



COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT

---

CITY OF ANDREWS, TEXAS

For the Fiscal Year  
October 1, 2019 through September 30, 2020

Issued by:  
Finance Department  
Ashton Jones, Director



City of Andrews, Texas  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2020

Table of Contents

	<u>Page</u>
<b>Part I – Introductory Section</b>	
Letter of Transmittal	3
City of Andrews Principal Officials	8
City of Andrews Departmental Organization Chart	9
Certificate of Achievement for Excellence in Financial Reporting	10
<b>Part II – Financial Section</b>	
Independent Auditors' Report	13
Management's Discussion and Analysis (Unaudited)	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds	29
Reconciliation of the Governmental Funds Balance Sheet to Government-wide Statement of Net Position	30
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	32
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	33
Statement of Net Position – Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	35
Statement of Cash Flows – Proprietary Funds	36
Statement of Fiduciary Net Position – Fiduciary Funds	37
Notes to Basic Financial Statements	39
Required Supplementary Information	
Schedule of Changes in the City's Net Pension Liability and Related Ratios - TMRS	79
Schedule of Employer Contributions - TMRS	80
Schedule of the City's Proportionate Share of the Net Pension Liability - TESRS	81
Schedule of Employer Contributions - TESRS	82
Combining and Individual Fund Financial Statements and Schedules	
Governmental Funds	
General Fund	
Comparative Balance Sheet	89
Schedule of Budgeted and Actual Revenues and Expenditures	90
Required Notes to the Supplementary Information	91
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	92
Schedule of Revenues – Budget and Actual	93
Schedule of Expenditures – Budget and Actual	94
Debt Service Fund	
Comparative Balance Sheet	96
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	97
Non Major Governmental Funds	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	99
Proprietary Funds	
Water & Sewer Fund	
Comparative Statements of Net Position	103
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position	104
Comparative Statements of Cash Flows	105

City of Andrews, Texas  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2020

Table of Contents

	<u>Page</u>
Schedule of Operating and Non-Operating Revenues - Budget and Actual	106
Schedule of Operating Expenses - Budget and Actual.	107
Sanitation Fund	
Comparative Statements of Net Position	108
Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position	109
Comparative Statements of Cash Flows	110
Schedule of Operating and Non-Operating Revenues - Budget and Actual	111
Schedule of Operating and Non-Operating Expenses - Budget and Actual	112
Agency Funds	
Combining Statement of Net Position	115
Combining Statement of Changes in Assets and Liabilities	116
Capital Assets – Governmental Funds	
Comparative Schedules By Source	119
Schedule By Function and Activity	120
Schedule of Changes By Function and Activity	121
Component Unit – Andrews Economic Development Corporation	
Comparative Statements of Net Position	125
Comparative Statements of Revenues, Expenses and Changes in Net Position	126
Comparative Statements of Cash Flows	127

**Part III – Statistical Section**

Financial Trends:

Net Position by Component	131
Changes in Net Position	132
Fund Balances of Governmental Funds	133
Changes in Fund Balances of Governmental Funds	134

Revenue Capacity:

Assessed and Estimated Actual Value of Taxable Property	135
Property Tax Rates - All Direct and Overlapping Governments	136
Principal Property Taxpayers – Current Year and Nine Years Ago	137
Property Tax Levies and Collections	138
Calendar Year Sales Tax Collections	139
Taxable Sales by Category	140
Sales Tax Revenue by Industry – Current year and nine years ago	141

**Debt Capacity:**

Ratios of Outstanding Debt by Type	142
Computation of Direct and Overlapping Debt	143
Legal Debt Margin	144
Debt to Expense Ratio	145

**Demographic and Economic Information:**

Demographic Statistics	146
Principal Employers	147

Operating Information:

Full-time and Part-time City Employees by Function	148
Operating Indicators by Function	149
Capital Asset Statistics	150

City of Andrews, Texas  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2020

Table of Contents

	<u>Page</u>
<b>Part IV—Single Audit Section</b>	
Schedule of Expenditures of Federal and State Awards	153
Notes to Schedule of Expenditures of Federal and State Awards	154
Independent Auditor's Report on Internal Control over Financials Reporting and on Compliance and Other Matters Based on an Audit of the Financials Statements Performed in Accordance with Government Auditing Standards	155
Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance	157
Schedule of Findings and Questioned Costs	159
Summary of Prior Audit Findings	160

INTENTIONALLY LEFT BLANK

# INTRODUCTORY SECTION

INTENTIONALLY LEFT BLANK





111 Logsdon • Andrews, Texas 79714

(432)523-4820

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

February 25, 2021

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, 2020. 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 14,109, is located in the oil-rich Permian Basin in West Texas, thirty miles from the New Mexico border. It is approximately 100 miles south of Lubbock, Texas, and thirty-five miles north of Midland and Odessa, Texas. Located in Andrews County, it is the only town in the County and serves as the county seat. Commercial air travel is available through Midland International Airport.

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

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

### ***Accounting System and Budgetary Control***

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

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

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

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

### ***Local Economy***

The City of Andrews is located in the oil-rich Permian Basin and has long been defined by periods of economic boom and bust, historically tied to fluctuations with the oil and gas industry.

During periods of economic prosperity, the region experiences population growth and an increase in residential and business activity. During periods of economic bust very little growth, and in many cases population decline, are common.

During the last three quarters of FY 2020, the region – like the rest of the world – was tasked with responding to the COVID-19 pandemic. With the local economy still largely tied to the price of oil, the region is experiencing a ‘double whammy’ scenario in which the COVID-19 pandemic and low oil prices are operating in concert to weigh down the local and regional economy. At the end of FY 2020, the price per barrel of WTI crude sat at \$39.63, down from above \$57 per barrel at the beginning of calendar year 2020.

According to the Texas Railroad Commission, oil production in Andrews County dropped from 39.2 million barrels in FY 2019 to 38.0 million in FY2020. Despite declining prices and a drop in oil production, Andrews County has consistently averaged over 37.0 million barrels since fiscal year 2014. Revenues for sales tax – a strong indicator of local oil activity – decreased 4.5% from 2019 to 2020.

According to the Texas Workforce Commission, the civilian labor force in Andrews County grew from 9,906 in September 2019 to 10,051 in September 2020. The unemployment rate, however, also increased from 2.3% to 9.0% during this same period. The September 2020 unemployment rate of 9.0% is slightly higher than the state level of 8.2% and considerably higher than the federal level of 7.7%

How the energy industry fares during this economic slowdown will play a significant role in determining how quickly – and to what extent – the local region is able to recover from the current recession. Local sales tax figures for the first three months of FY 2021 show a decrease of 25.8% from the same period in FY 2020.

### ***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. Long-term needs are met through “pay-as-you-go” fiscal policies. Depreciation is fully-funded. The only debt of

the City relates to the certificates of obligation for the construction of the Truck Reliever Route which are tied to a voter-approved, dedicated source of revenue (a one-quarter cent sales tax).

### ***Long-term financial planning and major initiatives***

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

*Increase water wellfield capacity 1 million gallons per day by 2023* – In 2010, the City purchased 934 acres with water rights to address long-term water needs of the City. In 2011, the City entered into a Letter of Intent with DCP Midstream for an additional 1,044 acres of water rights on adjacent lands. Two wells were successfully drilled on the DCP land in 2017. More wells will be added in the next several years. Future plans also include tying the three City wellfields together and building a new water pipeline from the Florey wellfield to the City.

*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.

*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. Funds have been included in the City’s 10-year Capital plan to address additional lines.

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

### ***Awards and Acknowledgments***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Andrews for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. 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 fortieth 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, 2019. 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 eighth consecutive year that the municipal government has received this award.

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

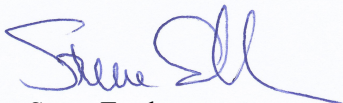
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion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

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

### ***Request for Information***

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Steve Eggleston".

Steve Eggleston  
City Manager

A handwritten signature in blue ink, appearing to read "A. Jones".

Ashton Jones  
Director of Finance

**CITY OF ANDREWS, TEXAS**  
**List of Elected and Appointed Officials**  
**September 30, 2020**

**Elected Officials**

Flora Braly	Mayor
Carolyn Jones	Council Member
Keith Livingston	Council Member
Lynn Fisher	Council Member
Pam Brownlee	Council Member/Mayor Pro Tem
Chris Helbig	Council Member

**Appointed Officials**

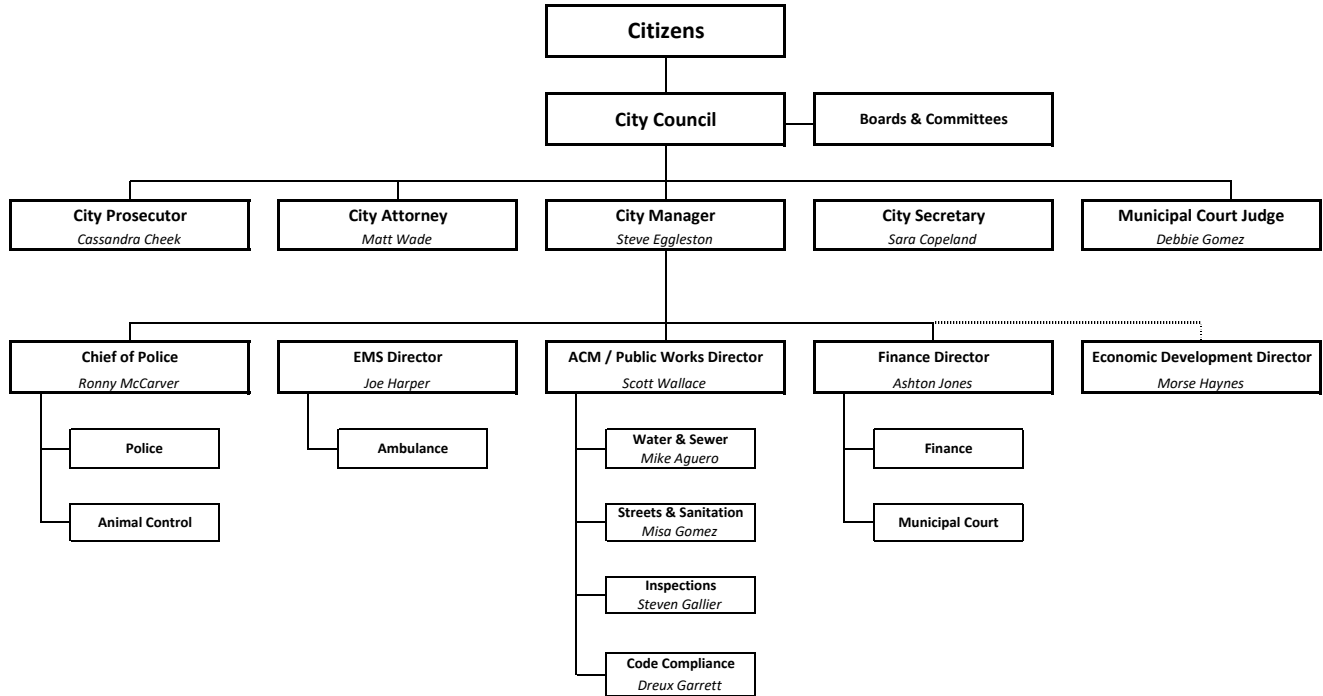
Steve Eggleston	City Manager
Matt Wade	City Attorney
Sara Copeland	City Secretary
Debbie Gomez	Municipal Judge

**Finance Staff**

Ashton Jones	Director of Finance
Robyn Abney	Administrative Specialist
Alyson Garrett	Administrative Specialist
Maria Jimenez	Administrative Specialist
Rena Black	Cashier
Mirenidy Porras	Cashier

\*Member of Government Finance Officers Association

# City of Andrews Organization Chart





Government Finance Officers Association

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

Presented to

**City of Andrews  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO



# FINANCIAL SECTION

INTENTIONALLY LEFT BLANK

### 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, 2020, 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, 2020, 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



P.O. Box 1074 Andrews, Texas 79714  
(432) 523-7261 • [www.wmmcpa.com](http://www.wmmcpa.com) • (432) 224-1068 fax

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*

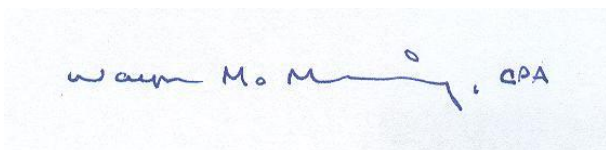
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the individual fund budgetary comparison schedule, and statistical 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 as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and 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 5, 2021, 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 5, 2021

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, 2020. 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, 2020.

### Government-wide

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2020 fiscal year by \$71,563,037 (*net position*). Of this amount, \$18,080,012 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- During 2020, the City's total net position increased \$852,886, or 1.21%, related to operations. The net position of business-type activities increased by \$1,221,502, or 4.42%, from operations. The net position of governmental activities decreased by \$(368,616), or (.86)%, from operations.
- Total expenses of all the City's programs were \$18,555,950 in 2020.

### Fund Statements

- As of September 30, 2020, the City's governmental funds reported combined fund balances of \$18,540,576, a decrease from prior year of \$293,173. Of this total amount, \$5,875,360 or approximately 31.7%, 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 \$5,875,360, or 61.5% 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 125-127.

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

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

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

The City maintains eight 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 seven 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 98-99 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 34-35 of this report.
- **Fiduciary Funds** – *Fiduciary funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources are not available to support the City's own programs. *Agency funds*, a type of fiduciary fund, are used to report resources held by the City in a purely custodial capacity (assets=liabilities) for individuals, private organizations and other governments. The City maintains two agency funds. The Escrow Fund is used to report resources held for developers for curb and gutter, paving, and water and sewer extensions. The Employee Christmas Fund is used to report resources held for participating employees in a Christmas savings account. The agency funds financial statements can be found on page 37 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-75.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 79-82 of this report.

#### THE CITY AS A WHOLE: GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. For the City of Andrews, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$71,563,037 at the close of the most recent fiscal year.

#### Net Position for the City of Andrews

\$000	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current & other assets	\$20,097	\$20,720	\$5,924	\$6,194	\$26,021	\$26,914
Capital assets (net)	38,082	38,482	25,608	23,985	63,690	62,468
Total assets	58,179	59,202	31,532	30,179	89,712	89,382
Deferred Outflows	667	1,461	247	549	914	2,010
Long-term liabilities	14,903	16,527	2,030	2,512	16,933	19,039
Other liabilities	636	1,034	612	559	1,248	1,593
Total liabilities	15,539	17,561	2,642	3,071	18,181	20,632
Deferred Inflows	624	50	257	-	881	50
Net Position:						
Invested in Capital Assets	26,733	26,847	25,608	23,986	52,341	50,833
Restricted	302	479	840	823	1,142	1,303
Unrestricted	15,649	15,726	2,431	2,849	18,080	18,575
Total net position	\$42,684	\$43,052	\$28,879	\$27,658	\$71,563	\$70,710

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

The largest portion of the City's net position (73.1%) reflects its investment in capital assets (e.g. land, building, equipment, improvements, and infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (1.6%) represents resources subject to external restrictions on how they may be used. The remaining balance of \$18,080,012 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**

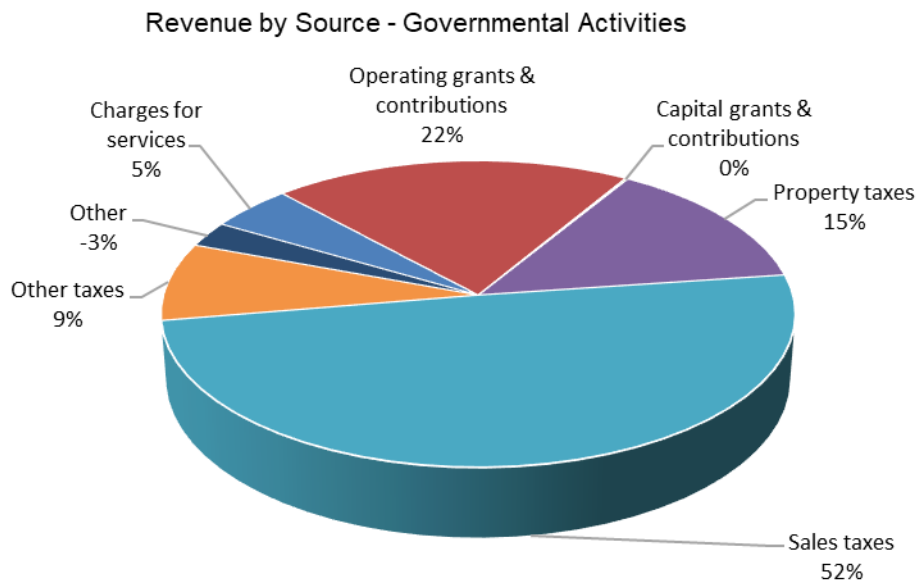
\$000	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Fees, fines & charges for service	\$ 580	\$ 720	\$6,665	\$6,182	\$7,245	\$6,902
Operating grants & contributions	2,489	1,568	-	-	2,489	1,568
Capital grants & contributions	17	16	-	-	17	16
General revenues:						
Property taxes	1,701	1,461	-	-	1,701	1,461
Sales tax	6,004	6,269	-	-	6,004	6,269
Franchise fees	719	787	-	-	717	787
Other	283	492	-	-	283	492
Miscellaneous Revenue	423	4,172	159	198	582	4,370
Investment income	263	364	55	122	318	487
Gain on disposition of assets	-	-	17	-	17	-
Transfers	-	-	-	-	-	-
Total revenues	12,479	15,850	6,896	6,502	19,375	22,352
<b>Expenses:</b>						
General government & admin	2,088	1,751	-	-	2,088	1,751
Public safety	5,216	4,896	-	-	5,216	4,896
Highways & streets	2,515	2,492	-	-	2,515	2,492
Culture-recreation	1,205	989	-	-	1,205	989
Economic development	415	358	-	-	415	358
Interest	428	431	-	-	428	431
Water & sewer	-	-	4,795	4,386	4,795	4,386
Sanitation	-	-	1,894	2,063	1,894	2,063
Total expenses	11,867	10,917	6,689	6,449	18,556	17,366
Increase/(decrease) before transfers	612	4,933	207	53	819	4,986
Transfers	(1,015)	(2,338)	1,015	2,338	-	-
Change in net position	(403)	2,595	1,222	2,391	819	4,986
Net position – beginning	43,052	40,457	27,658	25,267	70,710	65,724
Prior Period Adjustment	34	-	-	-	34	-
Net position - ending	\$42,683	\$43,052	\$28,880	\$27,658	\$71,563	\$70,710



CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

**Governmental Activities.** During the current fiscal year, net position for governmental activities decreased \$402,973 or .94% from the prior year for an ending balance of \$42,683,609. Key elements of this change are as follows:

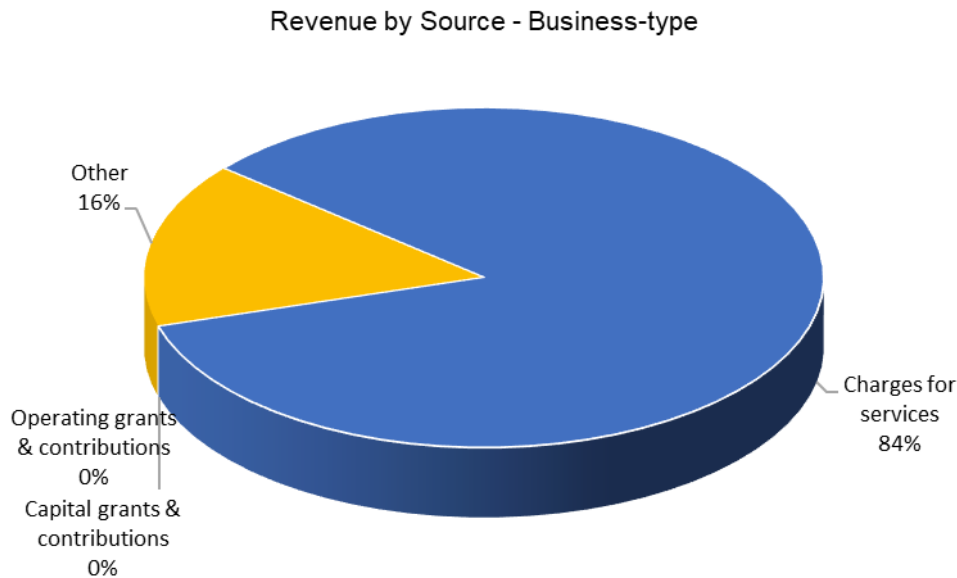
- Sales Tax Revenues decreased \$223,532 as a result of COVID-19 crisis and decreased spending.
- Operating Grants and Contributions increased by \$921,287 due to receiving 805,915 in a grant from the Corona Virus Relief Fund reimbursing the city for public safety payroll expenses.
- Other Miscellaneous Revenues decreased \$4,000,000. During FY2019 the city received \$4,000,000 due to a lawsuit settlement in regard to the Loop 1910 Reliever Route reconstruction.
- Transfers were \$1,015,000. \$15,000 was transferred to the Sanitation fund to cover a shortage in landfill revenue since all fees were waived during the COVID-19 shutdown and \$1,000,000 was transferred to the Utility fund due to a shortage in the minimum fund balance.
- The largest increase in expenses was in the area of general government and admin at \$339,343 due to an increase in staff including one full time inspections employee and \$98,966 in COVID 19 related expenses. The general government and admin department also had a large capital project which included updating the phone system. Land was purchased at 110 Logsdon in the amount of \$22,750 and 105 E Broadway in the amount of \$137,873 for the plans of building a new city hall in the future.
- The next increase in expenses was in the area of public safety at \$320,284 due to the remodel of the EMS building which cost 915,321. Salaries and wages were lower since the EMS and police departments were not fully staffed.
- Culture-recreation expenses increased \$159,259 due primarily to full staffing in the buildings and grounds department.



CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

**Business-type Activities.** During the current fiscal year, net position for business-type activities increased \$1,221,502 or 4.4% from the prior year for an ending balance of \$28,879,428. Key elements of this change are as follows:

- Water and sewer charges for services did not cover operating expenses causing a shortfall of \$207,346. The general fund transferred \$1,000,000 to increased the fund balance due to the shortfalls the last few years. Supplies increased \$254,727 due to the purchase of chemicals.
- Sanitation charges for services did cover operating expenses causing an income from operations of \$182,434. Revenue increased \$95,899 and personnel expenses decreased \$80,645. The general fund transferred \$15,000 due to the landfill waiving charges to customers during the COVID-19 shutdown.



#### 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, 2020, the City's governmental funds reported combined fund balances of \$18,540,576, a decrease of \$293,173 in comparison with the prior year. Approximately 31.7% of this amount (\$5,875,360) 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 (\$280,630), *committed* for particular purposes (\$9,518,467), *nonspendable* (\$21,514), or *assigned* for particular purposes (\$2,844,605).

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 \$319,509 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 61.1% of total general fund expenditures, while total fund balance represents approximately 181.5% of that same amount.

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

- \$374,246 decrease in total revenues – decrease in property and sales tax revenues of \$25,338, in franchise tax revenue of \$68,717, in fines and court costs of \$129,542 and investment income of \$90,697. All revenue decreased in correlation with the COVID-19 pandemic.
- \$1,094,945 increase in total expenditures – increase in public safety capital expenditures of \$1,053,512 which the majority was related to the remodel of the EMS building so the EMS employees can now stay overnight.

Other Governmental Funds consist of eleven 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 three funds restricted by federal or state law for law enforcement education or activities, one fund restricted by state law for promoting tourism and the convention and hotel industry, and one fund restricted by creditors through a debt covenant. The City Council has committed funds for court technology, court security, 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 98-99 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 \$2,008,138 for the Water and Sewer Fund and \$423,168 for the Sanitation Fund. Overall, water and sewer net position increased by \$990,349 while sanitation net position increased by \$231,153. As noted earlier in the discussion of business-type activities, the increase for the Water and Sewer Fund results primarily from non-operating revenue sources.

## GENERAL FUND BUDGETARY HIGHLIGHTS

**Original budget compared to final budget.** The City Council approved additional appropriations of \$1,225,421 to the original General Fund budget as follows (1) \$137,338 for the purchase of 105 E Broadway, (2) \$24,400 for the purchase of 110 Logsdon, (3) \$1,015,000 for a \$1,000,000 transfer to the utility fund and \$15,000 transfer to the sanitation fund, (4) \$48,683 for vacation days payout due to COVID-19.

**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	\$3,997,612	\$747,612
Reliever Route Tax	812,500	999,403	186,903
Franchise Fees	682,500	718,504	36,004
Investment Income	255,337	252,370	(2,967)

Sales tax revenues for the City trend with wide fluctuations in oil prices. Sales tax revenues and investment revenues were lower than last year due to COVID-19.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

Total actual expenditures fell short of the budgeted expenditures by \$2,154,325. Capital expenditures of \$1,050,000 for the South Loop drainage issue budgeted in 2020 were not completed in 2020. \$805,915 of the budgeted police salaries were paid for with the Corona Virus Relief Fund grant.

### CAPITAL ASSETS

The City of Andrews investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$63,690,132 net of accumulated depreciation. This investment in capital assets includes land, building, equipment, improvements, and infrastructure. The City's total investment in capital assets for the fiscal year increased 2%.

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

- The purchase of land for a new city hall for \$160,623.
- The purchase of a new phone system in the amount of \$34,971.
- The purchase of two sanitation trucks for \$404,352.
- The purchase of a vacuum truck for the water department for \$419,407.
- The Mustang Sewer Line replacement for \$1,294,339.
- The purchase of five Chevy Tahoes for the police department for \$333,746.
- The purchase of a new animal control truck for 55,053.
- The EMS building renovation for \$915,320.
- Replace and upgrade approximately 600 water meters at a cost of \$246,614.

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

\$000	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$1,409	\$1,248	\$3,294	\$3,294	\$4,703	\$4,542
Buildings	5,733	5,018	3,366	3,417	9,099	8,435
Improvements other than buildings	4,675	5,173	27	31	4,702	5,204
Infrastructure	23,754	24,730	-	-	23,754	24,730
Machinery & Equipment	2,513	2,314	2,410	1,809	4,923	4,123
Water & Sewer System	-	-	16,511	15,435	16,511	15,435
Total	\$38,082	\$38,482	\$25,608	\$23,986	\$63,692	\$62,469

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 \$11,555,000, 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 \$3,650,911.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

**Outstanding Debt at Year-end**

\$000	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$11,555	\$11,850	\$ -	\$ -	\$11,555	\$11,850
Pension related debt	2,614	3,935	1,037	1,542	3,651	5,477
Total	\$14,169	\$15,785	\$1,037	\$1,542	\$15,206	\$17,327

The City's total debt decreased by \$2,121,146 or 12.2% during the current fiscal year as the City's financial responsibility for pensions decreased.

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

There is no statutory debt limitation in the City Charter or under State law. The City's Fiscal Principles and Policies states the City will strive to limit general obligation annual debt service requirements to 20% of general governmental expenditures. Debt service to total general expenditures for fiscal year ending September 30, 2020 was 6.16%.

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 2021 budget, tax rates, and fees that will be charged for business-type activities. Some of the major factors are included below.

- Sales tax receipts are the largest revenue source for the General Fund. In the FY2021 Budget, they represent 47.1% of the total General Fund revenues. Prior to the outbreak of COVID-19, FY2020 sales tax receipts were trending over 30% above budgeted amounts. During the outbreak, sales tax receipts have trended near budget levels. Discussions with several larger local sales tax businesses indicate that FY2021 sales tax receipts may resemble numbers seen during the pandemic.
- Taxable assessed property values for the City increased 10.6% in 2019 to \$869,971,551. By the City maintaining the same tax rate (0.1890 per \$100 of valuation) as prior year, it will generate \$174,453 in additional estimated revenue in 2020. Assessed values for other local taxing entities also significantly increased in 2019.
- Increase of water rates 20% on volumes greater than 2,000 gallon per month. For the past two years, the City's General Fund has had to transfer funds to the Utility Fund in order to cover expenditures (\$1 million in FY2020 and \$638,000 in FY2019). The rate increase is necessary given (1) the inability of the Utility Fund to break-even with current rates, (2) the uncertainty of whether excess General Fund Sales Tax receipts would be able to assist in future years, and (3) the possibility of decreased revenues in the Utility Fund due to COVID-19 or a poor economy. Low volume customers (typically citizens with low or fixed incomes) should see no increase as base rates remained unchanged.
- Sanitation collection rates will remain the same for 2021.
- The City's full-time employee headcount is budgeted to increase by one in 2021 as the City adds one assistant EMS director.
- New Capital expenditures for fiscal year 2021 are budgeted at \$6.6 million. Of this total, 3.2 million is directed towards the replacement of the Florey water line, \$0.4 Million to buy a new bulldozer for the landfill, \$0.4 million to drill 2 water wells, \$0.4 million to crack seal and cut-and-patch loop 1910, and \$0.3 million to purchase four new Chevy Tahoes for the police department.

CITY OF ANDREWS, TEXAS  
Management's Discussion and Analysis

**REQUESTS FOR INFORMATION**

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

# BASIC FINANCIAL STATEMENTS

INTENTIONALLY LEFT BLANK



**City of Andrews, Texas**  
**Government-wide Statement of Net Position**  
**September 30, 2020**

	Primary Government			Component Unit
	Governmental	Business Type		Andrews Econ.
	Activities	Activities	Total	Dev. Corp.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,898,994	\$ 4,512,332	\$ 15,411,326	\$ 6,219,206
Investments	6,933,284	573,886	7,507,170	2,124,704
Receivables (net of allow. for doubtful accts)	2,265,503	703,918	2,969,421	124,235
Inventories	-	133,205	133,205	-
Prepaid items	-	539	539	-
Capital Assets:				
Land	1,408,535	3,294,007	4,702,542	1,041,469
Building	8,685,546	4,154,809	12,840,355	-
Improvements other than buildings	7,941,493	75,647	8,017,140	761,502
Infrastructure	31,550,211	-	31,550,211	-
Water & sewer systems	-	31,297,590	31,297,590	-
Machinery & equipment	6,469,168	4,606,624	11,075,792	7,559
Accumulated depreciation	(17,972,855)	(17,820,643)	(35,793,498)	(179,693)
Total Assets	<u>58,179,878</u>	<u>31,531,914</u>	<u>89,711,793</u>	<u>10,098,982</u>
<b>DEFERRED OUTFLOWS</b>				
Pension Related (TMRS):				
Difference between expected and actual experience	-	-	-	-
Difference between projected and actual earnings	251,492	96,166	347,658	-
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	2,985	-	2,985	-
Deferred pension contributions	10,467	-	10,467	-
Total Deferred Outflows	<u>667,068</u>	<u>247,163</u>	<u>914,231</u>	<u>5,902</u>
<b>LIABILITIES</b>				
Accounts payable	367,700	320,058	687,758	11,410
Accrued Interest Payable	127,485	-	127,485	-
Other payables	140,852	-	140,852	330
Customer Deposits	-	291,862	291,862	-
Noncurrent liabilities				
Due within one year	319,062	2,000	321,062	-
Due in more than one year	14,584,411	2,028,287	16,612,698	48,240
Total Liabilities	<u>15,539,510</u>	<u>2,642,207</u>	<u>18,181,717</u>	<u>59,980</u>
<b>DEFERRED INFLOWS</b>				
Pension Related (TMRS):				
Difference between expected and actual experience	589,670	257,442	847,112	4,279
Difference between projected and actual earnings	-	-	-	1,658
Pension Related (TESRS):				
Difference between expected and actual experience	32,575	-	32,575	-
Difference between projected and actual earnings	1,583	-	1,583	-
Total Deferred Inflows	<u>623,828</u>	<u>257,442</u>	<u>881,270</u>	<u>5,937</u>
<b>NET POSITION</b>				
Net investment in capital assets	26,732,759	25,608,034	52,340,794	1,630,837
Nonspendable				
Confiscated funds	21,514	-	21,514	-
Restricted for:				
Confiscated for police investigations	9,051	-	9,051	-
Law enforcement education programs	13,084	-	13,084	-
General obligation debt	127,485	-	127,485	-
Hotel Occupancy Tax	131,010	-	131,010	-
Landfill Closure	-	840,088	840,088	-
Unrestricted	15,648,706	2,431,306	18,080,012	8,408,130
Total Net Position	<u>\$ 42,683,609</u>	<u>\$ 28,879,428</u>	<u>\$ 71,563,037</u>	<u>\$ 10,038,966</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, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			Component Unit Andrews Econ. Dev. Corp.
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business -type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General gov't and admin	\$ 2,087,904	\$ 74,016	\$ -	\$ -	\$ (2,013,888)	\$ -	\$ (2,013,888)	
Public safety	5,216,583	399,110	2,439,187	15,777	(2,362,509)	-	(2,362,509)	
Highways and streets	2,514,906	-	-	-	(2,514,906)	-	(2,514,906)	
Culture - recreation	1,204,712	45,957	-	1,245	(1,157,510)	-	(1,157,510)	
Economic development	414,841	61,675	50,000	-	(303,166)	-	(303,166)	
Interest	427,576				(427,576)	-	(427,576)	
Total Governmental Activities	11,866,522	580,758	2,489,187	17,022	(8,779,555)	-	(8,779,555)	
Business-type activities:								
Water and sewer	4,794,955	4,587,609	-	-	-	(207,346)	(207,346)	
Sanitation	1,894,473	2,076,907	-	-	-	182,434	182,434	
Total Business-type Activities	6,689,428	6,664,516	-	-	-	(24,912)	(24,912)	
Total Primary Government	<u>\$ 18,555,950</u>	<u>\$ 7,245,274</u>	<u>\$ 2,489,187</u>	<u>\$ 17,022</u>	(8,779,555)	(24,912)	(8,804,467)	
<b>Component Unit:</b>								
Andrews Economic Dev. Corp.	\$ 994,911	\$ -	\$ -	\$ -				\$ (994,911)
Total Component Unit	<u>\$ 994,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (994,911)</u>
General revenues:								
Taxes								
Property					1,700,765	-	1,700,765	-
Sales					6,003,939	-	6,003,939	1,998,806
Franchise					718,504	-	718,504	-
Other					282,800	-	282,800	-
Miscellaneous revenue					422,380	159,921	582,301	-
Investment income					263,194	54,756	317,950	110,183
Gain on disposition of assets					-	16,737	16,737	-
Transfers					(1,015,000)	1,015,000	-	-
Total general revenues and transfers					8,376,582	1,246,414	9,622,996	2,108,989
Change in net position					(402,973)	1,221,502	818,529	1,114,078
Net position, beginning					43,052,225	27,657,926	70,710,151	8,924,888
Prior Period Adjustment					34,357		34,357	-
Net position, ending					<u>\$ 42,683,609</u>	<u>\$ 28,879,428</u>	<u>\$ 71,563,037</u>	<u>\$ 10,038,966</u>

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

**City of Andrews, Texas**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2020**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,797,090	-	\$ 1,101,904	10,898,994
Investments	6,933,284	-	-	6,933,284
Due from Other Funds	644,732	127,485	-	772,217
Receivables (net of allowance for uncollectibles)				
Ad valorem taxes	185,662	-	-	185,662
Sales taxes	496,939	-	-	496,939
Miscellaneous	48,216	-	644,732	692,948
Interest	25,638	-	-	25,638
Total Assets	<u>\$18,131,561</u>	<u>\$ 127,485</u>	<u>\$ 1,746,636</u>	<u>\$ 20,005,682</u>
<b>DEFERRED OUTFLOWS</b>	-	-	-	-
<b>LIABILITIES</b>				
Accounts payable	\$ 357,677	\$ -	\$ 10,023	367,700
Due to other funds	-	-	772,217	772,217
Other payables	140,852	-	-	140,852
Customer deposits	3,675	-	-	3,675
Unearned revenue	180,662	-	-	180,662
Total Liabilities	<u>682,866</u>	<u>-</u>	<u>782,240</u>	<u>1,465,106</u>
<b>DEFERRED INFLOWS</b>	-	-	-	-
<b>FUND BALANCES (DEFICITS)</b>				
<b>Nonspendable</b>				
Confiscated funds			21,514	21,514
<b>Restricted:</b>				
Confiscated funds for police investigations	-	-	9,051	9,051
Law enforcement education programs	-	-	13,084	13,084
General obligation debt	-	127,485	-	127,485
Hotel Occupancy Tax			131,010	131,010
<b>Committed:</b>				
Capital improvement projects	8,605,588	-	-	8,605,588
Ambulance services	123,142	-	-	123,142
Reliever Route maintenance	-	-	727,872	727,872
Court technology projects	-	-	7,434	7,434
Child safety seat purchases	-	-	532	532
Court security projects	-	-	48,223	48,223
Local Truancy Prevention			5,565	5,565
Municipal Jury Fund			111	111
<b>Assigned:</b>				
Pension Liability	2,706,368	-	-	2,706,368
Adult education programs	110,786	-	-	110,786
Litter Control	19,391	-	-	19,391
Police investigation	8,060	-	-	8,060
<b>Unassigned</b>	<u>5,875,360</u>	<u>-</u>	<u>-</u>	<u>5,875,360</u>
Total fund balances (deficits)	<u>17,448,695</u>	<u>127,485</u>	<u>964,396</u>	<u>18,540,576</u>
Total liabilities, deferred inflows, and fund balances	<u>\$18,131,561</u>	<u>\$ 127,485</u>	<u>\$ 1,746,636</u>	<u>\$ 20,005,682</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, 2020**

Total Fund Balances - Governmental Funds	\$	18,540,576
--	----	------------

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.		38,082,098
---	--	------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(14,984,043)
--	--	--------------

Deferred income is not revenue in the current period and therefore is not reported in the Statement of Net Position.		180,662
--	--	---------

Certain receivables and the associated allowance for uncollectible accounts are not current financial resources and therefore are not reported in the funds.		864,316
--	--	---------

Net Position of Governmental Activities	\$	42,683,609
---	----	------------

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, 2020**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 6,694,046	-	\$ 1,252,045	\$ 7,946,091
Franchise fees	718,504	-	-	718,504
License, permits, fees	88,431	-	-	88,431
Charges for services	45,957	-	-	45,957
Fines and court costs	254,671	-	29,037	283,708
Miscellaneous	422,380	-	-	422,380
Investment income	252,370	-	10,824	263,194
Intergovernmental revenue	1,767,320	-	-	1,767,320
Grant income	65,777	-	807,712	873,489
Contributions	-	-	-	-
Total Revenues	10,309,456	-	2,099,618	12,409,074
<b>EXPENDITURES</b>				
Current:				
General governmental and administration	1,983,859	-	8,647	1,992,506
Public safety	3,770,683	-	831,059	4,601,742
Highway and streets	1,122,825	-	92,945	1,215,770
Culture-recreation	461,818	-	452,412	914,230
Economic development	147,018	-	-	147,018
Debt service:				
Principal	-	295,000	-	295,000
Interest	-	427,576	-	427,576
Capital outlay:				
General governmental and administration	270,095	-	-	270,095
Public safety	1,555,892	-	-	1,555,892
Highway and streets	255,536	-	-	255,536
Culture-recreation	12,268	-	-	12,268
Economic development	33,971	-	-	33,971
Total Expenditures	9,613,965	722,576	1,385,063	11,721,604
Excess (deficiency) of revenues over (under) expenditures	695,491	(722,576)	714,555	687,470
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	722,576	-	722,576
Transfers out	(1,015,000)	-	(722,576)	(1,737,576)
Lawsuit settlement	-	-	-	-
Total other financing sources (uses)	(1,015,000)	722,576	(722,576)	(1,015,000)
Net Change in Fund Balance	(319,509)	-	(8,021)	(327,530)
Fund balance, beginning	17,768,204	127,485	938,060	18,833,749
Prior Period Adjustment	-	-	34,357	34,357
Fund balance, ending	<u>\$ 17,448,695</u>	<u>\$ 127,485</u>	<u>\$ 964,396</u>	<u>\$ 18,540,576</u>

