



Filing Receipt

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Control Number - 51657
ItemNumber - 20



Kimley»»Horn

September 10, 2021

Public Utility Commission of Texas
Attn: Filing Clerk
1701 N Congress
P.O. Box 13326
Austin, Texas 78711-3326

Re: Control Number 51657: Application to Amend a Sewer Certificate of Convenience and Necessity (CCN):

To Whom it May Concern:

This purpose of this submittal is to provide supplemental information requested by Fred Bednarski III which includes:

- An electronic copy of the City of Anna's most recent audited financial statements
- A capital improvement plan, including a budget and an estimated timeline for construction of all facilities necessary to provide full service to the requested area
- A description of the sources of funding for all facilities that will be constructed to serve the requested area.
- Cost of the plant and funding sources to pay for the wastewater treatment plant

The document titled; "Comprehensive Annual Financial Report for Fiscal Year Ended September 30,2020" is attached to shows an electronic copy of the City of Anna's most recent financial statements. The capital improvement plan, CIP, is shown in Exhibit B.

The City of Anna intends to construct a wastewater treatment plant, the permit application for this project is planned to be submitted the week of September 13-18. The wastewater treatment plant CIP and funding sources are referenced in exhibit B on page 5, item WWE-2020-05. This wastewater treatment plant will serve the area requested by the City of Anna.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Strouse, P.E.", with a stylized flourish at the end.

Todd Strouse, P.E.
Project Manager
Kimley-Horn and Associates, Inc.

Capital Improvement Plan - Street Expansion																	
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Approved	Fund Sources	Annual City Funding						Project Status	Notes	
									Previous Funding	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25			Future
SE-2020-01	Ferguson Parkway I Design	Taylor Boulevard to Outer Loop	\$ 2,200,000.00	\$ 440,000.00	\$ 1,760,000.00	NCTCOG	PARTIAL	IF/GR		\$ 340,000.00	\$ 100,000.00					TxDOT LPAFA Agreement Preparation	Collin County did not choose to fund through their Bond process. Design to resume once TxDOT approves LPAFA.
SE-2020-02	Ferguson Parkway I Construction	Taylor Boulevard to Outer Loop	\$ 22,000,000.00	\$ 16,000,000.00	\$ 6,000,000.00	NCTCOG, Collin County	NO	IF/LO/GR/CC				\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 10,000,000.00	NCTCOG has approved a funding concept	Future County Bond Submittal. NCTCOG Construction Loan with annual repayments through Impact Fees.
SE-2020-03	Ferguson Parkway II	Hackberry Drive to County Road 370	\$ 3,200,000.00	\$ -	\$ 3,200,000.00	Developer	NO	DEV/IFR								Future Design/Construction	Future Development-Driven Project
SE-2020-04	Ferguson Parkway III	County Road 370 to Rosamond Parkway	\$ 2,800,000.00	\$ -	\$ 2,800,000.00	Developer	NO	DEV/IFR								Future Design/Construction	Future Development-Driven Project
SE-2020-05	Ferguson Parkway IV	Rosamond Parkway to County Road 371	\$ 4,250,000.00	\$ -	\$ 4,250,000.00	Developer	NO	DEV/IFR								Future Design/Construction	Future Development-Driven Project
SE-2020-06	Impact Fee Study Update	Revisions to Impact Fee Study based on Comprehensive Plan	\$ 50,000.00	\$ 50,000.00	\$ -	N/A	NO	IF			\$ 50,000.00					To begin following Comprehensive Plan completion	Update study to reflect FLUP
SE-2020-07	Master Plan Update	Revisions to Master Thoroughfare Plan based on Comp. Plan	\$ 60,000.00	\$ 60,000.00	\$ -	N/A	NO	IF			\$ 60,000.00					To begin following Comprehensive Plan completion	Update plan to reflect Comp Plan recommendations
SE-2020-06	Rosamond Parkway I Design	US 75 to SH 5	\$ 650,000.00	\$ 650,000.00	\$ -	N/A	YES	IF	\$ 500,000.00	\$ 150,000.00						75% Complete	Design for 4 lane road (future 6-lane road)
SE-2020-07	Rosamond Parkway I Construction	US 75 to SH 5	\$ 6,000,000.00	\$ 6,000,000.00	TBD	Developer	NO	IF/DEV/IFR		\$ 2,000,000.00	\$ 4,000,000.00					Seeking Developer Partnerships	Construct 2-lanes from US 75 to SH 5 (to make 4-lanes from SH 5 to Anna HS)
SE-2020-08	Rosamond Parkway II	SH 5 to CR 425	\$ 1,500,000.00	\$ 1,000,000.00	\$ 500,000.00	Anna ISD	NO	IF, AISD		\$ 1,000,000.00						Staff working with Anna ISD to define scope	City to provide in-house engineering.
SE-2020-09	Rosamond Parkway III	US 75 to County Road 368	\$ 1,200,000.00	\$ -	\$ 1,200,000.00	Developer	NO	DEV/IFR								Future Design/Construction	Future Development-Driven Project
SE-2020-10	Rosamond Parkway IV	County Road 368 to Hurricane Creek	\$ 3,000,000.00	\$ -	\$ 3,000,000.00	Developer	NO	DEV/PID								Future Design/Construction	Future Development-Driven Project
SE-2020-11	County Road 370	West Crossing Boulevard to Rosamond Parkway	\$ 3,900,000.00	\$ 3,900,000.00	\$ 3,900,000.00	Developer	NO	DEV/IFR								Future Design/Construction	Future Development-Driven Project
SE-2020-12	Hackberry Lane I	Bamborough Drive to SH 5	\$ 900,000.00	\$ 900,000.00	\$ -	N/A	NO	IF		\$ 900,000.00						Engineering 95% complete. TxDOT coordination ongoing.	Property acquisition is the next step.
SE-2020-13	Hackberry Lane II	Ferguson Parkway to Throckmorton Boulevard	\$ 3,300,000.00	\$ 1,300,000.00	\$ 2,000,000.00	Developer	NO	DEV/IFR				\$ 1,300,000.00				Future Design/Construction	Future Development-Driven Project
SE-2020-14	Taylor Boulevard Preliminary Design	US 75 to Ferguson Parkway	\$ 150,000.00	\$ 150,000.00	\$ -	N/A	YES	IF								Survey and Engineering Analysis being done.	Preliminary Engineering underway.
SE-2020-15	Taylor Boulevard Final Design	US 75 to Ferguson Parkway	\$ 500,000.00	\$ 250,000.00	\$ 250,000.00	Collin County	NO	IF/BOND/CC								Future Design/Construction	Final engineering to get the project "shovel ready" for County funding consideration.
SE-2020-16	Taylor Boulevard Construction	US 75 to Ferguson Parkway	\$ 7,500,000.00	\$ 3,750,000.00	\$ 3,750,000.00	Collin County	NO	IF/BOND/CC								Future Design/Construction	Future City-County project.
SE-2020-17	West Foster Crossing Road	Collin County Outer Loop to Pecan Grove Drive	\$ 3,400,000.00	\$ 1,700,000.00	\$ 1,700,000.00	Collin County	NO	IF/BOND/CC								Future Design/Construction	Future City-County project.
SE-2020-18	West Foster Crossing Road	Pecan Grove Drive to Yucca Street	\$ 3,800,000.00	\$ 1,900,000.00	\$ 1,900,000.00	Collin County	NO	IF/CC								Future Design/Construction	Future City-County project.
SE-2020-19	West Foster Crossing Road	Adjacent to Pecan Grove Phase 2 and 4	\$ 796,665.00	\$ -	\$ 796,665.00	Developer	YES	DEV/IFR								Developers have provided escrow funds.	City considering managing the construction. Funded through escrow/impact fees.
SE-2020-20	East Foster Crossing Road	SH 5 to CR 422	\$ 5,000,000.00	\$ 5,000,000.00	\$ -	N/A	NO	IF/BOND								Future Design/Construction	Future Development-Driven Project
SE-2020-21	Leonard Drive	Sharp to East Foster Crossing	\$ 2,200,000.00	\$ 1,100,000.00	\$ 1,100,000.00	Developer	NO	DEV/IFR/IF								Future Design/Construction	Future Development-Driven Project
SE-2020-22	Leonard Drive	Finley to FM 455	\$ 4,200,000.00	\$ -	\$ 4,200,000.00	Developer	NO	DEV/IFR								Future Design/Construction	Future Development-Driven Project
SE-2020-23	5th Street	SH 5 to Riggins Street	\$ 550,000.00	\$ 550,000.00	\$ -	N/A	NO	IF/NBC			\$ 550,000.00					Staff preparing scope for design.	Downtown Improvement Project. Comprehensive Plan may impact scope.
SE-2020-24	7th Street	SH 5 to Riggins Street	\$ 550,000.00	\$ 550,000.00	\$ -	N/A	NO	IF/NBC		\$ 550,000.00						Staff preparing scope for design.	Downtown Improvement Project. Comprehensive Plan may impact scope.
SE-2020-25	Interurban Street	5th Street to 4th Street	\$ 400,000.00	\$ 400,000.00	\$ -	N/A	NO	IF/NBC			\$ 400,000.00					Staff preparing scope for design.	Downtown Improvement Project. Comprehensive Plan may impact scope.
SE-2020-26	Standridge Parkway	Suzie Lane to Rosamond Parkway	\$ 4,000,000.00	\$ -	\$ 4,000,000.00	Developer	NO	DEV/IFR/PID								Future Design/Construction	Future Development-Driven Project
TOTALS			\$ 88,056,665.00	\$ 45,650,000.00	\$ 46,306,665.00				\$ 5,000,000.00	\$ 5,100,000.00	\$ 3,300,000.00	\$ 2,000,000.00	\$ 2,000,000.00				
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Developer																	
Fund Notes: IF = Impact Fees, IFR = Impact Fee Reimbursement, GF = General Fund, NBC = Non-Bond Capital Funds, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Funds, PID = Public Improvement District/Tax Increment Zone Funds																	

