



COMPREHENSIVE
ANNUAL
FINANCIAL REPORT

CITY OF ANDREWS, TEXAS

For the Fiscal Year
October 1, 2018 through September 30, 2019

Issued by:
Finance Department
Ashton Jones, Director

City of Andrews, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

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INTRODUCTORY SECTION

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www.cityofandrews.org

February 13, 2020

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, 2019. The purpose of the CAFR is to provide accurate and meaningful information concerning the City's financial condition and performance. Independent auditors have verified that the City has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

City Profile

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

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

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

Accounting System and Budgetary Control

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

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

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

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

Local Economy

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

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

After experiencing oil prices over \$100 per barrel during 2015, oil prices hit a low of \$26 in February 2016, rose to \$54 in early 2017, and have remained relatively close to this level since that time. As a result of increasing oil prices, drilling activity in the region noticeably increased during the past three years. Andrews County did not experience the increased level of activity experienced by neighboring counties such as Midland and Reeves County, thus Andrews did not experience their same level of economic growth during this time. According to the Texas Railroad Commission, oil production in Andrews County dropped from 41.2 million barrels in fiscal year 2018 to 39.2 million barrels in fiscal year 2019. Despite fluctuating prices during the past five years and a drop in fiscal year 2019 production, oil production in 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 – increased 17.7% from 2018 to 2019.

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

The City's unemployment rate as of September 2019 was 2.2%, well below the state level of 3.4% and the federal level of 3.5%. The rate is also slightly lower than the city's 2.4% level on September 2018. Sales tax collections increased 17.7% from fiscal year 2018. Sales tax figures for the first two months of fiscal year 2020 show an increase of 22.3% from the same period in fiscal year 2019.

Financial Policies

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

- Quality City services that meet the needs and desires of the citizens in a fair and consistent manner.
- A financial base sufficient to maintain or enhance City assets required to support community service demands.

- Prudent and professional financial management practices to assure citizens of Andrews and the financial community that City government is well managed and in sound fiscal condition.
- Cost effective services to citizens through cooperation with other government entities.
- A capital improvement program that maintains and enhances the public's assets.

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

Long-term financial planning and major initiatives

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

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

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 DCP 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 will have 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.

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 will be replaced. Funds have been included in the City's 10-year Capital plan to address additional lines.

Ensure infrastructure meets future development demands – In 2020, the City and the Andrews Economic Development Corporation will develop an Infrastructure Master Plan to ensure that future development – especially in the northwest and southwest areas of Andrews – is orderly, efficient and compatible with envisioned future land uses.

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, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the thirty-ninth consecutive year that the municipal government has received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

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

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

Request for Information

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

Respectfully submitted,

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

Steve Eggleston
City Manager

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

Ashton Jones
Director of Finance

CITY OF ANDREWS, TEXAS
List of Elected and Appointed Officials
September 30, 2019

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

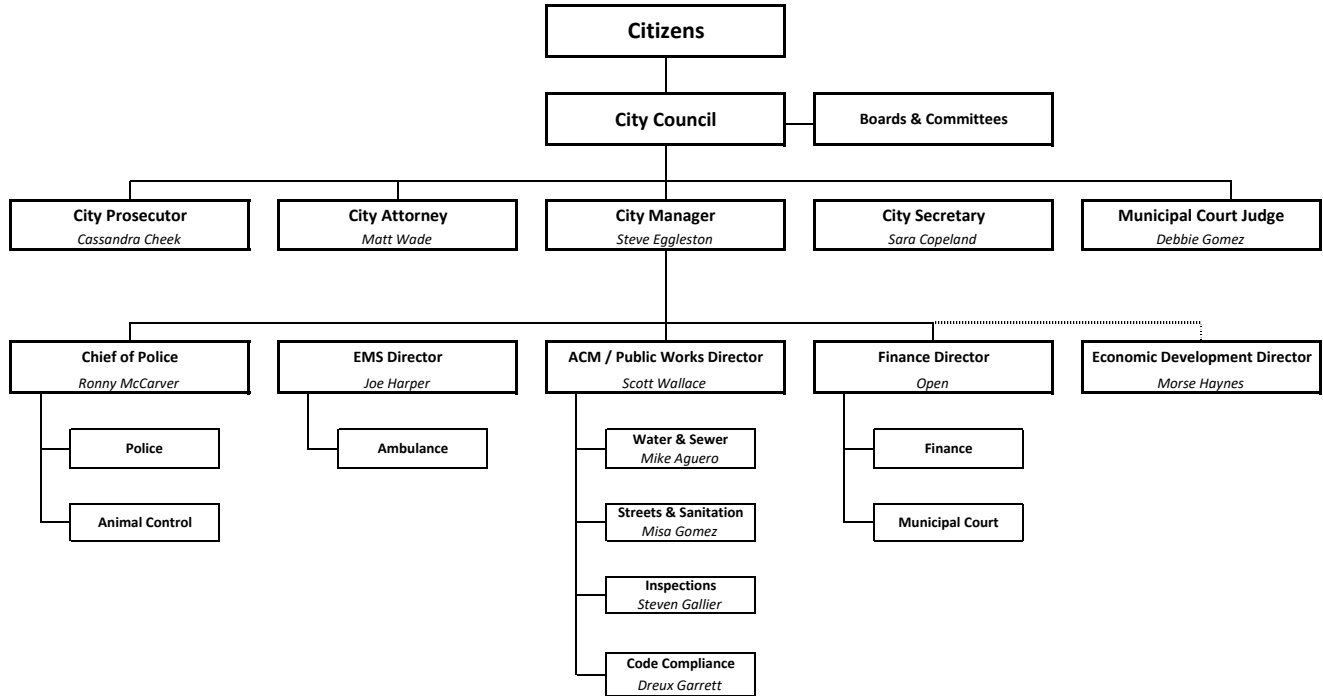
Steve Eggleston	City Manager
Matt Wade	City Attorney
Sara Copeland	City Secretary
Debbie Gomez	Municipal Judge

Finance Staff

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

*Member of Government Finance Officers Association

City of Andrews Organization Chart





Government Finance Officers Association

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

Presented to

**City of Andrews
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

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

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Andrews, Texas (the "City") as of and for the year ended September 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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
CPA Certified Public Accountants**

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



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

Other Information

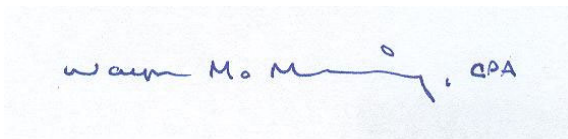
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the individual fund budgetary comparison schedule, and statistical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

The combining and individual nonmajor fund financial statements, inclusive of capital asset schedules, and the individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, inclusive of capital asset schedules, and the individual fund budgetary comparison schedules 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 December 12, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Andrews, Texas
December 12, 2019

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis (MD&A) provides readers a narrative overview and analysis of the financial activities of the City of Andrews for the fiscal year ended September 30, 2019. 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, 2019.

Government-wide

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2019 fiscal year by \$70,710,151 (*net position*). Of this amount, \$18,575,255 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- During 2019, the City's total net position increased \$4,986,297, or 7.6%, related to operations. The net position of business-type activities increased by \$2,391,146, or 9.5%, from operations. The net position of governmental activities increased by \$2,595,152, or 6.4%, from operations.
- Total expenses of all the City's programs were \$17,366,272 in 2019.

Fund Statements

- As of September 30, 2019, the City's governmental funds reported combined fund balances of \$18,833,749, an increase from prior year of \$4,251,655. Of this total amount, \$3,120,867 or approximately 16.57%, is unassigned and available for used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$3,120,867, or 36.6% of the General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

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

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

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

The government-wide financial statements can be found on pages 29-30 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 100-101 of this report.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

- **Proprietary Funds** – *Enterprise funds*, a type of proprietary fund, are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water/sewer and sanitation operations. The City does not currently use any *internal service funds*. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Sewer and Sanitation funds since both are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 36-37 of this report.
- **Fiduciary Funds** – *Fiduciary funds* are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources are not available to support the City's own programs. *Agency funds*, a type of fiduciary fund, are used to report resources held by the City in a purely custodial capacity (assets=liabilities) for individuals, private organizations and other governments. The City maintains two agency funds. The Escrow Fund is used to report resources held for developers for curb and gutter, paving, and water and sewer extensions. The Employee Christmas Fund is used to report resources held for participating employees in a Christmas savings account. The agency funds financial statements can be found on pages 39 of this report.

Notes to the Financial Statements – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-77.

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 81-84 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 \$70,710,151 at the close of the most recent fiscal year.

Net Position for the City of Andrews

\$000	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current & other assets	\$20,720	\$16,175	\$6,194	\$5,669	\$26,914	\$21,843
Capital assets (net)	38,482	40,118	23,985	21,915	62,468	62,033
Total assets	59,202	56,292	30,179	27,584	89,382	83,877
Deferred Outflows	1,461	1,056	549	406	2,010	1,462
Long-term liabilities	16,527	15,256	2,512	1,868	19,039	17,124
Other liabilities	1,034	819	559	513	1,593	1,332
Total liabilities	17,561	16,075	3,071	2,381	20,632	18,456
Deferred Inflows	50	816	-	342	50	1,158
Net Position:						
Invested in Capital Assets	26,847	28,205	23,986	21,915	50,833	50,121
Restricted	479	353	823	779	1,303	1,133
Unrestricted	15,726	11,899	2,849	2,572	18,575	14,471
Total net position	\$43,052	\$40,457	\$27,658	\$25,267	\$70,710	\$65,724

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

The largest portion of the City's net position (71.9%) 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 (1.8%) represents resources subject to external restrictions on how they may be used. The remaining balance of \$18,575,256 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

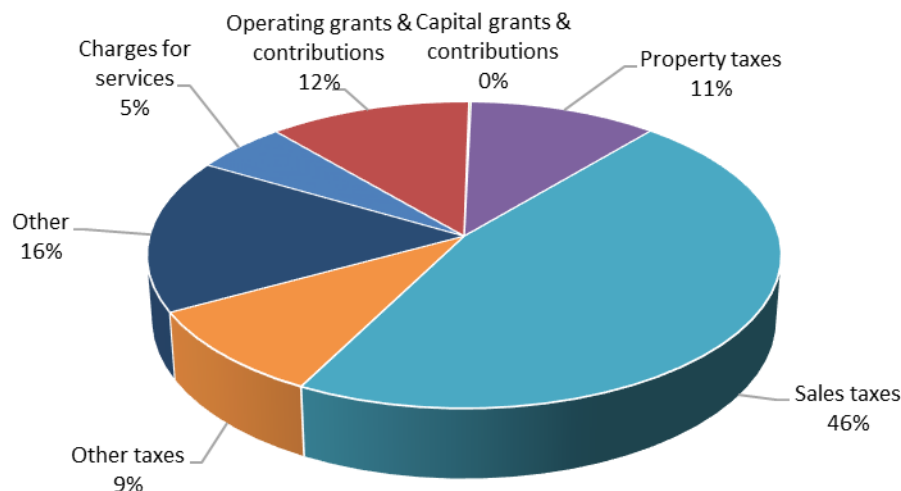
\$000	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Fees, fines & charges for service	\$ 720	\$ 698	\$6,182	\$6,284	\$6,902	\$6,983
Operating grants & contributions	1,568	1,375	-	-	1,568	1,375
Capital grants & contributions	16	29	-	-	16	29
General revenues:						
Property taxes	1,461	1,439	-	-	1,461	1,439
Sales tax	6,269	5,325	-	-	6,269	5,325
Franchise fees	787	650	-	-	787	650
Other	492	590	-	-	492	590
Miscellaneous Revenue	4,172	103	198	214	4,370	317
Investment income	364	219	122	67	487	285
Gain on disposition of assets	-	-	-	7	-	7
Transfers	-	-	-	-	-	-
Total revenues	15,850	10,429	6,502	6,571	22,352	17,000
Expenses:						
General government & admin	1,751	1,610	-	-	1,751	1,610
Public safety	4,896	4,543	-	-	4,896	4,543
Highways & streets	2,492	2,269	-	-	2,492	2,269
Culture-recreation	989	1,011	-	-	989	1,011
Economic development	358	434	-	-	358	434
Interest	431	449	-	-	431	449
Water & sewer	-	-	4,386	4,103	4,386	4,103
Sanitation	-	-	2,063	1,849	2,063	1,849
Total expenses	10,917	10,317	6,449	5,952	17,366	16,270
Increase/(decrease) before transfers	4,933	111	53	619	4,986	731
Transfers	(2,338)	-	2,338	-	-	-
Change in net position	2,595	111	2,391	619	4,986	731
Net position – beginning	40,457	40,346	25,267	24,647	65,724	64,993
Prior Period Adjustment	-	-	-	-	-	-
Net position - ending	\$43,052	\$40,457	\$27,658	\$25,267	\$70,710	\$65,724

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$2,595,152 or 6.4% from the prior year for an ending balance of \$43,052,225. Key elements of this change are as follows:

- Sales Tax Revenues increased \$944,375 as a result of the booming economy and increased spending.
- Operating Grants and Contributions increased by \$192,896 due to receiving additional amounts from the Andrews County Hospital District reimbursing the city for increased ambulance operations expense.
- Other Miscellaneous Revenues increased \$4,000,000 due to a lawsuit settlement in regard to the Loop 1910 Reliever Route reconstruction. The original Loop 1910 Reliever Route was closed in June 2014 after being open only 6 months due to problems with its asphalt driving surface when temperatures began to soar. The lawsuit was filed in October 3, 2014 to recoup the cost of all the repairs done to reconstruct the road. A settlement was reached in April 2019 through mediation of \$4,000,000 which included payments of \$2,300,000 from the contractor Delhur Industries, Inc., \$1,600,000 from the engineer West Texas Consultants and the remainder from subcontractor Ronald R. Wagner & Company. \$1,700,000 of the lawsuit settlement was transferred to the Sanitation fund for the purchase of a new landfill and \$638,000 was transferred to the Utility fund for operating expenses to prevent an increase in the 2019 utility rates.
- The largest increase in expenses was in the area of public safety at \$352,445 due to an increase in staff including one full time police officer, two full time and one part time paramedic. The police department also purchased four Chevy Tahoes.
- Highway and streets expenses increased \$222,816 due primarily to increased street maintenance and repairs which involved re-paving roads.

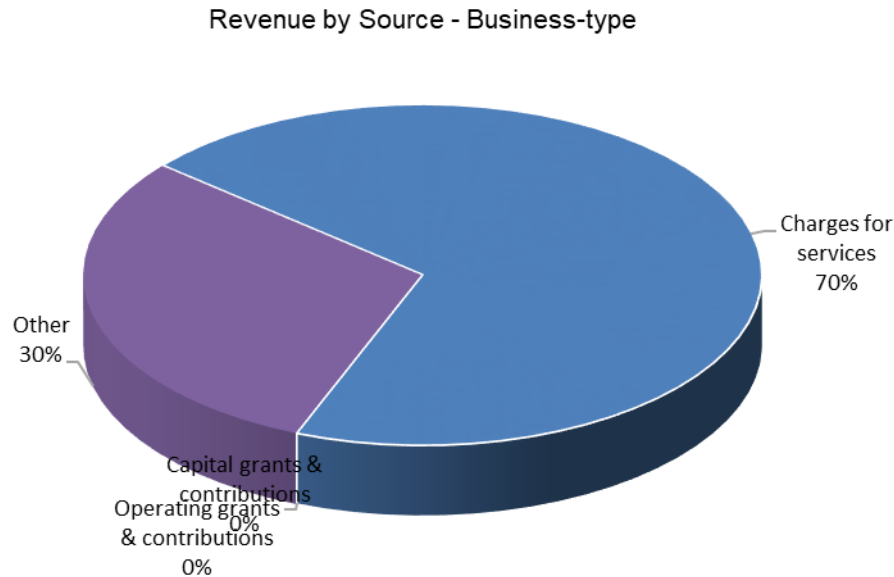
Revenue by Source - Governmental Activities



Business-type Activities. During the current fiscal year, net position for business-type activities increased \$2,391,146 or 8.6% from the prior year for an ending balance of \$27,657,926. Key elements of this change are as follows:

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

- Water and sewer charges for services did not cover operating expenses causing a shortfall of \$185,569, despite a transfer from governmental activities from the reliever route lawsuit of \$638,000. Maintenance and repairs increased \$396,545 due to rehabilitating several water wells in the well field.
- Sanitation charges for services did not cover operating expenses causing a shortfall of \$81,851. Although revenue increased \$184,008, personnel expenses increased \$132,147 which included an additional full time landfill operator and outside services increased \$109,796 due to more excess garbage being sent to a 3rd party site based on the arid exemption.



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, 2019, the City's governmental funds reported combined fund balances of \$18,833,749, an increase of \$4,251,655 in comparison with the prior year. Approximately 16.6% of this amount (\$3,120,867) 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 (\$479,944), *committed* for particular purposes (\$11,155,731), or *assigned* for particular purposes (\$4,077,207).

The general fund is the chief operating fund of the City. The fund balance of the City's general fund increased \$3,826,682 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

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

expenditures. Unassigned fund balance represents approximately 36.6% of total general fund expenditures, while total fund balance represents approximately 208.6% of that same amount.

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

- \$1,259,656 increase in total revenues – increase in property and sales tax revenues of \$792,719, in franchise tax revenue of \$136,823, in intergovernmental revenue of \$218,463, and investment income of \$130,423. Investment income increased due to an additional \$4,000,000 in cash from the Reliever Route lawsuit and higher interest rates.
- \$22,935 increase in total expenditures – increase in public safety expenditures of \$303,678 due to an increase in staff including one full time police officer, two full time and one part time paramedic, and highway and street expenditures of \$202,173 due primarily to increased street maintenance and repairs which involved re-paving roads, offset by decreased culture-recreation expenditures of \$494,706 involving replacing the City pool's stainless steel gutter system.
- \$1,662,000 increase in other financing sources due to an increase of \$4,000,000 from the reliever route lawsuit settlement and transfer of \$2,338,000 to the water and sanitation departments for the purchase of the land and to cover operating expenses.

Other Governmental Funds consist of seven Special Revenue Funds used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The City has two funds restricted by federal or state law for law enforcement education or activities, one fund restricted by state law for promoting tourism and the convention and hotel industry, and one fund restricted by creditors through a debt covenant. The City Council has committed funds for court technology, court security, and the purchase of child safety seats. Information regarding Non-major Governmental Funds can be found on pages 100-101 of this report.