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

**City of Andrews, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balance of Governmental Funds to the Statement of Activities**  
**For the year ended September 30, 2020**

Net Change in Fund Balance - Governmental Funds	\$	(327,530)
---	----	-----------

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).		(400,365)
--	--	-----------

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.		295,000
---	--	---------

Some revenues/expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as revenues/expenditures in governmental funds.		<div style="border-top: 1px solid black; display: inline-block;">29,923</div>
---	--	---

Change in Net Assets of Governmental Activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">(402,973)</div>
---	----	---

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,751,856	\$ 5,751,856	\$ 6,694,046	\$ 942,190
Franchise fees	682,500	682,500	718,504	36,004
License, permits, fees	37,100	37,100	88,431	51,331
Charges for services	65,000	65,000	45,957	(19,043)
Fines and court costs	332,300	332,300	254,671	(77,629)
Miscellaneous	500,560	500,560	422,380	(78,180)
Investment income	255,337	255,337	252,370	(2,967)
Intergovernmental revenue	1,744,163	1,744,163	1,767,320	23,157
Grant income	50,000	50,000	65,777	15,777
Total Revenues	<u>9,418,816</u>	<u>9,418,816</u>	<u>10,309,456</u>	<u>890,640</u>
<b>EXPENDITURES</b>				
Current				
General gov't and admin	1,987,409	2,020,216	1,983,859	36,357
Public safety	4,693,299	4,715,247	3,770,683	944,564
Highways and street	768,659	769,085	1,122,825	(353,740)
Culture - recreation	500,327	501,347	461,818	39,529
Economic development	158,638	158,638	147,018	11,620
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
General government and admin.	182,480	344,753	270,095	74,658
Public safety	761,460	1,561,460	1,555,892	5,568
Highway and streets	1,620,400	1,620,400	255,536	1,364,864
Culture-recreation	67,145	67,145	12,268	54,877
Economic development	10,000	10,000	33,971	(23,971)
Total Expenditures	<u>10,749,817</u>	<u>11,768,291</u>	<u>9,613,965</u>	<u>2,154,327</u>
Excess (deficiency) of revenues over expenditures and other uses	(1,331,001)	(2,349,475)	695,491	3,044,966
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Transfers out	-	(1,015,000)	(1,015,000)	-
General obligation bond issued	-	-	-	-
Sale of general capital assets	-	-	-	-
Lawsuit settlement	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,015,000)</u>	<u>(1,015,000)</u>	<u>-</u>
Net change in fund balance	(1,331,001)	(3,364,475)	(319,509)	3,044,966
Fund balance, beginning	17,768,204	17,768,204	17,768,204	-
Fund balance, ending	<u>\$ 16,437,203</u>	<u>\$ 14,403,729</u>	<u>\$ 17,448,695</u>	<u>\$ 3,044,966</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, 2020**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,576,536	\$ 1,935,796	\$ 4,512,332
Investment-treasury securities/cert. of dep.	-	572,000	572,000
Interest receivable	-	1,886	1,886
Accounts receivable (net of allowance for doubtful accounts of \$25,430)	513,982	189,936	703,918
Inventories	133,205	-	133,205
Prepaid costs	539	-	539
Total Current Assets	<u>3,224,262</u>	<u>2,699,618</u>	<u>5,923,880</u>
Noncurrent Assets:			
Capital Assets			
Land	1,555,631	1,738,376	3,294,007
Buildings	3,970,894	183,915	4,154,809
Equipment	1,609,853	3,072,418	4,682,271
Infrastructure	31,297,590	-	31,297,590
Less accumulated depreciation	(16,438,017)	(1,382,626)	(17,820,643)
Total noncurrent assets	<u>21,995,951</u>	<u>3,612,083</u>	<u>25,608,034</u>
Total Assets	<u>25,220,213</u>	<u>6,311,701</u>	<u>31,531,914</u>
<b>DEFERRED OUTFLOWS</b>			
Pension Related:			
Difference between expected and actual experience	-	-	-
Difference between projected and actual earnings	51,896	44,270	96,166
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>132,429</u>	<u>114,734</u>	<u>247,163</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	281,717	38,341	320,058
Accrued liabilities	-	-	-
Sales tax payable	-	-	-
Customer deposits	286,262	5,600	291,862
Accrued compensated absences	1,000	1,000	2,000
Total Current Liabilities	<u>568,979</u>	<u>44,941</u>	<u>613,920</u>
Noncurrent liabilities:			
Accrued compensated absences	65,289	85,960	151,249
Accrued pension benefit payable	571,596	465,354	1,036,950
Landfill closure costs	-	840,088	840,088
Total Noncurrent Liabilities	<u>636,885</u>	<u>1,391,402</u>	<u>2,028,287</u>
Total Liabilities	<u>1,205,864</u>	<u>1,436,343</u>	<u>2,642,207</u>
<b>DEFERRED INFLOWS</b>			
Pension Related:			
Difference between expected and actual experience	142,689	114,753	257,442
Total Deferred Inflows	<u>142,689</u>	<u>114,753</u>	<u>257,442</u>
<b>NET POSITION</b>			
Net investment in capital assets	21,995,951	3,612,083	25,608,034
Restricted:			
Landfill closure costs	-	840,088	840,088
Unrestricted	2,008,138	423,168	2,431,306
Total Net Position	<u>\$ 24,004,089</u>	<u>\$ 4,875,339</u>	<u>\$ 28,879,428</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, 2020**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water	\$ 3,516,444	\$ -	\$ 3,516,444
Sewer	1,023,229	-	1,023,229
Sanitation	-	2,076,907	2,076,907
Other	47,936	-	47,936
Total Operating Revenues	<u>4,587,609</u>	<u>2,076,907</u>	<u>6,664,516</u>
<b>OPERATING EXPENSES</b>			
Personal services	917,113	889,367	1,806,480
Supplies	740,546	86,369	826,915
Maintenance & Repairs	875,164	127,739	1,002,903
Outside Services	866,702	240,348	1,107,051
Other Operating Expense	330,458	290,846	621,304
Landfill closure	-	17,284	17,284
Depreciation	1,064,973	242,519	1,307,492
Total Operating Expenses	<u>4,794,955</u>	<u>1,894,473</u>	<u>6,689,428</u>
Income from Operations	<u>(207,346)</u>	<u>182,434</u>	<u>(24,912)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	24,882	29,874	54,756
Gain/(Loss) on disposal of capital assets	12,893	3,844	16,737
Rent	117,943	-	117,943
Surface Damages / Water Disposal	41,978	-	41,978
Total Nonoperating Revenues (Expenses)	<u>197,696</u>	<u>33,718</u>	<u>231,414</u>
Income before capital contributions and transfers	<u>(9,650)</u>	<u>216,152</u>	<u>206,502</u>
Capital contributions	-	-	-
Transfers in	<u>1,000,000</u>	<u>15,000</u>	<u>1,015,000</u>
Change in Net Position	990,350	231,152	1,221,502
Net Position, beginning	23,013,739	4,644,186	27,657,926
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>0</u>
Net Position, ending	<u>\$ 24,004,089</u>	<u>\$ 4,875,339</u>	<u>\$ 28,879,428</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, 2020**

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customer	\$ 4,481,663	\$ 2,070,812	\$ 6,552,475
Other operating cash receipts	-	(523)	(523)
Cash payments to suppliers for goods and services	(2,463,023)	(467,364)	(2,930,387)
Cash payments to employees for services	(882,355)	(862,614)	(1,744,969)
Cash payments to other funds for services	(290,846)	(290,846)	(581,692)
Net cash provided (used) by operating activities	845,439	449,466	1,294,905
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(2,480,655)	(449,236)	(2,929,891)
Cash transfer from General Fund for Capital Projects	1,000,000	15,000	
Grant income for capital activities	-	-	
Proceeds from sale of capital assets	12,893	3,844	16,737
Income from Surface Damage and Salt Water Disposal on City Property	41,978	-	41,978
Rental income from City assets	117,943	-	117,943
Net cash provided (used) by capital and related financing activities	(1,307,841)	(430,392)	(2,753,233)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on cash and investments	24,882	29,874	54,756
Purchase of treasury securities/certificate of deposit	-	(264,000)	(264,000)
Net cash provided (used) by investing activities	24,882	(234,126)	(209,244)
Net increase (decrease) in cash and cash equivalents	(437,520)	(215,052)	(652,572)
Cash and cash equivalents, beginning	3,014,356	2,150,847	5,165,203
Cash and cash equivalents, ending	\$ 2,576,836	\$ 1,935,795	\$ 4,512,631
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>			
Operating Income (Loss)	\$ (207,346)	\$ 182,434	\$ (24,912)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	1,064,973	242,519	1,307,492
Landfill closure costs		17,284	17,284
Prior Period Adjustment	301	-	301
Provision for doubtful accounts	5,999	-	5,999
Change in assets and liabilities			
Decrease (increase) in accounts receivable	(111,085)	(6,094)	(117,179)
Decrease (increase) in interest receivable	-	(523)	(523)
Decrease (increase) in due from other funds	-	-	-
Decrease (increase) in inventory	(6,918)	-	(6,918)
Decrease (increase) in prepaid costs	(231)	-	(231)
Decrease (increase) in deferred outflows of resources for pensions	165,396	136,609	302,005
Increase (decrease) in accounts payable	66,150	49	66,199
Increase (decrease) in accrued liabilities	300	-	300
Increase (decrease) in sales tax payable	-	(13,056)	(13,056)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	4,441	2,509	6,950
Increase (decrease) in pension benefit obligation	(278,369)	(227,118)	(505,487)
Increase (decrease) in customer deposits	(861)	100	(761)
Increase (decrease) in deferred outflows of resources for pensions	142,688	114,753	257,441
Net cash provided (used) by operating activities	\$ 845,438	\$ 449,466	\$ 1,294,904

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, 2020**

	<u>Total</u>
<b>ASSETS</b>	
Cash in bank	\$ 114,752
Total Assets	<u>114,752</u>
 <b>LIABILITIES</b>	
Deposits held for others	114,752
Total Liabilities	<u>\$ 114,752</u>

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

INTENTIONALLY LEFT BLANK

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

NOTE 1:	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	41
NOTE 2:	RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	51
NOTE 3:	CASH DEPOSITS AND INVESTMENTS	53
NOTE 4:	RECEIVABLES	57
NOTE 5:	PROPERTY TAX	57
NOTE 6:	CAPITAL ASSETS	59
NOTE 7:	OTHER PAYABLES	60
NOTE 8:	PENSION LIABILITIES	61
NOTE 9:	NONCURRENT LIABILITIES	70
NOTE 10:	FUND BALANCE	72
NOTE 11:	INTERFUND TRANSACTIONS	72
NOTE 12:	DISCRETELY PRESENTED COMPONENT UNITS	73
NOTE 13:	COMMITMENTS AND CONTINGENCIES	75
NOTE 14:	PRIOR PERIOD ADJUSTMENT	75
NOTE 15:	SUBSEQUENT EVENTS	75

INTENTIONALLY LEFT BLANK

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**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 125-127 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, 2020

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

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

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

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

### **C. Basis of Presentation – Fund Financial Statements**

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

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

The type and purpose of funds is described below.

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



CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

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

Additionally, the City reports ten Special Revenue Funds as **Other Governmental Funds**. These ten 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, Reliever Route and Hotel Occupancy Tax. Of these funds, only the Reliever Route Fund and the Hotel Occupancy Tax Fund were budgeted in 2019-20.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

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

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

## **2. Receivables and Payables**

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

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

## **3. Inventories and Prepaid Expenses**

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

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

## **4. Capital assets**

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

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

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

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

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

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

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

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

#### **6. Compensated Absences**

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

#### **7. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from the TMRS' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

## **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 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.

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

## 12. Fund balance reporting

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

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

## F. Revenues and expenditures/expenses

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

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

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

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

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every three years; however, the city may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various 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, 2020, the City allocated \$524,096 for these services. Such revenues are recorded as a reduction of expense in the General Fund on the government-wide statements.

## **G. Adoption of new GASB pronouncements**

During the fiscal year ended September 30, 2020, the City implemented the following GASB Pronouncements:

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests". This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The City has determined that GASB No. 90 is not applicable to its CAFR.

In May 2020, the GASB issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 or later.

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

## **H. Future adoption of GASB pronouncements**

The following GASB pronouncements have been issued, but are not effective as of September 30, 2020:

GASB Statement No. 87, "Leases." Issued June 2017, this statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. GASB Statement No. 87 will be effective for the City fiscal year ending September 30, 2021.

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

GASB Statement No. 91, Conduit Debt Obligations. This statement was issued May 2019, this Statement establishes accounting requirements for conduit debt obligations by issuers. The objectives of this Statement are to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the City for fiscal year ending September 30, 2021.

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. GASB Statement No. 92 will be effective for the City for fiscal year ending September 30, 2021.

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. GASB Statement No. 93 will be effective for the City for fiscal year ending September 30, 2023.

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. GASB Statement No. 94 will be effective for the City for fiscal year ending September 30, 2023.

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.



CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**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 \$38,082,098 are as follows:

Land	\$ 1,408,535
Buildings	8,685,546
Less: Accumulated depreciation – buildings	(2,952,984)
Improvements other than buildings	7,941,493
Less: Accumulated depreciation – improvements	(3,266,916)
Infrastructure	31,550,211
Less: Accumulated depreciation – infrastructure	(7,796,535)
Machinery and equipment	6,469,168
Less: Accumulated depreciation – machinery & equipment	<u>(3,956,420)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$38,082,098</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 \$14,984,043 difference are as follows:

Bonds payable	\$11,555,000
Add: Issuance premium (to be amortized over life of debt)	205,663
Pension-related debt	2,570,721
Compensated absences	525,174
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>\$14,984,043</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 \$180,662 in deferred income from ad valorem taxes expected to be collected within 60 days of the close of the fiscal year.

The final element of that reconciliation explains that “certain receivables and the associated allowance for uncollectible accounts are not current financial resources and therefore are not reported in the funds.” The details of this \$864,317 difference are as follows:

Court citations receivable	\$ 854,476
Weed control receivable	<u>9,841</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 864,317</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**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 \$400,365 difference are as follows:

Capital outlay	\$ (2,100,047)
Depreciation expense	<u>2,500,412</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>\$ 400,365</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 \$295,000 during fiscal year 2020 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 \$29,924 difference are as follows:

Compensated absences	\$( 702)
Pension liability	( 47,235)
Court citations issued not billed	28,835
Weed control services not billed	(774)
Property tax not collectable in 60 days	41,413
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>\$ 29,924</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**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, 2020, are as follows:

	Primary Government	Fiduciary Activities	Total Government	Component Unit	Total
Cash on hand	\$ 1,276	\$ -	\$ 1,276	\$ -	\$ 1,276
Bank Deposits	934,097	114,752	1,048,849	32,841	1,081,690
State Investment Pools	14,475,953	-	14,475,953	6,186,365	20,662,318
Total cash and equivalents	<u>\$ 15,411,326</u>	<u>\$ 114,752</u>	<u>\$ 15,526,078</u>	<u>\$ 6,219,206</u>	<u>\$ 21,745,284</u>

**Bank Deposits** – On September 30, 2020, 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 market 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, 2020, City and Andrews Economic Development Corporations (Component Unit) funds were invested as follows:

	TexStar	Texas CLASS	Total
City of Andrews	\$2,914,901	\$ 11,561,052	\$14,475,953
Andrews EDC	0	6,186,365	6,186,365
Total	<u>\$2,914,901</u>	<u>\$17,747,417</u>	<u>\$20,662,318</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**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, 2020. (Local government investment pools have been reported in the financial statements as cash equivalents.)

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Days)</b>
<u>City of Andrews</u>		
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	7,616,436	117
Total fair value	<u>\$ 7,616,436</u>	
Portfolio weighted average maturity		117
<u>Andrews Economic Development Corporation</u>		
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	2,140,944	95
Total fair value	<u>\$ 2,140,944</u>	
Portfolio weighted average maturity		95

**C. Restricted Cash and Investments**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Primary Government</b>	<b>Fiduciary Activities</b>	<b>Total Government</b>
Unrestricted	\$ 17,530,134	\$ 4,246,130	\$ 21,776,264	\$ -	\$ 21,776,264
Restricted	280,630	840,088	1,120,718	114,752	1,235,470
Nonspendable	21,514		21,514		21,514
Total	<u>\$ 17,832,278</u>	<u>\$ 5,086,218</u>	<u>\$ 22,918,496</u>	<u>114,752</u>	<u>\$ 23,033,248</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

Cash and investments at September 30, 2020, 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	9,051
Police education	13,084
Hotel Occupancy Tax	<u>131,010</u>
Total governmental activities	280,630
Business-type activities:	
Sanitation fund:	
Landfill closure	<u>840,088</u>
Total business-type activities	840,088
Total primary governmental restricted cash	<u>1,120,718</u>
Total fiduciary activities	<u>114,752</u>
Total restricted cash and investments	<u>\$1,235,470</u>

Total cash and investments reported for the City's only component unit, Andrews Economic Development Corporation, was \$8,343,910 none of which was restricted.

Cash and investments at September 30, 2020, 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>21,514</u>
Total governmental activities	21,514
Total nonspendable cash and investments	<u>\$21,514</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 market value of principal and accrued interest.

On September 30, 2020, 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	\$ 362,719	\$ 686,130	\$ 1,048,849
Certificates of Deposit	7,616,436	-	7,616,436
Total fair value	<u>\$ 7,979,155</u>	<u>\$ 686,130</u>	<u>\$ 8,665,285</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

On September 30, 2020, pledged collateral with a market value of \$3,454,437, providing a collateral level of 503%. 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, 2018, the Local Government Investment Pools (which represent approximately 73.3% 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, 2020, the City had diversified its portfolio by investing in certificates of deposit from thirty-nine (39) different issuers.

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

**Maturity by Investment Type**

<b>Months to Maturity</b>	<b>U.S. Treasuries</b>	<b>Certificates of Deposit</b>	<b>Total</b>
Less than 6	\$ -	\$ 3,013,324	\$ 3,013,324
6 - 12	-	1,114,537	1,114,537
12 - 18	-	1,296,399	1,296,399
18 - 24	-	1,497,435	1,497,435
24 - 36	-	694,741	694,741
	<u>\$ -</u>	<u>\$ 7,616,436</u>	<u>\$ 7,616,436</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, 2020. 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  
September 30, 2020

**NOTE 4: RECEIVABLES**

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

<b>Receivables</b>	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Ad Valorem Taxes	185,662	-	185,662
Municipal Court	854,476	-	854,476
Weeds	9,841	-	9,841
Utility Accounts	-	703,918	703,918
Sales Tax	496,939	-	496,939
Hospital District	-	-	-
Fees, liens and fines	48,216	-	48,216
Interest	25,638	-	25,638
Corona Virus Fund	644,732	-	644,732
	<u>\$2,265,503</u>	<u>\$ 703,918</u>	<u>\$2,969,421</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 2019 tax year was \$0.1890 per \$100 of assessed value with \$0.1890 for operations and \$0.0000 for debt service.