Capital Improvement Plan - Street Maintenance															
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Identified	Fund Sources	Annual City Funding					FUTURE	Notes
									FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25		
SM-2020-01	County Road 371	SH 5 Powell Parkway to Thousand Oaks Drive	\$ 367,605.00	\$ 367,605.00	\$ -	N/A		SMT						\$ 367,605.00	City-only project
SM-2020-02	County Road 371	Thousand Oaks Drive to Bryant Farm Road	\$ 134,595.00	\$ 134,595.00	\$ -	N/A		SMT			\$ 134,595.00				City-only project
SM-2020-03	County Road 371	Bryant Farm Road to Turn 1	\$ 285,120.00	\$ 181,912.50	\$ 103,207.50	Collin County		SMT, CC		\$ 181,912.50					Mutual Boundary Road
SM-2020-04	County Road 371	Turn 1 to Turn 2	\$ 260,145.00	\$ 130,072.50	\$ 130,072.50	Collin County		SMT, CC	\$ 130,072.50						Mutual Boundary Road
SM-2020-05	County Road 367 (Taylor)	Ferguson Parkway to Quail Creek Run	\$ 110,430.00	\$ 24,705.00	\$ 85,725.00	Collin County		SMT, CC	\$ 24,705.00						Mutual Boundary Road
SM-2020-06	County Road 367 (Taylor)	Quail Creek Run to Black Willow Trail	\$ 161,595.00	\$ 94,905.00	\$ 66,690.00	Collin County		SMT, CC			\$ 94,905.00				Mutual Boundary Road
SM-2020-07	County Road 367 (Taylor)	Black Willow Trail to Olive Lane	\$ 136,620.00	\$ 83,160.00	\$ 53,460.00	Collin County		SMT, CC				\$ 83,160.00			Mutual Boundary Road
SM-2020-08	County Road 367 (Taylor)	Olive Lane to Twin Creeks Circle	\$ 60,885.00	\$ 30,442.50	\$ 30,442.50	Collin County		SMT, CC				\$ 30,442.50			Mutual Boundary Road
SM-2020-09	County Road 367 (Taylor)	Twin Creeks Circle to Conway Road	\$ 228,420.00	\$ 114,210.00	\$ 114,210.00	Collin County		SMT, CC					\$ 114,210.00		Mutual Boundary Road
SM-2020-10	County Road 367 (Taylor)	Conway Road to US 75 Frontage Road	\$ 121,770.00	\$ 60,885.00	\$ 60,885.00	Collin County		SMT, CC					\$ 60,885.00		Mutual Boundary Road
SM-2020-11	East 6th Street	Sherley Road to Smith Drive	\$ 168,210.00	\$ 168,210.00	\$ -	N/A		SMT		\$ 168,210.00					City-only project
SM-2020-12	Easton Street	6th Street to 8th Street	\$ 94,278.00	\$ 94,278.00	\$ -	N/A		SMT			\$ 94,278.00				City-only project
SM-2020-13	East 7th Street	Sherley Road to end	\$ 129,060.00	\$ 129,060.00	\$ -	N/A		SMT	\$ 129,060.00						City-only project
SM-2020-14	Wortham Drive	5th Street to 6th Street	\$ 58,995.00	\$ 58,995.00	\$ -	N/A		GF	\$ 58,995.00						City-only project
SM-2020-15	North Riggins Street	8th Street to FM 455 White Street	\$ 72,360.00	\$ 72,360.00	\$ -	N/A		GF		\$ 72,360.00					City-only project
SM-2020-16	North Riggins Street	Hackberry Lane to West 4th Street	\$ 162,540.00	\$ 162,540.00	\$ -	N/A		SMT					\$ 162,540.00		City-only project
SM-2020-17	North Interurban Street	West 4th Street to West 5th Street	\$ 44,820.00	\$ 44,820.00	\$ -	N/A		GF		\$ 44,820.00					City-only project
SM-2020-18	South Interurban Street	FM 455 White Street to End	\$ 273,375.00	\$ 273,375.00	\$ -	N/A		SMT					\$ 273,375.00		City-only project
SM-2020-19	North James Street	Hackberry Lane to West 3rd Street	\$ 120,799.00	\$ 120,799.00	\$ -	N/A		GF			\$ 120,799.00				City-only project
SM-2020-20	West 2nd Street	SH 5 to West End	\$ 84,915.00	\$ 84,915.00	\$ -	N/A		GF				\$ 84,915.00			City-only project
SM-2020-21	West 2nd Street	SH 5 Powell Parkway to North Interurban Street	\$ 44,415.00	\$ 44,415.00	\$ -	N/A		GF				\$ 44,415.00			City-only project
SM-2020-22	County Road 425	County Road 427 to Elm Grove Drive	\$ 263,655.00	\$ 121,905.00	\$ 141,750.00	Collin County		SMT, CC				\$ 141,750.00			Mutual Boundary Road
SM-2020-23	County Road 425	Elm Grove Drive to FM 2862 Houston Street	\$ 127,575.00	\$ 28,755.00	\$ 98,820.00	Collin County		SMT, CC				\$ 28,755.00			Mutual Boundary Road
SM-2020-24	County Road 376	Grandview Aveniew to County Road 427	\$ 255,015.00	\$ 193,252.50	\$ 61,762.50	Collin County		SMT, CC						\$ 193,252.50	Mutual Boundary Road
SM-2020-25	County Road 427	County Road 376 to County Road 425	\$ 405,000.00	\$ 194,535.00	\$ 210,465.00	Collin County		SMT, CC						\$ 194,535.00	Mutual Boundary Road
SM-2020-26	County Road 366	Pecan Grove Phase 1 to Pecan Grove Phase 2	\$ 424,305.00	\$ 128,182.50	\$ 296,122.50	Collin County		SMT, CC						\$ 128,182.50	Mutual Boundary Road
SM-2020-27	County Road 366	Collin County Outer Loop to Pecan Grove Phase 1	\$ 293,490.00	\$ 255,150.00	\$ 38,340.00	Collin County		SMT, CC						\$ 255,150.00	Mutual Boundary Road
SM-2020-28	County Road 365	SH 5 Powell Parkway to Collin County Outer Loop	\$ 332,100.00	\$ 45,315.00	\$ 286,785.00	Collin County		GF, CC				\$ 45,315.00			Mutual Boundary Road
SM-2020-29	County Road 365	SH 5 Powell Parkway to County Road 422	\$ 577,260.00	\$ 446,715.00	\$ 130,545.00	Collin County		SMT, CC						\$ 446,715.00	Mutual Boundary Road
SM-2020-30	Wildwood Trail Chip & Seal	FM 455 White Street to End	\$ 90,000.00	\$ 90,000.00	\$ -	N/A		GF	\$ 90,000.00						Quote Received
TOTALS			\$ 5,889,352.00	\$ 3,980,069.50	\$ 1,909,282.50				\$ 432,832.50	\$ 467,302.50	\$ 444,577.00	\$ 458,752.50	\$ 611,010.00	\$ 1,585,440.00	
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Developer															
Fund Notes: IF = Impact Fees, GF = General Fund Line Item 10-580-6320, UF = Utility Fund, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Funds															