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

Unrestricted net position at the end of the fiscal year was \$2,433,470 for the Water and Sewer Fund and \$416,015 for the Sanitation Fund. Overall, water and sewer net position increased by \$717,105 while sanitation net position increased by \$1,674,040. 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 \$3,405,055 to the original General Fund budget as follows (1) \$3,200,000 for the remodel of city hall, (2) \$65,000 for the Kids Kingdom shade structure, (3) \$65,000 for Christmas decorations, (4) \$75,055 for general fund capital improvements which included \$72,890 for public safety improvements.

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	\$3,025,000	\$4,176,438	\$1,151,438
Reliever Route Tax	756,250	1,044,109	287,859
Franchise Fees	672,500	787,221	114,721
Investment Income	169,053	343,067	174,014

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Sales tax revenues for the City trend with wide fluctuations in oil prices. Higher than budgeted sales tax revenue was experienced in 2019 as oil prices remained steady and drilling activity increased in the region. Investment Income revenues surpassed budget as interest rates rose above budgeted rates.

Total actual expenditures fell short of the budgeted expenditures by \$3,497,068. Capital expenditures of \$3,212,262 for city hall renovations budgeted in 2019 were not completed in 2019 and have been carried over to 2020's Budget to be completed in 2020.

CAPITAL ASSETS

The City of Andrews investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$62,468,100 net of accumulated depreciation. This investment in capital assets includes land, building, equipment, improvements, and infrastructure. The City's total investment in capital assets for the fiscal year decreased 4.1%.

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

- Purchase of land for a new landfill for \$1,710,059.
- The purchase of one sanitation truck for \$201,011.
- The purchase of four Chevy Tahoes for the police department for \$222,976.
- The purchase of an Automatic Clean Bar Screen for the water reclamation center in the amount of \$311,072.
- Replace and upgrade approximately 800 water meters at a cost of \$244,257.

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

\$000	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$1,248	\$1,248	\$3,294	\$1,584	\$4,542	\$2,832
Buildings	5,018	5,187	3,417	3,301	8,435	8,488
Improvements other than buildings	5,173	5,592	31	35	5,204	5,627
Infrastructure	24,730	25,850	-	-	24,730	25,850
Machinery & Equipment	2,314	2,241	1,809	1,741	4,123	3,982
Water & Sewer System	-	-	15,435	15,254	15,435	15,254
Total	\$38,482	\$40,118	\$23,986	\$21,915	\$62,469	\$62,033

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 \$11,850,000, all of which is backed by the full faith and credit of the government. The remainder of the City's long-term obligations consists of pension-related debt of \$5,477,057.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

Outstanding Debt at Year-end

\$000	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$11,850	\$12,135	\$ -	\$ -	\$11,850	\$12,135
Pension related debt	3,935	2,430	1,542	923	5,477	3,353
Total	\$15,785	\$14,565	\$1,542	\$923	\$17,327	\$15,488

The City's total debt increased by \$2,176,222 or 10.0% during the current fiscal year as the City's financial responsibility for pensions increased.

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, 2019 was 7.46%.

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 2020 budget, tax rates, and fees that will be charged for business-type activities. Some of the major factors are included below.

- The City's unemployment rate ended fiscal year 2019 at 2.2%, the lowest rates experienced in over ten years and slightly lower than the 2.4% rate experienced as the budget was being developed in for the fiscal year ended 2018.
- Estimated 2019 personal income per capita is estimated to be \$50,011, which is gradually increasing to the \$55,000 experienced during the oil boom in 2014 and 2015.
- Sales tax revenue, the City's largest revenue source, is budgeted to increase \$450,000. With as much as 80% of the City's economy tied in some way to the oil industry, sales taxes trend with wide fluctuations in oil prices. Oil prices have consistently improved after the levels dropped in 2016. Oil prices in 2020 were budgeted to increase compared to the 2019 levels.
- 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.
- Despite increasing personnel costs, water treatment chemical costs, and outside lab testing fees, no water and sewer rate increases were proposed in the 2020 Budget.
- A landfill study completed in 2008 by Landgraf, Crutcher and Associates indicated that the City is currently using the most cost effective way to provide landfill services.
- Sanitation collection rates will increase 11% to cover increasing landfill costs for 2020.
- For the second consecutive year, investment interest rates increased in 2020 year after several years of all-time lows prior to 2017. Rates for 2020 fiscal year budget purposes are conservatively projected at 1.50%, doubling the 2018 budgeted rate of .75%.
- The City's full-time employee headcount is budgeted to increase by four in 2020 as the City adds one police investigator, two paramedics, and one general maintenance worker.

CITY OF ANDREWS, TEXAS
Management's Discussion and Analysis

- New Capital expenditures for fiscal year 2020 are budgeted at \$5.2 million. Of this total, \$1.1 million is directed towards the repair of South Loop 1910 from SW 11th to SW Main, \$0.8 Million to add living quarters in the EMS building, \$0.4 million to drill 2 water wells, \$0.4 million to purchase a vacuum truck, and \$0.4 million to purchase two sanitation trucks.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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City of Andrews, Texas
Government-wide Statement of Net Position
September 30, 2019

	Primary Government			Component Unit
	Governmental	Business Type		Andrews Econ.
	Activities	Activities	Total	Dev. Corp.
ASSETS				
Cash and cash equivalents	\$ 13,531,877	\$ 5,165,203	\$ 18,697,079	\$ 6,682,039
Investments	5,363,611	309,362	5,672,973	1,093,000
Receivables (net of allow. for doubtful accts)	1,824,743	592,738	2,417,481	174,455
Inventories	-	126,287	126,287	-
Prepaid items	-	307	307	-
Capital Assets:				
Land	1,247,911	3,294,007	4,541,918	423,373
Building	7,749,811	4,121,109	11,870,920	-
Improvements other than buildings	7,929,225	75,647	8,004,872	731,917
Infrastructure	31,394,407	-	31,394,407	-
Water & sewer systems		29,311,111	29,311,111	-
Machinery & equipment	5,712,234	4,064,653	9,776,887	7,559
Accumulated depreciation	(15,551,125)	(16,880,890)	(32,432,015)	(150,324)
Total Assets	<u>59,202,694</u>	<u>30,179,534</u>	<u>89,382,228</u>	<u>8,962,019</u>
DEFERRED OUTFLOWS				
Pension Related (TMRS):				
Difference between expected and actual experience	493,464	180,539	674,003	12,255
Difference between projected and actual earnings	577,635	228,046	805,681	3,321
Difference due to changes in actuarial assumptions	26,610	11,168	37,778	422
Deferred pension contributions	349,762	129,416	479,178	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>1,460,923</u>	<u>549,168</u>	<u>2,010,091</u>	<u>21,084</u>
LIABILITIES				
Accounts payable	711,797	253,559	965,355	727
Accrued Interest Payable	127,485		127,485	-
Other payables	195,679	13,056	208,735	(8,369)
Customer Deposits	-	292,622	292,622	-
Noncurrent liabilities				
Due within one year	308,887	2,000	310,887	-
Due in more than one year	16,217,756	2,509,540	18,727,296	65,857
Total Liabilities	<u>17,561,604</u>	<u>3,070,777</u>	<u>20,632,381</u>	<u>58,215</u>
DEFERRED INFLOWS				
Pension Related (TESRS):				
Difference between expected and actual experience	32,575	-	32,575	-
Difference between projected and actual earnings	17,213	-	17,213	-
Total Deferred Inflows	<u>49,788</u>	<u>-</u>	<u>49,788</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	26,846,512	23,985,637	50,832,148	1,012,525
Restricted for:				
Confiscated for police investigations	13,620	-	13,620	-
Law enforcement education programs	11,158	-	11,158	-
General obligation debt	127,485	-	127,485	-
Hotel Occupancy Tax	327,681	-	327,681	-
Landfill Closure	-	822,804	822,804	-
Unrestricted	15,725,770	2,849,486	18,575,255	7,912,363
Total Net Position	<u>\$ 43,052,225</u>	<u>\$ 27,657,926</u>	<u>\$ 70,710,151</u>	<u>\$ 8,924,888</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, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit Andrews Econ. Dev. Corp.
					Governmental Activities	Business -type Activities	
Primary Government:							
Governmental activities:							
General gov't and admin	\$ 1,750,648	\$ 88,078	\$ -	\$ -	\$ (1,662,570)	\$ -	\$ (1,662,570)
Public safety	4,896,299	559,626	1,517,900	15,696	(2,803,078)	-	(2,803,078)
Highways and streets	2,491,985	-	-	-	(2,491,985)	-	(2,491,985)
Culture - recreation	988,684	48,814	-	500	(939,370)	-	(939,370)
Economic development	358,412	23,494	50,000	-	(284,918)	-	(284,918)
Interest	431,221				(431,221)	-	(431,221)
Total Governmental Activities	10,917,248	720,011	1,567,900	16,196	(8,613,141)	-	(8,613,141)
Business-type activities:							
Water and sewer	4,386,166	4,200,597	-	-	-	(185,569)	(185,569)
Sanitation	2,062,859	1,981,008	-	-	-	(81,851)	(81,851)
Total Business-type Activities	6,449,024	6,181,604	-	-	-	(267,420)	(267,420)
Total Primary Government	17,366,272	6,901,616	1,567,900	16,196	(8,613,141)	(267,420)	(8,880,561)
Component Unit:							
Andrews Economic Dev. Corp.	\$ 618,298	\$ -	\$ -	\$ -			\$ (618,298)
Total Component Unit	\$ 618,298	\$ -	\$ -	\$ -			\$ (618,298)
General revenues:							
Taxes							
Property		1,460,786				-	-
Sales		6,269,542				-	2,088,219
Franchise		787,221				-	-
Other		492,148				-	-
Miscellaneous revenue		4,172,329			198,139	4,370,468	-
Investment income		364,267			122,427	486,693	167,347
Gain on disposition of assets		-			-	-	-
Transfers		(2,338,000)			2,338,000	-	-
Total general revenues and transfers		11,208,293			2,658,566	13,866,858	2,255,566
Change in net position		2,595,152			2,391,146	4,986,297	1,637,268
Net position, beginning							7,314,655
Prior Period Adjustment		40,457,074			25,266,780	65,723,854	(27,035)
Net position, ending		\$ 43,052,225			\$ 27,657,926	\$ 70,710,151	\$ 8,924,888

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

City of Andrews, Texas
Governmental Funds
Balance Sheet
September 30, 2019

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,452,282	-	\$ 1,079,595	13,531,877
Investments	5,363,611	-	-	5,363,611
Due from Other Funds	-	127,485	-	127,485
Receivables (net of allowance for uncollectibles)				
Ad valorem taxes	144,249	-	-	144,249
Sales taxes	697,818	-	-	697,818
Miscellaneous	129,067	-	-	129,067
Interest	17,351	-	-	17,351
Total Assets	<u>\$18,804,378</u>	<u>\$ 127,485</u>	<u>\$ 1,079,595</u>	<u>\$ 20,011,458</u>
DEFERRED OUTFLOWS	-	-	-	-
LIABILITIES				
Accounts payable	\$ 697,747	\$ -	\$ 14,050	711,797
Due to other funds	-	-	127,485	127,485
Other payables	195,679	-	-	195,679
Customer deposits	3,500	-	-	3,500
Unearned revenue	139,249	-	-	139,249
Total Liabilities	<u>1,036,175</u>	<u>-</u>	<u>141,535</u>	<u>1,177,709</u>
DEFERRED INFLOWS	-	-	-	-
FUND BALANCES (DEFICITS)				
Restricted:				
Confiscated funds for police investigations	-	-	13,620	13,620
Law enforcement education programs	-	-	11,158	11,158
General obligation debt	-	127,485	-	127,485
Hotel Occupancy Tax			327,681	327,681
Committed:				
Capital improvement projects	10,515,112	-	-	10,515,112
Ambulance services	55,017	-	-	55,017
Reliever Route maintenance	-	-	536,957	536,957
Court technology projects	-	-	8,209	8,209
Child safety seat purchases	-	-	526	526
Court security projects	-	-	39,910	39,910
Assigned:				
Pension obligations	3,934,620	-	-	3,934,620
Adult education programs	116,609	-	-	116,609
Litter Control	19,220	-	-	19,220
Police investigation	6,758	-	-	6,758
Unassigned	3,120,867	-	-	3,120,867
Total fund balances (deficits)	<u>17,768,204</u>	<u>127,485</u>	<u>938,060</u>	<u>18,833,749</u>
Total liabilities, deferred inflows, and fund balances	<u>\$18,804,378</u>	<u>\$ 127,485</u>	<u>\$ 1,079,595</u>	<u>\$ 20,011,458</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, 2019

Total Fund Balances - Governmental Funds	\$	18,833,749
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		38,482,463
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(15,239,494)
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Deferred income is not revenue in the current period and therefore is not reported in the Statement of Net Position.		139,249
--	--	---------

Certain receivables and the associated allowance for uncollectible accounts are not current financial resources and therefore are not reported in the funds.		836,258
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Net Position of Governmental Activities	\$	43,052,225
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The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended September 30, 2019

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 6,719,384	\$ -	\$ 1,509,123	\$ 8,228,508
Franchise fees	787,221	-	-	787,221
License, permits, fees	93,073	-	-	93,073
Charges for services	48,814	-	-	48,814
Fines and court costs	384,213	-	31,239	415,451
Miscellaneous	640,824	-	-	640,824
Investment income	343,067	-	21,200	364,267
Intergovernmental revenue	1,601,410	-	-	1,601,410
Grant income	65,696	-	1,710	67,406
Contributions	-	-	-	-
Total Revenues	10,683,702	-	1,563,272	12,246,973
EXPENDITURES				
Current:				
General governmental and administration	1,942,948	-	6,540	1,949,488
Public safety	4,236,328	-	1,968	4,238,296
Highway and streets	1,140,051	-	52,058	1,192,109
Culture-recreation	341,068	-	356,694	697,762
Economic development	109,388	-	-	109,388
Debt service:				
Principal	-	285,000	-	285,000
Interest	-	436,038	-	436,038
Capital outlay:				
General governmental and administration	100,225	-	-	100,225
Public safety	502,380	-	-	502,380
Highway and streets	63,395	-	-	63,395
Culture-recreation	83,237	-	-	83,237
Economic development	-	-	-	-
Total Expenditures	8,519,020	721,038	417,260	9,657,318
Excess (deficiency) of revenues over (under) expenditures	2,164,681	(721,038)	1,146,011	2,589,655
OTHER FINANCING SOURCES (USES)				
Transfer in	-	721,038	-	721,038
Transfers out	(2,338,000)	-	(721,038)	(3,059,038)
Lawsuit settlement	4,000,000	-	-	4,000,000
Total other financing sources (uses)	1,662,000	721,038	(721,038)	1,662,000
Net Change in Fund Balance	3,826,681	-	424,974	4,251,655
Fund balance, beginning	13,941,523	127,485	513,086	14,582,094
Prior Period Adjustment	-	-	-	-
Fund balance, ending	<u>\$ 17,768,204</u>	<u>\$ 127,485</u>	<u>\$ 938,060</u>	<u>\$ 18,833,750</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, 2019

Net Change in Fund Balance - Governmental Funds	\$ 4,251,655
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Amounts reported for governmental activities in the statement of activities (SOA)
are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$807,065) exceeded depreciation expense (\$2,441,628).	(1,634,563)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	285,000
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Some revenues/expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as revenues/expenditures in governmental funds.	<div style="border-top: 1px solid black; display: inline-block;">(306,941)</div>
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Change in Net Assets of Governmental Activities	<div style="border-top: 3px double black; display: inline-block;">\$ 2,595,151</div>
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The notes to financial statements are an integral part of this statement.

City of Andrews, Texas
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the year ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 5,286,003	\$ 5,286,003	\$ 6,719,384	\$ 1,433,381
Franchise fees	672,500	672,500	787,221	114,721
License, permits, fees	28,400	28,400	93,073	64,673
Charges for services	69,000	69,000	48,814	(20,186)
Fines and court costs	288,590	288,590	384,213	95,623
Miscellaneous	480,608	480,608	640,824	160,216
Investment income	169,053	169,053	343,067	174,014
Intergovernmental revenue	1,565,401	1,565,401	1,601,410	36,009
Grant income	50,000	50,000	65,696	15,696
Total Revenues	<u>8,609,555</u>	<u>8,609,555</u>	<u>10,683,702</u>	<u>2,074,147</u>
EXPENDITURES				
Current				
General gov't and admin	1,956,681	1,956,681	1,942,948	13,733
Public safety	4,190,536	4,190,536	4,236,328	(45,792)
Highways and street	809,747	809,747	1,140,051	(330,304)
Culture - recreation	450,068	450,068	341,068	109,000
Economic development	154,964	154,964	109,388	45,576
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay				
General government and admin.	112,487	3,312,487	100,225	3,212,262
Public safety	523,783	596,673	502,380	94,293
Highway and streets	400,767	400,767	63,395	337,372
Culture-recreation	12,000	144,165	83,237	60,928
Economic development			-	-
Total Expenditures	<u>8,611,033</u>	<u>12,016,088</u>	<u>8,519,020</u>	<u>3,497,068</u>
Excess (deficiency) of revenues over expenditures and other uses	(1,478)	(3,406,533)	2,164,682	5,571,215
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfers out	(638,000)	(2,338,000)	(2,338,000)	-
General obligation bond issued	-	-	-	-
Sale of general capital assets	-	-	-	-
Lawsuit settlement	-	-	4,000,000	4,000,000
Total other financing sources (uses)	<u>(638,000)</u>	<u>(2,338,000)</u>	<u>1,662,000</u>	<u>4,000,000</u>
Net change in fund balance	(639,478)	(5,744,533)	3,826,682	9,571,215
Fund balance, beginning	13,941,523	13,941,523	13,941,523	-
Fund balance, ending	<u>\$ 13,302,045</u>	<u>\$ 8,196,990</u>	<u>\$ 17,768,205</u>	<u>\$ 9,571,215</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, 2019