**Tax Abatements**

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

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

Eligibility criteria, the mechanism by which taxes are abated, and provisions for recapturing abated taxes are detailed in the Guidelines and Criteria Governing Tax Abatement in Andrews, Texas found on [https://www.andrewstxedc.org/Document\\_Center/Community%20Profile/Incentives/Tax-Abatement-I-Guidelines-2016.pdf](https://www.andrewstxedc.org/Document_Center/Community%20Profile/Incentives/Tax-Abatement-I-Guidelines-2016.pdf)

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

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

The following tax abatements were entered into by the City in fiscal 2020:

Name	Reason	Type	Abated Value	Tax Abated
2 Combs Enterprises (La Quinta)	New Construction	Real	\$ 5,364,800	\$ 10,139
Anixter Inc. (H.D. Supply)	New BPP	Pers	155,708	294
Anixter Inc. (H.D. Supply)	New BPP	Pers	4,627,859	8,747
Barnes (Cannonball Pipe)	New Construction	Real	544,001	1,028
BHH Capital of Texas 3 LLC(Beehive)	New Construction	Real	1,168,086	2,207
Black Hawk Energy Services, LTD	New BPP	Pers	2,770,956	5,237
Black Hawk Energy Services, LTD	New Construction	Real	309,100	584
Bustamante (Mustang Well Service)	Remodel	Real	559,382	1,057
Cannonball Pipe Inspection	New BPP	Pers	1,296,874	2,451
D & JD Service LTD	New Construction	Real	333,768	631
D & JD Service LTD	New BPP	Pers	68,020	129
Hoffman Enterprises (KV Power)	New Construction	Real	1,155,668	2,184
JGL Solutions LTD	Remodel	Real	229,425	434
KV Power LP	New BPP	Pers	849,762	1,606
Leeco Energy (H.D. Supply)	New Construction	Real	562,312	1,063
Lujan Luis V	New Construction	Real	44,687	84
Mustang Well Service LLC	New BPP	Pers	41,795	79
Newbrough (Bro Wash)	New Construction	Real	191,494	362
Oliver Scott LLC (Master Craftsman)	New Construction	Real	26,036	49
S & S Fishing & Rental Inc	New BPP	Pers	154,718	292
Salazar Service & Trucking Corp	New Construction	Real	650,686	1,230
Salazar Service & Trucking Corp	New BPP	Pers	144,157	272
Sprinkle (S&S Fishing & Rental)	New Construction	Real	774,384	1,464
Stampede Incorporated	New BPP	Pers	221,892	419
Stampede Incorporated	New Construction	Real	486,871	920
Varner (Vessel Components)	New Construction	Real	331,228	626
<b>Totals</b>			<b>\$23,063,639</b>	<b>\$ 43,590</b>

Total abated value:	\$23,063,639
x 2019 Tax Rate	<u>.00189</u>
Total abated property tax for FYE September 30, 2020	\$ 43,590



CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**NOTE 6: CAPITAL ASSETS**

Capital activity for the year ended September 30, 2020, was as follows:

**Governmental Activities:**

	Balance Sept 30, 2019	Increases	Decreases	Balance Sept 30, 2020
Capital assets not depreciated:				
Land	\$ 1,247,911	160,623	\$ -	\$ 1,408,534
Total capital assets not depreciated	<u>1,247,911</u>	<u>160,623</u>	<u>-</u>	<u>1,408,534</u>
Capital assets being depreciated:				
Buildings	7,749,811	935,735	-	8,685,546
Improvements other than buildings	7,929,225	12,268	-	7,941,493
Infrastructure	31,394,407	155,804	-	31,550,211
Machinery and equipment	5,713,677	846,346	(90,855)	6,469,168
Total capital assets being depreciated	<u>52,787,120</u>	<u>1,950,153</u>	<u>(90,855)</u>	<u>54,646,418</u>
Less accumulated depreciation:				
Buildings	(2,731,506)	(221,478)	-	(2,952,984)
Improvements other than buildings	(2,756,571)	(510,345)	-	(3,266,916)
Infrastructure	(6,664,710)	(1,131,825)	-	(7,796,535)
Machinery and equipment	(3,398,337)	(636,764)	78,682	(3,956,419)
Total accumulated depreciation	<u>(15,551,125)</u>	<u>(2,500,412)</u>	<u>78,682</u>	<u>(17,972,854)</u>
Total capital assets being depreciated, net	<u>37,235,995</u>	<u>(550,259)</u>	<u>(12,173)</u>	<u>36,673,564</u>
Governmental activities capital assets, net	<u>\$ 38,483,906</u>	<u>\$(389,636)</u>	<u>\$(12,173)</u>	<u>\$ 38,082,097</u>

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

**Governmental Activities:**

General government and administration	\$ 78,438
Public safety	581,986
Highways and streets	1,298,668
Economic development	290,482
Culture-recreation	<u>250,838</u>
Total depreciation expense - governmental activities	<u>\$2,500,412</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**Business-type activities:**

	Balance Sept 30, 2019	Increases	Decreases	Balance Sept 30, 2020
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	4,121,109	33,700	-	4,154,809
Improvements other than buildings	75,647	-	-	75,647
Water and sewer systems	29,311,111	1,986,479	-	31,297,590
Machinery and equipment	4,064,653	909,711	(367,740)	4,606,624
Total capital assets being depreciated	37,572,520	2,929,890	(367,740)	40,134,670
Less accumulated depreciation:				
Buildings	(704,315)	(84,322)	-	(788,637)
Improvements other than buildings	(44,652)	(4,028)	-	(48,680)
Water and sewer systems	(13,876,586)	(909,867)	-	(14,786,453)
Machinery and equipment	(2,255,337)	(309,277)	367,740	(2,196,875)
Total accumulated depreciation	(16,880,890)	(1,307,494)	367,740	(17,820,645)
Total capital assets being depreciated, net	20,691,629	1,622,396	-	22,314,025
Business-type activities capital assets, net	\$ 23,985,637	\$ 1,622,396	\$ -	\$ 25,608,034

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	\$ 1,064,975
Sanitation	242,519
Total depreciation expense-Business-type activities	\$ 1,307,494

**NOTE 7: OTHER PAYABLES**

Other payables as of September 30, 2020 for the primary government include:

	Governmental Activities	Business Type Activities	Total
Municipal court deferred adjudication and bonds	\$ 8,606	\$ -	\$ 8,606
Sales tax to economic development corp.	124,235	-	124,235
Unclaimed property	6,819	-	6,819
Teen Court	715	-	715
Vending Machine	478	-	478
Sales Tax from landfill operations	-	-	-
Total other payables	\$ 140,852	-	\$ 140,852

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**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 (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

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

Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan Year 2019 provisions for the City were as follows:

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

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

Employees covered by benefit terms.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>City</u>	<u>AEDC</u>
Inactive employees or beneficiaries currently receiving benefits	38	0
Inactive employees entitled to but not yet receiving benefits	44	0
Active employees	<u>77</u>	<u>0</u>
	159	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 15.97% and 15.98% in calendar years 2019 and 2020, respectively. The city's contributions to TMRS for city and AEDC employees for the year ended September 30, 2020, were \$793,746, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 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 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018.

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the 2019 Municipal Retirees of Texas Mortality Tables. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
International Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

**Discount Rate**

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

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

Changes in the Net Pension Liability  
(City + AEDC)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2018	\$27,583,222	\$22,118,646	\$5,464,576
Changes for the year:			
Service cost	741,150	-	741,150
Interest	1,836,911	-	1,836,911
Change of benefit terms	-	-	-
Difference between expected and actual experience	80,288	-	80,288
Changes of assumptions	46,492	-	46,492
Contributions – employer	-	753,879	(753,879)
Contributions – employee	-	330,442	(330,442)
Net investment income	-	3,415,070	(3,415,070)
Benefit payments, including refunds of employee contributions	(1,480,589)	(1,480,589)	-
Administrative expense	-	(19,322)	19,322
Other changes	-	(580)	580
Net changes	\$1,224,252	\$2,998,900	\$(1,774,648)
Balance at 12/31/2019	\$28,807,474	\$25,117,546	\$3,689,928

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$7,631,746	\$3,689,928	\$457,389
AEDC's net pension liability	\$ 0	\$ 0	\$ 0
Total net pension liability	\$7,631,746	\$3,689,928	\$457,389

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the city recognized pension expense of \$933,180 and AEDC recognized pension expense of \$10,143.

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

At September 30, 2020, the City and AEDC reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	City of Andrews	AEDC
Difference between expected and actual experience	\$ -	\$ -
Difference between projected and actual investment earnings	347,658	-
Difference due to change in actuarial assumptions	73,944	815
Contributions subsequent to the measurement date	479,177	5,086
Total Outflows	\$ 900,779	\$ 5,902

At September 30, 2020, the City and AEDC reported deferred inflows of resources related to TMRS pensions.

Deferred Inflows of Resources	City of Andrews	AEDC
Difference between expected and actual experience	\$ (847,112)	\$ (4,279)
Difference between projected and actual investment earnings	-	(1,658)
Total Outflows	\$ (847,112)	\$ (5,937)

\$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, 2021. 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
2020	\$ (75,603)
2021	(145,525)
2022	119,731
2023	(365,993)
2024	0
Thereafter	0
Total	\$ (468,390)

## 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, 2019, there were 237 contributing fire and/or emergency service departments participating in TESRS.

At August 31, 2019, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,649
Terminated participants entitled to benefits but not yet receiving benefits	1,842
Active participants (vested and non-vested)	3,702

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

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](http://www.tesrs.org). The separately issued actuarial valuations which may be of interest are also available at the same link.

**Benefits Provided**

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

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

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

**Funding Policy**

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities. According to the state law governing the System, the state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the state are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 1, 2017. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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



CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

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, 2019, total contributions of \$3,480,509 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, 2019.

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, 2019 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The long-term expected rate of return on pension plan investments was determined 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 5.01%) and by adding expected inflation (3.00%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.26% for adverse deviation.

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation %</b>	<b>Long-Term Expected Net Real Rate of Return %</b>
Equities		
Large cap domestic	32%	5.81%
Small cap domestic	15	5.92
Developed international	15	6.21
Emerging markets	5	7.18
Master limited partnership	5	7.61
Real Estate	5	4.46
Fixed income	23	1.61
Cash	0	0.00
Total	100%	
Weighted Average		5.01%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 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 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 164,238	\$ 92,407	\$ 44,324

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

At September 30, 2020, the City reported a liability of \$92,407 for its proportionate share of TERS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability,

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ 92,407
State's proportionate share that is associated with the City*	<u>27,411</u>
Total	<u>\$ 119,818</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, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.326% compared to 0.326% at August 31, 2018.

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, 2020, the City recognized pension expense of \$21,897. 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, 2020, 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	\$ -	\$ 32,575
Difference between projected and actual investment earnings	-	1,583
Difference due to change in actuarial assumptions	2,985	
Contributions paid to TESRS subsequent to the measurement date	10,467	-
Total	\$ 13,452	\$ 34,158

\$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, 2020. 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:

2020	\$ 2,508
2021	1,315
2022	2,924
2023	5,039
2024	0
Thereafter	<u>0</u>
Total	\$ 11,788

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**C. Aggregate Pension Expense**

<b>Aggregate pension expense</b>	
TMRS City	\$ 933,180
TMRS AEDC	10,143
TESRS	21,897
Total Outflows	\$ 965,220

**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, 2020</u>
Economic development	2012	\$7,000,000	2.20-4.15%	2031	\$3,555,000
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 2020 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, 2020

Legal debt margin

There is no statutory debt limitation in the City Charter or under State law. The City Charter provides that the total debt of the City shall not exceed that provided by state law. Under the provisions of State law (Article XI, Section 5, of the State of Texas Constitution), the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. The City's tax rate is currently \$.1890 per \$100 assessed valuation. The City's Fiscal Principles and Policies states: The City will strive to limit general obligation annual debt service requirements to 20% of general governmental expenditures. Debt service to total general expenditures for fiscal year ending September 30, 2020 was 6.46%. 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
2021	305,000	459,633
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	<u>\$11,555,000</u>	<u>\$6,612,303</u>

**B. Landfill Closure Costs**

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

The total landfill consists of 111.86 acres. An existing filled area consists of 39.5 acres or 35%. The active area (80.56 acres) has a remaining anticipated life of 27 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 \$17,284 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 2020, \$840,088 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, 2020

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

Changes in the government's long-term liabilities for the year ended September 30, 2020 are as follows:

NOTES TO FINANCIAL STATEMENTS:

	Balance Sep. 30, 2019	Additions	Reductions	Balance Sep. 30, 2020	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds					
Principal	\$ 11,850,000	\$ -	\$ (295,000)	\$ 11,555,000	\$ 305,000
Premium	214,049	-	(8,387)	205,662	8,387
Pension related debt (includes pr yr adj)	3,934,620		(1,320,659)	2,613,961	-
Compensated absences	524,474	8,808	(8,107)	525,175	2,000
Deposits - Permit Fees	3,500	350	(175)	3,675	3,675
Governmental activities L/T liabilities	<u>16,526,643</u>	<u>9,158</u>	<u>(1,632,328)</u>	<u>14,903,473</u>	<u>319,062</u>
<b>Business-type Activity:</b>					
Pension related debt (includes pr yr adj)	\$ 1,542,437		\$ (505,487)	\$ 1,036,950	\$ -
Compensated absences	146,300	6,950		153,250	2,000
Landfill closure	822,804	17,284	-	840,088	-
Business-type activities L/T liabilities	<u>2,511,540</u>	<u>24,234</u>	<u>(505,487)</u>	<u>2,030,287</u>	<u>2,000</u>
<b>Andrews Economic Development Corp.</b>					
Pension related debt (includes pr yr adj)	\$ 58,100		\$ (19,083)	\$ 39,017	\$ -
Compensated absences	7,757	1,466	-	9,223	-
AEDC long-term liabilities	<u>65,857</u>	<u>1,466</u>	<u>(19,083)</u>	<u>48,240</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	-	722,576	-	722,576
Total	<u>\$ -</u>	<u>\$ 722,576</u>	<u>\$ -</u>	<u>\$ 722,576</u>

CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

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 \$524,096 for the year ended September 30, 2020, and are recorded as revenue in the General Fund and split equally as expense in the funds assessed.

**C. Corona Virus Relief Fund**

The City received grant funding in the amount of \$805,915 from the Corona Virus Relief Fund. The General Fund paid for the public safety salaries that will be paid for by the Corona Virus Relief Fund Grant. As of September 30, 2020, the Corona Virus Relief Fund owed the General Fund \$644,732.

**D. Interfund Transfers**

Transfers between the General fund and the Utility and the Sanitation funds were \$1,015,000. \$15,000 was transferred to the Sanitation fund to cover a shortage in landfill revenue since all fees were waived during the COVID-19 shutdown and \$1,000,000 was transferred to the Utility fund due to a shortage in the minimum fund balance.

**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, 2020; 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, 2020

AEDC Incentive Packages as of September 30, 2020 include:

	<u>Original</u>	<u>Amount</u>	<u>Open</u>	<u>Fiscal Year Paid</u>
	<u>Commitment</u>	<u>Paid</u>	<u>Commitment</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	20,000	80,000	2016, 2020
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		130,000	
Texas Flood, LLP	90,000			
Elite Truck Performance, LLC	39,000	13,000	26,000	2020
HLC Custom Processing	100,000			
Total Commitments	<u>\$4,349,006</u>	<u>\$3,322,906</u>	<u>\$ 261,000</u>	



CITY OF ANDREWS, TEXAS  
Notes to the Basic Financial Statements  
September 30, 2020

**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, 2020 the City had entered into agreements to lock rates for its expected electricity use from October 1, 2016 through November 30, 2024. The total committed price is approximately \$2 million for expected usage. This amount will be appropriated in future annual budgets.

**NOTE 14: PRIOR PERIOD ADJUSTMENT**

Andrews Economic Development's Statement of Cash Flow included the CD amounts incorrectly in the Cash and Cash Equivalents in Fiscal Year 2019. A prior period adjustment of \$(2,140,035) was made to the Cash Flow statement to remove the portion that was for CDs and record the correct amount for Cash and Cash Equivalents.

The seized fund had not been included in the financial statements in prior years but it was included this year so a prior period adjustment was made of \$34,357 to include the beginning balance.

**NOTE 15: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 25, 2021, 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.

INTENTIONALLY LEFT BLANK

# REQUIRED SUPPLEMENTARY INFORMATION

INTENTIONALLY LEFT BLANK

**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
<b>Total pension liability</b>						
Service Cost	\$ 461,085	\$ 587,370	\$ 656,783	\$ 671,710	\$ 723,012	\$ 741,150
Interest (on the Total Pension Liability)	1,485,869	1,574,624	1,584,854	1,696,106	1,775,650	1,836,911
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	208,728	(221,702)	442,998	173,199	6,947	80,288
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)
<b>Net Change in Total Pension Liability</b>	<b>1,289,167</b>	<b>954,859</b>	<b>1,639,622</b>	<b>1,498,176</b>	<b>771,984</b>	<b>1,224,252</b>
<b>Total Pension Liability - Beginning</b>	<b>21,429,414</b>	<b>22,718,581</b>	<b>23,673,440</b>	<b>25,313,062</b>	<b>26,811,238</b>	<b>27,583,222</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 22,718,581</b>	<b>\$ 23,673,440</b>	<b>\$ 25,313,062</b>	<b>\$ 26,811,238</b>	<b>\$ 27,583,222</b>	<b>\$ 28,807,474</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	617,042	630,148	646,867	657,713	729,430	753,879
Contributions - Employee	251,562	269,789	289,150	296,842	320,931	330,442
Net Investment Income	1,065,329	29,037	1,320,861	2,874,101	(704,114)	3,415,070
Benefit payments, including refunds of employee contributions	(866,515)	(1,035,268)	(1,045,013)	(1,042,839)	(1,733,625)	(1,480,589)
Administrative Expense	(11,123)	(17,687)	(14,925)	(14,904)	(13,617)	(19,322)
Other	(914)	(874)	(804)	(755)	(711)	(580)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,055,381</b>	<b>(124,855)</b>	<b>1,196,136</b>	<b>2,770,158</b>	<b>(1,401,706)</b>	<b>2,998,900</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>18,623,531</b>	<b>19,678,912</b>	<b>19,554,059</b>	<b>20,750,195</b>	<b>23,520,352</b>	<b>22,118,646</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>19,678,912</b>	<b>19,554,059</b>	<b>20,750,195</b>	<b>23,520,352</b>	<b>22,118,646</b>	<b>25,117,546</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 3,039,669</b>	<b>\$ 4,119,381</b>	<b>\$ 4,562,867</b>	<b>\$ 3,290,886</b>	<b>\$ 5,464,576</b>	<b>\$ 3,689,928</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>86.62%</b>	<b>82.60%</b>	<b>81.97%</b>	<b>87.73%</b>	<b>80.19%</b>	<b>87.19%</b>
<b>Covered Payroll</b>	<b>\$ 3,593,739</b>	<b>\$ 3,854,135</b>	<b>\$ 4,130,712</b>	<b>\$ 4,240,594</b>	<b>\$ 4,584,733</b>	<b>\$ 4,714,696</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>84.58%</b>	<b>106.88%</b>	<b>110.46%</b>	<b>77.60%</b>	<b>119.19%</b>	<b>78.26%</b>

**Notes to Schedule:**  
N/A

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 647,906	\$ 564,856	\$ 551,403	\$ 603,674	\$ 632,963	644,449	645,682	711,811	742,387	793,746
Contributions in relation to the actuarially determined contribution	545,563	539,288	551,403	603,671	632,999	644,450	645,683	723,953	742,387	793,746
Contribution deficiency (excess)	102,344	25,569	0	3	(36)	(0)	(1)	(12,142)	-	-
Covered payroll	\$ 2,883,284	\$ 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
Contributions as a percentage of covered payroll	84.20%	95.47%	100.00%	100.00%	100.01%	100.00%	100.00%	101.71%	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
City's proportion of the net pension liability	0.332%	0.305%	0.334%	0.313%	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
State's proportionate share of the net pension liability	\$ 16,178	\$ 25,869	\$ 30,528	\$ 20,145	\$ 17,284	\$ 25,538
Total	\$ 76,507	\$ 107,281	\$ 127,816	\$ 95,270	\$ 87,864	\$ 117,944
Number of Active Members **	42	42	42	42	42	42
City's Net Pension Liability per Active Member	\$ 1,822	\$ 2,554	\$ 3,043	\$ 2,268	\$ 2,092	\$ 2,808
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%	81.4%	84.3%	80.2%

\* Only six years of information is currently available. The City will build this schedule over the next four-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
Contractually required contributions	\$ 15,048	\$ 14,400	\$ 15,120	\$ 15,120	\$ 15,606	\$ 14,598
Contributions in relation to the contractually determined contribution	15,120	14,400	15,120	15,120	15,687	15,840
Contribution deficiency (excess)	(72)	-	-	-	(81)	(1,242)
Number of Active members **	42	42	42	42	42	42
Contributions per active member	\$ 360	\$ 343	\$ 360	\$ 360	\$ 373	\$ 377

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

INTENTIONALLY LEFT BLANK

**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

**GOVERNMENTAL FUNDS**

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

INTENTIONALLY LEFT BLANK

## GOVERNMENTAL FUNDS

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

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

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

- Court Technology Fund - 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.
- Reliever Route Fund - Sales tax funds committed to the repair and maintenance of the City's truck reliever route.
- Hotel Occupancy Tax - Funds received from a tax on local hotel/motels to used to attract tourist to Andrews in accordance with the Texas Hotel Occupancy Tax Act.
- 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.
- Corona Virus Relief Fund - Grant funding from the federal government in response to the Corona Virus.