Capital Improvement Plan - Water Expansion																
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Identified	Fund Sources	Annual City Funding							Project Status/Notes
									Previous Funding	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FUTURE	
WE-2020-01	Well #12 & #13	Wells for Oak Ridge Development	\$ 2,500,000.00	\$ -	\$ 2,500,000.00	Developer	NO	DEV, IFR, IF						\$ 2,000,000.00		On hold until developer moves forward
WE-2020-02	Foster Crossing Water Line B	Extension of 12" Water Main to US 75	\$ 583,600.00	\$ -	\$ 583,600.00	Developer	NO	DEV, IFR, IF			\$ 583,600.00					Development-driven
WE-2020-03	Impact Fee Study Update	Revisions to Impact Fee Study based on Comprehensive Plan	\$ 50,000.00	\$ 50,000.00	\$ -	N/A	NO	IF			\$ 50,000.00					Update study to reflect FLUP
WE-2020-04	Master Plan Update	Revisions to Water Master Plan based on Comprehensive Plan	\$ 60,000.00	\$ 60,000.00	\$ -	N/A	YES	IF		\$ 60,000.00						Update plan to reflect Comp Plan recommendations
WE-2020-05	Well #9	Combination Deep/Shallow Well near existing Well 5 at Smith/6th Street	\$ 1,500,000.00	\$ 1,500,000.00	\$ -	N/A	NO	IF					\$ 1,500,000.00			Expansion of Well production
WE-2020-06	Collin Pump Station Expansion - Design	South major take point for GTUA/NTMWD water	\$ 150,000.00	\$ 150,000.00	\$ -	N/A	YES	IF		\$ 150,000.00						Enhancement for Water Supply Needs
WE-2020-07	Collin Pump Station Expansion - Construction	South major take point for GTUA/NTMWD water	\$ 2,400,000.00	\$ 2,400,000.00	\$ -	N/A	NO	IF/CO					\$ 2,400,000.00			Enhancement for Water Supply Needs
WE-2020-08	Well #9 Ground Storage Tank	New storage tank at Well #9	\$ 1,500,000.00	\$ 1,500,000.00	\$ -	N/A	NO	IF/CO					\$ 1,500,000.00			Enhancement for Water Supply Needs
WE-2020-09	Well #9 Pump House	Pump housing at Well #9	\$ 100,000.00	\$ 100,000.00	\$ -	N/A	NO	UF/IF					\$ 100,000.00			Enhancement for Water Supply Needs
WE-2020-10	Oak Ridge Elevated Storage Tank	Elevated Storage Tank on West side of City	\$ 4,000,000.00	\$ 4,000,000.00	\$ -	N/A	NO	IF/UF/CO							\$ 4,000,000.00	Development-driven
WE-2020-11	SH 5 Utility Relocation - Study	Preliminary Engineering Study to define scope and needs	\$ 25,000.00	\$ 25,000.00	\$ -	N/A	YES	IF		\$ 25,000.00						Required for SH 5 widening
WE-2020-12	SH 5 Utility Relocation A - Water	Relocate and expand public water system along SH 5 (south)	\$ 1,900,000.00	\$ 1,900,000.00	TBD	TxDOT	NO	IF/UF				\$ 1,900,000.00				Required for SH 5 widening
WE-2020-13	SH 5 Utility Relocation B - Water	Relocate and expand public water system along SH 5 (north)	\$ 3,200,000.00	\$ 3,200,000.00	TBD	TxDOT	NO	IF/UF/CO					\$ 1,400,000.00	\$ 1,900,000.00		Required for SH 5 widening
WE-2020-14	US 75 Utility Relocation - Water	Relocate and expand public water system along US 75	\$ 500,000.00	\$ 500,000.00	TBD	TxDOT/Developer	NO	IFR/IF/DEV				\$ 500,000.00				Required for US 75 widening
WE-2020-15	Grayson Pump Station - Design	Design expansion and creation of major northern take point for GTUA/NTMWD water	\$ 750,000.00	\$ 750,000.00	\$ -	N/A	NO	IF/CO/BOND				\$ 375,000.00	\$ 375,000.00			Enhancement for Water Supply Needs
WE-2020-16	Grayson Pump Station - Construction	Expansion and creation of major northern take point for GTUA/NTMWD water	\$ 6,000,000.00	\$ 6,000,000.00	\$ -	N/A	NO	IF/CO/BOND						\$ 6,000,000.00	\$ 4,000,000.00	Enhancement for Water Supply Needs
TOTALS			\$ 25,218,600.00	\$ 22,135,000.00	\$ 3,083,600.00					\$ 235,000.00	\$ 633,600.00	\$ 2,775,000.00	\$ 7,275,000.00	\$ 9,900,000.00	\$ 4,000,000.00	
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Developer																
Fund Notes: IF = Impact Fees, GF = General Fund, UF = Utility Fund, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Funds, CO = Certificates of Obligation																