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,014,356	\$ 2,150,847	\$ 5,165,203
Investment-treasury securities/cert. of dep.	-	308,000	308,000
Interest receivable	-	1,362	1,362
Accounts receivable (net of allowance for doubtful accounts of \$19,431)	408,896	183,842	592,738
Inventories	126,287	-	126,287
Prepaid costs	307	-	307
Total Current Assets	<u>3,549,846</u>	<u>2,644,051</u>	<u>6,193,897</u>
Noncurrent Assets:			
Capital Assets			
Land	1,555,631	1,738,376	3,294,007
Buildings	3,937,194	183,915	4,121,109
Equipment	1,220,333	2,919,967	4,140,300
Infrastructure	29,311,111	-	29,311,111
Less accumulated depreciation	(15,443,999)	(1,436,891)	(16,880,890)
Total noncurrent assets	<u>20,580,270</u>	<u>3,405,367</u>	<u>23,985,637</u>
Total Assets	<u>24,130,116</u>	<u>6,049,418</u>	<u>30,179,534</u>
DEFERRED OUTFLOWS			
Pension Related:			
Difference between expected and actual experience	98,505	82,033	180,539
Difference between projected and actual earnings	124,522	103,524	228,046
Difference due to changes in actuarial assumptions	6,150	5,018	11,168
Deferred pension contributions	68,648	60,767	129,416
Total Deferred Outflows	<u>297,826</u>	<u>251,343</u>	<u>549,168</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	215,267	38,292	253,559
Accrued liabilities	-	-	-
Sales tax payable	-	13,056	13,056
Customer deposits	287,122	5,500	292,622
Accrued compensated absences	1,000	1,000	2,000
Total Current Liabilities	<u>503,389</u>	<u>57,848</u>	<u>561,237</u>
Noncurrent liabilities:			
Accrued compensated absences	60,848	83,451	144,300
Accrued pension benefit payable	849,964	692,471	1,542,436
Landfill closure costs	-	822,804	822,804
Total Noncurrent Liabilities	<u>910,813</u>	<u>1,598,726</u>	<u>2,509,539</u>
Total Liabilities	<u>1,414,201</u>	<u>1,656,575</u>	<u>3,070,776</u>
DEFERRED INFLOWS			
Pension Related:			
Difference between expected and actual experience	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	20,580,270	3,405,367	23,985,637
Restricted:			
Landfill closure costs	-	822,804	822,804
Unrestricted	2,433,470	416,015	2,849,486
Total Net Position	<u>\$ 23,013,740</u>	<u>\$ 4,644,186</u>	<u>\$ 27,657,926</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, 2019

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
OPERATING REVENUES			
Charges for services:			
Water	\$ 3,048,112	\$ -	\$ 3,048,112
Sewer	1,014,122	-	1,014,122
Sanitation	-	1,981,008	1,981,008
Other	138,363	-	138,363
Total Operating Revenues	<u>4,200,597</u>	<u>1,981,008</u>	<u>6,181,604</u>
OPERATING EXPENSES			
Personal services	1,005,772	970,012	1,975,784
Supplies	485,819	116,603	602,421
Maintenance & Repairs	835,026	181,819	1,016,845
Outside Services	771,468	270,467	1,041,934
Other Operating Expense	289,480	261,433	550,913
Landfill closure	-	43,458	43,458
Depreciation	998,603	219,067	1,217,670
Total Operating Expenses	<u>4,386,166</u>	<u>2,062,859</u>	<u>6,449,025</u>
Income from Operations	<u>(185,570)</u>	<u>(81,851)</u>	<u>(267,420)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	66,536	55,890	122,427
Gain/(Loss) on disposal of capital assets	-	-	-
Rent	110,942	-	110,942
Surface Damages / Water Disposal	87,197	-	87,197
Total Nonoperating Revenues (Expenses)	<u>264,675</u>	<u>55,890</u>	<u>320,566</u>
Income before capital contributions and transfers	<u>79,105</u>	<u>(25,960)</u>	<u>53,145</u>
Capital contributions	-	-	-
Transfers in	<u>638,000</u>	<u>1,700,000</u>	<u>2,338,000</u>
Change in Net Position	717,105	1,674,040	2,391,145
Net Position, beginning	22,296,634	2,970,146	25,266,780
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>0</u>
Net Position, ending	<u>\$ 23,013,739</u>	<u>\$ 4,644,186</u>	<u>\$ 27,657,926</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, 2019

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customer	\$ 4,229,909	\$ 1,980,025	\$ 6,209,934
Other operating cash receipts	133	1,633	1,766
Cash payments to suppliers for goods and services	(2,066,813)	(566,885)	(2,633,697)
Cash payments to employees for services	(967,901)	(894,722)	(1,862,623)
Cash payments to other funds for services	(261,294)	(261,294)	(522,589)
Net cash provided (used) by operating activities	<u>934,034</u>	<u>258,757</u>	<u>1,192,791</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,171,267)	(2,116,549)	(3,287,816)
Cash transfer from General Fund for Capital Projects	638,000	1,700,000	
Grant income for capital activities	-	-	-
Proceeds from sale of capital assets	-	-	-
Income from Surface Damage and Salt Water Disposal on City Property	87,197	-	87,197
Rental income from City assets	110,942	-	110,942
Net cash provided (used) by capital and related financing activities	<u>(335,128)</u>	<u>(416,549)</u>	<u>(3,089,677)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and investments	66,536	55,890	122,427
Purchase of treasury securities/certificate of deposit	269,990	969,990	1,239,979
Net cash provided (used) by investing activities	<u>336,526</u>	<u>1,025,880</u>	<u>1,362,406</u>
Net increase (decrease) in cash and cash equivalents	935,432	868,089	1,803,521
Cash and cash equivalents, beginning	2,078,924	1,282,758	3,361,682
Cash and cash equivalents, ending	<u>\$ 3,014,356</u>	<u>\$ 2,150,847</u>	<u>\$ 5,165,203</u>
Reconciliation of income from operations to net cash provided by (used for) operating activities			
Operating Income (Loss)	\$ (185,570)	\$ (81,851)	\$ (267,420)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	998,603	219,067	1,217,670
Landfill closure costs	-	43,458	43,458
Prior Period Adjustment	-	-	-
Provision for doubtful accounts	(424)	-	(424)
Change in assets and liabilities			
Decrease (increase) in accounts receivable	21,284	(983)	20,301
Decrease (increase) in interest receivable	133	1,633	1,766
Decrease (increase) in inventory	15,508	-	15,508
Decrease (increase) in prepaid costs	1,320	-	1,320
Decrease (increase) in deferred outflows of resources for pensions	(78,199)	(65,466)	(143,665)
Increase (decrease) in accounts payable	36,856	1,347	38,204
Increase (decrease) in accrued liabilities	(618)	(712)	(1,330)
Increase (decrease) in sales tax payable	-	(5)	(5)
Increase (decrease) in compensated absences	(35,196)	15,883	(19,312)
Increase (decrease) in pension benefit obligation	340,962	278,187	619,149
Increase (decrease) in customer deposits	8,453	800	9,253
Increase (decrease) in deferred outflows of resources for pensions	(189,078)	(152,602)	(341,680)
Net cash provided (used) by operating activities	<u>\$ 934,034</u>	<u>\$ 258,757</u>	<u>\$ 1,192,791</u>

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

City of Andrews, Texas
Statement of Fiduciary Net Position
Agency Funds
September 30, 2019

	<u>Total</u>
ASSETS	
Cash in bank	\$ 110,752
Total Assets	<u>110,752</u>
 LIABILITIES	
Deposits held for others	110,752
Total Liabilities	<u>\$ 110,752</u>

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

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting entity

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

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

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

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

B. Basis of Presentation – Government-wide Statements

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

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2019

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, 2019

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

Additionally, the City reports seven Special Revenue Funds as **Other Governmental Funds**. These seven Special Revenue Funds are used to account for monies received and expended for the following specific purposes: Court Technology, Police Forfeiture, Police Education, Police Forfeiture, Child Safety Seats, Court Security, Reliever Route and Hotel Occupancy Tax. Of these funds, only the Reliever Route Fund and the Hotel Occupancy Tax Fund were budgeted in 2018-19.

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

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

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

2. Receivables and Payables

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

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

3. Inventories and Prepaid Expenses

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

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

4. Capital assets

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

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

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

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

5. Deferred outflows of resources

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

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

6. Compensated Absences

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

7. Pensions

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

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8. Long-term Debt

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

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

9. Deferred inflows of resources

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

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

10. Net position flow assumption

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

11. Fund balance flow assumption

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

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12. Fund balance reporting

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

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

F. Revenues and expenditures/expenses

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

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

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

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

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In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its 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 effective tax rate, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the effective tax rate of the previous year.

Property Tax Calendar

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

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

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

G. Adoption of new GASB pronouncements

During the fiscal year ended September 30, 2019, the City implemented the following GASB Pronouncements:

GASB Statement No. 83, "Certain Asset Retirement Obligations." Issued November 2016, this statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations, including obligations that may not have been previously reported. GASB Statement No. 83 was implemented by the City for the fiscal year ending September 30, 2019. The City does not currently have any legal obligations to perform future asset retirement activities related to its tangible capital assets, and therefore is not subject to the reporting requirements of GASB Statement No. 83.

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

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GASB Statement No. 90, "Majority Equity Interests". Issued in August 2018, this statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. GASB Statement No. 90 will be effective for the City fiscal year ending September 30, 2020, however the City has opted for early implementation in the fiscal year ended September 30, 2019. The City does not currently own a majority equity interest in any legally separate organization, and therefore is not subject to the reporting requirements of GASB Statement No. 90.

H. Future adoption of GASB pronouncements

The following GASB pronouncements have been issued, but are not effective as of September 30, 2019:

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

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

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NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$38,482,463 are as follows:

Land	\$ 1,247,911
Buildings	7,749,811
Less: Accumulated depreciation – buildings	(2,731,506)
Improvements other than buildings	7,929,225
Less: Accumulated depreciation – improvements	(2,756,571)
Infrastructure	31,394,407
Less: Accumulated depreciation – infrastructure	(6,664,710)
Machinery and equipment	5,712,234
Less: Accumulated depreciation – machinery & equipment	<u>(3,398,337)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$38,482,463</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$15,239,494 difference are as follows:

Bonds payable	\$11,850,000
Add: Issuance premium (to be amortized over life of debt)	214,050
Pension-related debt	2,523,485
Compensated absences	524,474
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>\$15,239,494</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 \$139,249 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 \$836,258 difference are as follows:

Court citations receivable	\$ 825,641
Weed control receivable	<u>10,617</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 836,258</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net *changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.” The details of this \$1,634,563 difference are as follows:

Capital outlay	\$ (807,065)
Depreciation expense	<u>2,441,628</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,634,563</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 \$285,000 during fiscal year 2019 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 (\$306,941) difference are as follows:

Compensated absences	\$(59,154)
Pension obligation	(332,912)
Court citations issued not billed	77,953
Weed control services not billed	-
Property tax not collectable in 60 days	(6,032)
Amortization on bond premium	8,387
Accrued interest expense on bond	<u>4,817</u>
Net adjustment to decrease the <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> .	<u>(\$ 306,941)</u>

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NOTE 3: CASH DEPOSITS AND INVESTMENTS

A. Cash and cash equivalents

Cash and cash equivalents for the primary government are reported in governmental and business-type activities. The balances at September 30, 2019, are as follows:

	Primary Government	Fiduciary Activities	Total Government	Component Unit	Total
Cash on hand	\$ 1,276	\$ -	\$ 1,276	\$ -	\$ 1,276
Bank Deposits	769,024	110,752	879,776	391,323	1,271,099
State Investment Pools	17,926,779	-	17,926,779	6,290,716	24,217,495
Total cash and equivalents	<u>\$ 18,697,079</u>	<u>\$ 110,752</u>	<u>\$ 18,807,831</u>	<u>\$ 6,682,039</u>	<u>\$ 25,489,870</u>

Bank Deposits – On September 30, 2019, 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 three local government investment pools – TexPool, TexSTAR, and Texas CLASS. State investment pools are considered as cash equivalents for financial reporting purposes.

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

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

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.

Tex-Pool, 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

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value of their shares. As of September 30, 2019, City and Andrews Economic Development Corporations (Component Unit) funds were invested as follows:

	TexPool	TexStar	Texas CLASS	Total
City of Andrews	\$ 0	\$8,087,537	\$ 9,839,242	\$17,926,779
Andrews EDC	0	0	6,290,716	6,290,716
Total	\$ 0	\$8,087,537	\$16,129,958	\$24,217,495

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, 2019. (Local government investment pools have been reported in the financial statements as cash equivalents.)

Investment Type	Fair Value	Weighted Average Maturity (Days)
<u>City of Andrews</u>		
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	5,687,821	383
Total fair value	<u>\$ 5,687,821</u>	
Portfolio weighted average maturity		383
<u>Andrews Economic Development Corporation</u>		
U. S. Treasury Notes	\$ 0	n/a
Certificates of Deposit	1,096,529	179
Total fair value	<u>\$ 1,096,529</u>	
Portfolio weighted average maturity		179

C. Restricted Cash and Investments

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Activities	Total Government
Unrestricted	\$ 18,415,544	\$ 4,651,761	\$ 23,067,304	\$ -	\$ 23,067,304
Restricted	479,944	822,804	1,302,748	110,752	1,413,500
Total	<u>\$ 18,895,488</u>	<u>\$ 5,474,565</u>	<u>\$ 24,370,052</u>	<u>110,752</u>	<u>\$ 24,480,804</u>

CITY OF ANDREWS, TEXAS
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Cash and investments at September 30, 2019, 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	13,620
Police education	11,158
Hotel Occupancy Tax	<u>327,681</u>
Total governmental activities	479,944
Business-type activities:	
Sanitation fund:	
Landfill closure	<u>822,804</u>
Total business-type activities	822,804
Total primary governmental restricted cash	<u>1,302,748</u>
Total fiduciary activities	<u>110,752</u>
Total restricted cash and investments	<u>\$1,413,500</u>

Total cash and investments reported for the City's only component unit, Andrews Economic Development Corporation, was \$7,775,039, none of which was restricted.

D. Risk Disclosures

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

On September 30, 2019, 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	\$ 290,859	\$ 588,907	\$ 879,766
Certificates of Deposit	4,687,821	1,000,000	5,687,821
Total fair value	<u>\$ 4,978,680</u>	<u>\$ 1,588,907</u>	<u>\$ 6,567,587</u>

On September 30, 2019, pledged collateral with a market value of \$6,664,179, providing a collateral level of 419.4%. 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.

CITY OF ANDREWS, TEXAS
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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, 2019, the City had diversified its portfolio by investing in certificates of deposit from thirty-four (34) different issuers.

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

Maturity by Investment Type

<u>Months to Maturity</u>	<u>U.S. Treasuries</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Less than 6	\$ -	\$ 1,959,019	\$ 1,959,019
6 - 12	-	1,780,295	1,780,295
12 - 18	-	442,963	442,963
18 - 24	-	136,576	136,576
24 - 36	-	1,368,968	1,368,968
	<u>\$ -</u>	<u>\$ 5,687,821</u>	<u>\$ 5,687,821</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, 2019. Nonnegotiable certificates of deposit are not subject to fair value and would also not be subject to the fair value level disclosures required by GASB No. 72.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
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NOTE 4: RECEIVABLES

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

Receivables	Governmental Activities	Business Type Activities	Total
Ad Valorem Taxes	144,249	-	144,249
Municipal Court	825,644	-	825,644
Weeds	10,614	-	10,614
Utility Accounts	-	592,738	592,738
Sales Tax	697,818	-	697,818
Hospital District	93,634	-	93,634
Fees, liens and fines	35,433	-	35,433
Interest	17,351	-	17,351
	<u>\$1,824,743</u>	<u>\$ 592,738</u>	<u>\$2,417,481</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 2018 tax year was \$0.1890 per \$100 of assessed value with \$0.1890 for operations and \$0.0000 for debt service.

Tax Abatements

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

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

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

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

CITY OF ANDREWS, TEXAS
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The following tax abatements were entered into by the City in fiscal 2019:

Name	Reason	Type	Abated Value	Tax Abated
2 Combs Enterprises (La Quinta)	New Construction	Real	\$ 6,727,800	\$ 12,716
Anixter Inc. (H.D. Supply)	New BPP	Pers	182,341	345
Anixter Inc. (H.D. Supply)	New BPP	Pers	4,794,075	9,061
Barnes (Cannonball Pipe)	New Construction	Real	336,436	636
Black Hawk Energy Services, LTD	New Construction	Real	308,691	583
Bustamante (Mustang Well Service)	Remodel	Real	438,808	829
D & JD Service LTD	New Construction	Real	462,741	875
Hoffman Enterprises (KV Power)	New Construction	Real	1,228,899	2,323
JGL Solutions LTD	Remodel	Real	179,295	339
KV Power LP	New BPP	Pers	1,837,381	3,473
Leeco Energy (H.D. Supply)	New Construction	Real	308,301	583
Lujan Luis V	New Construction	Real	22,876	43
Mustang Well Service LLC	New BPP	Pers	54,891	104
Newbrough (Bro Wash)	New Construction	Real	129,182	244
Oliver Scott LLC (Master Craftsman)	New Construction	Real	27,768	52
Salazar Service & Trucking Corp	New Construction	Real	642,455	1,214
Salazar Service & Trucking Corp	New BPP	Pers	164,911	312
Sprinkle (S&S Fishing & Rental)	New Construction	Real	497,805	941
Stampede Incorporated	New Construction	Real	480,914	909
Varner (Vessel Components)	New Construction	Real	219,520	415
Totals			\$19,045,090	\$ 35,995

Total abated value:	\$19,045,090
x 2018 Tax Rate	<u>.00189</u>
Total abated property tax for FYE September 30, 2019	\$ 35,995

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2019

NOTE 6: CAPITAL ASSETS

Capital activity for the year ended September 30, 2019, was as follows:

Governmental Activities:

	Balance Sept 30, 2018	Increases	Decreases	Balance Sept 30, 2019
Capital assets not depreciated:				
Land	\$ 1,247,911	\$ -	\$ -	\$ 1,247,911
Total capital assets not depreciated	1,247,911	-	-	1,247,911
Capital assets being depreciated:				
Buildings	7,708,755	58,281	(17,225)	7,749,811
Improvements other than buildings	7,845,988	83,237	-	7,929,225
Infrastructure	31,382,706	11,700	-	31,394,407
Machinery and equipment	5,267,432	653,847	(209,045)	5,712,234
Total capital assets being depreciated	52,204,881	807,065	(226,270)	52,785,677
Less accumulated depreciation:				
Buildings	(2,521,789)	(226,942)	17,225	(2,731,506)
Improvements other than buildings	(2,253,862)	(502,709)	-	(2,756,571)
Infrastructure	(5,533,178)	(1,131,532)	-	(6,664,710)
Machinery and equipment	(3,026,198)	(581,182)	209,045	(3,398,337)
Total accumulated depreciation	(13,335,027)	(2,442,365)	226,270	(15,551,125)
Total capital assets being depreciated, net	38,869,854	(1,635,300)	-	37,234,552
Governmental activities capital assets, net	\$ 40,117,765	\$(1,635,300)	\$ -	\$ 38,482,463

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

Governmental Activities:

General government and administration	\$ 79,797
Public safety	523,864
Highways and streets	1,298,759
Economic development	290,922
Culture-recreation	<u>249,024</u>

Total depreciation expense - governmental activities \$2,442,365

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2019

Business-type activities:

	Balance Sept 30, 2018	Increases	Decreases	Balance Sept 30, 2019
Capital assets not depreciated:				
Land	\$ 1,583,948	\$1,710,059	\$ -	\$ 3,294,007
Total Capital Assets Not Depreciated	1,583,948	1,710,059	-	3,294,007
Capital assets being depreciated:				
Buildings	3,933,441	191,672	(4,004)	4,121,109
Improvements other than buildings	75,647	-	-	75,647
Water and sewer systems	28,335,395	1,023,127	(47,411)	29,311,111
Machinery and equipment	3,798,580	362,967	(96,894)	4,064,653
Total capital assets being depreciated	36,143,063	1,577,766	(148,309)	37,572,520
Less accumulated depreciation:				
Buildings	(631,979)	(76,340)	4,004	(704,315)
Improvements other than buildings	(40,624)	(4,028)	-	(44,652)
Water and sewer systems	(13,081,499)	(842,498)	47,411	(13,876,586)
Machinery and equipment	(2,057,429)	(294,802)	96,894	(2,255,337)
Total accumulated depreciation	(15,811,530)	(1,217,668)	148,309	(16,880,890)
Total capital assets being depreciated, net	20,331,533	360,097	-	20,691,629
Business-type activities capital assets, net	\$ 21,915,481	\$2,070,156	\$ -	\$ 23,985,637

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	\$ 998,602
Sanitation	<u>219,066</u>
Total depreciation expense-Business-type activities	<u>\$ 1,217,668</u>

NOTE 7: OTHER PAYABLES

Other payables as of September 30, 2019 for the primary government include:

	Governmental Activities	Proprietary Funds	Total
Municipal court deferred adjudication and bonds	\$ 12,620	\$ -	\$ 12,620
Sales tax to economic development corp.	174,455	-	174,455
Unclaimed property	7,692	-	7,692
Teen Court	912	-	912
Sales Tax from landfill operations	-	13,056	13,056
Total other payables	<u>\$ 195,679</u>	<u>13,056</u>	<u>\$ 208,735</u>

NOTE 8: PENSION OBLIGATIONS

A. Texas Municipal Retirement System

Plan Description

The City of Andrews participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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 2018 provisions for the City were as follows:

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

CITY OF ANDREWS, TEXAS
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Employees covered by benefit terms.

