140	82,027	68,826	589,596	492,148	282,800	216,906
Miscellaneous revenue	68,824	17,162	122,464	108,166	31,121	(0)	103,442	4,172,329	422,380	528,061
Investment income	60,085	36,923	63,211	75,689	89,519	125,162	218,555	357,715	263,194	108,201
Gain/Loss on disposition of assets	10,788	-	4,011	-	44,410	-	-	-	-	-
Transfers	798,194	-	(1,000,000)	(999,000)	(1,344)	-	-	(2,338,000)	(1,015,000)	10,527
Total governmental activities	<u>7,074,719</u>	<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>
Business-type activities:										
Miscellaneous revenue	24,694	21,094	192,793	324,916	222,085	218,368	213,711	198,139	159,921	164,726
Investment income	28,340	56,590	24,455	27,949	26,709	36,820	66,900	122,427	54,756	6,064
Gain/Loss on disposition of assets	20,861	77,779	6,978	2,000	(43,704)	1,000	6,599	-	16,737	41,950
Transfers	-	-	1,123,145	1,055,000	1,343	-	(0)	2,338,000	1,015,000	-
Total business-type activities	<u>73,895</u>	<u>155,463</u>	<u>1,347,372</u>	<u>1,409,866</u>	<u>206,433</u>	<u>256,188</u>	<u>287,210</u>	<u>2,658,566</u>	<u>1,246,414</u>	<u>212,740</u>
Total primary government	<u>7,148,614</u>	<u>7,438,530</u>	<u>8,951,565</u>	<u>8,878,833</u>	<u>7,060,450</u>	<u>7,129,674</u>	<u>8,613,373</u>	<u>13,860,306</u>	<u>9,622,996</u>	<u>8,768,121</u>
Changes in net position										
Governmental activities	4,360,213	4,783,908	5,439,138	1,343,643	739,502	504,587	111,449	2,588,599	(402,973)	394,432
Business-type activities	738,034	982,717	2,214,597	2,477,719	595,736	233,107	619,367	2,391,146	1,221,502	1,331,504
Total change in net position	<u>\$ 5,098,247</u>	<u>\$ 5,766,625</u>	<u>\$ 7,653,735</u>	<u>\$ 3,821,362</u>	<u>\$ 1,335,238</u>	<u>\$ 737,695</u>	<u>\$ 730,816</u>	<u>\$ 4,979,745</u>	<u>\$ 818,529</u>	<u>\$ 1,725,936</u>

CITY OF ANDREWS, TEXAS
Fund Balances of Governmental Funds
2012-2021
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Committed	10,600,997	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
Assigned	2,316,231	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
Unassigned	4,663,263	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
Total general fund	<u>17,580,492</u>	<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>
Debt Service Fund										
Restricted				207,799	136,296	127,485	127,485	127,485	127,485	127,485
Total debt service fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,799</u>	<u>136,296</u>	<u>127,485</u>	<u>127,485</u>	<u>127,485</u>	<u>127,485</u>	<u>127,485</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
Restricted										
Reported in special revenue funds	40,706	19,968	12,088	10,982	17,398	15,913	225,682	345,907	153,145	1,856,511
Committed										
Reported in special revenue funds	-	968,510	22,038	26,404	119,740	152,388	287,404	585,602	789,737	469,581
Total all other governmental funds	<u>40,706</u>	<u>988,478</u>	<u>34,125</u>	<u>37,386</u>	<u>137,138</u>	<u>168,301</u>	<u>513,086</u>	<u>931,509</u>	<u>964,396</u>	<u>2,354,775</u>
Total Governmental Funds	<u>\$ 17,621,198</u>	<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>