Capital Improvement Plan - Water Maintenance																
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Identified	Fund Sources	Annual City Funding							Project Status/Notes
									Previous Funding	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FUTURE	
WM-2020-01	Ground Storage Tank Painting - Sherley	Rehab and Re-paint ground storage tank at Sherley pump station	\$ 100,000.00	\$ 100,000.00	\$ -	N/A	NO	UF			\$ 100,000.00					Future Operations Rehabilitation Project
WM-2020-02	Ground Storage Tank Painting - West Crossing	Rehab and Re-paint ground storage tank at West Crossing pump station	\$ 100,000.00	\$ 100,000.00	\$ -	N/A	NO	UF				\$ 100,000.00				Future Operations Rehabilitation Project
WM-2020-03	Sherley Elevated Storage Tank Rehabilitation	Paint elevated storage tank adjacent to park	\$ 95,000.00	\$ 95,000.00	\$ -	N/A	NO	UF/GF/PDF			\$ 95,000.00					Scope and cost estimate received
WM-2020-04	Generator Install - Sherley Pump Station	Install generator at Sherley pump station to provide backup service for pumps	\$ 75,000.00	\$ 75,000.00	\$ -	N/A	NO	UF				\$ 75,000.00				Future Operations Improvements
WM-2020-05	Generator Install - Well 5	Install generator at Well 5 pump station to provide backup service for pumps	\$ 125,000.00	\$ 125,000.00	\$ -	N/A	NO	UF					\$ 125,000.00			Future Operations Improvements
WM-2020-06	Generator Install - Powell Pump Station	Install generator at Powell pump station to provide backup service for pumps	\$ 60,000.00	\$ 60,000.00	\$ -	N/A	NO	UF				\$ 60,000.00				Future Operations Improvements
WM-2020-07	Main Replacement - East 3rd Street	Replace undersized aging water main in 3rd Street from Sherley to Easton	\$ 90,000.00	\$ 90,000.00	\$ -	N/A	NO	UF			\$ 90,000.00					Future Operations Improvements
WM-2020-08	Main Replacement - East Hackberry	Replace undersized aging water main in Hackberry during road widening	\$ 170,000.00	\$ 170,000.00	\$ -	N/A	YES	UF/NBC		\$ 170,000.00						Will be included in scope for Hackberry Drive Paving
WM-2020-09	Main Replacement - County Road 373	Construct City Main to allow South Grayson SUD main to come out of service	\$ 150,000.00	\$ 150,000.00	\$ -	N/A	YES	UF		\$ 150,000.00						Survey complete, in-house design has begun
WM-2020-10	Main Replacement - East 2nd Street	Replace undersized aging water main in 2nd Street from Sherley to Easton	\$ 110,000.00	\$ 110,000.00	\$ -	N/A	NO	UF				\$ 110,000.00				Staff to design
WM-2020-11	Main Replacement - East 7th Street	Replace undersized aging water main in 7th Street from Easton to Smith Drive	\$ 60,000.00	\$ 60,000.00	\$ -	N/A	NO	UF					\$ 60,000.00			Staff to design
WM-2020-12	Main Replacement - East 8th Street	Replace undersized aging water main in 8th Street from Easton to Smith	\$ 60,000.00	\$ 60,000.00	\$ -	N/A	NO	UF					\$ 60,000.00			Staff to design
WM-2020-13	Main Replacement - East FM 455	Replace 2" aging water main in FM 455 from Sherley to Smith Street	\$ 150,000.00	\$ 150,000.00	\$ -	N/A	NO	UF						\$ 150,000.00		Staff to design
WM-2020-14	Main Replacement - East FM 455	Replace 2" aging water main in FM 455 from Smith Street to Wildwood	\$ 350,000.00	\$ 350,000.00	\$ -	N/A	NO	UF							\$ 350,000.00	Future project - could be added to Master Plan
WM-2020-15	Grayson Elevated Storage Rehabilitation	Rehab and re-paint elevated storage tank	\$ 300,000.00	\$ 300,000.00	\$ -	N/A	NO	UF					\$ 100,000.00			Future Operations Rehabilitation Project
WM-2020-16	West Crossing Elevated Storage Rehabilitation	Rehab and re-paint elevated storage tank	\$ 300,000.00	\$ 300,000.00	\$ -	N/A	NO	UF						\$ 100,000.00		Future Operations Rehabilitation Project
TOTALS			\$ 2,295,000.00	\$ 2,295,000.00	\$ -				\$ -	\$ 320,000.00	\$ 285,000.00	\$ 345,000.00	\$ 345,000.00	\$ 250,000.00	\$ 350,000.00	
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Developer																
Fund Notes: IF = Impact Fees, GF = General Fund, UF = Utility Fund, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Funds, PDF = Park Funding, NBC = Non-Bond Capital Project Funds																