At the December 31, 2018 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	36	0
Inactive employees entitled to but not yet receiving benefits	43	0
Active employees	<u>70</u>	<u>0</u>
	149	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 15.91% and 15.97% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for city and AEDC employees for the year ended September 30, 2019, were \$742,387, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality 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, 2010 to December 31, 2014.

CITY OF ANDREWS, TEXAS
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They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

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

CITY OF ANDREWS, TEXAS
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<u>Changes in the Net Pension Liability</u> (City + AEDC)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2017	\$26,811,238	\$23,520,352	\$3,290,886
Changes for the year:			
Service cost	723,012	-	723,010
Interest	1,775,650	-	1,775,650
Change of benefit terms	-	-	-
Difference between expected and actual experience	6,947	-	6,947
Changes of assumptions	-	-	-
Contributions – employer	-	729,430	(729,430)
Contributions – employee	-	320,931	(320,931)
Net investment income	-	(704,114)	704,114
Benefit payments, including refunds of employee contributions	(1,733,625)	(1,733,625)	-
Administrative expense	-	(13,617)	13,617
Other changes	-	(711)	711
Net changes	\$771,984	\$(1,401,706)	\$2,173,690
Balance at 12/31/2018	\$27,583,222	\$22,118,646	\$5,464,576

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	\$9,204,755	\$5,464,576	\$2,398,261
AEDC's net pension liability	\$ 0	\$ 0	\$ 0
Total net pension liability	\$6,898,148	\$3,290,886	\$331,098

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the city recognized pension expense of \$1,186,291 and AEDC recognized pension expense of \$12,559.

CITY OF ANDREWS, TEXAS
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At September 30, 2019, 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	\$ 493,464	\$ 12,255
Difference between projected and actual investment earnings	577,635	3,321
Difference due to change in actuarial assumptions	26,610	422
Contributions subsequent to the measurement date	349,762	5,086
Total Outflows	\$ 1,447,472	\$ 21,084

At September 30, 2019, the City and AEDC reported no deferred inflows of resources related to TMRS pensions.

\$349,762 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, 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:

	City + AEDC
2019	\$ 526,133
2020	281,719
2021	210,797
2022	477,053
2023	0
Thereafter	0
Total	\$1,495,702

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, 2018, there were 238 contributing fire and/or emergency service departments participating in TESRS.

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

Retirees and beneficiaries currently receiving benefits	3,533
Terminated participants entitled to benefits but not yet receiving benefits	1,927
Active participants (vested and non-vested)	3,927

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

CITY OF ANDREWS, TEXAS
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Benefits Provided

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

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

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

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of 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 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.

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2019

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, 2018, total contributions of \$4,098,835 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, 2018.

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, 2018 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, 2018 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, 2019

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

Asset Class	Target Allocation %	Long-Term Expected Net Real Rate of Return %
Equities		
Large cap domestic	32%	5.81%
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	\$ 140,265	\$ 70,580	\$ 23,580

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2019

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

At September 30, 2019, the City reported a liability of \$70,580 for its proportionate share of TESRS's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ 70,580
State's proportionate share that is associated with the City*	<u>17,284</u>
Total	<u>\$ 87,864</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, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.326% compared to 0.313% at August 31, 2017.

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, 2019, the City recognized pension expense of \$22,374. 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, 2019, 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	-	17,213
Difference due to change in actuarial assumptions	2,985	
Contributions paid to TESRS subsequent to the measurement date	10,467	-
Total	\$ 13,452	\$ 49,788

\$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:

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2019

Year ended September 30:

2018	\$ (8,623)
2019	(8,623)
2020	(8,623)
2021	0
Thereafter	<u>0</u>
Total	\$ (25,869)

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, 2019 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, 2019</u>
Economic development	2012	\$7,000,000	2.20-4.15%	2031	\$3,850,000
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 2019 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, 2019

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, 2019 was 6.60%. 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
2020	295,000	471,875
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	\$11,850,000	\$7,084,177

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 \$43,458 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 2019, \$822,804 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, 2019

C. Changes in long-term liabilities

Changes in the government's long-term liabilities for the year ended September 30, 2019 are as follows:

NOTES TO FINANCIAL STATEMENTS:

	Balance Sep. 30, 2018	Additions	Reductions	Balance Sep. 30, 2019	Due Within One Year
Governmental Activities:					
General obligation bonds					
Principal	\$ 12,135,000	\$ -	\$ (285,000)	\$11,850,000	\$ 295,000
Premium	222,436	-	(8,387)	214,049	8,387
Pension related debt (includes pr yr adj)	2,430,160	1,504,460	-	3,934,620	-
Compensated absences	465,320	84,838	(25,685)	524,474	2,000
Deposits - Permit Fees	2,800	700	-	3,500	3,500
Governmental activities L/T liabilities	<u>15,255,717</u>	<u>1,589,998</u>	<u>(319,072)</u>	<u>16,526,643</u>	<u>308,887</u>
Business-type Activity:					
Pension related debt (includes pr yr adj)	\$ 923,288	\$ 619,149	\$ -	\$ 1,542,437	\$ -
Compensated absences	165,612	29,337	(48,650)	146,300	2,000
Landfill closure	779,346	43,458	-	822,804	-
Business-type activities L/T liabilities	<u>1,868,246</u>	<u>691,944</u>	<u>(48,650)</u>	<u>2,511,540</u>	<u>2,000</u>
Andrews Economic Development Corp.					
Pension related debt (includes pr yr adj)	\$ 34,727	\$ 23,373	\$ -	\$ 58,100	\$ -
Compensated absences	0	7,757	-	7,757	-
AEDC long-term liabilities	<u>34,727</u>	<u>31,130</u>	<u>-</u>	<u>65,857</u>	<u>-</u>

NOTE 10: FUND BALANCE

Minimum fund balance policy

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

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2019

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	-	721,038	-	721,038
Total	\$ -	\$ 721,038	\$ -	\$ 721,038

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 \$468,495 for the year ended September 30, 2019, and are recorded as revenue in the General Fund and split equally as expense in the funds assessed.

NOTE 12: DISCRETELY PRESENTED COMPONENT UNITS

Andrews Economic Development Corporation (AEDC)

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

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

Since inception, the Andrews Economic Development Corporation has offered the following incentive packages, dependent upon completion of structures and creation of new jobs. The following table reflects the status of the incentive packages at September 30, 2019; 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, 2019

AEDC Incentive Packages as of September 30, 2019 include:

	<u>Committed</u>	<u>Amount Paid</u>	<u>Remainder</u>	<u>Year Paid</u>
Western Texas Pipe & Supply	\$ 3,649	\$ 3,649	\$ -	2007
Palmer of Texas	602,500	306,400	-	2007, '09, '11
Holiday Inn Express	75,000	75,000	-	2008, '09
Composites One	75,000	75,000	-	2008
Andrews Motor Inn	26,400	26,400	-	2008
Viva Well Servicing	28,640	28,640	-	2008
Texas Energy Park	32,148	32,148	-	2009
Kirby West Company	89,000	89,000	-	2010
GTG Automation	180,000	180,000	-	2011, '13, 14, '15, '16
Kirby West 2011	130,000	130,000	-	2011
Dixie Electric	405,000	201,000	-	2012, '13
OTI	27,069	27,069	-	2012
UTPB HT3R	50,000	50,000	-	2012
Tejas Partners	21,400	21,400	-	2012
Mustang Well Service	95,000	95,000	-	2013
Business and Tech Center	400,000	400,000	-	2013
Permian Regional Medical	224,000	224,000	-	2013
Oakwood Suites	37,200	37,200	-	2013
Andrews County - Hanger	300,000	300,000	-	2014
Benny Boyd infrastructure	75,000	75,000	-	2014
KV Power	250,000	250,000	-	2015, '16, '18
Vessel Components	40,000	40,000	-	2015
Salazar Trucking	150,000	75,000	-	2015, '16
Dufrane Nuclear Shielding	100,000	100,000	-	2016
La Quinta Hotel	75,000	75,000	-	2016
Kirby West 2015	238,000	238,000	-	2016
Stampede, Inc.	70,000	70,000	-	2017, '18
Cannonball Pipe Inspection	100,000	50,000	50,000	2017, '19
Vessel Components 2018	40,000	20,000	20,000	2019
Corral Oil Field Services	50,000	-	50,000	
Total Commitments	\$ 3,990,006	\$ 3,249,906	\$ 120,000	

CITY OF ANDREWS, TEXAS
Notes to the Basic Financial Statements
September 30, 2019

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, 2019 the City had entered into agreements to lock rates for its expected electricity use from October 1, 2016 through November 30, 2024. The total committed price is approximately \$2 million for expected usage. This amount will be appropriated in future annual budgets.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 13, 2020, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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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
Total pension liability					
Service Cost	\$ 461,085	\$ 587,370	\$ 656,783	\$ 671,710	\$ 723,012
Interest (on the Total Pension Liability)	1,485,869	1,574,624	1,584,854	1,696,106	1,775,650
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	208,728	(221,702)	442,998	173,199	6,947
Changes of assumptions	-	49,835	-	-	-
Benefit payments, including refunds of employee contributions	(866,515)	(1,035,268)	(1,045,013)	(1,042,839)	(1,733,625)
Net Change in Total Pension Liability	1,289,167	954,859	1,639,622	1,498,176	771,984
Total Pension Liability - Beginning	21,429,414	22,718,581	23,673,440	25,313,062	26,811,238
Total Pension Liability - Ending (a)	\$ 22,718,581	\$ 23,673,440	\$ 25,313,062	\$ 26,811,238	\$ 27,583,222
Plan Fiduciary Net Position					
Contributions - Employer	617,042	630,148	646,867	657,713	729,430
Contributions - Employee	251,562	269,789	289,150	296,842	320,931
Net Investment Income	1,065,329	29,037	1,320,861	2,874,101	(704,114)
Benefit payments, including refunds of employee contributions	(866,515)	(1,035,268)	(1,045,013)	(1,042,839)	(1,733,625)
Administrative Expense	(11,123)	(17,687)	(14,925)	(14,904)	(13,617)
Other	(914)	(874)	(804)	(755)	(711)
Net Change in Plan Fiduciary Net Position	1,055,381	(124,855)	1,196,136	2,770,158	(1,401,706)
Plan Fiduciary Net Position - Beginning	18,623,531	19,678,912	19,554,059	20,750,195	23,520,352
Plan Fiduciary Net Position - Ending (b)	19,678,912	19,554,059	20,750,195	23,520,352	22,118,646
Net Pension Liability - Ending (a) - (b)	\$ 3,039,669	\$ 4,119,381	\$ 4,562,867	\$ 3,290,886	\$ 5,464,576
Plan Fiduciary Net Position as a Percentage of Total Pension Liability					
Covered Payroll	86.62%	82.60%	81.97%	87.73%	80.19%
Net Pension Liability as a Percentage of Covered Employee Payroll					
	\$ 3,593,739	\$ 3,854,135	\$ 4,130,712	\$ 4,240,594	\$ 4,584,733
Net Pension Liability as a Percentage of Covered Employee Payroll	84.58%	106.88%	110.46%	77.60%	119.19%
Notes to Schedule:					
N/A					

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 651,334	\$ 647,906	\$ 564,856	\$ 551,403	\$ 603,674	\$ 632,963	644,449	645,682	711,811	742,387
Contributions in relation to the actuarially determined contribution	531,429	545,563	539,288	551,403	603,671	632,999	644,450	645,683	723,953	742,387
Contribution deficiency (excess)	119,904	102,344	25,569	0	3	(36)	(0)	(1)	(12,142)	-
Covered payroll	\$ 2,868,593	\$ 2,883,284	\$ 2,956,459	\$ 3,103,208	\$ 3,593,739	\$ 3,854,135	\$ 4,130,712	\$ 4,240,594	\$ 4,584,733	\$ 4,652,879
Contributions as a percentage of covered payroll	81.59%	84.20%	95.47%	100.00%	100.00%	100.01%	100.00%	100.00%	101.71%	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
City's proportion of the net pension liability	0.332%	0.305%	0.334%	0.313%	0.326%
City's proportionate share of the net pension liability	\$ 60,330	\$ 81,412	\$ 97,288	\$ 75,125	\$ 70,580
State's proportionate share of the net pension liability	\$ 16,178	\$ 25,869	\$ 30,528	\$ 20,145	\$ 17,284
Total	\$ 76,507	\$ 107,281	\$ 127,816	\$ 95,270	\$ 87,864

Number of Active Members **

42 42 42 42 42

City's Net Pension Liability per Active Member

\$ 1,822 \$ 2,554 \$ 3,043 \$ 2,268 \$ 2,092

Plan fiduciary net position as a percentage of the total pension liability

83.5% 76.9% 76.3% 81.4% 84.3%

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

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

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

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

COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
and SCHEDULES

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**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

GOVERNMENTAL FUNDS

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

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GOVERNMENTAL FUNDS

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

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

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

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

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**City of Andrews, Texas
General Fund
Comparative Balance Sheet
September 30, 2019 and 2018**

	2019	2018
ASSETS		
Cash and cash investments	\$ 312,922	\$ 1,538,997
Cash equivalent - Tex Pool/Tex Star investment	12,139,360	5,473,075
Investments - certificates of deposit	5,363,611	6,748,325
Receivables (net of allowance for uncollectibles)		
Ad valorem taxes	144,249	150,281
Sales taxes	697,818	632,103
Miscellaneous	129,067	15,598
Interest	17,351	18,880
Total Assets	<u>\$ 18,804,378</u>	<u>\$ 14,577,259</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 697,747	\$ 297,854
Due to other funds	-	-
Other payables	195,679	189,801
Customer deposits	3,500	2,800
Unearned income - Ad valorem tax	139,249	145,281
Total Other Liabilities	<u>1,036,175</u>	<u>635,736</u>
Fund Balances		
Committed to Capital Improvement	\$ 10,515,112	6,738,798
Committed to Ambulance Services	55,017	105,152
Assigned to Pension Obligation	3,934,620	3,290,885
Assigned to Adult Education	116,609	100,259
Assigned to Litter Control	19,220	18,759
Assigned to Police Investigation	6,758	715
Unassigned	3,120,867	3,686,954
Total Fund Balance	<u>17,768,204</u>	<u>13,941,522</u>
 Total Liabilities and Fund Balance	 <u>\$ 18,804,378</u>	 <u>\$ 14,577,259</u>

City of Andrews, Texas
General Fund
Schedule of Budgeted and Actual Revenues and Expenditures
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Pos (Neg)
	Original	Final		
REVENUES				
Taxes	\$ 5,286,003	\$ 5,286,003	\$ 6,719,384	\$ 1,433,381
Francise fees	672,500	672,500	787,221	114,721
License, permits, fees	28,400	28,400	93,073	64,673
Charges for services	69,000	69,000	48,814	(20,186)
Fines and court costs	288,590	288,590	384,213	95,623
Miscellaneous	480,608	480,608	640,824	160,216
Investment income	169,053	169,053	343,067	174,014
Intergovernmental revenue	1,565,401	1,565,401	1,601,410	36,009
Grant income	50,000	50,000	65,696	15,696
Contributions	-	-	-	-
Total Revenues	<u>8,609,555</u>	<u>8,609,555</u>	<u>10,683,702</u>	<u>2,074,147</u>
EXPENDITURES				
Current:				
City Council / Legislative	109,475	109,475	168,232	(58,757)
City Manager / Administration	307,768	307,768	302,545	5,223
Finance	619,103	619,103	619,744	(641)
General Operations	415,874	415,874	378,822	37,052
Municipal court	206,017	206,017	207,256	(1,239)
Business technology center	154,964	154,964	109,388	45,576
Police	2,299,092	2,299,092	2,309,294	(10,202)
Ambulance	1,455,801	1,455,801	1,473,088	(17,287)
Animal control	192,203	192,203	164,361	27,842
Fire	243,440	243,440	289,586	(46,146)
Building Services (Permits, Inspections)	298,444	298,444	266,350	32,094
Street	809,747	809,747	1,140,051	(330,304)
Building & Grounds	283,587	283,587	224,402	59,185
Swimming pool	166,481	166,481	116,666	49,815
Capital outlay	1,049,037	4,454,092	749,237	3,704,855
Total Expenditures	<u>8,611,033</u>	<u>12,016,088</u>	<u>8,519,020</u>	<u>3,497,068</u>
Excess (deficiency) of revenues over expenditures	<u>(1,478)</u>	<u>(3,406,533)</u>	<u>2,164,681</u>	<u>5,571,214</u>
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Utility Fund	(638,000)	(638,000)	(638,000)	-
Sanitation Fund - Landfill land	-	(1,700,000)	(1,700,000)	-
Lawsuit Settlement	-	-	4,000,000	4,000,000
Total other financing sources (uses)	<u>(638,000)</u>	<u>(2,338,000)</u>	<u>1,662,000</u>	<u>4,000,000</u>
Net change in fund balance	(639,478)	(5,744,533)	3,826,681	9,571,214
Fund Balance - beginning	13,941,522	13,941,522	13,941,522	-
Prior Period Adjustment	-	-	-	-
Fund Balance (deficit) - ending	<u>\$ 13,302,044</u>	<u>\$ 8,196,989</u>	<u>\$ 17,768,204</u>	<u>\$ 9,571,214</u>