CITY OF ANDREWS, TEXAS
Changes in Fund Balances of Governmental Funds
2012-2021
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$5,316,075	\$ 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
Franchise fees	700,210	711,639	782,495	781,609	739,276	704,419	650,398	787,221	718,504	705,078
License, permits, fees	73,862	60,105	81,585	65,504	72,009	48,494	64,746	93,073	88,431	89,594
Charges for services	34,477	36,868	80,915	84,713	76,404	71,063	64,365	48,814	45,957	52,022
Fines and court costs	164,729	188,858	235,589	218,077	319,434	408,514	391,761	415,451	283,708	269,243
Miscellaneous	435,480	491,801	591,948	639,161	555,613	544,024	684,486	640,824	422,380	513,011
Investment income	60,085	36,923	63,211	75,689	89,520	125,162	218,555	357,715	263,194	108,201
Intergovernmental revenue	1,854,191	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
Grant income	69,173	52,341	707,079	89,203	64,778	68,484	67,582	67,406	873,489	1,837,723
Contributions	5,691	112	86	60	32	750,023	-	-	-	-
Voluntary non-exchange revenues	-	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>8,713,974</u>	<u>10,560,382</u>	<u>12,117,617</u>	<u>10,739,193</u>	<u>9,044,815</u>	<u>10,004,727</u>	<u>10,902,770</u>	<u>12,240,421</u>	<u>12,409,074</u>	<u>12,595,252</u>
Expenditures:										
Current										
General gov't and admin.	1,327,504	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
Public safety	2,555,574	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
Highway and streets	636,235	650,378	646,324	1,349,240	1,159,857	703,367	975,784	1,192,109	1,215,770	1,339,130
Culture-recreation	201,800	184,412	102,689	153,749	177,505	126,018	749,789	697,762	914,230	648,667
Economic development	153,037	143,692	140,022	155,603	156,851	161,116	180,394	109,388	147,018	141,104
Debt Service										
Principal	590,000	655,000	340,000	345,000	355,000	310,000	270,000	285,000	295,000	305,000
Interest	187,055	140,984	126,530	119,088	496,231	434,408	443,940	436,038	427,576	418,701
Bond Issuance Costs	-	-	-	165,645	-	-	-	-	-	-
Capital outlay	8,275,564	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
Total expenditures	<u>13,926,769</u>	<u>13,549,398</u>	<u>11,134,009</u>	<u>17,573,043</u>	<u>13,440,409</u>	<u>8,786,508</u>	<u>9,630,025</u>	<u>9,657,318</u>	<u>11,721,604</u>	<u>11,568,076</u>
Excess (deficiency) of revenues over expenditures	(5,212,795)	(2,989,016)	983,608	(6,833,850)	(4,395,594)	1,218,219	1,272,746	2,583,103	687,470	1,027,177
Other financing sources (uses):										
Transfers in	798,194	6,117,459	1,000,000	1,072,887	5,191,197	735,597	713,940	721,038	722,576	1,148,986
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)
Sale of general capital assets	-	-	-	-	53,507	-	-	-	-	-
Lawsuit settlement	-	-	-	-	-	-	-	4,000,000	-	-
General obligation bond issued	7,000,000	-	-	8,251,619	-	-	-	-	-	-
Total other financing sources (uses)	<u>7,798,194</u>	<u>-</u>	<u>-</u>	<u>7,652,619</u>	<u>52,163</u>	<u>-</u>	<u>-</u>	<u>1,662,000</u>	<u>(1,015,000)</u>	<u>25,579</u>
Net change in fund balance	<u>\$2,585,399</u>	<u>\$ (2,989,016)</u>	<u>\$ 983,608</u>	<u>\$ 818,769</u>	<u>\$ (4,343,431)</u>	<u>\$ 1,218,219</u>	<u>\$ 1,272,746</u>	<u>\$ 4,245,103</u>	<u>\$ (327,530)</u>	<u>\$ 1,052,756</u>
Debt service as a percentage of noncapital expenditures	13.8%	13.5%	6.9%	6.1%	11.0%	9.9%	8.3%	8.1%	7.5%	7.2%

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						
2012	373,810	56,766	135,447	46,744	519,278	0.18900	519,278	100%
2013	403,034	90,939	141,241	44,219	590,996	0.18900	590,997	100%
2014	466,035	105,028	135,588	57,540	649,111	0.18900	649,111	100%
2015	526,116	132,827	138,946	75,224	722,664	0.18900	722,664	100%
2016	538,304	202,862	123,785	143,062	721,888	0.18900	721,888	100%
2017	554,765	208,994	134,032	149,116	748,675	0.18900	748,675	100%
2018	559,098	212,099	143,514	138,043	776,668	0.18900	776,668	100%
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%

Information furnished by Andrews County Appraisal District.