INTENTIONALLY LEFT BLANK

**City of Andrews, Texas  
General Fund  
Comparative Balance Sheet  
September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Cash and cash investments	\$ 346,721	\$ 312,922
Cash equivalent - Tex Pool/Tex Star investment	9,450,369	12,139,360
Investments - certificates of deposit	6,933,284	5,363,611
Due from Other Funds	644,732	
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	185,662	144,249
Sales taxes	496,939	697,818
Miscellaneous	48,216	129,067
Interest	25,638	17,351
Total Assets	<u>\$ 18,131,561</u>	<u>\$ 18,804,378</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ 357,677	\$ 697,747
Due to other funds	-	-
Other payables	140,852	195,679
Customer deposits	3,675	3,500
Unearned income - Ad valorem tax	180,662	139,249
Total Other Liabilities	<u>682,866</u>	<u>1,036,175</u>
Fund Balances		
Committed to Capital Improvement	\$ 8,605,588	10,515,112
Committed to Ambulance Services	123,142	55,017
Assigned to Pension Liability	2,706,368	3,934,620
Assigned to Adult Education	110,786	116,609
Assigned to Litter Control	19,391	19,220
Assigned to Police Investigation	8,060	6,758
Unassigned	5,875,360	3,120,867
Total Fund Balance	<u>17,448,695</u>	<u>17,768,204</u>
 Total Liabilities and Fund Balance	 <u>\$ 18,131,561</u>	 <u>\$ 18,804,378</u>

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Budgeted and Actual Revenues and Expenditures**  
**For the year ended September 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,751,856	\$ 5,751,856	\$ 6,694,046	\$ 942,190
Francise fees	682,500	682,500	718,504	36,004
License, permits, fees	37,100	37,100	88,431	51,331
Charges for services	65,000	65,000	45,957	(19,043)
Fines and court costs	332,300	332,300	254,671	(77,629)
Miscellaneous	500,560	500,560	422,380	(78,180)
Investment income	255,337	255,337	252,370	(2,967)
Intergovernmental revenue	1,744,163	1,744,163	1,767,320	23,157
Grant income	50,000	50,000	65,777	15,777
Contributions	-	-	-	-
Total Revenues	<u>9,418,816</u>	<u>9,418,816</u>	<u>10,309,456</u>	<u>890,640</u>
<b>EXPENDITURES</b>				
Current:				
City Council / Legislative	152,550	152,550	106,169	46,381
City Manager / Administration	315,017	320,046	406,187	(86,141)
Finance	644,743	647,508	641,585	5,923
General Operations	357,788	380,288	372,104	8,184
Municipal court	214,185	214,186	198,629	15,557
Business technology center	158,638	158,638	147,018	11,620
Police	2,614,806	2,630,141	1,725,631	904,510
Ambulance	1,609,163	1,614,596	1,570,015	44,580
Animal control	204,375	205,556	167,801	37,755
Fire	264,955	264,955	307,236	(42,281)
Building Services (Permits, Inspections)	303,126	305,638	259,186	46,452
Street	768,659	769,085	1,122,825	(353,740)
Building & Grounds	340,893	341,913	358,874	(16,961)
Swimming pool	159,434	159,434	102,945	56,489
Capital outlay	2,641,485	3,603,758	2,127,762	1,475,996
Total Expenditures	<u>10,749,817</u>	<u>11,768,291</u>	<u>9,613,965</u>	<u>2,154,326</u>
Excess (deficiency) of revenues over expenditures	<u>(1,331,001)</u>	<u>(2,349,475)</u>	<u>695,491</u>	<u>3,044,966</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Utility Fund	-	(1,000,000)	(1,000,000)	-
Sanitation Fund	-	(15,000)	(15,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,015,000)</u>	<u>(1,015,000)</u>	<u>-</u>
Net change in fund balance	(1,331,001)	(3,364,475)	(319,509)	3,044,966
Fund Balance - beginning	17,768,204	17,768,204	17,768,204	-
Prior Period Adjustment	-	-	-	-
Fund Balance (deficit) - ending	<u>\$ 16,437,203</u>	<u>\$ 14,403,729</u>	<u>\$ 17,448,695</u>	<u>\$ 3,044,966</u>



CITY OF ANDREWS, TEXAS  
Required Notes to the Supplementary Information  
September 30, 2020

**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, 2020, total appropriated funds of \$11,768,291 exceed general fund expenditures of \$9,613,965. The primary reason for the excess is \$1.1 million appropriated for South Loop drainage issue not yet started.

**City of Andrews, Texas**  
**General Fund**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**For the years ended September 30, 2020 and 2019**

	2020	2019
<b>REVENUES</b>		
Taxes	\$ 6,694,046	\$ 6,719,384
Francise fees	718,504	787,221
License, permits, fees	88,431	93,073
Charges for services	45,957	48,814
Fines and court costs	254,671	384,213
Miscellaneous	422,380	640,824
Investment income	252,370	343,067
Intergovernmental revenue	1,767,320	1,601,410
Grant income	65,777	65,696
Contributions	-	-
Total Revenues	<u>10,309,456</u>	<u>10,683,702</u>
<b>EXPENDITURES</b>		
Current:		
City Council / Legislative	106,169	168,232
City Manager / Administration	406,187	302,545
Finance	641,585	619,744
General Operations	372,104	378,822
Municipal court	198,629	207,256
Business technology center	147,018	109,388
Police	1,725,631	2,309,294
Ambulance	1,570,015	1,473,088
Animal control	167,801	164,361
Fire	307,236	289,586
Building Services (Permits, Inspections)	259,186	266,350
Street	1,122,825	1,140,051
Building & Grounds	358,874	224,402
Swimming pool	102,945	116,666
Capital outlay	2,127,762	749,237
Total Expenditures	<u>9,613,965</u>	<u>8,519,020</u>
Excess (deficiency) of revenues over expenditures	<u>695,491</u>	<u>2,164,681</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out:		
Utility Fund	(1,000,000)	(638,000)
Sanitation Fund	(15,000)	(1,700,000)
Lawsuit Settlement	-	4,000,000
Total other financing sources (uses)	<u>(1,015,000)</u>	<u>1,662,000</u>
Net change in fund balance	(319,509)	3,826,681
Fund Balance - beginning	17,768,204	13,941,523
Fund Balance (deficit) - ending	<u>\$ 17,448,695</u>	<u>\$ 17,768,204</u>

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Revenues - Budget and Actual**  
**For the year ended September 30, 2020**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>TAXES</b>				
Ad valorem				
Current	\$ 1,642,356	\$ 1,642,356	\$ 1,625,235	\$ (17,121)
Penalty and interest	20,000	20,000	34,117	14,117
Total Ad valorem	<u>1,662,356</u>	<u>1,662,356</u>	<u>1,659,352</u>	<u>(3,004)</u>
Sales				
1% City sales	3,250,000	3,250,000	3,997,612	747,612
.25% Property reduction sales	812,500	812,500	999,403	186,903
Alcoholic beverage	2,000	2,000	7,521	5,521
Total Sales	<u>4,064,500</u>	<u>4,064,500</u>	<u>5,004,536</u>	<u>940,036</u>
Other taxes				
Hotel/Motel occupancy (net)	-	-	-	-
Payment in lieu of taxes	25,000	25,000	30,158	5,158
Total Other	<u>25,000</u>	<u>25,000</u>	<u>30,158</u>	<u>5,158</u>
<b>FRANCHISE FEES</b>				
Electrical	360,000	360,000	401,287	41,287
Telephone	132,500	132,500	140,219	7,719
Gas	100,000	100,000	83,966	(16,034)
Cable	90,000	90,000	93,032	3,032
Total Franchise fees	<u>682,500</u>	<u>682,500</u>	<u>718,504</u>	<u>36,004</u>
<b>LICENSE, PERMITS, FEES</b>				
Animal registration	4,500	4,500	8,751	4,251
Sanitarian	500	500	5,018	4,518
Zoning	2,000	2,000	3,120	1,120
Other	1,200	1,200	7,895	6,695
Building and inspection	23,500	23,500	35,953	12,453
Building use fees & adult ed. Fees	-	-	27,075	27,075
Peddler's	400	400	620	220
Total License and Permits	<u>32,100</u>	<u>32,100</u>	<u>88,431</u>	<u>56,331</u>
<b>CHARGES FOR SERVICES</b>				
Swimming pool fees	65,000	65,000	45,957	(19,043)
Total Charges for Services	<u>65,000</u>	<u>65,000</u>	<u>45,957</u>	<u>(19,043)</u>
<b>FINES AND COURT COSTS</b>				
State costs and fees	92,300	92,300	76,188	(16,112)
Fines	240,000	240,000	178,483	(61,517)
Total Fines and Forfeitures	<u>332,300</u>	<u>332,300</u>	<u>254,671</u>	<u>(77,629)</u>
<b>MISCELLANEOUS</b>				
Administrative services	500,560	500,560	524,096	23,536
Other	-	-	(101,716)	(101,716)
Total Miscellaneous	<u>500,560</u>	<u>500,560</u>	<u>422,380</u>	<u>(78,180)</u>
<b>INVESTMENT INCOME</b>				
Interest	255,337	255,337	252,370	(2,967)
Total Investment Income	<u>255,337</u>	<u>255,337</u>	<u>252,370</u>	<u>(2,967)</u>
<b>INTER/INTRA-GOVERNMENTAL</b>				
Andrews Economic Development Corp.	35,000	35,000	34,600	(400)
Andrews County	5,000	5,000	1,245	(3,755)
AISD - School Resource Officer	100,000	100,000	100,000	-
Andrews Hospital District ambulance	1,609,163	1,609,163	1,631,475	22,312
Total Inter/Intra-Governmental	<u>1,749,163</u>	<u>1,749,163</u>	<u>1,767,320</u>	<u>18,157</u>
<b>GRANT INCOME</b>				
A. E. D. C. - job training	50,000	50,000	50,000	-
Coronavirus Relief Fund	-	-	-	-
Texas "J" Rac funds	-	-	15,777	15,777
Total Grant Income	<u>50,000</u>	<u>50,000</u>	<u>65,777</u>	<u>15,777</u>
Total Revenues	<u>\$ 9,418,816</u>	<u>\$ 9,418,816</u>	<u>\$ 10,309,456</u>	<u>\$ 890,640</u>

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the year ended September 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
City Council / Legislative				
Personnel services	\$ 15,000	\$ 15,000	\$ 3,893	\$ 11,107
Supplies	3,050	\$ 3,050	1,003	2,047
Outside Services	2,000	\$ 2,000	1,595	405
Other Operating Expense	132,500	\$ 132,500	99,678	32,822
	<u>152,550</u>	<u>152,550</u>	<u>106,169</u>	<u>46,381</u>
City Manager / Administration				
Personnel services	303,468	308,496	302,362	6,134
Supplies	1,700	1,700	1,603	97
Maintenance & Repairs	4,500	4,500	1,558	2,942
Outside Services	5,350	5,350	1,798	3,552
Grant Expenditures	-	-	98,866	(98,866)
	<u>315,018</u>	<u>320,046</u>	<u>406,187</u>	<u>(86,141)</u>
Finance				
Personnel services	463,455	466,220	421,307	44,913
Supplies	13,150	13,150	16,828	(3,678)
Maintenance & Repairs	36,200	36,200	37,805	(1,605)
Outside Services	131,938	131,938	165,645	(33,707)
	<u>644,743</u>	<u>647,508</u>	<u>641,585</u>	<u>5,923</u>
General Operations				
Personnel services	43,688	43,688	60,520	(16,832)
Supplies	13,700	13,700	7,010	6,690
Outside Services	299,400	321,900	304,574	17,326
Other Operating Expense	1,000	1,000	-	1,000
	<u>357,788</u>	<u>380,288</u>	<u>372,104</u>	<u>8,184</u>
Municipal Court				
Personnel services	192,440	192,440	189,180	3,260
Supplies	5,650	5,650	4,197	1,453
Outside Services	15,345	15,345	5,252	10,093
Other Operating Expense	750	750	-	750
	<u>214,185</u>	<u>214,185</u>	<u>198,629</u>	<u>15,556</u>
Business/Technology Center				
Personnel services	75	75	150	(75)
Supplies	13,300	13,300	2,884	10,416
Maintenance & Repairs	10,500	10,500	1,664	8,836
Outside Services	134,763	134,763	142,320	(7,557)
	<u>158,638</u>	<u>158,638</u>	<u>147,018</u>	<u>11,620</u>
Police				
Personnel services	2,190,680	2,206,015	1,305,786	900,229
Supplies	100,050	100,050	78,342	21,708
Maintenance & Repairs	101,755	101,755	129,816	(28,061)
Outside Services	217,721	217,721	210,608	7,113
Other Operating Expense	4,600	4,600	1,079	3,521
	<u>2,614,806</u>	<u>2,630,141</u>	<u>1,725,631</u>	<u>904,510</u>
Ambulance				
Personnel services	1,293,739	1,299,172	1,336,097	(36,925)
Supplies	70,600	70,600	76,113	(5,513)
Maintenance & Repairs	45,100	45,100	50,876	(5,776)
Outside Services	103,910	103,910	106,930	(3,020)
Depreciation	95,814	95,814	-	95,814
	<u>1,609,163</u>	<u>1,614,596</u>	<u>1,570,015</u>	<u>44,580</u>

(Continued)

**City of Andrews, Texas**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the year ended September 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Animal Control				
Personnel services	162,828	164,009	138,573	25,435
Supplies	20,502	20,502	11,234	9,268
Maintenance & Repairs	3,795	3,795	1,739	2,056
Outside Services	17,250	17,250	16,255	995
	<u>204,375</u>	<u>205,556</u>	<u>167,801</u>	<u>37,755</u>
Fire				
Personnel services	110,155	110,155	120,015	(9,860)
Supplies	50,900	50,900	30,111	20,789
Maintenance & Repairs	67,000	67,000	124,192	(57,192)
Outside Services	36,900	36,900	32,919	3,981
	<u>264,955</u>	<u>264,955</u>	<u>307,236</u>	<u>(42,281)</u>
Building Services (Permits, Inspections)				
Personnel services	233,185	235,697	211,338	24,358
Supplies	13,900	13,900	14,081	(181)
Maintenance & Repairs	16,000	16,000	10,998	5,002
Outside Services	21,541	21,541	19,448	2,093
Other Operating Expense	18,500	18,500	3,320	15,180
	<u>303,126</u>	<u>305,638</u>	<u>259,186</u>	<u>46,452</u>
Street				
Personnel services	339,027	339,453	311,102	28,352
Supplies	24,350	24,350	17,949	6,401
Maintenance & Repairs	122,475	122,475	568,565	(446,090)
Outside Services	225,210	225,210	167,612	57,598
Other Operating Expense	57,597	57,597	57,597	-
	<u>768,659</u>	<u>769,085</u>	<u>1,122,825</u>	<u>(353,740)</u>
Building & Grounds				
Personnel services	200,437	201,457	182,846	18,611
Supplies	12,650	12,650	9,595	3,055
Maintenance & Repairs	17,500	17,500	29,355	(11,855)
Outside Services	110,156	110,156	136,989	(26,833)
Other Operating Expense	150	150	89	61
	<u>340,893</u>	<u>341,913</u>	<u>358,874</u>	<u>(16,961)</u>
Swimming Pool				
Personnel services	70,581	70,581	54,992	15,589
Supplies	41,275	41,275	19,860	21,415
Maintenance & Repairs	27,050	27,050	9,112	17,938
Outside Services	20,528	20,528	18,980	1,548
	<u>159,434</u>	<u>159,434</u>	<u>102,945</u>	<u>56,489</u>
Capital Expenditures	<u>2,641,485</u>	<u>3,603,758</u>	<u>2,127,762</u>	<u>1,475,996</u>
Total Expenditures	<u>10,749,818</u>	<u>11,768,290</u>	<u>9,613,965</u>	<u>2,154,325</u>

**City of Andrews, Texas**  
**Debt Service Fund**  
**Comparative Balance Sheet**  
**September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Cash and cash investments	\$ -	\$ -
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	127,485	127,485
Total Assets	<u>\$ 127,485</u>	<u>\$ 127,485</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable	\$ -	\$ -
Total Other Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Committed to Debt Service	\$ 127,485	\$ 127,485
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, 2020**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES:</b>			
	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<b>EXPENDITURES:</b>			
Debt service:			
Principal	295,000	295,000	-
Interest	471,875	427,576	44,299
Total Expenditures	766,875	722,576	44,299
Excess (deficiency) of revenues over expenditures	(766,875)	(722,576)	44,299
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Reliever Route Maintenance Fund	454,775	410,476	(44,299)
Loop 1910 Repair Fund	312,100	312,100	-
Transfers out	-	-	-
Total other financing sources and uses	766,875	722,576	(44,299)
Net change in fund balance	-	-	-
Fund balances - beginning of year	127,485	127,485	-
Fund balances - end of year	\$ 127,485	\$ 127,485	\$ -

**City of Andrews, Texas  
Combining Balance Sheet  
Non-Major Governmental Funds  
September 30, 2020**

	Special Revenue Funds										Total Other Governmental Funds	
	Court Technology	Confiscated Funds	Law Enforcement Education	Child Safety Seat	Court Security	Reliever Route	Hotel Tax	Seized Funds	Local Truancy Prevention	Municipal Jury Fund	Coronavirus Relief Fund	Total Other Governmental Funds
ASSETS												
Cash and cash equivalents	\$ 7,457	\$ 9,051	\$ 13,084	\$ 532	\$ 48,223	\$ 855,357	\$ 141,010	\$ 21,514	\$ 5,565	\$ 111	\$ -	\$ 1,101,904
Corona Virus Relief Recievable											\$ 644,732	\$ 644,732
Total Assets	7,457	9,051	13,084	532	48,223	855,357	141,010	21,514	5,565	111	644,732	1,746,636
LIABILITIES AND FUND BALANCES												
Liabilities												
Accounts payable	23	-	-	-	-	-	10,000					10,023
Due to other funds	-	-	-	-	-	127,485	-				644,732	772,217
Total Liabilities	23	-	-	-	-	127,485	10,000	-	-	-	644,732	782,240
Fund Balances												
Nonspendable								21,514				21,514
Restricted	-	9,051	13,084	-	-	-	131,010					153,145
Committed	7,434	-	-	532	48,223	727,872	-		5,565	111	-	789,737
Total Fund Balance	7,434	9,051	13,084	532	48,223	727,872	131,010	-	5,565	111	-	964,396
Total Liabilities and Fund Balances	\$ 7,457	\$ 9,051	\$ 13,084	\$ 532	\$ 48,223	\$ 855,357	\$ 141,010	\$ -	\$ 5,565	\$ 111	\$ 644,732	\$ 1,746,636