Capital Improvement Plan - Wastewater Expansion																
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Identified	Fund Sources	Annual City Funding						Project Status/Notes	
									Previous Funding	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25		FUTURE
WWE-2020-01	SH 5 Utility Relocation A - Sewer	Relocate and expand public sewer system along SH 5 (south)	\$ 250,000.00	\$ 250,000.00	\$ -	TxDOT	NO	UF/IF				\$ 250,000.00				Relocate and upsize sewer in SH 5 Corridor for TxDOT Widening
WWE-2020-02	SH 5 Utility Relocation B - Sewer	Relocate and expand public sewer system along SH 5 (north)	\$ 750,000.00	\$ 750,000.00	\$ -	TxDOT	NO	UF/IF					\$ 250,000.00	\$ 500,000.00		Relocate and upsize sewer in SH 5 Corridor for TxDOT Widening
WWE-2020-03	Wastewater Treatment Analysis	Studies to determine treatment needs	\$ 150,000.00	\$ 150,000.00	\$ -	N/A	YES	IF/UF/PID	\$ 15,000.00	\$ 135,000.00						Study to identify treatment needs/ability to treat sewer
WWE-2020-04	Hurricane Creek Line B	Trunk Sewer west of US 75	\$ 2,600,000.00	\$ 2,600,000.00	\$ -	N/A	YES	PID	\$ 2,600,000.00							Design 90% Complete, Easement acquisition ongoing
WWE-2020-05	Hurricane Creek Temporary Treatment	Temporary treatment for Phase 1 of Hurricane Creek	\$ 1,500,000.00	\$ 1,500,000.00	\$ -	Developer	YES	PID		\$ 1,500,000.00						Project currently in schematic phase
WWE-2020-06	Hurricane Creek Line A or Treatment	Trunk Line to Melissa or Phase I of treatment plant	\$ 8,000,000.00	\$ 8,000,000.00	\$ -	N/A	NO	PID/IF/CO					\$ 4,000,000.00	\$ 4,000,000.00		Line A Design 90% complete, decision on treatment vs. transmission required.
WWE-2020-07	Wastewater Impact Fee Study Update	Revisions to Impact Fee Study based on Comprehensive Plan	\$ 50,000.00	\$ 50,000.00	\$ -	N/A	NO	IF			\$ 50,000.00					Update to Wastewater Master Plan resulting from Comprehensive Plan changes
WWE-2020-08	Wastewater Master Plan Update	Revisions to Water Master Plan based on Comprehensive Plan	\$ 60,000.00	\$ 60,000.00	\$ -	N/A	NO	IF		\$ 60,000.00						Update to impact fees resulting from Comprehensive Plan changes
WWE-2020-09	US 75 Utility Relocation - Sewer	Relocate and expand public sewer system along US 75	\$ 600,000.00	\$ 600,000.00	TBD	TxDOT, Developer	NO	IF, IFR, DEV			\$ 600,000.00					Relocate existing sewer and add additional sewer crossings for US 75 expansion
WWE-2020-10	Wastewater Treatment Permit Update	Renew permit for existign WWTP	\$ 50,000.00	\$ 50,000.00	\$ -	N/A	YES	UF		\$ 50,000.00						Renew treatment permit through TCEQ
WWE-2020-11	John R Geren Treatment Plant Expansion - Phase I	First phase of expanding existing treatment plant	\$ 2,000,000.00	\$ 2,000,000.00	\$ -	N/A	NO	UF/IF/CO					\$ 2,000,000.00			WWTP expansion for growth
WWE-2020-12	John R Geren Treatment Plant Expansion - Phase II	Second phase of expanding existing treatment plant	\$ 4,000,000.00	\$ 4,000,000.00	\$ -	N/A	NO	UF/IF/CO							\$ 4,000,000.00	WWTP expansion for growth
TOTALS			\$ 20,010,000.00	\$ 20,010,000.00	\$ -				\$ 2,615,000.00	\$ 1,745,000.00	\$ 650,000.00	\$ 250,000.00	\$ 6,250,000.00	\$ 4,500,000.00	\$ 4,000,000.00	
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Developer																
Fund Notes: IF = Impact Fees, GF = General Fund, UF = Utility Fund, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Funds, PID = PID Development Fees																