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

Fiscal Period	City (1)			School (2)			County (3)			Co. Road & Bridge (3)			Hospital (4)			Total Direct and Overlapping		
	M&O	I&S	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
2012	0.18900	-	0.18900	1.06000	0.11000	1.17000	0.31620	-	0.31620	0.05230	-	0.05230	0.21981	-	0.21981	1.83731	0.11000	1.94731
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

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	2021 Tax Roll			2012 Tax Roll		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
Andrews Apartments LP	\$ 10,053,938	1	1.1%			
Enterprise FM Trust	9,992,400	2	1.1%			
Oncor Electric Delivery Co	6,528,464	3	0.7%	3,178,430	9	0.5%
Salazar Srv & Trucking Corp	6,040,751	4	0.7%			
Viva Well Servicing Co., LP	5,966,025	5	0.7%	4,707,263	6	0.8%
Infrastructure Networks Inc	5,852,073	6	0.7%			
Andrews Apts, LLC	5,432,982	7	0.6%			
Avenue Commons Apartments	5,281,770	8	0.6%			
Benny Boyd Chrysler Dodge Jeep R	4,075,395	9	0.5%			
Summit ESP	3,955,611	10	0.5%			
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	0.6%
JP Morgan Chase Bank NA				3,155,270	10	0.5%
	<u>\$63,179,409</u>		<u>2.1%</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
2012	\$882	\$867	98.3%	\$13	\$880	99.8%
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%			

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
2012	\$3,576,809	\$ 1,788,404	\$ 894,202	\$ 894,202	\$7,153,617
2013	\$3,721,433	\$ 1,860,716	\$ 930,358	\$ 930,358	\$7,442,865
2014	\$4,103,131	\$ 2,051,566	\$ 1,025,783	\$ 1,025,783	\$8,206,263
2015	\$3,766,943	\$ 1,883,471	\$ 941,736	\$ 941,736	\$7,533,885
2016	\$2,839,901	\$ 1,419,950	\$ 709,975	\$ 709,975	\$5,679,802
2017	\$3,037,640	\$ 1,518,820	\$ 759,410	\$ 759,410	\$6,075,280
2018	\$3,794,997	\$ 1,897,499	\$ 948,749	\$ 948,749	\$7,589,995
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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ag., Forestry, Fishing, Hunting	-	-	-	-	-	-	-	-	-	-
Mining	\$ 51,814,246	\$ 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
Utilities	-	-	-	-	-	-	-	-	-	\$ -
Construction	23,419,481	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
Manufacturing	6,688,853	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
Wholesale Trade	17,907,283	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
Retail Trade	66,105,702	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
Transportation / Warehousing	2,797,225	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
Information	-	-	-	-	3,910,107	5,212,568	5,071,993	5,709,000	6,076,000	\$ 4,736,209
Finance, Insurance	556,669	517,093	670,089	853,051	425,279	204,445	199,142	137,000	127,000	\$ 25,751
Real Estate, Rental, Leasing	20,278,465	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
Professional, Scientific, Tech. Svc	957,075	1,373,442	1,268,743	920,384	537,755	583,446	604,118	716,000	811,000	\$ 617,203
Mgmt of Companies, Enterprises	-	-	-	-	-	-	-	-	-	\$ -
Admin, Supp., Waste Mgt., Remed.	9,699,396	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
Educational Services	-	-	-	-	-	-	-	-	-	\$ -
Health Care, Social Assist.	-	-	-	-	-	-	160	-	-	\$ 31,072
Arts, Entertainment, Recreation	642,840	731,998	666,525	558,771	620,723	824,702	476,121	725,000	773,000	\$ 642,213
Accommodation, Food Svc.	15,542,782	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
Other Services	7,570,897	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
Public Administration	-	-	-	-	-	-	-	-	-	\$ -
Other	3,711,136	3,984,889	4,168,133	4,785,197	1,504,807	83,770	197,092	-	-	\$ -
Total	\$227,692,050	\$254,348,568	\$271,671,419	\$349,665,298	\$275,156,024	\$219,389,402	\$265,412,143	\$322,704,000	\$321,248,000	\$235,333,146
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%