**City of Andrews, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended September 30, 2020**

	Special Revenue Funds											
	Court Technology	Confiscated Funds	Law Enforcement Education	Child Safety Seat	Court Security	Reliever Route	Hotel Tax	Seized Funds	Local Truancy Prevention	Municipal Jury Fund	Corona Virus Relief Fund	Total Other Governmental Funds
REVENUES:												
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 999,403	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 999,403
Hotel Occupancy Tax	-	-	-	-	-	-	252,642	-	-	-	-	252,642
Investment Income	69	105	129	6	382	7,034	3,099	-	-	-	-	10,824
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	7,803	5,544	-	-	7,931	-	-	2,083	5,565	111	-	29,037
Grant Income	-	-	1,797	-	-	-	-	-	-	-	805,915	807,712
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	7,872	5,649	1,927	6	8,312	1,006,437	255,742	2,083	5,565	111	805,915	2,099,618
EXPENDITURES:												
Current:												
General government	8,647	-	-	-	-	-	-	-	-	-	-	8,647
Public safety	-	10,218	-	-	-	-	-	14,926	-	-	805,915	831,059
Street	-	-	-	-	-	92,945	-	-	-	-	-	92,945
Culture-recreation	-	-	-	-	-	-	452,412	-	-	-	-	452,412
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	8,647	10,218	-	-	-	92,945	452,412	14,926	-	-	805,915	1,385,063
Excess (deficiency) of revenues over expenditures	(775)	(4,569)	1,927	6	8,312	913,492	(196,670)	(12,843)	5,565	111	-	714,555
Transfer in/(out) - General Fund	-	-	-	-	-	(722,576)	-	-	-	-	-	(722,576)
Fund balances - beginning of year	8,209	13,620	11,158	526	39,910	536,957	327,681	34,357	-	-	-	972,418
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances - end of year	\$ 7,434	\$ 9,051	\$ 13,084	\$ 532	\$ 48,223	\$ 727,872	\$ 131,010	\$ 21,514	\$ 5,565	\$ 111	\$ -	\$ 964,396

INTENTIONALLY LEFT BLANK

**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

**PROPRIETARY FUNDS**

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

INTENTIONALLY LEFT BLANK

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Comparative Statements of Net Position**  
**September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 2,576,536	\$ 3,014,356
Investment - treasury securities/certificate of dep.	-	-
Interest receivable	-	-
Accounts receivable	513,982	408,896
Inventories	133,205	126,287
Prepaid costs	539	307
Total Current Assets	<u>3,224,262</u>	<u>3,549,846</u>
Capital Assets		
Land	1,555,631	1,555,631
Buildings	3,970,894	3,937,194
Equipment	1,609,853	1,220,333
Infrastructure	31,297,590	29,311,111
Accumulated depreciation	<u>(16,438,017)</u>	<u>(15,443,999)</u>
Total Capital Assets Net of Accum Depr	<u>21,995,951</u>	<u>20,580,270</u>
Total Assets	<u>25,220,213</u>	<u>24,130,116</u>
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience		98,505
Difference between projected and actual earnings	51,896	124,522
Difference due to changes in actuarial assumptions	11,885	6,150
Deferred pension contributions	68,648	68,648
Total Deferred Outflows	<u>132,429</u>	<u>297,826</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	281,717	215,267
Accrued liabilities	-	-
Customer deposits	286,262	287,122
Accrued compensated absences	1,000	1,000
Total Current Liabilities	<u>568,978</u>	<u>503,389</u>
Other Liabilities		
Accrued compensated absences	65,289	60,848
Accrued pension liability	571,596	849,964
Total Other Liabilities	<u>636,885</u>	<u>910,813</u>
Total Liabilities	<u>1,205,863</u>	<u>1,414,201</u>
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	142,688	0
Total Deferred Inflows	<u>142,688</u>	<u>0</u>
<b>NET POSITION</b>		
Invested in capital, net of related debt	21,995,951	20,580,270
Unrestricted	2,008,138	2,433,470
Total Net Position	<u>\$ 24,004,089</u>	<u>\$ 23,013,740</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, 2020 and 2019**

	2020	2019
Operating Revenues		
Charges for services		
Water	\$ 3,516,444	\$ 3,048,112
Sewer	1,023,229	1,014,122
Other	47,936	138,363
Total Operating Revenues	<u>4,587,609</u>	<u>4,200,597</u>
Operating Expenses		
Personnel services	917,113	1,005,772
Supplies	740,546	485,819
Maintenance & Repairs	875,164	835,026
Outside Services	866,702	771,468
Other Operating Expense	330,458	289,480
Depreciation	1,064,973	998,603
Total Operating Expenses	<u>4,794,955</u>	<u>4,386,166</u>
Operating Income (Loss)	<u>(207,346)</u>	<u>(185,570)</u>
Nonoperating Revenues (Expenses)		
Investment income	24,882	66,536
Gain/(Loss) on disposal of capital assets	12,893	-
Grant income		
Rent	117,943	110,942
Surface Damages / Water Disposal	41,978	87,197
Voluntary non-exchange-developer contribution	-	-
Total Nonoperating Revenue	<u>197,695</u>	<u>264,675</u>
Income before capital contributions and transfers	(9,651)	79,105
Capital contributions	-	-
Transfers in from General Fund	<u>1,000,000</u>	<u>638,000</u>
Change in Net Position	990,349	717,105
Net Position, beginning	23,013,739	22,296,634
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u><u>\$ 24,004,089</u></u>	<u><u>\$ 23,013,739</u></u>

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customer	\$ 4,481,663	\$ 4,229,909
Other operating cash receipts	-	133
Cash payments to suppliers for goods and services	(2,462,723)	(2,066,813)
Cash payments to employees for services	(882,956)	(967,901)
Cash payments to other funds for services	(290,846)	(261,294)
Net cash provided (used) by operating activities	<u>845,137</u>	<u>934,034</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Grant income for operating activities	-	-
Net cash provided by non-capital and related financing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(2,480,655)	(1,171,267)
Cash transfer from General Fund and/or AEDC for Capital Projects	1,000,000	638,000
Grant income for capital activities	-	-
Proceeds from sale of salvage	12,895	-
Income from Surface Damage and Salt Water Disposal on City Property	41,978	87,197
Rental income from Utility Fund Assets	117,943	110,942
Net cash provided (used) by capital and related financing activities	<u>(1,307,838)</u>	<u>(335,128)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	24,882	66,536
(Purchase) / Redemption of treasury securities/certificate of deposit	-	269,990
Net cash provided (used) by investing activities	<u>24,882</u>	<u>336,526</u>
Net increase (decrease) in cash and cash equivalents	(437,820)	935,432
Cash and cash equivalents, beginning	3,014,356	2,078,924
Cash and cash equivalents, ending	<u>\$ 2,576,536</u>	<u>\$ 3,014,356</u>
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>		
Operating Income (Loss)	\$ (207,346)	\$ (185,570)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	1,064,973	998,603
Provision for doubtful accounts	5,999	(424)
Prior Period Adjustment	-	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(111,085)	21,284
Decrease (increase) in interest receivable	-	133
Decrease (increase) in inventory	(6,918)	15,508
Decrease (increase) in prepaid costs	(231)	1,320
Decrease (increase) in deferred outflows of resources for pensions	165,396	(78,199)
Increase (decrease) in accounts payable	66,450	36,856
Increase (decrease) in other payables	-	(618)
Increase (decrease) in compensated absences	4,441	(35,196)
Increase (decrease) in pension liability	(278,369)	340,962
Increase (decrease) in customer deposits	(861)	8,453
Increase (decrease) in deferred outflows of resources for pensions	142,688	(189,078)
Net cash provided (used) by operating activities	<u>\$ 845,137</u>	<u>\$ 934,034</u>

**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Schedule of Operating and Nonoperating Revenues - Budget and Actual**  
**For the year ended September 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
<b>OPERATING REVENUE - WATER</b>				
Water sales	\$ 3,130,850	\$ 3,130,850	\$ 3,284,801	\$ 153,951
Water tapping fees	20,000	20,000	29,350	9,350
Water pro rata	-	-	-	-
Total Operating Revenues - Water	<u>3,150,850</u>	<u>3,150,850</u>	<u>3,314,151</u>	<u>163,301</u>
<b>OPERATING REVENUE - SEWER</b>				
Sewer rentals	970,000	970,000	983,524	13,524
Sewer tapping fees	15,000	15,000	26,625	11,625
Septic tank waste disposal	15,000	15,000	11,080	(3,920)
Reclaimed water	2,000	2,000	2,000	-
Total Operating Revenues - Sewer	<u>1,002,000</u>	<u>1,002,000</u>	<u>1,023,229</u>	<u>21,229</u>
<b>OPERATING REVENUE - OTHER</b>				
Miscellaneous	1,000	1,000	(47,374)	(48,374)
Water capital impr surcharge	180,000	180,000	202,293	22,293
Service fees	130,000	130,000	95,310	(34,690)
Total Operating Revenues - Other	<u>311,000</u>	<u>311,000</u>	<u>250,229</u>	<u>(60,771)</u>
Total Operating Revenues	<u>4,463,850</u>	<u>4,463,850</u>	<u>4,587,609</u>	<u>123,759</u>
<b>NON-OPERATING REVENUE</b>				
Investment income	50,000	50,000	24,882	(25,118)
Gain on sale of assets	-	-	12,893	12,893
Grant income	420,000	420,000	-	(420,000)
Rent	117,944	117,944	120,443	2,499
Surface Damage and Water Disposal	90,000	90,000	39,477	(50,523)
Transfer from General Fund	-	1,000,000	1,000,000	-
Transfer from A.E.D.C.	-	-	-	-
Total Non-Operating Revenues	<u>677,944</u>	<u>1,677,944</u>	<u>1,197,695</u>	<u>(480,249)</u>
Total Revenues	<u>\$ 5,141,794</u>	<u>\$ 6,141,794</u>	<u>\$ 5,785,304</u>	<u>\$ (356,490)</u>



**City of Andrews, Texas**  
**Water and Sewer Fund**  
**Schedule of Operating Expenses - Budget and Actual**  
**For the year ended September 30, 2020**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
General Operations				
Outside Services	\$ 1,500	\$ 1,500	\$ 1,333	\$ 1,500
Other Operating Expense	289,078	289,079	330,458	289,079
	<u>290,578</u>	<u>290,579</u>	<u>331,790</u>	<u>290,579</u>
Warehouse Building				
Personnel services	-	-	-	-
Supplies	7,900	7,900	8,683	(783)
Maintenance & Repairs	13,500	13,500	20,258	(6,758)
Outside Services	11,694	11,694	14,900	(3,206)
	<u>33,094</u>	<u>33,094</u>	<u>43,841</u>	<u>(10,747)</u>
Water Production				
Personnel services	235,339	237,203	178,628	58,575
Supplies	530,975	530,975	648,178	(117,203)
Maintenance & Repairs	134,500	134,500	258,008	(123,508)
Outside Services	740,820	740,820	696,030	44,790
	<u>1,641,634</u>	<u>1,643,498</u>	<u>1,780,844</u>	<u>(137,346)</u>
Water Distribution				
Personnel services	413,716	416,636	447,182	(30,546)
Supplies	54,750	54,750	57,500	(2,750)
Maintenance & Repairs	118,750	118,750	267,504	(148,754)
Outside Services	51,300	51,300	34,334	16,966
	<u>638,516</u>	<u>641,436</u>	<u>806,520</u>	<u>(165,084)</u>
Wastewater (Sewer) Collection				
Personnel services	135,197	136,678	133,861	2,817
Supplies	9,000	9,000	8,824	176
Maintenance & Repairs	27,500	27,500	160,172	(132,672)
Outside Services	13,100	13,100	12,898	202
	<u>184,797</u>	<u>186,278</u>	<u>315,756</u>	<u>(129,478)</u>
Wastewater (Sewer) Treatment				
Personnel services	153,366	154,954	157,441	(2,487)
Supplies	26,150	26,150	17,362	8,788
Maintenance & Repairs	141,700	141,700	169,221	(27,521)
Outside Services	101,026	101,026	107,206	(6,180)
	<u>422,242</u>	<u>423,830</u>	<u>451,230</u>	<u>(27,400)</u>
Depreciation	<u>1,165,166</u>	<u>1,165,166</u>	<u>1,064,975</u>	<u>100,191</u>
Total Operating Expenses	<u>\$ 4,376,027</u>	<u>\$ 4,383,880</u>	<u>\$ 4,794,955</u>	<u>\$ (79,285)</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Comparative Statements of Net Position**  
**September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,935,796	\$ 2,150,847
Investment - treasury securities/cert. of deposit	572,000	308,000
Interest receivable	1,886	1,362
Accounts receivable	189,936	183,842
Total Current Assets	<u>2,699,618</u>	<u>2,644,051</u>
Capital Assets:		
Land	1,738,376	1,738,376
Buildings	183,915	183,915
Equipment	3,072,418	2,919,967
Accumulated depreciation	(1,382,626)	(1,436,891)
Total Capital Assets Net of Accum Depr	<u>3,612,083</u>	<u>3,405,367</u>
Total Assets	<u>6,311,701</u>	<u>6,049,418</u>
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	-	82,033
Difference between projected and actual earnings	44,270	103,524
Difference due to changes in actuarial assumptions	9,697	5,018
Deferred pension contributions	60,767	60,767
Total Deferred Outflows	<u>114,734</u>	<u>251,343</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	38,341	38,292
Accrued liabilities	-	-
Sales tax payable	-	13,056
Customer deposits	5,600	5,500
Accrued compensated absences	1,000	1,000
Total Current Liabilities	<u>44,941</u>	<u>57,848</u>
Other Liabilities:		
Accrued compensated absences	85,960	83,451
Accrued pension liability	465,354	692,471
Landfill closure costs	840,088	822,804
Total Other Liabilities	<u>1,391,402</u>	<u>1,598,726</u>
Total Liabilities	<u>1,436,343</u>	<u>1,656,575</u>
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	114,753	-
Total Deferred Inflows	<u>114,753</u>	<u>-</u>
<b>NET POSITION</b>		
Invested in capital, net of related debt	3,612,083	3,405,367
Restricted	840,088	822,804
Unrestricted	423,168	416,015
Total Net Position	<u>\$ 4,875,339</u>	<u>\$ 4,644,186</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Comparative Statements of Revenues, Expenses and Changes in Net Position**  
**For the years ended September 30, 2020 and 2019**

	2020	2019
Operating Revenues		
Sanitation	2,076,907	1,981,008
Total Operating Revenues	<u>2,076,907</u>	<u>1,981,008</u>
Operating Expenses		
Personnel services	889,367	970,012
Supplies	86,369	116,603
Maintenance & Repairs	127,739	181,819
Outside Services	240,348	270,467
Other Operating Expense	290,846	261,433
Landfill closure	17,284	43,458
Depreciation	242,519	219,067
Total Operating Expenses	<u>1,894,473</u>	<u>2,062,859</u>
Income from Operations	<u>182,434</u>	<u>(81,851)</u>
Nonoperating Revenues (Expenses)		
Investment income	29,874	55,890
Gain (Loss) on sales/retirement of capital assets	3,844	-
Total Nonoperating Revenue	<u>33,718</u>	<u>55,890</u>
Income before capital contributions and transfers	216,152	(25,960)
Capital contributions	-	-
Transfers in	<u>15,000</u>	<u>1,700,000</u>
Change in Net Position	231,152	1,674,040
Net Position, beginning	4,644,186	2,970,146
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u><u>\$ 4,875,338</u></u>	<u><u>\$ 4,644,186</u></u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customer	\$ 2,070,812	\$ 1,980,025
Other operating cash receipts	(523)	1,633
Cash payments to suppliers for goods and services	(467,364)	(566,885)
Cash payments to employees for services	(862,614)	(894,722)
Cash payments to other funds for services	(290,846)	(261,294)
Net cash provided (used) by operating activities	<u>449,466</u>	<u>258,757</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Grant income for operating activities	-	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(449,236)	(2,116,549)
Cash transfer from General Fund for Purchase of Land	15,000	1,700,000
Proceeds from sale of capital assets	3,844	-
Net cash provided (used) by capital and related financing activities	<u>(430,392)</u>	<u>(416,549)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash and investments	29,874	55,890
Purchase of treasury securities/certificate of deposit	(264,000)	969,990
Net cash provided (used) by investing activities	<u>(234,126)</u>	<u>1,025,880</u>
Net increase (decrease) in cash and cash equivalents	(215,052)	868,089
Cash and cash equivalents, beginning	2,150,847	1,282,758
Cash and cash equivalents, ending	<u>\$ 1,935,795</u>	<u>\$ 2,150,847</u>
<b>Reconciliation of income from operations to net cash provided by (used for) operating activities</b>		
Operating Income (Loss)	\$ 182,434	\$ (81,851)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	242,519	219,067
Landfill closure costs	17,284	43,458
Prior Period Adjustment	-	-
Change in assets, deferred outflows/inflows, and liabilities:		
Decrease (increase) in accounts receivable	(6,094) x	(983)
Decrease (increase) in interest receivable	(523) x	1,633
Decrease (increase) in due from other funds	-	-
Decrease (increase) in deferred outflows of resources for pensions	136,609	(65,466)
Increase (decrease) in accounts payable	49 x	1,347
Increase (decrease) in accrued liabilities	-	(712)
Increase (decrease) in sales taxes payable	(13,056) x	(5)
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	2,509	15,883
Increase (decrease) in pension liability	(227,118)	278,187
Increase (decrease) in customer deposits	100 x	800
Increase (decrease) in deferred inflows of resources for pensions	114,753	(152,602)
Net cash provided (used) by operating activities	<u>\$ 449,466</u>	<u>\$ 258,757</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Schedule of Revenues - Budget and Actual**  
**For the year ended September 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
<b>OPERATING REVENUE</b>				
Sanitation collection	\$ 1,189,982	\$ 1,189,982	\$ 1,135,431	\$ (54,551)
Municipal landfill	706,000	706,000	746,759	40,759
Public hauling-type I	8,000	8,000	7,701	(299)
Public hauling-type IV	75,000	75,000	139,629	64,629
Recycling sales	1,000	1,000	-	(1,000)
Miscellaneous	45,808	45,808	47,386	1,578
Total Operating Revenues	<u>2,025,790</u>	<u>2,025,790</u>	<u>2,076,907</u>	<u>51,117</u>
<b>NON-OPERATING REVENUE</b>				
Investment income	40,000	40,000	29,874	(10,126)
Grant income	-	-	-	-
Transfer from General Fund	-	15,000	15,000	-
Gain on sale/disposition of assets	55,000	55,000	3,844	(51,156)
Total Non-operating Revenue	<u>95,000</u>	<u>110,000</u>	<u>48,718</u>	<u>(61,282)</u>
Total Revenues	<u>\$ 2,120,790</u>	<u>\$ 2,135,790</u>	<u>\$ 2,125,625</u>	<u>\$ (10,165)</u>

**City of Andrews, Texas**  
**Sanitation Fund**  
**Schedule of Operating & Non-Operating Expenses - Budget and Actual**  
**For the year ended September 30, 2020**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>OPERATING EXPENSE</b>				
General Operations				
Other Operating Expense	\$ 279,078	\$ 279,079	\$ 290,846	\$ (11,767)
	<u>279,078</u>	<u>279,079</u>	<u>290,846</u>	<u>(11,767)</u>
Sanitation Collection				
Personnel Services	446,673	451,128	459,195	(8,067)
Supplies	71,800	71,800	60,349	11,451
Maintenance & Repairs	79,750	79,750	86,754	(7,004)
Outside Services	400	400	751	(351)
Other Operating Expense	175	175	-	175
	<u>598,798</u>	<u>603,253</u>	<u>607,049</u>	<u>(3,796)</u>
Sanitation Bulk				
Personnel Services	288,654	291,329	270,408	20,921
Supplies	27,200	27,200	18,787	8,413
Maintenance & Repairs	17,250	17,250	32,873	(15,623)
Outside Services	205,400	205,400	239,099	(33,699)
Other Operating Expense	-	-	-	-
	<u>538,504</u>	<u>541,179</u>	<u>561,167</u>	<u>(19,988)</u>
Landfill				
Personnel Services	162,787	162,787	159,764	3,023
Supplies	6,400	6,400	7,233	(833)
Maintenance & Repairs	10,450	10,450	8,112	2,338
Outside Services	550	550	498	52
Other Operating Expense	-	-	-	-
	<u>180,187</u>	<u>180,187</u>	<u>175,608</u>	<u>4,579</u>
Landfill closure	30,000	30,000	17,284	12,716
Depreciation	245,612	245,612	242,519	3,093
	<u>275,612</u>	<u>275,612</u>	<u>259,803</u>	<u>15,809</u>
 Total Operating Expenses	 <u>\$ 1,872,179</u>	 <u>\$ 1,879,309</u>	 <u>\$ 1,894,473</u>	 <u>\$ (15,163)</u>
<b>NON-OPERATING EXPENSE</b>				
Loss on Disposal of Assets	\$ -	\$ -	\$ -	-
Total Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
 Total Expenses	 <u>\$ 1,872,179</u>	 <u>\$ 1,879,309</u>	 <u>\$ 1,894,473</u>	 <u>\$ (15,163)</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.