Capital Improvement Plan - Wastewater Maintenance															
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Identified	Fund Sources	Annual City Funding						
									Previous Funding	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Future
WWM-2020-01	I&I Project #1 - Throckmorton 12-inch WW Main Replacement #1	Replace exposed cast iron main in easement on private property west of CR 423	\$ 250,000.00	\$ 250,000.00	\$ -	N/A	NO	UF			\$ 250,000.00				
WWM-2020-02	I&I Project #2 - Throckmorton 12-inch WW Main Replacement #2	Replace 4,000LF of old cast iron main in easement From WWTP to I&I Project #1	\$ 960,000.00	\$ 960,000.00	\$ -	N/A	NO	UF				\$ 960,000.00			
WWM-2020-03	I&I Project #3 - Throckmorton 12-inch WW Main Replacement #3	Replace 2,800LF of old cast iron main in easement from FM 455 to I&I Project #1	\$ 740,000.00	\$ 740,000.00	\$ -	N/A	NO	UF					\$ 740,000.00		
WWM-2020-04	I&I Project #4 - Interurban South 12" Main Replaceent	Replace 2,400LF of old cast iron main in Interurban from FM 455 to the south	\$ 630,000.00	\$ 630,000.00	\$ -	N/A	NO	UF						\$ 630,000.00	
WWM-2020-05	John R Geren Wastewater Treatment Plant Rehab - Phase I	Bar Screen Replacement	\$ 170,000.00	\$ 170,000.00	\$ -	N/A	NO	UF		\$ 50,000.00	\$ 120,000.00				
WWM-2020-06	John R Geren Wastewater Treatment Plant Rehab - Phase II	Aeration Blowers and Air Lines	\$ 150,000.00	\$ 150,000.00	\$ -	N/A	NO	UF				\$ 150,000.00			
WWM-2020-07	John R Geren Wastewater Treatment Plant Rehab - Phase III	Re-skinning of UV Room and Belt Press Room, Replacement of Equipment Barn	\$ 110,000.00	\$ 110,000.00	\$ -	N/A	NO	UF					\$ 110,000.00		
WWM-2020-11	John R Geren Wastewater Treatment Plant Rehab - Phase IV	Creek Erosion Protection and Fence Replacement	\$ 150,000.00	\$ 150,000.00	\$ -	N/A	NO	UF						\$ 150,000.00	
WWM-2020-12	8" Clay Tile Replacement - Interurban and Riggins South	From FM 455 to 650 feet south, replace clay tile main in poor condition	\$ 97,500.00	\$ 97,500.00	\$ -	N/A	NO	UF		\$ 97,500.00					
WWM-2020-13	6" Clay Tile Replacement - Powell Parkway and Interurban South	From FM 455 to 720 feet south, replace clay tile main in poor condition	\$ 108,000.00	\$ 108,000.00	\$ -	N/A	NO	UF				\$ 108,000.00			
WWM-2020-14	8" Clay Tile Replacement - Near Anna ISD Administration	replace 646 linear feet of clay tile main in poor condition	\$ 96,900.00	\$ 96,900.00	\$ -	N/A	NO	UF					\$ 96,900.00		
WWM-2020-15	8" Clay Tile Replacement - Interurban between First and Hackberry	Replace 130 linear feet of clay tile main in poor condition	\$ 19,500.00	\$ 19,500.00	\$ -	N/A	NO	UF						\$ 19,500.00	
WWM-2020-16	6" Clay Tile Replacement - Interurban between Fourth and Fifth	Replace 130 linear feet of clay tile main in poor condition	\$ 32,550.00	\$ 32,550.00	\$ -	N/A	NO	UF							\$ 32,550.00
WWM-2020-17	8" Clay Tile Replacement - First Street at Interurban	Replace 217 linear feet of clay tile main in poor condition	\$ 19,500.00	\$ 19,500.00	\$ -	N/A	NO	UF							\$ 19,500.00
TOTALS			\$ 3,533,950.00	\$ 3,533,950.00	\$ -					\$ 147,500.00	\$ 370,000.00	\$ 1,218,000.00	\$ 946,900.00	\$ 799,500.00	\$ 52,050.00
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Developer															
Fund Notes: IF = Impact Fees, GF = General Fund, UF = Utility Fund, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Funds															

Capital Improvement Plan - Drainage Expansion														
									Annual City Funding					
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Identified	Fund Sources	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Project Status/Notes
DE-2020-01	Wildwood Channel Improvements	Upgrade existing undersized culvert and open channel to convey existing runoff volumes	\$ 150,000.00	\$ 150,000.00	N/A	N/A	NO	TBD		\$ 150,000.00				Rough scope identified, Funding TBD
DE-2020-02	Drainage Improvement Project B	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-03	Drainage Improvement Project C	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-04	Stream Protection Project A	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-05	Stream Protection Project B	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-06	Stream Protection Project C	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-07	Road Drainage Expansion - Project A	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-08	Road Drainage Expansion - Project B	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-09	Road Drainage Expansion - Project C	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-10	Flood Mapping - Project A	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-11	Flood Mapping - Project B	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DE-2020-12	Flood Mapping - Project C	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
TOTALS			\$ 150,000.00	\$ 150,000.00	\$ -				\$ -	\$ 150,000.00	\$ -	\$ -	\$ -	
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Developer														
Fund Notes: IF = Impact Fees, GF = General Fund, UF = Utility Fund, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Funds														

Capital Improvement Plan - Drainage Maintenance														
									Annual City Funding					
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Identified	Fund Sources	FY 2021	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Project Status/Notes
DM-2020-01	Bar Ditch Rehab - Project A	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DM-2020-02	Bar Ditch Rehab - Project B	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DM-2020-03	Bar Ditch Rehab - Project C	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DM-2020-04	Bar Ditch Rehab - Project D	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DM-2020-06	Erosion Control Project A	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DM-2020-07	Erosion Control Project B	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DM-2020-08	Erosion Control Project C	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
DM-2020-09	Erosion Control Project D	FUTURE - Based upon results of Stormwater Utility Study	TBD	TBD	TBD	TBD	NO	GF						Future Stormwater Utility project
TOTALS			\$ -	\$ -	\$ -				\$ -	\$ -	\$ -	\$ -	\$ -	
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Develope														
Fund Notes: IF = Impact Fees, GF = General Fund, UF = Utility Fund, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Fund														

Capital Improvement Plan - Facility Expansion															
									Annual City Funding						
Project Number	Project Name	Project Description	Project Cost	City Cost	Partner Cost	Partner Organization	Funds Identified	Fund Sources	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Project Status	Notes
FE-2020-01	Municipal Building														
FE-2020-02	Fire Station #1														
FE-2020-03	Facility Study														
FE-2020-04	Public Library														
FE-2020-05	Community Center														
FE-2020-06	Police Station #2														
FE-2020-07	Fire Station #2														
TOTALS			\$ -	\$ -	\$ -				\$ -	\$ -	\$ -	\$ -	\$ -		
Partner Notes: NCTCOG = North Central Texas Council of Governments, TxDOT = Texas Department of Transportation, CC = Collin County, DEV = Developer															
Fund Notes: IF = Impact Fees, GF = General Fund, UF = Utility Fund, GR = Grant, LO = Loan, SMT = Street Maintenance Tax, BOND = Bond Funds															



Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2020

The City of Anna
111 N. Powell Parkway, Anna, TX 75409
972-924-3325
www.annatexas.gov



THE CITY OF
Anna

City of Anna, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

Prepared by

The Finance Department

THE CITY OF
Anna

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

THE CITY OF
Anna



March 23, 2021

To the Honorable Mayor and City Council, City Manager,
Neighbors of Anna:

The Comprehensive Annual Financial Report (Annual Report) of the City of Anna, Texas, for the fiscal year ended September 30, 2020 including the independent auditor's report, is hereby submitted in accordance with the provisions of Section 10.3 of the City Charter. Also, state law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed public accountants. This report is published to fulfill those requirements for the fiscal year ended September 30, 2020.

This report is published to provide the Mayor and City Council, city staff, our neighbors, representatives of financial institutions, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Because the cost of internal controls should not outweigh their benefits, the City of Anna's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement.