Annual data for 2021 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)

	2020				2011			
	Number of Filers	Percentage of Total	Subject to Tax	Percentage of Total	Number of Filers	Percentage of Total	Subject to Tax	Percentage of Total
Ag., Forestry, Fishing, Hunting	-	0.00%	\$ -	-	-	0.00%	\$ -	-
Mining	69	12.32%	49,156	20.89%	37	7.69%	51,814	22.76%
Utilities	-	0.00%	-	-	2	0.42%	-	-
Construction	52	9.29%	23,940	10.17%	42	8.73%	23,419	10.29%
Manufacturing	38	6.79%	10,952	4.65%	21	4.37%	6,689	2.94%
Wholesale Trade	22	3.93%	5,316	2.26%	24	4.99%	17,907	7.86%
Retail Trade	163	29.11%	72,191	30.68%	170	35.34%	66,106	29.03%
Transportation, Warehousing	17	3.04%	373	0.16%	18	3.74%	2,797	1.23%
Information	5	0.89%	4,736	2.01%	1	0.21%	-	0.00%
Finance, Insurance	6	1.07%	26	0.01%	6	1.25%	557	0.24%
Real Estate, Rental, Leasing	21	3.75%	25,780	10.95%	22	4.57%	20,278	8.91%
Professional, Scientific, Tech. Svc	24	4.29%	617	0.26%	25	5.20%	957	0.42%
Mgmt of Companies, Enterprises	-	0.00%	-	-	-	0.00%	-	-
Admin, Supp., Waste Mgt., Remed.	14	2.50%	2,200	0.93%	17	3.53%	9,699	4.26%
Educational Services	2	0.36%	-	-	1	0.21%	-	-
Health Care, Social Assist.	4	0.71%	31	-	1	0.21%	-	-
Arts, Entertainment, Recreation	8	1.43%	642	0.27%	5	1.04%	643	0.28%
Accommodation, Food Svc.	70	12.50%	27,377	11.63%	44	9.15%	15,543	6.83%
Other Services	43	7.68%	11,996	5.10%	42	8.73%	7,571	3.33%
Public Administration	-	0.00%	-	-	1	0.21%	-	-
Other	2	0.36%	-	0.00%	2	0.42%	3,711	1.63%
Total	560	100.00%	\$ 235,333	99.99%	481	100.00%	\$ 227,691	100.00%

Annual data for 2021 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)	Capital Leases					
2021	\$11,250,000	\$ 197,274.00	\$ -	\$ -	\$ -	\$11,447,274	1.59%	1.21%	13,467	\$ 850
2020	\$11,555,000	\$ 205,661.00	\$ -	\$ -	\$ -	\$11,760,661	1.51%	1.30%	13,467	\$ 873
2019	\$12,055,663	\$ 214,048.00	\$ -	\$ -	\$ -	\$12,269,711	1.40%	1.35%	13,762	\$ 892
2018	\$12,357,436	\$ 222,435.00	\$ -	\$ -	\$ -	\$12,579,871	1.62%	1.39%	13,762	\$ 914
2017	\$12,635,823	\$ 230,822.00	\$ -	\$ -	\$ -	\$12,866,645	1.72%	1.68%	13,333	\$ 965
2016	\$12,954,211	\$ 239,209.00	\$ -	\$ -	\$ -	\$13,193,420	1.83%	1.81%	13,574	\$ 972
2015	\$13,317,598	\$ 247,596.00	\$ -	\$ -	\$ -	\$13,565,194	1.88%	1.64%	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
2012	\$ 6,410,000		\$ -	\$ -	\$ -	\$ 6,410,000	1.37%	0.79%	12,168	\$ 554