INTENTIONALLY LEFT BLANK



**City of Andrews, Texas**  
**Agency Funds**  
**Combining Statement of Net Position**  
**September 30, 2020**

	<u>Escrow Fund</u>	<u>Employee Christmas Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 15,572</u>	<u>\$ 99,180</u>	<u>\$ 114,752</u>
Total Assets	<u><u>15,572</u></u>	<u><u>99,180</u></u>	<u><u>\$ 114,752</u></u>
<b>LIABILITIES</b>			
Deposits held for others	<u>15,572</u>	<u>99,180</u>	<u>114,752</u>
Total Liabilities	<u><u>\$ 15,572</u></u>	<u><u>\$ 99,180</u></u>	<u><u>\$ 114,752</u></u>
<b>NET POSITION</b>	<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, 2020**

	Balance Oct. 1 2019	Additions	Deductions	Balance Sept. 30 2020
<b>ESCROW FUND</b>				
Assets				
Cash and cash equivalents	\$ 15,572	\$ -	\$ -	\$ 15,572
	<u>15,572</u>	<u>-</u>	<u>-</u>	<u>15,572</u>
Liabilities				
Deposits held for others	15,572	-	-	15,572
	<u>\$ 15,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,572</u>
 <b>EMPLOYEE CHRISTMAS FUND</b>				
Assets				
Cash and cash equivalents	\$ 95,180	\$ 121,605	\$ 117,605	\$ 99,180
	<u>95,180</u>	<u>121,605</u>	<u>117,605</u>	<u>99,180</u>
Liabilities				
Deposits held for others	95,180	121,605	117,605	99,180
	<u>\$ 95,180</u>	<u>\$ 121,605</u>	<u>\$ 117,605</u>	<u>\$ 99,180</u>
 <b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and cash equivalents	\$ 110,752	\$ 121,605	\$ 117,605	\$ 114,752
	<u>110,752</u>	<u>121,605</u>	<u>117,605</u>	<u>114,752</u>
Liabilities				
Deposits held for others	110,752	121,605	117,605	114,752
	<u>\$ 110,752</u>	<u>\$ 121,605</u>	<u>\$ 117,605</u>	<u>\$ 114,752</u>

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

INTENTIONALLY LEFT BLANK

**City of Andrews, Texas**  
**Capital Assets used in the Operation of Governmental Funds**  
**Comparative Schedules by Source**  
**September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Governmental Fund Capital Assets</b>		
Land	\$ 1,408,535	\$ 1,247,911
Buildings	8,685,546	7,749,811
Improvements other than buildings	7,941,493	7,929,224
Machinery and equipment	6,469,168	5,713,677
Infrastructure	<u>31,550,211</u>	<u>31,394,406</u>
Total Governmental Funds Capital Assets	<u><u>56,054,952</u></u>	<u><u>54,035,031</u></u>
 <b>Investments in Governmental Funds</b>		
<b>Capital Assets by Source</b>		
General fund	35,986,866	33,966,945
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>\$ 56,054,952</u></u>	<u><u>\$ 54,035,031</u></u>

**City of Andrews, Texas**  
**Capital Assets used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**September 30, 2020**

Function and Activity	Total	Land	Building	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
General Government:						
City Hall - City Mgr., Finance, Court	\$ 1,465,928	\$ 312,290	\$ 541,216	\$ 127,068	\$ -	\$ 485,354
Business/Technology Center	4,224,274	409,978	3,351,066	-	-	463,230
Total General Government	<u>5,690,202</u>	<u>722,268</u>	<u>3,892,282</u>	<u>127,068</u>	<u>-</u>	<u>948,584</u>
Public Safety:						
Police protection	3,037,204	146,741	720,611	-	-	2,169,852
Emergency medical services	2,671,627	-	1,248,786	-	-	1,422,841
Animal pound	324,472	-	209,982	-	-	114,490
Fire protection	3,385,961	25,296	2,490,021	65,104	-	805,540
Total Public Safety	<u>9,419,264</u>	<u>172,037</u>	<u>4,669,400</u>	<u>65,104</u>	<u>-</u>	<u>4,512,723</u>
Streets and storm drainage	36,021,164	484,349	-	3,143,135	31,550,211	843,470
Inspection	138,605	-	-	-	-	138,605
Recreation and parks	4,785,717	29,881	123,864	4,606,186	-	25,786
Total Governmental Funds Capital Assets	<u>\$ 56,054,952</u>	<u>\$ 1,408,535</u>	<u>\$ 8,685,546</u>	<u>\$ 7,941,493</u>	<u>\$ 31,550,211</u>	<u>\$ 6,469,168</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, 2020**

Function and Activity	Governmental Funds Capital Assets 2019	Additions	Deductions	Governmental Funds Capital Assets 2020
General Government				
City Hall - City Mgr., Finance, Court	\$ 1,244,338	\$ 268,328	\$ 46,738	\$ 1,465,928
Business/Technology Center	4,207,289	16,985	-	4,224,274
Total General Government	<u>5,451,627</u>	<u>285,313</u>	<u>46,738</u>	<u>5,690,202</u>
Public Safety				
Police protection	2,531,712	541,726	36,234	3,037,204
Emergency medical services	1,737,032	934,595	-	2,671,627
Animal pound	244,901	79,571	-	324,472
Fire protection	3,385,961	-	-	3,385,961
Total Public Safety	<u>7,899,606</u>	<u>1,555,892</u>	<u>36,234</u>	<u>9,419,264</u>
Streets and storm drainage	35,765,629	255,536	-	36,021,164
Inspection	144,721	1,767	7,883	138,605
Recreation and parks	4,773,449	12,268	-	4,785,717
Total Governmental Funds Capital Assets	<u><u>\$ 54,035,031</u></u>	<u><u>\$ 2,110,776</u></u>	<u><u>\$ 90,855</u></u>	<u><u>\$ 56,054,952</u></u>

INTENTIONALLY LEFT BLANK



**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.

INTENTIONALLY LEFT BLANK

**City of Andrews, Texas**  
**Andrews Economic Development Corporation**  
**Comparative Statements of Net Position**  
**September 30, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 6,219,206	\$ 6,682,039
Investment - treasury securities/cert. of deposit	2,124,704	\$ 1,093,000
Sales tax receivable	124,235	174,455
Miscellaneous receivable	-	-
Total Current Assets	<u>8,468,145</u>	<u>7,949,494</u>
Capital Assets		
Land	1,041,469	423,373
Improvements other than Buildings	761,502	731,917
Furniture & Fixtures	7,559	7,559
Accumulated depreciation	(179,693)	(150,324)
Total Capital Assets Net of Accum. Depr.	<u>1,630,837</u>	<u>1,012,525</u>
Total Assets	<u>10,098,982</u>	<u>8,962,019</u>
<b>DEFERRED OUTFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	-	12,255
Difference between projected and actual earnings	(1,658)	3,321
Difference due to changes in actuarial assumptions	815	422
Deferred pension contributions	5,086	5,086
Total Deferred Outflows	<u>4,244</u>	<u>21,084</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	11,410	727
Other payables	330	(8,369)
Compensated absences payable	9,223	7,757
Pension liability payable	39,017	58,100
Total Current Liabilities	<u>59,980</u>	<u>58,215</u>
<b>DEFERRED INFLOWS</b>		
Pension Related:		
Difference between expected and actual experience	4,279	-
Total Deferred Inflows	<u>4,279</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,630,837	1,012,525
Restricted	-	-
Unrestricted	8,408,129	7,912,363
Total Net Position	<u>\$ 10,038,966</u>	<u>\$ 8,924,888</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, 2020 and 2019**

	2020	2019
Support and revenues		
Economic development sales tax	\$ 1,998,806	\$ 2,088,219
Interest income	110,183	167,347
Miscellaneous	-	-
Total support and revenues	<u>2,108,989</u>	<u>2,255,566</u>
Expenses		
Personnel services	228,715	153,491
Supplies	4,143	2,092
Maintenance & Repairs	-	2,704
Outside Services	452,004	102,303
Other Operating Expense	10,716	9,767
Incentives	194,963	63,959
Business Park Maintenance	-	3,605
Contributions to County or City	75,000	250,000
Depreciation	29,370	30,378
Total Expenses	<u>994,911</u>	<u>618,298</u>
Transfers	-	-
Increase in Net Position	<u>1,114,078</u>	<u>1,637,268</u>
Net Position, beginning	8,924,888	7,314,655
Prior Period Adjustment	<u>-</u>	<u>(27,035)</u>
Net Position, ending	<u><u>\$ 10,038,966</u></u>	<u><u>\$ 8,924,888</u></u>

**City of Andrews, Texas**  
**Andrews Economic Development Corporation**  
**Comparative Statements of Cash Flows**  
**For the years ended September 30, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from sales tax	\$ 2,049,026	\$ 2,071,790
Other operating cash receipts	110,183	167,347
Cash payments to suppliers for goods and services	(642,444)	(211,224)
Cash payments to employees for services	(225,212)	(140,683)
Cash payments for other funds	(75,000)	(250,000)
Net cash provided (used) by operating activities	<u>1,216,552</u>	<u>1,637,231</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(709,644)	(1,523)
Assets transferred to City	-	-
Land incentives from Business Parks	61,963	18,959
Prior Period Adjustments	<u>(2,140,035)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(2,787,716)</u>	<u>17,436</u>
Net increase (decrease) in cash and cash equivalents	(1,571,164)	1,654,666
Cash and cash equivalents, beginning	7,790,370	6,135,704
Cash and cash equivalents, ending	<u><u>\$ 6,219,206</u></u>	<u><u>\$ 7,790,370</u></u>
<b>Reconciliation of income from operations to net cash provided (used) by operating activities</b>		
Increase in Net Position	\$ 1,114,078	\$ 1,637,268
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	29,370	30,378
Change in assets and liabilities:		
Decrease (increase) in sales tax receivable	50,220	(16,429)
Decrease (increase) in misc receivable	-	-
Decrease (increase) in deferred outflows of resources for pensions	16,840	(3,762)
Increase (decrease) in accounts payable	10,682	(13,715)
Increase (decrease) in other payables	8,699	(13,080)
Increase (decrease) in compensated absences	1,466	7,757
Increase (decrease) in pension liability	(19,082)	23,373
Increase (decrease) in deferred inflows of resources for pension	<u>4,279</u>	<u>(14,559)</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,216,552</u></u>	<u><u>\$ 1,637,231</u></u>

INTENTIONALLY LEFT BLANK

## UNAUDITED STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	131-134
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>	135-141
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>	142-145
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>	146-147
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>	148-150

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

INTENTIONALLY LEFT BLANK



**CITY OF ANDREWS, TEXAS**  
**Net Position by Component**  
**2011-2020**  
**(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 10,036,646	\$ 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
Restricted	37,983	40,705	19,968	12,088	10,982	153,694	143,398	353,167	473,392	302,144
Unrestricted	14,435,790	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
Total governmental activities net position	24,510,419	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
<b>Business-type activities</b>										
Net investment in capital assets	10,270,670	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
Restricted	567,401	616,641	641,037	653,151	685,007	696,274	756,272	779,346	822,804	840,088
Unrestricted	5,957,971	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
Total business-type activities net position	16,796,042	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
<b>Primary government:</b>										
Net investment in capital assets	20,307,316	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
Restricted	605,384	657,346	661,005	665,239	695,989	849,968	899,670	1,132,513	1,296,195	1,142,232
Unrestricted	20,393,761	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
Total primary government net position	\$ 41,306,461	\$ 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

**CITY OF ANDREWS, TEXAS**  
**Changes in Net Position**  
**2011-2020**  
**(accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues:										
Governmental Activities										
Taxes:										
Property taxes	835,843	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
Sales	3,588,802	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
Franchise	663,245	700,210	711,639	782,495	781,609	739,276	704,419	650,398	787,221	718,504
Other	153,442	83,674	72,560	101,096	107,140	82,027	68,826	589,596	492,148	282,800
Miscellaneous revenue	36,092	68,824	17,162	122,464	108,166	31,121	(0)	103,442	4,172,329	422,380
Investment income	63,804	60,085	36,923	63,211	75,689	89,519	125,162	218,555	357,715	263,194
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)
Total governmental activities	<u>5,341,228</u>	<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>
Business-type activities:										
Miscellaneous revenue	27,444	24,694	21,094	192,793	324,916	222,085	218,368	213,711	198,139	159,921
Investment income	33,946	28,340	56,590	24,455	27,949	26,709	36,820	66,900	122,427	54,756
Gain/Loss on disposition of assets	1,020	20,861	77,779	6,978	2,000	(43,704)	1,000	6,599	-	16,737
Transfers	-	-	-	1,123,145	1,055,000	1,343	-	(0)	2,338,000	1,015,000
Total business-type activities	<u>62,410</u>	<u>73,895</u>	<u>155,463</u>	<u>1,347,372</u>	<u>1,409,866</u>	<u>206,433</u>	<u>256,188</u>	<u>287,210</u>	<u>2,658,566</u>	<u>1,246,414</u>
Total primary government	<u>5,403,638</u>	<u>7,148,614</u>	<u>7,438,530</u>	<u>8,951,565</u>	<u>8,878,833</u>	<u>7,060,450</u>	<u>7,129,674</u>	<u>8,613,373</u>	<u>13,860,306</u>	<u>9,622,996</u>
Changes in net position										
Governmental activities	1,632,387	4,360,213	4,783,908	5,439,138	1,343,643	739,502	504,587	111,449	2,588,599	(402,973)
Business-type activities	586,331	738,034	982,717	2,214,597	2,477,719	595,736	233,107	619,367	2,391,146	1,221,502
Total change in net position	<u>\$ 2,218,718</u>	<u>\$ 5,098,247</u>	<u>\$ 5,766,625</u>	<u>\$ 7,653,735</u>	<u>\$ 3,821,362</u>	<u>\$ 1,335,238</u>	<u>\$ 737,695</u>	<u>\$ 730,816</u>	<u>\$ 4,979,745</u>	<u>\$ 818,529</u>

**CITY OF ANDREWS, TEXAS**  
**Fund Balances of Governmental Funds**  
**2011-2020**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Committed	7,348,025	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
Assigned	2,370,807	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
Unassigned	5,278,984	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
Total general fund	<u>14,997,816</u>	<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>
Debt Service Fund										
Restricted					207,799	136,296	127,485	127,485	127,485	127,485
Total debt service fund	<u>-</u>	<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>
All other governmental funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project fund	-	-	-	-	-	-	-	-	-	-
Unspendable										
Reported in special revenue funds	-	-	-	-	-	-	-	-	-	21,514
Restricted										
Reported in special revenue funds	37,983	40,706	19,968	12,088	10,982	17,398	15,913	225,682	345,907	153,145
Committed										
Reported in special revenue funds	-	-	968,510	22,038	26,404	119,740	152,388	287,404	585,602	789,737
Total all other governmental funds	<u>37,983</u>	<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>
Total Governmental Funds	<u>\$ 15,035,799</u>	<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>

**CITY OF ANDREWS, TEXAS**  
**Changes in Fund Balances of Governmental Funds**  
**2011-2020**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$4,587,796	\$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
Franchise fees	663,245	700,210	711,639	782,495	781,609	739,276	704,419	650,398	787,221	718,504
License, permits, fees	42,655	73,862	60,105	81,585	65,504	72,009	48,494	64,746	93,073	88,431
Charges for services	33,908	34,477	36,868	80,915	84,713	76,404	71,063	64,365	48,814	45,957
Fines and court costs	183,104	164,729	188,858	235,589	218,077	319,434	408,514	391,761	415,451	283,708
Miscellaneous	682,315	435,480	491,801	591,948	639,161	555,613	544,024	684,486	640,824	422,380
Investment income	63,804	60,085	36,923	63,211	75,689	89,520	125,162	218,555	357,715	263,194
Intergovernmental revenue	881,274	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
Grant income	53,502	69,173	52,341	707,079	89,203	64,778	68,484	67,582	67,406	873,489
Contributions	95	5,691	112	86	60	32	750,023	-	-	-
Voluntary non-exchange revenues	-	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>7,191,699</u>	<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>
Expenditures:										
Current										
General gov't and admin.	1,260,654	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
Public safety	2,594,422	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
Highway and streets	484,443	636,235	650,378	646,324	1,349,240	1,159,857	703,367	975,784	1,192,109	1,215,770
Culture-recreation	269,584	201,800	184,412	102,689	153,749	177,505	126,018	749,789	697,762	914,230
Economic development	149,499	153,037	143,692	140,022	155,603	156,851	161,116	180,394	109,388	147,018
Debt Service										
Principal	-	590,000	655,000	340,000	345,000	355,000	310,000	270,000	285,000	295,000
Interest	-	187,055	140,984	126,530	119,088	496,231	434,408	443,940	436,038	427,576
Bond Issuance Costs	-	-	-	-	165,645	-	-	-	-	-
Capital outlay	672,589	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
Total expenditures	<u>5,431,190</u>	<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>
Excess (deficiency) of revenues over expenditures	1,760,509	(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
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
Transfers out	-	-	(6,117,459)	(1,000,000)	(1,671,887)	(5,192,541)	(735,597)	(713,940)	(3,059,038)	(1,737,576)
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>-</u>	<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>
Net change in fund balance	<u>\$ 1,760,509</u>	<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>
Debt service as a percentage of noncapital expenditures	0.0%	13.8%	13.5%	6.9%	6.1%	11.0%	9.9%	8.3%	8.1%	7.5%

**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						
2011	355,809	50,872	111,136	51,229	466,588	0.18900	466,588	100%
2012	373,810	56,766	135,447	46,744	519,278	0.18900	519,278	100%
2013	403,034	90,939	141,241	44,219	590,996	0.18900	590,997	100%
2014	466,035	105,028	135,588	57,540	649,111	0.18900	649,111	100%
2015	526,116	132,827	138,946	75,224	722,664	0.18900	722,664	100%
2016	538,304	202,862	123,785	143,062	721,888	0.18900	721,888	100%
2017	554,765	208,994	134,032	149,116	748,675	0.18900	748,675	100%
2018	559,098	212,099	143,514	138,043	776,668	0.18900	776,668	100%
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%

Information furnished by Andrews County Appraisal District.