CITY OF ANDREWS, TEXAS
Combining and Individual Fund Financial Statements and Schedules
September 30, 2019

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, 2019, total appropriated funds of \$12,016,088 exceed general fund expenditures of \$8,519,020. The primary reason for the excess is \$3.1 million appropriated for City Hall renovations 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, 2019 and 2018

	2019	2018
REVENUES		
Taxes	\$ 6,719,384	\$ 5,926,665
Francise fees	787,221	650,398
License, permits, fees	93,073	64,746
Charges for services	48,814	64,365
Fines and court costs	384,213	371,939
Miscellaneous	640,824	684,486
Investment income	343,067	212,644
Intergovernmental revenue	1,601,410	1,382,947
Grant income	65,696	65,855
Contributions	-	-
Total Revenues	<u>10,683,702</u>	<u>9,424,046</u>
EXPENDITURES		
Current:		
City Council / Legislative	168,232	101,194
City Manager / Administration	302,545	340,329
Finance	619,744	622,953
General Operations	378,822	504,133
Municipal court	207,256	193,606
Business technology center	109,388	180,394
Police	2,309,294	2,175,278
Ambulance	1,473,088	1,291,195
Animal control	164,361	179,380
Fire	289,586	286,797
Building Services (Permits, Inspections)	266,350	266,208
Street	1,140,051	937,878
Building & Grounds	224,402	274,826
Swimming pool	116,666	123,726
Capital outlay	749,237	1,018,189
Total Expenditures	<u>8,519,020</u>	<u>8,496,084</u>
Excess (deficiency) of revenues over expenditures	<u>2,164,681</u>	<u>927,962</u>
OTHER FINANCING SOURCES (USES)		
Transfers out:		
Utility Fund	(638,000)	-
Sanitation Fund	(1,700,000)	-
Lawsuit Settlement	4,000,000	-
Total other financing sources (uses)	<u>1,662,000</u>	<u>-</u>
Net change in fund balance	3,826,681	927,962
Fund Balance - beginning	13,941,523	13,013,561
Fund Balance (deficit) - ending	<u>\$ 17,768,204</u>	<u>\$ 13,941,523</u>

City of Andrews, Texas
General Fund
Schedule of Revenues - Budget and Actual
For the year ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
TAXES				
Ad valorem				
Current	\$ 1,467,903	\$ 1,467,903	\$ 1,427,634	\$ (40,269)
Penalty and interest	10,000	10,000	39,184	29,184
Total Ad valorem	<u>1,477,903</u>	<u>1,477,903</u>	<u>1,466,818</u>	<u>(11,085)</u>
Sales				
1% City sales	3,025,000	3,025,000	4,176,438	1,151,438
.25% Property reduction sales	756,250	756,250	1,044,109	287,859
Alcoholic beverage	1,850	1,850	4,885	3,035
Total Sales	<u>3,783,100</u>	<u>3,783,100</u>	<u>5,225,432</u>	<u>1,442,332</u>
Other taxes				
Hotel/Motel occupancy (net)	-	-	-	-
Payment in lieu of taxes	25,000	25,000	27,134	2,134
Total Other	<u>25,000</u>	<u>25,000</u>	<u>27,134</u>	<u>2,134</u>
FRANCHISE FEES				
Electrical	360,000	360,000	387,417	27,417
Telephone	132,500	132,500	147,404	14,904
Gas	90,000	90,000	155,572	65,572
Cable	90,000	90,000	96,828	6,828
Total Franchise fees	<u>672,500</u>	<u>672,500</u>	<u>787,221</u>	<u>114,721</u>
LICENSE, PERMITS, FEES				
Animal registration	4,500	4,500	11,176	6,676
Sanitarian	500	500	4,643	4,143
Zoning	-	-	6,005	6,005
Other	2,500	2,500	4,824	2,324
Building and inspection	20,500	20,500	51,782	31,282
Building use fees & adult ed. Fees	-	-	13,894	13,894
Peddler's	400	400	750	350
Total License and Permits	<u>28,400</u>	<u>28,400</u>	<u>93,073</u>	<u>64,673</u>
CHARGES FOR SERVICES				
Swimming pool fees	69,000	69,000	48,814	(20,186)
Total Charges for Services	<u>69,000</u>	<u>69,000</u>	<u>48,814</u>	<u>(20,186)</u>
FINES AND COURT COSTS				
State costs and fees	78,590	78,590	109,363	30,773
Fines	210,000	210,000	274,849	64,849
Total Fines and Forfeitures	<u>288,590</u>	<u>288,590</u>	<u>384,213</u>	<u>95,623</u>
MISCELLANEOUS				
Administrative services	480,608	480,608	468,495	(12,113)
Other	-	-	4,172,329	4,172,329
Total Miscellaneous	<u>480,608</u>	<u>480,608</u>	<u>4,640,824</u>	<u>4,160,216</u>
INVESTMENT INCOME				
Interest	169,053	169,053	343,067	174,014
Total Investment Income	<u>169,053</u>	<u>169,053</u>	<u>343,067</u>	<u>174,014</u>
INTER/INTRA-GOVERNMENTAL				
Andrews Economic Development Corp.	34,600	34,600	9,600	(25,000)
Andrews County	-	-	500	500
AISD - School Resource Officer	75,000	75,000	75,120	120
Andrews Hospital District ambulance	1,455,801	1,455,801	1,516,190	60,389
Total Inter/Intra-Governmental	<u>1,565,401</u>	<u>1,565,401</u>	<u>1,601,410</u>	<u>36,009</u>
GRANT INCOME				
A. E. D. C. - job training	50,000	50,000	50,000	-
Texas "J" Rac funds	-	-	15,696	15,696
Total Grant Income	<u>50,000</u>	<u>50,000</u>	<u>65,696</u>	<u>15,696</u>
Total Revenues	<u>\$ 8,609,555</u>	<u>\$ 8,609,555</u>	<u>\$ 14,683,702</u>	<u>\$ 6,074,147</u>

City of Andrews, Texas
General Fund
Schedule of Expenditures - Budget and Actual
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
City Council / Legislative				
Personal services	\$ 17,500	\$ 17,500	\$ 7,872	\$ 9,628
Supplies	3,475	3,475	1,351	2,125
Outside Services	6,000	6,000	1,383	4,617
Other Operating Expense	82,500	82,500	157,627	(75,127)
	<u>109,475</u>	<u>109,475</u>	<u>168,232</u>	<u>(58,757)</u>
City Manager / Administration				
Personal services	297,219	297,219	289,101	8,118
Supplies	750	750	1,355	(605)
Maintenance & Repairs	4,475	4,475	5,930	(1,455)
Outside Services	5,325	5,325	6,158	(833)
Other Operating Expense	-	-	-	-
	<u>307,769</u>	<u>307,769</u>	<u>302,545</u>	<u>5,224</u>
Finance				
Personal services	438,153	438,153	440,601	(2,448)
Supplies	13,000	13,000	8,772	4,228
Maintenance & Repairs	40,200	40,200	34,741	5,459
Outside Services	127,750	127,750	135,629	(7,879)
	<u>619,103</u>	<u>619,103</u>	<u>619,744</u>	<u>(641)</u>
General Operations				
Personal services	72,124	72,124	56,255	15,869
Supplies	9,650	9,650	14,823	(5,173)
Outside Services	333,100	333,100	306,820	26,280
Other Operating Expense	1,000	1,000	925	75
	<u>415,874</u>	<u>415,874</u>	<u>378,822</u>	<u>37,052</u>
Municipal Court				
Personal services	186,367	186,367	183,900	2,467
Supplies	5,050	5,050	5,311	(261)
Outside Services	14,600	14,600	18,768	(4,168)
Other Operating Expense	-	-	(723)	723
	<u>206,017</u>	<u>206,017</u>	<u>207,256</u>	<u>(1,239)</u>
Business/Technology Center				
Personal services	-	-	75	(75)
Supplies	14,550	14,550	6,972	7,578
Maintenance & Repairs	11,000	11,000	4,225	6,775
Outside Services	129,414	129,414	98,116	31,298
	<u>154,964</u>	<u>154,964</u>	<u>109,388</u>	<u>45,576</u>
Police				
Personal services	1,926,872	1,926,872	1,929,427	(2,555)
Supplies	83,550	83,550	96,487	(12,937)
Maintenance & Repairs	82,770	82,770	89,982	(7,212)
Outside Services	201,301	201,301	188,984	12,317
Other Operating Expense	4,600	4,600	4,415	185
	<u>2,299,093</u>	<u>2,299,093</u>	<u>2,309,294</u>	<u>(10,201)</u>
Ambulance				
Personal services	1,179,663	1,179,663	1,150,377	29,286
Supplies	62,325	62,325	87,570	(25,245)
Maintenance & Repairs	44,600	44,600	65,627	(21,027)
Outside Services	99,835	99,835	100,186	(351)
Depreciation	69,328	69,328	69,328	0
	<u>1,455,751</u>	<u>1,455,751</u>	<u>1,473,088</u>	<u>(17,337)</u>

(Continued)

City of Andrews, Texas
General Fund
Schedule of Expenditures - Budget and Actual
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Animal Control				
Personal services	155,227	155,227	137,560	17,667
Supplies	15,700	15,700	9,033	6,667
Maintenance & Repairs	2,800	2,800	3,045	(245)
Outside Services	18,475	18,475	14,723	3,752
	<u>192,202</u>	<u>192,202</u>	<u>164,361</u>	<u>27,841</u>
Fire				
Personal services	99,140	99,140	126,550	(27,410)
Supplies	47,900	47,900	57,689	(9,789)
Maintenance & Repairs	60,000	60,000	72,280	(12,280)
Outside Services	36,400	36,400	33,067	3,333
	<u>243,440</u>	<u>243,440</u>	<u>289,586</u>	<u>(46,146)</u>
Building Services (Permits, Inspections)				
Personal services	225,671	225,671	199,526	26,145
Supplies	15,300	15,300	11,978	3,322
Maintenance & Repairs	16,733	16,733	13,071	3,662
Outside Services	20,741	20,741	36,474	(15,733)
Other Operating Expense	20,000	20,000	5,300	14,700
	<u>298,445</u>	<u>298,445</u>	<u>266,350</u>	<u>32,095</u>
Street				
Personal services	305,543	305,543	292,642	12,901
Supplies	17,900	17,900	28,011	(10,111)
Maintenance & Repairs	204,000	204,000	575,680	(371,680)
Outside Services	228,210	228,210	189,621	38,589
Other Operating Expense	54,095	54,095	54,098	(3)
	<u>809,748</u>	<u>809,748</u>	<u>1,140,051</u>	<u>(330,303)</u>
Building & Grounds				
Personal services	146,148	146,148	83,731	62,417
Supplies	11,150	11,150	12,384	(1,234)
Maintenance & Repairs	19,750	19,750	14,804	4,946
Outside Services	106,788	106,788	113,337	(6,549)
Other Operating Expense	-	-	145	(145)
	<u>283,836</u>	<u>283,836</u>	<u>224,402</u>	<u>59,434</u>
Swimming Pool				
Personal services	70,581	70,581	48,320	22,261
Supplies	39,075	39,075	30,898	8,178
Maintenance & Repairs	36,300	36,300	15,589	20,711
Outside Services	20,525	20,525	21,860	(1,335)
	<u>166,481</u>	<u>166,481</u>	<u>116,666</u>	<u>49,815</u>
Capital Expenditures	<u>1,049,037</u>	<u>4,454,092</u>	<u>749,237</u>	<u>3,704,855</u>
Total Expenditures	<u>8,611,235</u>	<u>12,016,290</u>	<u>8,519,020</u>	<u>3,497,270</u>

City of Andrews, Texas
Debt Service Fund
Comparative Balance Sheet
September 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash investments	\$ -	\$ -
Investment - treasury securities/certificate of dep.	-	-
Due from Other Funds	127,485	127,485
Total Assets	<u>\$ 127,485</u>	<u>\$ 127,485</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	\$ -
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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES:			
	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES:			
Debt service:			
Principal	285,000	285,000	-
Interest	483,703	436,038	47,666
Total Expenditures	768,703	721,038	47,666
Excess (deficiency) of revenues over expenditures	(768,703)	(721,038)	47,666
OTHER FINANCING SOURCES (USES)			
Transfers in			
Reliever Route Maintenance Fund	456,273	564,988	108,715
Loop 1910 Repair Fund	312,100	156,050	(156,050)
Transfers out	-	-	-
Total other financing sources and uses	768,373	721,038	(47,336)
Net change in fund balance	(330)	-	330
Fund balances - beginning of year	207,799	127,485	(80,314)
Fund balances - end of year	\$ 207,469	\$ 127,485	\$ (79,984)

City of Andrews, Texas
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2019

	Court Technology	Confiscated Funds	Law Enforcement Education	Child Safety Seat	Court Security	Reliever Route	Hotel Tax	Total Other Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 8,209	\$ 13,620	\$ 11,158	\$ 526	\$ 39,910	\$ 669,547	\$ 336,625	\$ 1,079,595
Total Assets	8,209	13,620	11,158	526	39,910	669,547	336,625	1,079,595
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	-	-	-	-	-	5,105	8,945	14,050
Due to other funds	-	-	-	-	-	127,485	-	127,485
Total Liabilities	-	-	-	-	-	132,590	8,945	141,535
Fund Balances								
Restricted	-	13,620	11,158	-	-	-	327,681	352,458
Committed	8,209	-	-	526	39,910	536,957	-	585,602
Total Fund Balance	8,209	13,620	11,158	526	39,910	536,957	327,681	938,060
Total Liabilities and Fund Balances	\$ 8,209	\$ 13,620	\$ 11,158	\$ 526	\$ 39,910	\$ 669,547	\$ 336,625	\$ 1,079,595

City of Andrews, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended September 30, 2019

	Special Revenue Funds								Total Other Governmental Funds
	Court Technology	Confiscated Funds	Law Enforcement Education	Child Safety Seat	Court Security	Reliever Route	Hotel Tax		
REVENUES:									
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,044,109	\$ -	\$ -	\$ 1,044,109
Hotel Occupancy Tax	-	-	-	-	-	-	465,014	465,014	465,014
Investment Income	131	127	280	15	921	13,174	6,552	21,200	21,200
Intergovernmental Revenue	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	11,159	11,755	-	-	8,325	-	-	31,239	31,239
Grant Income	-	-	1,710	-	-	-	-	1,710	1,710
Contributions	-	-	-	-	-	-	-	-	-
Total revenues	11,290	11,883	1,990	15	9,245	1,057,283	471,566	1,563,272	1,563,272
EXPENDITURES:									
Current:									
General government	6,540	-	-	-	-	-	-	6,540	6,540
Public safety	-	968	1,000	-	-	-	-	1,968	1,968
Street	-	-	-	-	-	52,058	-	52,058	52,058
Culture-recreation	-	-	-	-	-	-	356,694	356,694	356,694
Debt Service	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	6,540	968	1,000	-	-	52,058	356,694	417,260	417,260
Excess (deficiency) of revenues over expenditures	4,750	10,915	990	15	9,245	1,005,225	114,871	1,146,011	1,146,011
Transfer in/(out) - General Fund	-	-	-	-	-	(721,038)	-	(721,038)	(721,038)
Fund balances - beginning of year	3,458	2,705	10,167	511	30,665	252,769	212,809	513,086	513,086
Prior Period Adjustment	-	-	-	-	-	-	-	-	-
Fund balances - end of year	\$ 8,209	\$ 13,620	\$ 11,158	\$ 526	\$ 39,910	\$ 536,957	\$ 327,681	\$ 938,060	\$ 938,060

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**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

PROPRIETARY FUNDS

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

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City of Andrews, Texas
Water and Sewer Fund
Comparative Statements of Net Position
September 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,014,356	\$ 2,080,322
Investment - treasury securities/certificate of dep.	-	268,592
Interest receivable	-	133
Accounts receivable	408,896	429,756
Inventories	126,287	141,796
Prepaid costs	307	1,627
Total Current Assets	<u>3,549,846</u>	<u>2,922,225</u>
Capital Assets		
Land	1,555,631	1,555,631
Buildings	3,937,194	3,875,502
Equipment	1,220,333	1,135,503
Infrastructure	29,311,111	28,335,395
Accumulated depreciation	(15,443,999)	(14,494,426)
Total Capital Assets Net of Accum Depr	<u>20,580,270</u>	<u>20,407,606</u>
Total Assets	<u>24,130,116</u>	<u>23,329,830</u>
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience	98,505	-
Difference between projected and actual earnings	124,522	144,828
Difference due to changes in actuarial assumptions	6,150	6,150
Deferred pension contributions	68,648	68,648
Total Deferred Outflows	<u>297,826</u>	<u>219,627</u>
LIABILITIES		
Current Liabilities		
Accounts payable	215,267	178,410
Accrued liabilities	-	618
Customer deposits	287,122	278,670
Accrued compensated absences	1,000	1,000
Total Current Liabilities	<u>503,389</u>	<u>458,698</u>
Other Liabilities		
Accrued compensated absences	60,848	96,044
Accrued pension obligation	849,964	509,002
Total Other Liabilities	<u>910,813</u>	<u>605,046</u>
Total Liabilities	<u>1,414,201</u>	<u>1,063,744</u>
DEFERRED INFLOWS		
Pension Related:		
Difference between expected and actual experience	0	189,079
Total Deferred Inflows	<u>0</u>	<u>189,079</u>
NET POSITION		
Invested in capital, net of related debt	20,580,270	20,407,606
Unrestricted	2,433,470	1,889,029
Total Net Position	<u>\$ 23,013,740</u>	<u>\$ 22,296,634</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, 2019 and 2018