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, 2021

	Net Debt Outstanding		Estimated Percentage Applicable to City		Amount Applicable to City
Andrews County Hospital District	\$ 32,069,622	(1)	20.47%	(4)	\$ 6,565,536
Andrews Independent School District	32,640,000	(2)	19.95%	(5)	6,510,717
County of Andrews	15,705,000	(3)	18.59%	(6)	<u>2,919,623</u>
Subtotal, Overlapping Debt					15,995,876
City of Andrews Direct Debt					<u>11,447,274</u>
Total Direct and Overlapping Debt					<u><u>\$ 27,443,150</u></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	Payable from Ad Valorem Taxes	Payable from Sales Taxes	Payable from Ad Valorem Taxes	
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
2012	519,367,000	7,790,505	6,410,000	6,410,000	-	590,000	-	7,790,505

Sources:

(1) Obtained from Andrews County Appraisal District

(2) There is not statutory debt limitation in the City Charter or under State Law. The City operates under a Home Rule Charter that limits the maximum ad valorem tax rate, for all City purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

(3) General Obligation Bonds supported completely by a limited Sales Tax approved by voters in May 2011 for the construction of a truck reliever route.

(4) Total Debt Margin Available less General Obligation Principal Payments Payable from Ad Valorem Taxes

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

Fiscal year	Required Principal Payment	Additional Principal Payment	Required Interest Payment	Total Debt Service	Total General Governmental Expenditures (1)	% of Debt Service to Total General Expenditures
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%
2012	310,000	280,000	109,511	699,511	5,250,218	13.3%

(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>
2012	12,168	\$811,615	\$50,351	3,631	3.5%
2013	12,702	\$867,139	\$51,591	3,768	3.6%
2014	13,206	\$959,968	\$54,928	4,038	2.5%
2015	13,722	\$829,270	\$45,836	4,018	3.3%
2016	13,574	\$728,642	\$40,850	3,968	3.9%
2017	13,333	\$763,902	\$43,105	4,037	2.9%
2018	13,762	\$906,592	\$51,303	4,335	2.4%
2019	13,762	\$990,475	\$53,266	4,382	2.2%
2020	13,487	\$948,632	\$55,129	4,195	7.9%
2021	*13,500	*\$948,632	*\$55,129	4,172	4.5%

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
2021 and 2011

Employer	2021		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Andrews Ind. School District	588	7.2%	495	6.6%
Permian Regional Medical Center	450	5.5%	300	4.0%
Andrews County	210	2.6%	165	2.2%
Dufrane Construction	56	0.7%		
KV Power	138	1.7%		
Dennis Porter Inc.	100	1.2%	95	1.3%
Waste Control Specialists	170	2.1%	145	1.9%
Kirby West Company	90	1.1%	185	2.5%
City of Andrews	87	1.1%		
GTG Automation	78	0.9%		
Palmer of Texas			88	1.2%
Key Energy Services			145	1.9%
Basic Energy Services			112	1.5%
Nabors Industries			100	1.3%

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>2012</u>	<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>Full-time Employees by Function</u>										
General Government	12	12	13	14	14	14	15	15	15	15
Public safety										
Police	17	18	20	20	20	20	20	21	22	22
EMS	7	7	9	10	9	10	10	11	12	14
Animal Control	1	1	1	1	1	1	1	2	2	2
Economic Development	1	1	1	1	1	1	1	1	2	2
Street	3	2	2	3	3	3	3	3	3	2.5
Water and Sewer	9	10	11	11	11	11	11	11	12	11
Sanitation	8	10	11	11	11	11	11	11	11	11.5
Total	<u>58</u>	<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>Part-time Employees by Function</u>										
General Government	3	3	1	1	2	3	3	3	3	1.38
Public safety										
Police (includes School Crossing)	3	3	6	5	3	3	3	3	3	0.77
EMS	0	2	5	11	11	5	5	7	5	1.5
*Fire	1	1	1	1	1	1	1	1	1	1
Economic Development	1	1	0	0	0	0	0	0	0	0
Street	1	2	1	1	1	0	0	0	0	0.8
Water and Sewer	0	0	2	2	0	0	0	0	0	1.89
Sanitation	2	3	3	6	5	4	4	4	5	2.3
Total	<u>11</u>	<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>
Total full and part-time employees	<u>69</u>	<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>