The City of Anna's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component 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 to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Profile of the City

The City of Anna, incorporated in 1913, is located in north central Collin County on U.S. 75, State Highway 5, and State Highway 121, about 40 miles north of Dallas, and is one of the fastest growing cities in the Dallas/Fort Worth Metroplex. The City currently occupies a land area of approximately 15.96 square miles and services approximately 15,010 residents. The City of Anna is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Anna operates under a home rule charter adopted in 2005, with a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the Mayor and six Council members. The City Council is responsible for, among other things, passing ordinances, resolutions, and regulations governing the City as well as adopting the budget which serves as the foundation for financial planning and control. The City Council appoints the City Manager, who has full responsibility for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and appointing the heads of the various departments. The City Council also appoints the City Attorney, City Secretary, and Municipal Judge. The Council is elected on a non-partisan basis. Council members serve three-year staggered terms.

The City of Anna provides a full range of services, including police and fire protection; municipal court; parks and recreation; water and sewer services; solid waste collection/disposal; and the construction and maintenance of streets and other infrastructure. In addition, the City of Anna is also financially accountable for a legally separate economic development corporation and community development corporation, which are reported separately with the City of Anna's financial statements. Additional information on these legally separate entities can be found in the Notes to the Financial Statements. The City currently has 102.5 budgeted full-time equivalent positions.

The annual budget serves as the foundation for the City of Anna's financial planning and control. All departments of the City of Anna are required to submit a budget that would maintain current services and new requests for appropriations separately to the City Manager. The City Manager and Budget Manager then use these requests as the starting point for developing a proposed budget. The City Manager and Budget Manager then presents a proposed budget to Council for review no later than August 15th. The Council is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 20th.

The appropriated budget is prepared by fund and department (e.g., police). The City Manager may authorize transfers of appropriations within a department and between departments within a fund and within major line item categories. Increases or decreases of appropriations to a fund; however, require special approval of the City Council in the form of an Ordinance formally amending the adopted budget.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statement for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of the report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Anna operates.

Local Economy

The City of Anna's economic outlook continues to improve due to the overall improvement in the economy and continued residential and commercial growth. This is evidenced by local economic indicators such as a significant increase in tax appraisal values, the increase in residential building permits, and continued sales tax growth. Residential construction activity remains strong in the City of Anna. In FY 2020, the City received 830 single family building permit applications. In addition, Starbucks, Whataburger, Chick-fil-A, Salsa Tex Mex, Sunrise Café, a surgery center, and a free-standing emergency room opened in FY 2020.

The Anna Economic Development Corporation (EDC) works in cooperation with the Community Development Corporation to coordinate efforts that expand the city's business tax base with a focus on creating primary jobs within the City of Anna. The corporations have provided incentives that resulted in much of the retail development that has occurred in Anna since 2008. The EDC was instrumental in recruiting Brookshires Grocery Company, CVS pharmacy, McDonalds, and Walmart. The EDC owns and operates Inc-Cube, a small business incubator located in our downtown. The corporations cooperatively purchased an 85-acre tract of land at the northeast corner of State Highway 5 and the Collin County Outer Loop with the intent of developing a business park.

Anticipated growth is expected to continue for the north Collin County region. This has improved the overall connectivity and mobility to and within Anna, but also will bring continued growth and new development.

Long –Term Financial Planning

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The City's Financial Policy states that the City's target unassigned fund balance is an amount equal or greater than 25% of annual general fund operating expenditures. The City's ending unassigned fund balance for fiscal year 2020 reflected a fund balance of 63% of total expenditures, well above the stated goal. These resources allow the City to avoid disruptions in services during economic downturns and to ensure that there will be adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated events.

Major Initiatives

At the end of the 2019-2020 fiscal year, the City of Anna had a number of major projects in progress. The City Council and City staff continue to work to ensure completion of ongoing projects that will provide infrastructure improvements to the City of Anna. During 2019-2020, the City met with governmental partners including Collin County, TxDOT and the North Central Texas Council of Governments (NCTCOG) to review the City's transportation priorities and to discuss opportunities to partner on future projects. The City also continues to use developer incentives/agreements to improve other critical roadways within the City.

The City completed the process of selecting a Construction Manager at Risk (CMR) and moved forward with determining the maximum guaranteed price to construct a new municipal complex. These projects are funded from Certificate of Obligation bonds the City issued in the FY 2018. These City facilities are needed in order to continue to expand, provide quality services to the neighbors, and provide a more central location for staff to be located. The new municipal complex will include a City Hall with a Police Department and a stand-alone fire station.

In addition, the Public Works Department completed the Foster Crossing Waterline project in August of 2020, extending a 12-inch water main from the east side of State Highway 5 to Pecan Grove Phase 1. The City also began the preliminary engineering for Ferguson Parkway, has progressed the engineering design of Rosamond Parkway and engineering design for the Hurricane Creek Trunk Sewer. All of these key projects will improve and expand infrastructure to serve the growing needs of the community.

The Parks Department began several key projects during FY 2020. One major project was the restoration of the train depot which was relocated to Shirley Heritage Park. This was done in conjunction with the Anna Area Historical Preservation Society. In addition, a community build playground was constructed at Shirley Heritage Park, as well as a gazebo. In the upcoming year, the City will work to finalize the park by adding a locomotive to the park.

Another Park's project that was completed in FY 2020 was the construction of the City's first dog park. The dog park consists of open space, a steel fence, a pergola structure, benches, water fountains, and obstacle equipment for the dogs to utilize.

Additional information related to the capital improvement projects and funding for those improvements is located in the Five-Year Capital Improvements Plan located in the City's annual budget book.

Fund Accounting: The City's accounting system is organized and operated on a "fund basis." Each fund is a distinct, self-balancing entity. A description of the various major funds and fund types is contained in the Notes of the financial statements. A description of each individual non-major fund is contained at the beginning of its related combined financial statement.

Basis of Accounting: The City's accounting records for all governmental funds are maintained on the modified accrual basis of accounting. This method recognizes revenue when it is measurable and available and expenditures when goods or services are received. All proprietary funds are accounted for using the accrual basis of accounting; revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure. This structure is designed to provide reasonable, but not absolute, assurance that: (1) City assets are protected from loss, theft or misuse; and (2) City financial records and data are accurate and reliable. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it, and that the evaluation of cost and benefits requires estimates and judgments by management.

Budgetary Control: Each year, on or before September 20th, the City Council adopts an annual operating budget for the ensuing fiscal year. The operating budget includes anticipated revenues and expenditures for the General Fund, Special Revenue Funds, the Debt Service Fund, and Proprietary Funds. The budget is a planning device that defines the type, quality, and quantity of City goods and services that will be provided to our neighbors. The budget is also a control device that serves as a system of "checks and balances" between levels of City government. The budgetary system ensures that individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council. After adoption, the City Manager may authorize transfers of appropriations within a department and between departments within a fund and within major line item categories. Increases or decreases of appropriations to a fund; however, require special approval of the City Council in the form of an Ordinance formally amending the adopted budget.