	2019	2018
Operating Revenues		
Charges for services		
Water	\$ 3,048,112	\$ 3,326,892
Sewer	1,014,122	1,008,140
Other	138,363	152,213
Total Operating Revenues	<u>4,200,597</u>	<u>4,487,245</u>
Operating Expenses		
Personal services	1,005,772	970,298
Supplies	485,819	520,087
Maintenance & Repairs	835,026	456,481
Outside Services	771,468	868,886
Other Operating Expense	289,480	314,874
Depreciation	998,603	972,834
Total Operating Expenses	<u>4,386,166</u>	<u>4,103,460</u>
Operating Income (Loss)	<u>(185,570)</u>	<u>383,784</u>
Nonoperating Revenues (Expenses)		
Investment income	66,536	30,792
Gain/(Loss) on disposal of capital assets	-	5,100
Grant income		
Rent	110,942	32,851
Surface Damages / Water Disposal	87,197	180,869
Voluntary non-exchange-developer contribution	-	-
Total Nonoperating Revenue	<u>264,675</u>	<u>249,612</u>
Income before capital contributions and transfers	79,105	633,396
Capital contributions	-	-
Transfers in from General Fund	<u>638,000</u>	<u>-</u>
Change in Net Position	717,105	633,396
Net Position, beginning	22,296,634	21,663,238
Prior Period Adjustment	<u>-</u>	<u>-</u>
Net Position, ending	<u><u>\$ 23,013,739</u></u>	<u><u>\$ 22,296,634</u></u>

City of Andrews, Texas
Water and Sewer Fund
Comparative Statements of Cash Flows
For the years ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customer	\$ 4,229,909	\$ 4,477,255
Other operating cash receipts	133	(79)
Cash payments to suppliers for goods and services	(2,066,813)	(1,829,891)
Cash payments to employees for services	(967,901)	(930,363)
Cash payments to other funds for services	(261,294)	(297,360)
Net cash provided (used) by operating activities	<u>934,034</u>	<u>1,419,562</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant income for operating activities	-	-
Net cash provided by non-capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,171,267)	(1,664,818)
Cash transfer from General Fund and/or AEDC for Capital Projects	638,000	-
Grant income for capital activities	-	-
Proceeds from sale of salvage	-	5,100
Income from Surface Damage and Salt Water Disposal on City Property	87,197	180,869
Rental income from Utility Fund Assets	110,942	32,851
Net cash provided (used) by capital and related financing activities	<u>(335,128)</u>	<u>(1,445,998)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	66,536	30,792
(Purchase) / Redemption of treasury securities/certificate of deposit	269,990	97,539
Net cash provided (used) by investing activities	<u>336,526</u>	<u>128,330</u>
Net increase (decrease) in cash and cash equivalents	935,432	101,894
Cash and cash equivalents, beginning	2,078,924	1,977,030
Cash and cash equivalents, ending	<u>\$ 3,014,356</u>	<u>\$ 2,078,924</u>
Reconciliation of income from operations to net cash provided by (used for) operating activities		
Operating Income (Loss)	\$ (185,570)	\$ 383,784
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	998,603	972,834
Provision for doubtful accounts	(424)	1,607
Pension Expense - Prior Period Adjustment	-	-
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	21,284	(32,624)
Decrease (increase) in interest receivable	133	(79)
Decrease (increase) in inventory	15,508	(4,009)
Decrease (increase) in prepaid costs	1,320	(1,292)
Decrease (increase) in deferred outflows of resources for pensions	(78,199)	42,080
Increase (decrease) in accounts payable	36,856	38,378
Increase (decrease) in other payables	(618)	618
Increase (decrease) in compensated absences	(35,196)	11,857
Increase (decrease) in pension obligation	340,962	(199,521)
Increase (decrease) in customer deposits	8,453	21,028
Increase (decrease) in deferred outflows of resources for pensions	(189,078)	184,900
Net cash provided (used) by operating activities	<u>\$ 934,034</u>	<u>\$ 1,419,562</u>

City of Andrews, Texas
Water and Sewer Fund
Schedule of Operating and Nonoperating Revenues - Budget and Actual
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
OPERATING REVENUE - WATER				
Water sales	\$ 3,070,490	\$ 3,070,490	\$ 2,834,456	\$ (236,034)
Water tapping fees	12,000	12,000	39,957	27,957
Water pro rata	-	-	-	-
Total Operating Revenues - Water	<u>3,082,490</u>	<u>3,082,490</u>	<u>2,874,413</u>	<u>(208,077)</u>
OPERATING REVENUE - SEWER				
Sewer rentals	950,000	950,000	974,377	24,377
Sewer tapping fees	11,000	11,000	24,625	13,625
Septic tank waste disposal	25,000	25,000	15,120	(9,880)
Reclaimed water	2,000	2,000	-	(2,000)
Total Operating Revenues - Sewer	<u>988,000</u>	<u>988,000</u>	<u>1,014,122</u>	<u>26,122</u>
OPERATING REVENUE - OTHER				
Miscellaneous	4,000	4,000	(2,597)	(6,597)
Water capital impr surcharge	180,000	180,000	173,699	(6,301)
Service fees	125,000	125,000	140,960	15,960
Total Operating Revenues - Other	<u>309,000</u>	<u>309,000</u>	<u>312,062</u>	<u>3,062</u>
Total Operating Revenues	<u>4,379,490</u>	<u>4,379,490</u>	<u>4,200,597</u>	<u>(178,893)</u>
NON-OPERATING REVENUE				
Investment income	23,000	23,000	66,536	43,536
Gain on sale of assets	-	-	-	-
Grant income	-	-	-	-
Rent	108,189	108,189	110,942	2,753
Surface Damage and Water Disposal	90,000	90,000	87,197	(2,803)
Transfer from General Fund	-	638,000	638,000	-
Transfer from A.E.D.C.	-	-	-	-
Total Non-Operating Revenues	<u>221,189</u>	<u>859,189</u>	<u>902,675</u>	<u>43,486</u>
Total Revenues	<u>\$ 4,600,679</u>	<u>\$ 5,238,679</u>	<u>\$ 5,103,272</u>	<u>\$ (135,407)</u>

City of Andrews, Texas
Water and Sewer Fund
Schedule of Operating Expenses - Budget and Actual
For the year ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
General Operations				
Outside Services	\$ 1,500	\$ 1,500	\$ 753	\$ 747
Other Operating Expense	277,351	277,351	289,480	(12,129)
	<u>278,851</u>	<u>278,851</u>	<u>290,233</u>	<u>(11,382)</u>
Warehouse Building				
Personal services	-	-	-	-
Supplies	7,900	7,900	8,899	(999)
Maintenance & Repairs	11,000	11,000	12,972	(1,972)
Outside Services	11,000	11,000	12,653	(1,653)
	<u>29,900</u>	<u>29,900</u>	<u>34,525</u>	<u>(4,625)</u>
Water Production				
Personal services	218,550	218,550	251,367	(32,817)
Supplies	585,500	585,500	382,142	203,358
Maintenance & Repairs	112,700	112,700	253,667	(140,967)
Outside Services	767,100	767,100	615,440	151,660
	<u>1,683,850</u>	<u>1,683,850</u>	<u>1,502,616</u>	<u>181,234</u>
Water Distribution				
Personal services	459,513	459,513	471,601	(12,088)
Supplies	56,750	56,750	63,514	(6,764)
Maintenance & Repairs	110,250	110,250	224,896	(114,646)
Outside Services	40,400	40,400	31,547	8,853
	<u>666,913</u>	<u>666,913</u>	<u>791,558</u>	<u>(124,645)</u>
Wastewater (Sewer) Collection				
Personal services	136,350	136,350	130,754	5,596
Supplies	8,500	8,500	4,737	3,763
Maintenance & Repairs	21,000	21,000	126,547	(105,547)
Outside Services	13,250	13,250	15,863	(2,613)
	<u>179,100</u>	<u>179,100</u>	<u>277,901</u>	<u>(98,801)</u>
Wastewater (Sewer) Treatment				
Personal services	153,047	153,047	152,050	997
Supplies	23,375	23,375	26,527	(3,152)
Maintenance & Repairs	53,400	53,400	216,943	(163,543)
Outside Services	95,000	95,000	95,211	(211)
	<u>324,822</u>	<u>324,822</u>	<u>490,731</u>	<u>(165,909)</u>
Depreciation	<u>1,047,990</u>	<u>1,047,990</u>	<u>998,603</u>	<u>49,387</u>
Total Operating Expenses	<u>\$ 4,211,426</u>	<u>\$ 4,211,426</u>	<u>\$ 4,386,166</u>	<u>\$ (174,740)</u>

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Net Position
September 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,150,847	\$ 1,282,767
Investment - treasury securities/cert. of deposit	308,000	1,277,990
Interest receivable	1,362	2,996
Accounts receivable	183,842	182,859
Total Current Assets	<u>2,644,051</u>	<u>2,746,612</u>
Capital Assets:		
Land	1,738,376	28,317
Buildings	183,915	57,939
Equipment	2,919,967	2,738,724
Accumulated depreciation	(1,436,891)	(1,317,104)
Total Capital Assets Net of Accum Depr	<u>3,405,367</u>	<u>1,507,876</u>
Total Assets	<u>6,049,418</u>	<u>4,254,488</u>
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience	82,033	-
Difference between projected and actual earnings	103,524	120,092
Difference due to changes in actuarial assumptions	5,018	5,018
Deferred pension contributions	60,767	60,767
Total Deferred Outflows	<u>251,343</u>	<u>185,877</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	38,292	36,945
Accrued liabilities	-	712
Sales tax payable	13,056	13,061
Customer deposits	5,500	4,700
Accrued compensated absences	1,000	1,000
Total Current Liabilities	<u>57,848</u>	<u>56,418</u>
Other Liabilities:		
Accrued compensated absences	83,451	67,568
Accrued pension obligation	692,471	414,285
Landfill closure costs	822,804	779,346
Total Other Liabilities	<u>1,598,726</u>	<u>1,261,198</u>
Total Liabilities	<u>1,656,575</u>	<u>1,317,617</u>
DEFERRED INFLOWS		
Pension Related:		
Difference between expected and actual experience	-	152,602
Total Deferred Inflows	<u>-</u>	<u>152,602</u>
NET POSITION		
Invested in capital, net of related debt	3,405,367	1,507,876
Restricted	822,804	779,346
Unrestricted	416,015	682,924
Total Net Position	<u>\$ 4,644,186</u>	<u>\$ 2,970,146</u>

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For the years ended September 30, 2019 and 2018

	2019	2018
Operating Revenues		
Sanitation	1,981,008	1,797,000
Total Operating Revenues	<u>1,981,008</u>	<u>1,797,000</u>
Operating Expenses		
Personal services	970,012	837,865
Supplies	116,603	101,710
Maintenance & Repairs	181,819	193,046
Outside Services	270,467	160,671
Other Operating Expense	261,433	304,259
Landfill closure	43,458	23,074
Depreciation	219,067	228,003
Total Operating Expenses	<u>2,062,859</u>	<u>1,848,628</u>
Income from Operations	<u>(81,851)</u>	<u>(51,628)</u>
Nonoperating Revenues (Expenses)		
Investment income	55,890	36,109
Gain (Loss) on sales/retirement of capital assets	-	1,499
Total Nonoperating Revenue	<u>55,890</u>	<u>37,608</u>
Income before capital contributions and transfers	<u>(25,960)</u>	<u>(14,019)</u>
Capital contributions	-	-
Transfers in	<u>1,700,000</u>	<u>-</u>
Change in Net Position	1,674,040	(14,019)
Net Position, beginning	2,970,146	2,984,174
Prior Period Adjustment	<u>-</u>	<u>(9)</u>
Net Position, ending	<u><u>\$ 4,644,186</u></u>	<u><u>\$ 2,970,146</u></u>

City of Andrews, Texas
Sanitation Fund
Comparative Statements of Cash Flows
For the years ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customer	\$ 1,980,025	\$ 1,773,054
Other operating cash receipts	1,633	(875)
Cash payments to suppliers for goods and services	(566,885)	(480,469)
Cash payments to employees for services	(894,722)	(813,035)
Cash payments to other funds for services	(261,294)	(304,197)
Net cash provided (used) by operating activities	<u>258,757</u>	<u>174,477</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Grant income for operating activities	-	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(2,116,549)	(104,400)
Cash transfer from General Fund for Purchase of Land	1,700,000	-
Proceeds from sale of capital assets	-	1,499
Net cash provided (used) by capital and related financing activities	<u>(416,549)</u>	<u>(102,901)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on cash and investments	55,890	36,109
Purchase of treasury securities/certificate of deposit	969,990	(56,461)
Net cash provided (used) by investing activities	<u>1,025,880</u>	<u>(20,353)</u>
Net increase (decrease) in cash and cash equivalents	868,089	51,224
Cash and cash equivalents, beginning	1,282,758	1,231,534
Cash and cash equivalents, ending	<u>\$ 2,150,847</u>	<u>\$ 1,282,758</u>
Reconciliation of income from operations to net cash provided by (used for) operating activities		
Operating Income (Loss)	\$ (81,851)	\$ (51,628)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	219,067	228,003
Landfill closure costs	43,458	23,074
Prior Period Adjustment	-	(9)
Change in assets, deferred outflows/inflows, and liabilities:		
Decrease (increase) in accounts receivable	(983) x	(23,946)
Decrease (increase) in interest receivable	1,633 x	(875)
Decrease (increase) in due from other funds	-	-
Decrease (increase) in deferred outflows of resources for pensions	(65,466)	34,332
Increase (decrease) in accounts payable	1,347 x	(26,539)
Increase (decrease) in accrued liabilities	(712)	413
Increase (decrease) in sales taxes payable	(5) x	1,559
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	15,883	2,023
Increase (decrease) in pension obligation	278,187	(162,787)
Increase (decrease) in customer deposits	800 x	-
Increase (decrease) in deferred inflows of resources for pensions	(152,602)	150,858
Net cash provided (used) by operating activities	<u>\$ 258,757</u>	<u>\$ 174,477</u>

City of Andrews, Texas
Sanitation Fund
Schedule of Revenues - Budget and Actual
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Budget	Final Budget
			Basis	Positive
				(Negative)
OPERATING REVENUE				
Sanitation collection	\$ 1,035,000	\$ 1,035,000	\$ 1,047,345	\$ 12,345
Municipal landfill	711,808	711,808	720,983	9,175
Public hauling-type I	6,000	6,000	12,355	6,355
Public hauling-type IV	65,000	65,000	180,172	115,172
Recycling sales	2,000	2,000	2,356	356
Miscellaneous	3,000	3,000	17,798	14,798
Total Operating Revenues	<u>1,822,808</u>	<u>1,822,808</u>	<u>1,981,008</u>	<u>158,200</u>
NON-OPERATING REVENUE				
Investment income	28,160	28,160	55,890	27,730
Grant income	-	-	-	-
Gain on sale/disposition of assets	-	-	-	-
Total Non-operating Revenue	<u>28,160</u>	<u>28,160</u>	<u>55,890</u>	<u>27,730</u>
Total Revenues	<u><u>\$ 1,850,968</u></u>	<u><u>\$ 1,850,968</u></u>	<u><u>\$ 2,036,898</u></u>	<u><u>\$ 185,930</u></u>

City of Andrews, Texas
Sanitation Fund
Schedule of Operating & Non-Operating Expenses - Budget and Actual
For the year ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING EXPENSE				
General Operations				
Other Operating Expense	\$ 267,351	\$ 267,351	\$ 261,294	\$ 6,057
	<u>267,351</u>	<u>267,351</u>	<u>261,294</u>	<u>6,057</u>
Sanitation Collection				
Personal services	407,577	407,577	473,905	(66,328)
Supplies	65,900	65,900	86,196	(20,296)
Maintenance & Repairs	84,500	84,500	149,260	(64,760)
Outside Services	400	400	379	21
Other Operating Expense	60	60	139	(79)
	<u>558,437</u>	<u>558,437</u>	<u>709,878</u>	<u>(151,441)</u>
Sanitation Bulk				
Personal services	180,581	180,581	195,380	(14,799)
Supplies	8,000	8,000	5,680	2,320
Maintenance & Repairs	10,500	10,500	14,587	(4,087)
Outside Services	8,250	8,250	514	7,736
Other Operating Expense	-	-	-	-
	<u>207,331</u>	<u>207,331</u>	<u>216,161</u>	<u>(8,830)</u>
Landfill				
Personal services	297,862	297,862	300,727	(2,865)
Supplies	19,650	19,650	24,727	(5,077)
Maintenance & Repairs	20,900	20,900	17,972	2,928
Outside Services	201,593	201,593	269,574	(67,981)
Other Operating Expense	-	-	-	-
	<u>540,005</u>	<u>540,005</u>	<u>612,999</u>	<u>(72,994)</u>
Landfill closure	30,000	30,000	43,458	(13,458)
Depreciation	226,098	226,098	219,067	7,031
	<u>256,098</u>	<u>256,098</u>	<u>262,525</u>	<u>(6,427)</u>
 Total Operating Expenses	 <u>\$ 1,829,222</u>	 <u>\$ 1,829,222</u>	 <u>\$ 2,062,859</u>	 <u>\$ (233,637)</u>
NON-OPERATING EXPENSE				
Loss on Disposal of Assets	\$ -	\$ -	\$ -	-
Total Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
 Total Expenses	 <u>\$ 1,829,222</u>	 <u>\$ 1,829,222</u>	 <u>\$ 2,062,859</u>	 <u>\$ (233,637)</u>

COMBINING FINANCIAL STATEMENT AGENCY FUNDS

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

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

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

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City of Andrews, Texas
Agency Funds
Combining Statement of Net Position
September 30, 2019

	<u>Escrow Fund</u>	<u>Employee Christmas Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	<u>\$ 15,572</u>	<u>\$ 95,180</u>	<u>\$ 110,752</u>
Total Assets	<u><u>15,572</u></u>	<u><u>95,180</u></u>	<u><u>\$ 110,752</u></u>
LIABILITIES			
Deposits held for others	<u>15,572</u>	<u>95,180</u>	<u>110,752</u>
Total Liabilities	<u><u>\$ 15,572</u></u>	<u><u>\$ 95,180</u></u>	<u><u>\$ 110,752</u></u>
NET POSITION	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