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

Fiscal Period	City (1)			Overlapping Rates									Total Direct and Overlapping					
				School (2)			County (3)			Co. Road & Bridge (3)			Hospital (4)					
	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total
2011	0.18900	-	0.18900	1.06000	0.10723	1.16723	0.37060	-	0.37060	0.06180	-	0.06180	0.25673	-	0.25673	1.93813	0.10723	2.04536
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

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	2020 Tax Roll			2011 Tax Roll		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
Enterprise FM Trust	\$ 10,220,442	1	1.2%			
Viva Well Servicing Co., LP	8,252,630	2	0.9%			
Andrews Apartments LP	7,066,706	3	0.8%			
Oncor Electric Delivery	6,961,656	4	0.8%			
Salazar Srvc & Trucking Corp	5,255,067	5	0.6%			
Brigade Energy Services LLC	4,799,207	6	0.5%			
Summit ESP	4,691,464	7	0.5%			
Renegade Wireline Services LLC	4,637,593	8	0.5%			
Benny Boyd Chrysler Dodge Jeep R	4,633,332	9	0.5%			
Andrews Apts, LLC	4,521,457	10	0.5%			
Nabors Well Service				18,234,450	1	3.5%
Basic Energy - Permian Reg 201				11,428,340	2	2.0%
TESSCO Utility Service, Inc.				10,418,970	3	2.0%
Chase Equipment Finance Inc.				5,380,668	4	1.0%
Viva Well Servicing Co., LP				4,937,070	5	1.0%
Centrilift				4,485,580	6	0.9%
Apache Corporation				4,443,650	7	0.9%
Basic Energy Services Inc. 100				3,940,583	8	0.8%
Key Energy Service, Inc.				3,104,740	9	0.6%
Mobilease Inc.				3,034,760	10	0.6%
	<u>\$61,039,554</u>		<u>2.1%</u>	<u>\$ 69,408,811</u>		<u>13.3%</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
2011	\$819	\$799	97.6%	\$18	\$817	99.8%
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%			

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
2011	\$3,009,748	\$ 1,504,874	\$ 752,437	\$ 68,637	\$5,335,696
2012	\$3,576,809	\$ 1,788,404	\$ 894,202	\$ 894,202	\$7,153,617
2013	\$3,721,433	\$ 1,860,716	\$ 930,358	\$ 930,358	\$7,442,865
2014	\$4,103,131	\$ 2,051,566	\$ 1,025,783	\$ 1,025,783	\$8,206,263
2015	\$3,766,943	\$ 1,883,471	\$ 941,736	\$ 941,736	\$7,533,885
2016	\$2,839,901	\$ 1,419,950	\$ 709,975	\$ 709,975	\$5,679,802
2017	\$3,037,640	\$ 1,518,820	\$ 759,410	\$ 759,410	\$6,075,280
2018	\$3,794,997	\$ 1,897,499	\$ 948,749	\$ 948,749	\$7,589,995
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

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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Ag., Forestry, Fishing, Hunting	-	-	-	-	-	-	-	-	-	-
Mining	\$ 30,371,981	\$ 51,814,246	\$ 49,522,078	\$ 54,702,290	\$ 70,843,340	\$ 43,842,841	\$ 33,130,329	\$ 37,957,884	\$ 51,938,000	\$ 60,613,000
Utilities	-	-	-	-	-	-	-	-	-	-
Construction	32,505,191	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
Manufacturing	3,473,516	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
Wholesale Trade	9,579,648	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
Retail Trade	57,191,032	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
Transportation / Warehousing	1,922,774	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
Information	-	-	-	-	-	3,910,107	5,212,568	5,071,993	5,709,000	6,076,000
Finance, Insurance	220,955	556,669	517,093	670,089	853,051	425,279	204,445	199,142	137,000	127,000
Real Estate, Rental, Leasing	7,779,191	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
Professional, Scientific, Tech. Svc	879,725	957,075	1,373,442	1,268,743	920,384	537,755	583,446	604,118	716,000	811,000
Mgmt of Companies, Enterprises	-	-	-	-	-	-	-	-	-	-
Admin, Supp., Waste Mgt., Remed.	3,435,080	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
Educational Services	-	-	-	-	-	-	-	-	-	-
Health Care, Social Assist.	-	-	-	-	-	-	-	160	-	-
Arts, Entertainment, Recreation	685,956	642,840	731,998	666,525	558,771	620,723	824,702	476,121	725,000	773,000
Accommodation, Food Svc.	12,446,364	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
Other Services	6,320,012	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
Public Administration	-	-	-	-	-	-	-	-	-	-
Other	3,668,693	3,711,136	3,984,889	4,168,133	4,785,197	1,504,807	83,770	197,092	-	-
<b>Total</b>	<b>\$170,480,118</b>	<b>\$227,692,050</b>	<b>\$254,348,568</b>	<b>\$271,671,419</b>	<b>\$349,665,298</b>	<b>\$275,156,024</b>	<b>\$219,389,402</b>	<b>\$265,412,143</b>	<b>\$322,704,000</b>	<b>\$332,705,000</b>
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Economic Development (eff. 10/1/05)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Property Tax Reduction (eff. 10/1/05)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Truck Reliever Route (eff. 10/1/11)			0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

Annual data for 2020 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)**

	2019				2010			
	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	75	12.30%	60,613	18.22%	30	6.90%	30,372	17.82%
Utilities	-	0.00%	-	-	-	0.00%	-	-
Construction	59	9.67%	44,147	13.27%	44	10.11%	32,505	19.07%
Manufacturing	37	6.07%	23,865	7.17%	19	4.37%	3,474	2.04%
Wholesale Trade	27	4.43%	13,919	4.18%	18	4.14%	9,580	5.62%
Retail Trade	179	29.34%	91,086	27.38%	158	36.32%	57,191	33.55%
Transportation, Warehousing	17	2.79%	1,412	0.42%	14	3.22%	1,923	1.13%
Information	5	0.82%	6,076	1.83%	2	0.46%	-	0.00%
Finance, Insurance	7	1.15%	127	0.04%	6	1.38%	221	0.13%
Real Estate, Rental, Leasing	23	3.77%	41,306	12.42%	20	4.60%	7,779	4.56%
Professional, Scientific, Tech. Svc	27	4.43%	811	0.24%	19	4.37%	880	0.52%
Mgmt of Companies, Enterprises	-	0.00%	-	-	-	0.00%	-	-
Admin, Supp., Waste Mgt., Remed.	18	2.95%	2,878	0.87%	14	3.22%	3,435	2.01%
Educational Services	3	0.49%	-	-	1	0.23%	-	-
Health Care, Social Assist.	3	0.49%	-	-	-	0.00%	-	-
Arts, Entertainment, Recreation	9	1.48%	773	0.23%	8	1.84%	685	0.40%
Accommodation, Food Svc.	67	10.98%	31,405	9.44%	41	9.43%	12,446	7.30%
Other Services	51	8.36%	14,287	4.29%	39	8.97%	6,320	3.71%
Public Administration	2	0.33%	-	-	1	0.23%	-	-
Other	1	0.16%	-	0.00%	1	0.23%	3,669	2.15%
<b>Total</b>	<b>610</b>	<b>100.00%</b>	<b>\$ 332,705</b>	<b>100.00%</b>	<b>435</b>	<b>100.00%</b>	<b>\$ 170,480</b>	<b>100.00%</b>

Annual data for 2020 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	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total Outstanding Debt	% of Est. Taxable Value of Property (2)	% of Personal Income (3)	Population (4)	Debt per Capita
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (1)	Capital Leases					
2020	\$ 11,555,000	\$ -	\$ -	\$ -	\$ 11,555,000	1.49%	1.27%	14,109	\$ 819
2019	\$ 12,055,663	\$ -	\$ -	\$ -	\$ 12,055,663	1.38%	1.33%	13,762	\$ 876
2018	\$ 12,357,436	\$ -	\$ -	\$ -	\$ 12,357,436	1.59%	1.36%	13,762	\$ 898
2017	\$ 12,635,823	\$ -	\$ -	\$ -	\$ 12,635,823	1.69%	1.65%	13,333	\$ 948
2016	\$ 12,954,211	\$ -	\$ -	\$ -	\$ 12,954,211	1.79%	1.78%	13,574	\$ 954
2015	\$ 13,317,598	\$ -	\$ -	\$ -	\$ 13,317,598	1.84%	1.61%	13,722	\$ 971
2014	\$ 5,415,000	\$ -	\$ -	\$ -	\$ 5,415,000	0.83%	0.56%	13,206	\$ 410
2013	\$ 5,755,000	\$ -	\$ -	\$ -	\$ 5,755,000	0.97%	0.66%	12,702	\$ 453
2012	\$ 6,410,000	\$ -	\$ -	\$ -	\$ 6,410,000	1.37%	0.79%	12,168	\$ 554
2011	-	-	-	-	-	0%	0%	11,596	\$ -

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 135 for property value data.
- (3) Personal income is disclosed on page 146.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 146.

CITY OF ANDREWS  
Direct and Overlapping Governmental Activities Debt  
September 30, 2020

	Net Debt Outstanding		Estimated Percentage Applicable to City		Amount Applicable to City
Andrews County Hospital District	\$ 35,790,633	(1)	19.03%	(4)	\$ 6,812,378
Andrews Independent School District	29,663,749	(2)	19.26%	(5)	5,712,490
County of Andrews	16,325,000	(3)	17.65%	(6)	<u>2,880,918</u>
Subtotal, Overlapping Debt					15,405,786
City of Andrews Direct Debt					<u>11,555,000</u>
Total Direct and Overlapping Debt					<u><u>\$ 26,960,786</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) 20 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	
2020	\$ 906,284,510	\$ 13,594,268	\$11,555,000	\$ 11,555,000	\$ -	\$ 295,000	\$ -	\$ 13,594,268
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
2011	466,588,000	6,998,820	-	-	-	-	-	6,998,820

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
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%
2011	-	-	-	-	4,912,503	0.0%

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

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

**CITY OF ANDREWS, TEXAS**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u> <u>(in thousands)</u>	<u>Per Capita</u> <u>Income (2)</u>	<u>Public School</u> <u>Enrollment (3)</u>	<u>Unemployment</u> <u>Rate (4)</u>
2011	11,596	\$707,653	\$45,972	3,419	5.3%
2012	12,168	\$811,615	\$50,351	3,631	3.5%
2013	12,702	\$867,139	\$51,591	3,768	3.6%
2014	13,206	\$959,968	\$54,928	4,038	2.5%
2015	13,722	\$829,270	\$45,836	4,018	3.3%
2016	13,574	\$728,642	\$40,850	3,968	3.9%
2017	13,333	\$763,902	\$43,105	4,037	2.9%
2018	13,762	\$906,592	\$50,011	4,335	2.4%
2019	13,762	*\$906,592	*50,011	4,382	2.2%
2020	*14,109	*\$906,592	*50,011	4,195	*7.7%

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**  
**2020 and 2010**

Employer	2020		2010	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Andrews Ind. School District	655	8.0%	495	7.2%
Permian Regional Medical Center	438	5.3%	300	4.4%
Andrews County	180	2.2%	165	2.4%
Basic Energy Services	160	1.9%	112	1.6%
KV Power	138	1.7%		
Dennis Porter Inc.	118	1.4%	90	1.3%
Waste Control Specialists	112	1.4%	143	2.1%
Kirby West Company	110	1.3%	186	2.7%
City of Andrews	96	1.2%		
GTG Automation	71	0.9%		
C&J Energy Services				
Palmer of Texas			86	1.2%
Key Energy			145	2.1%
Nabors Industries			100	1.5%
TESSCO				

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>2011</u>	<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>Full-time Employees by Function</u>										
General Government	12	12	12	13	14	14	14	15	15	15
Public safety										
Police	16	17	18	20	20	20	20	20	21	22
EMS	7	7	7	9	10	9	10	10	11	12
Animal Control	1	1	1	1	1	1	1	1	2	2
Economic Development	1	1	1	1	1	1	1	1	1	2
Street	3	3	2	2	3	3	3	3	3	3
Water and Sewer	9	9	10	11	11	11	11	11	11	12
Sanitation	6	8	10	11	11	11	11	11	11	11
Total	<u>55</u>	<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>Part-time Employees by Function</u>										
General Government	2	3	3	1	1	2	3	3	3	3
Public safety										
Police (includes School Crossing)	3	3	3	6	5	3	3	3	3	3
EMS	0	0	2	5	11	11	5	5	7	5
*Fire	1	1	1	1	1	1	1	1	1	1
Economic Development	1	1	1	0	0	0	0	0	0	0
Street	0	1	2	1	1	1	0	0	0	0
Water and Sewer	0	0	0	2	2	0	0	0	0	0
Sanitation	3	2	3	3	6	5	4	4	4	5
Total	<u>10</u>	<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>
Total full and part-time employees	<u>65</u>	<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>

\*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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Physical arrests	487	402	496	496	691	676	497	714	777	638
Citations issued	1,541	1,631	1,702	2,051	1,509	3,105	3,164	3,605	2,984	2,241
Fire:										
Number of emergency calls	**583	453	391	503	519	361	433	570	697	635
Emergency Medical Services										
Number of emergency calls	886	693	682	805	845	756	796	916	990	904
Number of transfers-out of county	288	238	284	276	263	298	334	111	191	191
Total number of runs	1,174	931	966	1,081	1,108	1,054	1,130	1,037	1,181	1,095
Animal Control										
Number of calls handled	2,412	2,366	2,098	2,223	2,147	2,426	2,048	1,983	1,295	1,382
Streets										
Street resurfacing (miles)	4.85	5.00	4.00	4.00	4.00	0.25	0.57	2.00	5.50	-
Potholes repaired (estimated)	47	43	67	109	100	378	421	457	532	560
Water										
New connections	57	90	133	109	68	68	68	54	56	57
Service calls	6,481	7,162	7,937	12,367	12,522	9,566	11,689	8,580	8,402	3,144
Avg. consumption/day (thousand gallons)	3,030	3,894	2,687	2,779	2,378	2,293	2,122	2,269	2,042	2,337
Sewer										
New connections	121	152	144	97	74	60	39	49	59	66
Service calls	123	110	107	136	134	126	112	99	101	116
Wastewater										
Avg. sewage treated/day (thousand gallons)	992	984	1,090	1,101	1,061	982	1,110	1,021	1,157	1,127

\*\*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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire (Volunteer Department)										
Stations	1	1	1	1	1	1	1	1	1	1
Number of volunteers	35	45	45	45	45	45	45	45	45	45
Public works:										
Streets (miles)										
Paved	67.94	68.01	82.82	86.64	89.17	89.25	89.30	89.30	89.30	89.30
Graded	4.96	4.96	4.96	4.96	6.30	0.75	0.75	0.75	0.75	0.75
Sidewalks	40.10	40.10	40.10	40.10	40.10	40.18	40.20	40.22	40.22	40.22
Alleys	43.12	43.12	43.12	43.12	43.12	43.67	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	8	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	4,584	4,726	4,814	4,897	4,940	4,900	4,945	5,010	5,050	5,064
Water mains (miles)	179.43	179.43	185.49	187.37	187.56	188.36	188.36	188.46	190.21	190.21
Fire hydrants	213	213	240	250	251	251	251	252	265	267
Maximum daily consumption (thousands of gallons)	5,595	5,630	5,321	5,575	4,512	4,520	4,212	3,972	6,410	6,410
M/gallons pumped	1,106,050	1,031,868	980,665	1,014,260	867,851	836,959	774,651	828,342	745,150	853,119
M/gallons billed	958,480	896,640	856,339	842,423	726,683	723,599	730,988	793,475	704,353	810,770
Sewer and wastewater										
Sanitary sewers (miles)	94.32	94.98	97.86	98.35	98.52	98.57	98.57	98.67	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	1.2 (1)	1.6	1.6	1.6 (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

# Single Audit Section

INTENTIONALLY LEFT BLANK

CITY OF ANDREWS  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended September 30, 2020

Grantor / Program Title	Federal CFDA Number	Grant/ Contract Number	Current Year GAAP Basis Grant Expended
<b>FEDERAL ASSISTANCE:</b>			
<b><u>U.S. Department of Treasury</u></b>			
Passed through Texas Division of Emergency Management			
CARES Act			
Corona Virus Relief Fund	21.019	27	\$ 805,915
Total Federal Financial Assistance			<u>\$ 805,915</u>
 <b>STATE ASSISTANCE:</b>			
N/A			
			\$ -
Total State Financial Assistance			<u>\$ -</u>
TOTAL FEDERAL AND STATE AWARDS			<u><u>\$ 805,915</u></u>

CITY OF ANDREWS  
Notes to Schedule of Expenditures of Federal and State Awards  
For the Year Ended September 30, 2020

**1. GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards to the City of Andrews. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule. Federal awards include expenditures funded with program income, but excludes expenditures funded with City matching funds and revolving loan funds. All state awards received directly from state agencies, not passed through the State by the Federal Government, as well as state awards passed through other government agencies are included on the schedule.

**2. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

**3. SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

The Schedule of Findings and Questioned Costs, including the summary of auditors' results is included on page 154.

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Grant expenditure reports as of September 30, 2020, which have been submitted to grantor agencies, will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

**5. SUB-RECIPIENTS**

Of the federal expenditures presented in the Schedule, the City provided no federal awards to sub-recipients.

**6. OUTSTANDING LOANS**

The City has provided no loans through related to any program receiving federal awards.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 5, 2021.

**Internal Control over Financial Reporting**

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

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



Texas Society of  
Certified Public Accountants



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

P.O. Box 1074 • Andrews, Texas 79714  
(432) 523-7261 • [www.wmmcpa.com](http://www.wmmcpa.com) • (432) 224-1068 fax

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

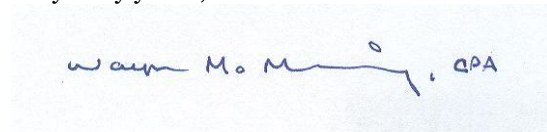
### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Very truly yours,

A handwritten signature in blue ink that reads "Wayne M. Montgomery, CPA". The signature is written in a cursive style with a horizontal line extending from the end.

Andrews, Texas  
February 5, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

*Opinion on Each Major Federal Program*

In our opinion, the City of Andrews complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.



Texas Society of  
Certified Public Accountants

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



P.O. Box 1074 • Andrews, Texas 79714  
(432) 523-7261 • [www.wmmcpa.com](http://www.wmmcpa.com) • (432) 224-1068 fax

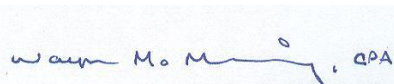
## Report on Internal Control over Compliance

Management of the City of Andrews is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in blue ink that reads "Wayne M. Manning, CPA". The signature is written in a cursive style with a horizontal line extending from the end.

Wayne M. Manning, CPA  
Andrews, Texas  
February 5, 2021

CITY OF ANDREWS  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2020

**A. Summary of Auditor's Results**

Type of Report on Financial Statements	Unqualified Opinion
Significant Deficiencies Relating to Financial Statements	None
Material Weaknesses involving Significant Deficiencies	None
Noncompliance Material to the Financial Statements	None
Significant Deficiencies Relating to Compliance	None
Type of Report on Compliance with Major Programs	Unqualified Opinion
Findings and Questioned Costs for Federal and State Awards As Defined in Section 510(a), Uniform Guidance or the State of Texas Single Audit Circular	None
Dollar Threshold Considered between Type A and Type B Federal and State Programs, respectively	\$750,000 and \$750,000
Low Risk Auditee	The City was classified as a low- risk auditee in the context of Uniform Guidance

Major Federal Programs:

Grantor Agency:	U.S. Department of the Treasury
Program:	Corona Virus Relief Fund
Grant No.	27
CFDA No.	21.019

**B. Findings Required to be Reported by Government Auditing Standards**

No matters reportable.

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

No matters reportable.

CITY OF ANDREWS  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2020

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

No matters reportable.

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

No matters reportable.