*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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Physical arrests	402	496	496	691	676	497	714	777	638	528
Citations issued	1,631	1,702	2,051	1,509	3,105	3,164	3,605	2,984	2,241	2,280
Fire:										
Number of emergency calls	453	391	503	519	361	433	570	697	635	499
Emergency Medical Services										
Number of emergency calls	693	682	805	845	756	796	916	990	904	1,054
Number of transfers-out of county	238	284	276	263	298	334	111	191	191	82
Total number of runs	931	966	1,081	1,108	1,054	1,130	1,037	1,181	1,095	825
Animal Control										
Number of calls handled	2,366	2,098	2,223	2,147	2,426	2,048	1,983	1,295	1,382	1,909
Streets										
Street resurfacing (miles)	5.00	4.00	4.00	4.00	0.25	0.57	2.00	5.50	-	7.34
Potholes repaired (estimated)	43	67	109	100	378	421	457	532	560	575
Water										
New connections	90	133	109	68	68	68	54	56	57	53
Service calls	7,162	7,937	12,367	12,522	9,566	11,689	8,580	8,402	3,144	3,715
Avg. consumption/day (thousand gallons)	3,894	2,687	2,779	2,378	2,293	2,122	2,269	2,042	2,337	2,125
Sewer										
Service calls	262	251	233	208	186	151	148	160	182	159
Wastewater										
Avg. sewage treated/day (thousand gallons)	984	1,090	1,101	1,061	982	1,110	1,021	1,157	1,127	871

**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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	45	47
Public works:										
Streets (miles)										
Paved	68.01	82.82	86.64	89.17	89.25	89.30	89.30	89.30	89.30	89.30
Graded	4.96	4.96	4.96	6.30	0.75	0.75	0.75	0.75	0.75	0.75
Sidewalks	40.10	40.10	40.10	40.10	40.18	40.20	40.22	40.22	40.22	40.22
Alleys	43.12	43.12	43.12	43.12	43.67	43.69	43.69	43.69	43.69	43.69
Parks and recreation										
Parks (owned by Andrews Co.)	6	6	6	6	6	6	6	6	6	6
Parks (owned by City of Andrews)	2	2	2	2	2	2	2	2	2	2
Number of acres	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Number of playgrounds	8	8	8	8	8	8	8	8	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	4,726	4,814	4,897	4,940	4,900	4,945	5,010	5,050	5,064	5,064
Water mains (miles)	179.43	185.49	187.37	187.56	188.36	188.36	188.46	190.21	190.21	190.21
Fire hydrants	213	240	250	251	251	251	252	265	267	267
Maximum daily consumption (thousands of gallons)	5,630	5,321	5,575	4,512	4,520	4,212	3,972	6,410	6,410	4,275
M/gallons pumped	1,031,868	980,665	1,014,260	867,851	836,959	774,651	828,342	745,150	853,119	853,119
M/gallons billed	896,640	856,339	842,423	726,683	723,599	730,988	793,475	704,353	810,770	810,770
Sewer and wastewater										
Sanitary sewers (miles)	94.98	97.86	98.35	98.52	98.57	98.57	98.67	99.17	99.17	99.17
Storm sewers (miles)	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Maximum daily treatment capacity (million gallons daily)	1.2 (1)	1.6	1.6	1.6 (2)	7.2	7.2	7.2	7.2	7.2	7.2

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

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

Information furnished by City of Andrews