City of Andrews, Texas
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2019

	Balance Oct. 1 2018	Additions	Deductions	Balance Sept. 30 2019
ESCROW FUND				
Assets				
Cash and cash equivalents	\$ 15,572	\$ -	\$ -	\$ 15,572
	<u>15,572</u>	<u>-</u>	<u>-</u>	<u>15,572</u>
Liabilities				
Deposits held for others	15,572	-	-	15,572
	<u>\$ 15,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,572</u>
 EMPLOYEE CHRISTMAS FUND				
Assets				
Cash and cash equivalents	\$ 95,025	\$ 110,277	\$ 110,122	\$ 95,180
	<u>95,025</u>	<u>110,277</u>	<u>110,122</u>	<u>95,180</u>
Liabilities				
Deposits held for others	95,025	110,277	110,122	95,180
	<u>\$ 95,025</u>	<u>\$ 110,277</u>	<u>\$ 110,122</u>	<u>\$ 95,180</u>
 TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 110,597	\$ 110,277	\$ 110,122	\$ 110,752
	<u>110,597</u>	<u>110,277</u>	<u>110,122</u>	<u>110,752</u>
Liabilities				
Deposits held for others	110,597	110,277	110,122	110,752
	<u>\$ 110,597</u>	<u>\$ 110,277</u>	<u>\$ 110,122</u>	<u>\$ 110,752</u>

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

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City of Andrews, Texas
Capital Assets used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Governmental Fund Capital Assets		
Land	\$ 1,247,911	\$ 1,247,911
Buildings	7,749,811	7,708,755
Improvements other than buildings	7,929,224	7,845,988
Machinery and equipment	5,712,234	5,267,431
Infrastructure	<u>31,394,406</u>	<u>31,382,706</u>
Total Governmental Funds Capital Assets	<u><u>54,033,587</u></u>	<u><u>53,452,792</u></u>
 Investments in Governmental Funds		
Capital Assets by Source		
General fund	33,965,501	33,384,706
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>\$ 54,033,587</u></u>	<u><u>\$ 53,452,792</u></u>

City of Andrews, Texas
Capital Assets used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2019

Function and Activity	Total	Land	Building	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
General Government:						
City Hall - City Mgr., Finance, Court	\$ 1,244,338	\$ 151,666	\$ 541,216	\$ 127,068	\$ -	\$ 424,388
Business/Technology Center	4,207,289	409,978	3,351,066	-	-	446,245
Total General Government	<u>5,451,627</u>	<u>561,644</u>	<u>3,892,282</u>	<u>127,068</u>	<u>-</u>	<u>870,632</u>
Public Safety:						
Police protection	2,530,268	146,741	720,611	-	-	1,662,916
Emergency medical services	1,737,032	-	333,465	-	-	1,403,567
Animal pound	244,901	-	189,568	-	-	55,333
Fire protection	3,385,961	25,296	2,490,021	65,104	-	805,540
Total Public Safety	<u>7,898,162</u>	<u>172,037</u>	<u>3,733,665</u>	<u>65,104</u>	<u>-</u>	<u>3,927,356</u>
Streets and storm drainage	35,765,629	484,349	-	3,143,135	31,394,406	743,739
Inspection	144,721	-	-	-	-	144,721
Recreation and parks	4,773,449	29,881	123,864	4,593,918	-	25,786
Total Governmental Funds Capital Assets	<u>\$ 54,033,587</u>	<u>\$ 1,247,911</u>	<u>\$ 7,749,811</u>	<u>\$ 7,929,224</u>	<u>\$ 31,394,406</u>	<u>\$ 5,712,234</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, 2019

Function and Activity	Governmental Funds Capital Assets 2018	Additions	Deductions	Governmental Funds Capital Assets 2019
General Government				
City Hall - City Mgr., Finance, Court	\$ 1,153,941	\$ 90,396	\$ -	\$ 1,244,338
Business/Technology Center	4,207,289	-	-	4,207,289
Total General Government	<u>5,361,231</u>	<u>90,396</u>	<u>-</u>	<u>5,451,627</u>
Public Safety				
Police protection	2,337,833	288,584	96,149	2,530,267
Emergency medical services	1,666,930	179,922	109,820	1,737,032
Animal pound	183,370	61,531	-	244,901
Fire protection	3,357,234	28,727	-	3,385,961
Total Public Safety	<u>7,545,367</u>	<u>558,764</u>	<u>205,969</u>	<u>7,898,162</u>
Streets and storm drainage	35,721,090	63,395	18,856	35,765,629
Inspection	134,892	9,829	-	144,721
Recreation and parks	<u>4,690,212</u>	<u>83,237</u>	<u>-</u>	<u>4,773,449</u>
Total Governmental Funds Capital Assets	<u><u>\$ 53,452,792</u></u>	<u><u>\$ 805,621</u></u>	<u><u>\$ 224,826</u></u>	<u><u>\$ 54,033,587</u></u>

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**SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

ANDREWS ECONOMIC DEVELOPMENT CORPORATION

Component Unit
(Discretely Presented)

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

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City of Andrews, Texas
Andrews Economic Development Corporation
Comparative Statements of Net Position
September 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,682,039	\$ 6,147,408
Investment - treasury securities/cert. of deposit	1,093,000	
Sales tax receivable	174,455	158,026
Miscellaneous receivable	-	-
Total Current Assets	<u>7,949,494</u>	<u>6,305,434</u>
Capital Assets		
Land	423,373	442,331
Improvements other than Buildings	731,917	731,917
Furniture & Fixtures	7,559	9,317
Accumulated depreciation	(150,324)	(123,227)
Total Capital Assets Net of Accum. Depr.	<u>1,012,525</u>	<u>1,060,339</u>
Total Assets	<u>8,962,019</u>	<u>7,365,772</u>
DEFERRED OUTFLOWS		
Pension Related:		
Difference between expected and actual experience	12,255	-
Difference between projected and actual earnings	3,321	4,713
Difference due to changes in actuarial assumptions	422	422
Deferred pension contributions	5,086	5,086
Total Deferred Outflows	<u>21,084</u>	<u>17,321</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	727	14,442
Other payables	(8,369)	4,711
Compensated absences payable	7,757	-
Pension obligation payable	58,100	34,727
Total Current Liabilities	<u>58,215</u>	<u>53,880</u>
DEFERRED INFLOWS		
Pension Related:		
Difference between expected and actual experience	-	7,459
Total Deferred Inflows	<u>-</u>	<u>14,559</u>
NET POSITION		
Net investment in capital assets	1,012,525	1,060,339
Restricted	-	-
Unrestricted	7,912,363	6,254,316
Total Net Position	<u>\$ 8,924,888</u>	<u>\$ 7,314,655</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, 2019 and 2018

	2019	2018
Support and revenues		
Economic development sales tax	\$ 2,088,219	\$ 1,774,439
Interest income	167,347	77,532
Miscellaneous	-	99,012
Total support and revenues	<u>2,255,566</u>	<u>1,950,983</u>
Expenses		
Personal services	153,491	157,484
Supplies	2,092	3,292
Maintenance & Repairs	2,704	108
Outside Services	102,303	135,139
Other Operating Expense	9,767	12,266
Incentives	63,959	160,000
Business Park Maintenance	3,605	207,467
Contributions to County or City	250,000	75,000
Depreciation	30,378	29,687
Total Expenses	<u>618,298</u>	<u>780,442</u>
Transfers	-	-
Increase in Net Position	<u>1,637,268</u>	<u>1,170,541</u>
Net Position, beginning	7,314,655	6,144,114
Prior Period Adjustment	<u>(27,035)</u>	<u>-</u>
Net Position, ending	<u><u>\$ 8,924,888</u></u>	<u><u>\$ 7,314,655</u></u>

City of Andrews, Texas
Andrews Economic Development Corporation
Comparative Statements of Cash Flows
For the years ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from sales tax	\$ 2,071,790	\$ 1,754,671
Other operating cash receipts	167,347	278,706
Cash payments to suppliers for goods and services	(211,224)	(511,745)
Cash payments to employees for services	(140,683)	(155,997)
Cash payments for other funds	(250,000)	(75,000)
Net cash provided (used) by operating activities	<u>1,637,231</u>	<u>1,290,635</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,523)	-
Assets transferred to City	-	-
Land incentives from Business Parks	18,959	(5,852)
Net cash provided (used) by capital and related financing activities	<u>17,436</u>	<u>(5,852)</u>
Net increase (decrease) in cash and cash equivalents	1,654,666	1,284,783
Cash and cash equivalents, beginning	6,135,704	4,850,921
Cash and cash equivalents, ending	<u><u>\$ 7,790,370</u></u>	<u><u>\$ 6,135,704</u></u>
Reconciliation of income from operations to net cash provided (used) by operating activities		
Increase in Net Position	\$ 1,637,268	\$ 1,170,541
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	30,378	29,687
Change in assets and liabilities:		
Decrease (increase) in sales tax receivable	(16,429)	(19,768)
Decrease (increase) in misc receivable	-	102,163
Decrease (increase) in deferred outflows of resources for pensions	(3,762)	2,885
Increase (decrease) in accounts payable	(13,715)	5,316
Increase (decrease) in other payables	(13,080)	1,210
Increase (decrease) in compensated absences	7,757	(395)
Increase (decrease) in pension obligation	23,373	(13,677)
Increase (decrease) in deferred inflows of resources for pension	<u>(14,559)</u>	<u>12,675</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,637,231</u></u>	<u><u>\$ 1,290,635</u></u>

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UNAUDITED STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	133-136
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue sources: property tax and sales tax.</i>	137-143
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	144-147
Demographic & Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	148-149
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	150-152

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

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CITY OF ANDREWS, TEXAS
Net Position by Component
2010-2019
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 10,076,362	\$ 10,036,646	\$ 17,801,675	\$ 19,138,104	\$ 23,511,846	\$ 24,496,304	\$ 29,797,572	\$ 29,346,908	\$ 28,205,202	\$ 26,846,512
Restricted	-	37,983	40,705	19,968	12,088	10,982	153,694	143,398	353,167	473,392
Unrestricted	12,801,670	14,435,790	11,028,253	14,496,468	15,569,744	14,640,177	9,889,769	10,855,317	11,906,453	15,725,770
Total governmental activities net position	22,878,032	24,510,419	28,870,634	33,654,540	39,093,679	39,147,463	39,841,035	40,345,623	40,464,823	43,045,673
Business-type activities										
Net investment in capital assets	10,614,333	10,270,670	10,494,928	10,988,113	13,072,308	18,722,336	20,050,869	21,347,109	21,915,482	23,985,637
Restricted	-	567,401	616,641	641,037	653,151	685,007	696,274	756,272	779,346	822,804
Unrestricted	5,595,378	5,957,971	6,422,507	6,887,643	8,237,216	4,411,228	3,667,163	2,544,031	2,571,953	2,849,486
Total business-type activities net position	16,209,711	16,796,042	17,534,076	18,516,793	21,962,675	23,818,570	24,414,306	24,647,412	25,266,780	27,657,926
Primary government:										
Net investment in capital assets	20,690,695	20,307,316	28,296,603	30,126,217	36,584,154	43,218,640	49,848,441	50,694,017	50,120,684	50,832,148
Restricted	-	605,384	657,346	661,005	665,239	695,989	849,968	899,670	1,132,513	1,296,195
Unrestricted	18,397,048	20,393,761	17,450,760	21,384,111	23,806,961	19,051,405	13,556,932	13,399,349	14,478,406	18,575,255
Total primary government net position	\$ 39,087,743	\$ 41,306,461	\$ 46,404,710	\$ 52,171,333	\$ 61,056,354	\$ 62,966,033	\$ 64,255,341	\$ 64,993,036	\$ 65,731,603	\$ 70,703,599

CITY OF ANDREWS, TEXAS
Changes in Net Position
2010-2019
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues:										
Governmental Activities										
Taxes:										
Property taxes	796,917	835,843	1,035,988	1,008,829	1,136,678	1,208,573	1,392,060	1,429,731	1,439,005	1,460,786
Sales	2,544,813	3,588,802	4,316,956	5,435,954	6,394,239	6,186,791	4,476,948	4,545,349	5,325,167	6,269,542
Franchise	629,042	663,245	700,210	711,639	782,495	781,609	739,276	704,419	650,398	787,221
Other	87,126	153,442	83,674	72,560	101,096	107,140	82,027	68,826	589,596	492,148
Miscellaneous revenue	(9,058)	36,092	68,824	17,162	122,464	108,166	31,121	(0)	103,442	4,172,329
Investment income	107,431	63,804	60,085	36,923	63,211	75,689	89,519	125,162	218,555	357,715
Gain/Loss on disposition of assets	13,379	-	10,788	-	4,011	-	44,410	-	-	-
Transfers	-	-	798,194	-	(1,000,000)	(999,000)	(1,344)	-	-	(2,338,000)
Total governmental activities	4,169,651	5,341,228	7,074,719	7,283,067	7,604,193	7,468,967	6,854,017	6,873,486	8,326,163	11,201,741
Business-type activities:										
Miscellaneous revenue	83,759	27,444	24,694	21,094	192,793	324,916	222,085	218,368	213,711	198,139
Investment income	64,401	33,946	28,340	56,590	24,455	27,949	26,709	36,820	66,900	122,427
Gain/Loss on disposition of assets	11,172	1,020	20,861	77,779	6,978	2,000	(43,704)	1,000	6,599	-
Transfers	-	-	-	-	1,123,145	1,055,000	1,343	-	(0)	2,338,000
Total business-type activities	159,333	62,410	73,895	155,463	1,347,372	1,409,866	206,433	256,188	287,210	2,658,566
Total primary government	4,328,984	5,403,638	7,148,614	7,438,530	8,951,565	8,878,833	7,060,450	7,129,674	8,613,373	13,860,306
Changes in net position										
Governmental activities	366,676	1,632,387	4,360,213	4,783,908	5,439,138	1,343,643	739,502	504,587	111,449	2,588,599
Business-type activities	234,243	586,331	738,034	982,717	2,214,597	2,477,719	595,736	233,107	619,367	2,391,146
Total change in net position	\$ 600,919	\$ 2,218,718	\$ 5,098,247	\$ 5,766,625	\$ 7,653,735	\$ 3,821,362	\$ 1,335,238	\$ 737,695	\$ 730,816	\$ 4,979,745

CITY OF ANDREWS, TEXAS
Fund Balances of Governmental Funds
2010-2019
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Committed	6,159,374	7,348,025	10,600,997	7,629,996	8,041,207	11,814,859	6,488,900	6,089,540	6,843,950	10,570,129
Assigned	1,699,513	2,370,807	2,316,231	2,005,343	2,792,401	2,206,194	2,995,903	3,316,783	3,410,618	4,006,627
Unassigned	5,397,926	5,278,984	4,663,263	4,008,365	4,748,056	2,168,319	2,332,892	3,607,238	3,686,954	3,191,447
Total general fund	13,256,812	14,997,816	17,580,492	13,643,704	15,581,664	16,189,373	11,817,694	13,013,561	13,941,522	17,768,204
Debt Service Fund										
Restricted	-	-	-	-	-	207,799	136,296	127,485	127,485	127,485
Total debt service fund	-	-	-	-	-	207,799	136,296	127,485	127,485	127,485
All other governmental funds:										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project fund	-	-	-	-	-	-	-	-	-	-
Restricted										
Reported in special revenue funds	18,478	37,983	40,706	19,968	12,088	10,982	17,398	15,913	225,682	345,907
Committed	-	-	-	-	-	-	-	-	-	-
Reported in special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	18,478	37,983	40,706	968,510	22,038	26,404	119,740	152,388	287,404	585,602
				988,478	34,125	37,386	137,138	168,301	513,086	931,509
Total Governmental Funds	\$ 13,275,290	\$ 15,035,799	\$ 17,621,198	\$ 14,632,182	\$ 15,615,789	\$ 16,434,559	\$ 12,091,128	\$ 13,309,347	\$ 14,582,094	\$ 18,827,197

CITY OF ANDREWS, TEXAS
Changes in Fund Balances of Governmental Funds
2010-2019
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$3,428,856	\$4,587,796	\$5,316,075	\$6,516,669	\$7,628,555	\$7,541,277	\$5,905,039	\$6,008,093	\$7,377,931	\$8,228,508
Franchise fees	629,043	663,245	700,210	711,639	782,495	781,609	739,276	704,419	650,398	787,221
License, permits, fees	41,210	42,655	73,862	60,105	81,585	65,504	72,009	48,494	64,746	93,073
Charges for services	38,174	33,908	34,477	36,868	80,915	84,713	76,404	71,063	64,365	48,814
Fines and court costs	176,119	183,104	164,729	188,858	235,589	218,077	319,434	408,514	391,761	415,451
Miscellaneous	552,113	682,315	435,480	491,801	591,948	639,161	555,613	544,024	684,486	640,824
Investment income	107,431	63,804	60,085	36,923	63,211	75,689	89,520	125,162	218,555	357,715
Intergovernmental revenue	829,168	881,274	1,854,191	2,465,065	1,946,155	1,243,900	1,222,710	1,276,451	1,382,947	1,601,410
Grant income	41,937	53,502	69,173	52,341	707,079	89,203	64,778	68,484	67,582	67,406
Contributions	-	95	5,691	112	86	60	32	750,023	-	-
Voluntary non-exchange revenues	10,000	-	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-
Total revenues	5,854,051	7,191,699	8,713,974	10,560,382	12,117,617	10,739,193	9,044,815	10,004,727	10,902,770	12,240,421
Expenditures:										
Current										
General gov't and admin.	1,295,082	1,260,654	1,327,504	1,456,364	2,414,030	2,022,609	1,977,545	2,196,540	2,053,724	1,949,488
Public safety	2,399,711	2,594,422	2,555,574	2,649,784	3,014,320	3,307,742	3,432,976	3,557,704	3,938,204	4,238,296
Highway and streets	748,363	484,443	636,235	650,378	646,324	1,349,240	1,159,857	703,367	975,784	1,192,109
Culture-recreation	234,738	269,584	201,800	184,412	102,689	153,749	177,505	126,018	749,789	697,762
Economic development	151,611	149,499	153,037	143,692	140,022	155,603	156,851	161,116	180,394	109,388
Debt Service	-	-	590,000	655,000	340,000	345,000	355,000	310,000	270,000	285,000
Principal	-	-	187,055	140,984	126,530	119,088	496,231	434,408	443,940	436,038
Interest	-	-	-	-	-	165,645	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	-
Capital outlay	434,401	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
Total expenditures	5,263,905	5,431,190	13,926,769	13,549,398	11,134,009	17,573,043	13,440,409	8,786,508	9,630,025	9,657,318
Excess (deficiency) of revenues over expenditures	590,146	1,760,509	(5,212,795)	(2,989,016)	983,608	(6,833,850)	(4,395,594)	1,218,219	1,272,746	2,583,103
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
Transfers out	-	-	-	(6,117,459)	(1,000,000)	(1,671,887)	(5,192,541)	(735,597)	(713,940)	(3,059,038)
Sale of general capital assets	-	-	-	-	-	-	53,507	-	-	-
Law suit settlement	-	-	-	-	-	-	-	-	-	-
General obligation bond issued	-	-	7,000,000	-	-	8,251,619	-	-	-	4,000,000
Total other financing sources (uses)	-	-	7,798,194	-	-	7,652,619	52,163	-	-	1,662,000
Net change in fund balance	\$ 590,146	\$1,760,509	\$2,585,399	\$(2,989,016)	\$ 983,608	\$ 818,769	\$(4,343,431)	\$ 1,218,219	\$ 1,272,746	\$ 4,245,103
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	13.8%	13.5%	6.9%	6.1%	11.0%	9.9%	8.3%	8.1%

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						
2010	333,565	42,454	107,382	75,381	408,022	0.18900	408,022	100%
2011	355,809	50,872	111,136	51,229	466,588	0.18900	466,588	100%
2012	373,810	56,766	135,447	46,744	519,278	0.18900	519,278	100%
2013	403,034	90,939	141,241	44,219	590,996	0.18900	590,997	100%
2014	466,035	105,028	135,588	57,540	649,111	0.18900	649,111	100%
2015	526,116	132,827	138,946	75,224	722,664	0.18900	722,664	100%
2016	538,304	202,862	123,785	143,062	721,888	0.18900	721,888	100%
2017	554,765	208,994	134,032	149,116	748,675	0.18900	748,675	100%
2018	559,098	212,099	143,514	138,043	776,668	0.18900	776,668	100%
2019	592,350	226,084	196,744	139,786	875,392	0.18900	875,392	100%

Information furnished by Andrews County Appraisal District.

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

Fiscal Period	City (1)			School (2)			County (3)			Co. Road & Bridge (3)			Hospital (4)			Total Direct and Overlapping		
	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total	M&O	I&S	Total
2010	0.18900	-	0.18900	1.06000	0.11835	1.17835	0.37920	-	0.37920	0.06370	-	0.06370	0.26673	-	0.26673	1.95863	0.11835	2.07698
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

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	2019 Tax Roll			2010 Tax Roll		
	Taxable Assessed Value	Rank	% of Total Assessed Value	Taxable Assessed Value	Rank	% of Total Assessed Value
Enterprise FM Trust	\$10,457,482	1	1.2%			
C & J Well Services Inc	8,406,032	2	1.0%			
D & JD Services LTD	7,841,416	3	0.9%			
Andrews Apartments LP	7,066,706	4	0.8%			
AE Hotels LLC	6,934,852	5	0.8%			
Salazar Srvc & Trucking Corp	6,423,698	6	0.7%			
Black Hawk Energy Services LTD	5,796,595	7	0.7%			
Blue Marlin Tool Company	5,699,175	8	0.7%			
Oncor Electric Delivery	4,940,066	9	0.6%			
Baker Hughes Oilfield Ops	4,647,988	10	0.5%			
Nabors Well Service				13,164,920	1	2.8%
Basic Energy - Permian Reg 201				11,097,980	2	2.4%
TESSCO Utility Service, Inc.				9,486,970	3	2.0%
Chase Equipment Finance Inc.				5,317,120	4	1.1%
Viva Well Servicing Co., LP				4,765,980	5	1.0%
Centrilift				4,303,060	6	0.9%
Apache Corporation				3,956,199	7	0.9%
Basic Energy Services Inc. 100				3,917,750	8	0.8%
Key Energy Service, Inc.				3,338,340	9	0.7%
Mobilease Inc.				2,757,310	10	0.6%
	<u>\$68,214,010</u>		<u>2.4%</u>	<u>\$ 62,105,629</u>		<u>13.2%</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
2009	\$718	\$695	96.8%	\$22	\$717	99.9%
2010	\$771	\$741	96.1%	\$29	\$770	99.8%
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%			

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
2010	\$2,118,620	\$ 1,059,310	\$ 529,655	\$ -	\$3,707,585
2011	\$3,009,748	\$ 1,504,874	\$ 752,437	\$ 68,637	\$5,335,696
2012	\$3,576,809	\$ 1,788,404	\$ 894,202	\$ 894,202	\$7,153,617
2013	\$3,721,433	\$ 1,860,716	\$ 930,358	\$ 930,358	\$7,442,865
2014	\$4,103,131	\$ 2,051,566	\$ 1,025,783	\$ 1,025,783	\$8,206,263
2015	\$3,766,943	\$ 1,883,471	\$ 941,736	\$ 941,736	\$7,533,885
2016	\$2,839,901	\$ 1,419,950	\$ 709,975	\$ 709,975	\$5,679,802
2017	\$3,037,640	\$ 1,518,820	\$ 759,410	\$ 759,410	\$6,075,280
2018	\$3,794,997	\$ 1,897,499	\$ 948,749	\$ 948,749	\$7,589,995
2019	\$4,319,036	\$ 2,159,518	\$ 1,079,759	\$ 1,079,759	\$8,638,072

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Ag., Forestry, Fishing, Hunting										
Mining	\$ 16,201,831	\$ 30,371,981	\$ 51,814,246	\$ 49,522,078	\$ 54,702,290	\$ 70,843,340	\$ 43,842,841	\$ 33,130,329	\$ 37,957,884	\$ 51,938,000
Utilities	-	-	-	-	-	-	-	-	-	-
Construction	23,102,916	32,505,191	23,419,481	23,687,231	33,000,058	45,526,311	33,659,184	17,719,850	22,330,165	37,451,000
Manufacturing	1,871,280	3,473,516	6,688,853	12,011,518	16,844,670	38,041,036	29,992,523	26,613,235	40,966,752	23,071,000
Wholesale Trade	7,732,111	9,579,648	17,907,283	15,184,915	26,400,422	13,335,380	12,994,066	16,423,391	11,893,888	20,371,000
Retail Trade	47,442,005	57,191,032	66,105,702	80,228,874	74,807,568	96,349,634	80,754,524	62,318,683	75,828,886	98,291,000
Transportation / Warehousing	666,275	1,922,774	2,797,225	3,263,743	1,515,879	1,366,341	1,291,177	864,489	1,377,905	1,651,000
Information	-	-	-	-	-	-	3,910,107	5,212,568	5,071,993	5,709,000
Finance, Insurance	81,573	220,955	556,669	517,093	670,089	853,051	425,279	204,445	199,142	137,000
Real Estate, Rental, Leasing	5,282,136	7,779,191	20,278,465	28,324,429	20,415,143	28,569,259	19,946,670	15,226,943	26,896,333	37,174,000
Professional, Scientific, Tech. Svc	1,034,931	879,725	957,075	1,373,442	1,268,743	920,384	537,755	583,446	604,118	716,000
Mgmt of Companies, Enterprises	-	-	-	-	-	-	-	-	-	-
Admin, Supp., Waste Mgt., Remed.	7,296,221	3,435,080	9,699,396	10,072,059	9,578,968	10,652,629	8,550,106	6,541,460	2,094,232	2,159,000
Educational Services	-	-	-	-	-	-	-	-	-	-
Health Care, Social Assist.	-	-	-	-	-	-	-	-	-	-
Arts, Entertainment, Recreation	702,643	685,956	642,840	731,998	666,525	558,771	620,723	824,702	476,121	725,000
Accommodation, Food Svc.	11,059,712	12,446,364	15,542,782	17,274,028	18,562,044	26,897,177	27,180,384	24,112,489	27,551,778	29,716,000
Other Services	6,509,321	6,320,012	7,570,897	8,172,271	9,070,887	10,966,788	9,945,878	9,529,602	11,965,694	13,595,000
Public Administration	-	-	-	-	-	-	-	-	-	-
Other	4,083,630	3,668,693	3,711,136	3,984,889	4,168,133	4,785,197	1,504,807	83,770	197,092	-
Total	\$133,066,585	\$170,480,118	\$227,692,050	\$254,348,568	\$271,671,419	\$349,665,298	\$275,156,024	\$219,389,402	\$265,412,143	\$322,704,000
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Economic Development (eff. 10/1/05)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Property Tax Reduction (eff. 10/1/05)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Truck Reliever Route (eff. 10/1/11)										

Annual data for 2019 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)

	2018			2009		
	Number of Filers	Percentage of Total	Subject to Tax	Percentage of Total	Subject to Tax	Percentage of Total
Ag., Forestry, Fishing, Hunting	-	0.00%	\$ -	0.00%	\$ -	-
Mining	67	11.88%	51,938	7.73%	16,202	13.06%
Utilities	-	0.00%	-	0.00%	-	-
Construction	57	10.11%	37,451	11.82%	23,103	18.62%
Manufacturing	35	6.21%	23,071	3.18%	1,871	1.51%
Wholesale Trade	25	4.43%	20,371	4.55%	2,845	2.29%
Retail Trade	161	28.55%	98,291	30.46%	47,442	38.23%
Transportation, Warehousing	15	2.66%	1,651	0.51%	666	0.54%
Information	6	1.06%	5,709	1.77%	-	0.00%
Finance, Insurance	7	1.24%	137	0.04%	82	0.07%
Real Estate, Rental, Leasing	21	3.72%	37,174	11.52%	5,282	4.26%
Professional, Scientific, Tech. Svc	32	5.67%	716	0.22%	1,035	0.83%
Mgmt of Companies, Enterprises	-	0.00%	-	0.00%	-	-
Admin, Supp., Waste Mgt., Remed.	18	3.19%	2,159	0.67%	7,296	5.88%
Educational Services	-	0.00%	-	0.23%	-	-
Health Care, Social Assist.	-	0.00%	-	0.00%	-	-
Arts, Entertainment, Recreation	10	1.77%	725	2.73%	703	0.57%
Accommodation, Food Svc.	64	11.35%	29,716	9.21%	11,060	8.91%
Other Services	46	8.16%	13,595	4.21%	6,509	5.25%
Public Administration	-	0.00%	-	0.23%	-	-
Other	-	0.00%	-	0.23%	-	0.00%
Total	564	100.00%	\$ 322,704	100.00%	\$ 124,096	100.00%

Annual data for 2019 not available
Information furnished by TX Comptroller of Public Accounts

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

Fiscal year	Governmental Activities		Business-Type Activities			% 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	Total Outstanding Debt				
2019	\$ 12,055,663	\$ -	\$ -	\$ -	\$ 12,055,663	1.38%	1.58%	13,762	\$ 876
2018	\$ 12,357,436	\$ -	\$ -	\$ -	\$ 12,357,436	1.59%	1.62%	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	\$ -
2010	-	-	-	-	-	0%	0%	11,088	\$ -

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

Sources:

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

CITY OF ANDREWS
Direct and Overlapping Governmental Activities Debt
September 30, 2019

	Net Debt Outstanding		Estimated Percentage Applicable to City		Amount Applicable to City
Andrews County Hospital District	\$ 39,402,031	(1)	17.93%	(4)	\$ 7,066,077
Andrews Independent School District	22,995,637	(2)	18.51%	(5)	4,256,632
County of Andrews	16,920,000	(3)	16.68%	(6)	<u>2,822,950</u>
Subtotal, Overlapping Debt					14,145,658
City of Andrews Direct Debt					<u>12,055,663</u>
Total Direct and Overlapping Debt					<u><u>\$ 26,201,321</u></u>

Sources:

- (1) Obtained from Andrews Hospital District
- (2) Obtained from Andrews Independent School District
- (3) Obtained from Andrews County
- (4) 2019 City assessed value of \$875,391,989 ÷ hospital assessed value of \$4,881,382,302
- (5) 2019 City assessed value of \$875,391,989 ÷ school assessed value of \$4,729,137,599
- (6) 2019 City assessed value of \$875,391,989 ÷ county assessed value of \$5,246,243

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		
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	
2010	408,022,000	6,120,330	-	-	-	-	-	6,120,330	

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
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%
2010	-	-	-	-	4,929,566	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>
2010	11,088	\$569,278	\$37,693	3,205	5.6%
2011	11,596	\$707,653	\$45,972	3,419	5.3%
2012	12,168	\$811,615	\$50,351	3,631	3.5%
2013	12,702	\$867,139	\$51,591	3,768	3.6%
2014	13,206	\$959,968	\$54,928	4,038	2.5%
2015	13,722	\$829,270	\$45,836	4,018	3.3%
2016	13,574	\$728,642	\$40,850	3,968	3.9%
2017	13,333	\$763,902	\$43,105	4,037	2.9%
2018	13,762	\$906,592	\$50,011	4,335	2.4%
2019	*13,762	*\$906,592	*50,011	4,382	2.2%

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
2019 and 2009

Employer	2019		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Andrews Ind. School District	580	5.9%	465	6.4%
Permian Regional Medical Center	428	4.4%	350	4.9%
Andrews County	184	1.9%	153	2.2%
Kirby West Company	150	1.5%	200	2.8%
KV Power	138	1.4%		
Palmer of Texas	128	1.3%		
Waste Control Specialists	122	1.2%	130	1.8%
Dennis Porter Inc.	110	1.1%	75	1.1%
Basic Energy Services	90	0.9%	75	1.1%
C&J Energy Services	86	0.9%		
Key Energy			145	2.0%
Nabors Industries			100	1.4%
TESSCO			70	1.1%

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Full-time Employees by Function</u>										
General Government	12	12	12	12	13	14	14	14	15	15
Public safety										
Police	17	16	17	18	20	20	20	20	20	21
EMS	7	7	7	7	9	10	9	10	10	11
Animal Control	1	1	1	1	1	1	1	1	1	2
Economic Development	1	1	1	1	1	1	1	1	1	1
Street	3	3	3	2	2	3	3	3	3	3
Water and Sewer	9	9	9	10	11	11	11	11	11	11
Sanitation	8	6	8	10	11	11	11	11	11	11
Total	58	55	58	61	68	71	70	71	72	75
<u>Part-time Employees by Function</u>										
General Government	3	2	3	3	1	1	2	3	3	3
Public safety										
Police (includes School Crossing)	3	3	3	3	6	5	3	3	3	3
EMS	3	0	0	2	5	11	11	5	5	7
*Fire	1	1	1	1	1	1	1	1	1	1
Economic Development	1	1	1	1	0	0	0	0	0	0
Street	1	0	1	2	1	1	1	0	0	0
Water and Sewer	0	0	0	0	2	2	0	0	0	0
Sanitation	3	3	2	3	3	6	5	4	4	4
Total	15	10	11	15	19	27	23	16	16	18
Total full and part-time employees	73	65	69	76	87	98	93	87	88	93

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

Information furnished by City of Andrews Personnel Department

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

	Fiscal Year Ending September 30										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:											
Physical arrests	610	670	487	402	496	496	691	676	497	714	777
Citations issued	2,481	2,250	1,541	1,631	1,702	2,051	1,509	3,105	3,164	3,605	2,984
Fire:											
Number of emergency calls	287	313	**583	453	391	503	519	361	433	570	697
Emergency Medical Services											
Number of emergency calls	744	894	886	693	682	805	845	756	796	916	990
Number of transfers-out of county	281	250	288	238	284	276	263	298	334	111	191
Total number of runs	1,025	1,144	1,174	931	966	1,081	1,108	1,054	1,130	1,037	1,181
Animal Control											
Number of calls handled	2,080	1,600	2,412	2,366	2,098	2,223	2,147	2,426	2,048	1,983	1,295
Streets											
Street resurfacing (miles)	5.00	15.50	4.85	5.00	4.00	4.00	4.00	0.25	0.57	2.00	5.50
Potholes repaired (estimated)	30	40	47	43	67	109	100	378	421	457	532
Water											
New connections	66	62	57	90	133	109	68	68	68	54	56
Service calls	7,551	6,667	6,481	7,162	7,937	12,367	12,522	9,566	11,689	8,580	8,402
Avg. consumption/day (thousand gallons)	2,575	2,350	3,030	3,894	2,687	2,779	2,378	2,293	2,122	2,269	2,042
Sewer											
New connections	104	127	121	152	144	97	74	60	39	49	59
Service calls	94	103	123	110	107	136	134	126	112	99	101
Wastewater											
Avg. sewage treated/day (thousand gallons)	1,002	960	992	984	1,090	1,101	1,061	982	1,110	1,021	1,157

**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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire (Volunteer Department)										
Stations	1	1	1	1	1	1	1	1	1	1
Number of volunteers	35	35	45	45	45	45	45	45	45	45
Public works:										
Streets (miles)										
Paved	67.66	67.94	68.01	82.82	86.64	89.17	89.25	89.30	89.30	89.30
Graded	4.96	4.96	4.96	4.96	4.96	6.30	0.75	0.75	0.75	0.75
Sidewalks	40.10	40.10	40.10	40.10	40.10	40.10	40.18	40.20	40.22	40.22
Alleys	43.12	43.12	43.12	43.12	43.12	43.12	43.67	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	8
Swimming pools	1	1	1	1	1	1	1	1	1	1
Golf courses (owned-Andrews Co.)	1	1	1	1	1	1	1	1	1	1
Water										
Number of customers	4,498	4,584	4,726	4,814	4,897	4,940	4,900	4,945	5,010	5,050
Water mains (miles)	179.43	179.43	179.43	185.49	187.37	187.56	188.36	188.36	188.46	190.21
Fire hydrants	213	213	213	240	250	251	251	251	252	265
Maximum daily consumption (thousands of gallons)	4,961	5,595	5,630	5,321	5,575	4,512	4,520	4,212	3,972	6,410
M/gallons pumped	857,652	1,106,050	1,031,868	980,665	1,014,260	867,851	836,959	774,651	828,342	745,150
M/gallons billed	786,668	958,480	896,640	856,339	842,423	726,683	723,599	730,988	793,475	704,353
Sewer and wastewater										
Sanitary sewers (miles)	94.32	94.32	94.98	97.86	98.35	98.52	98.57	98.57	98.67	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	1.2	1.6 (1)	1.6	1.6	7.2 (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