Awards and Acknowledgements

Awards – 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 Anna for its Annual Report for the fiscal year ending September 30, 2019. This is the second year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Report continues to meet the Certificate of Achievement Program's requirements. We will be submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements - The presentation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and all department directors. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. We would also like to thank the Mayor and the City Council for their continued interest and support for maintaining the highest standards of professionalism in the management of the City of Anna financial operations.

Furthermore, the work of the independent auditors from Weaver and Tidwell, L.L.P., is greatly appreciated.

Respectfully submitted,

Alan Guard
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Anna
Texas**

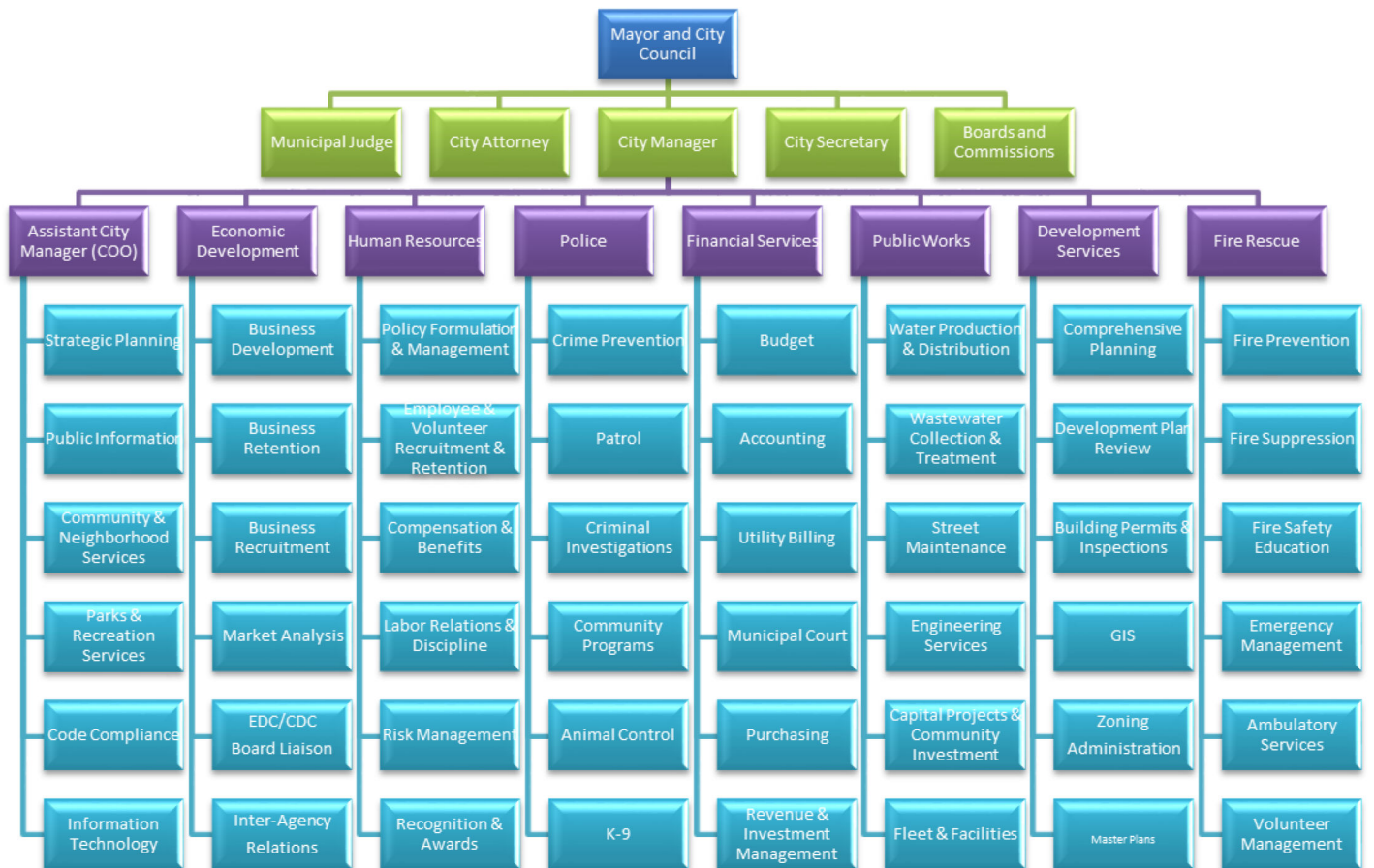
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Anna, Texas
Organizational Chart
September 30, 2020



City of Anna, Texas
Elected Officials and Management
September 30, 2020

City Council

Nate Pike	Mayor
Kevin Toten	Place 1
Josh Vollmer	Place 2 – Deputy Mayor Pro-Tem
Stan Carver II	Place 3
Randy Atchley	Place 4
Danny Ussery	Place 5
Lee Miller	Place 6 - Mayor Pro-Tem

Management

Jim Proce, ICMA-CM	City Manager
Ryan Henderson	Assistant City Manager
Clark McCoy	City Attorney
Carrie Land	City Secretary
Alan Guard	Finance Director
Terri Doby	Budget Manager
Dean Habel	Chief of Police
Ray Isom	Fire Chief
Greg Peters, PE	Director of Public Works
Ross Altobelli	Director of Development Services
Stephanie Beitelschies	Director of Human Resources
Joey Grisham	Economic Development Director
Marc Marchand	Director of Neighborhood Services

Financial Section

THE CITY OF
Anna

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anna, Texas (the City), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

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

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 units, each major fund, and the aggregate remaining fund information of the City of Anna, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 and the 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. 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, Statistical Section and Combining and Individual Fund Statements and Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Statements and Schedules 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 Fund Statements and 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 23, 2021

THE CITY OF
Anna

Management's Discussion and Analysis

As management of the City of Anna, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

Financial Highlights

- The City's total combined net position was \$119,600,973 at September 30, 2020. Of this, \$13,788,541 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City had an overall increase in net position of \$27,547,223. The increase is primarily a result of \$13,181,867 of capital grants and contributions.
- On a government-wide basis, the City's total liabilities increased by \$1,322,691. The increase in liabilities is primarily a result of increased payables due to contractors for PID capital projects.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$39,115,491, a decrease of \$6,928,920. This decrease is largely due to an increase in capital projects expenditures.
- As of the end of the year, the unassigned fund balance of the General Fund was \$6,421,607 or 63% of total General Fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide 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 information on all of the City's assets, deferred inflows of resources, deferred outflows of resources, liabilities, and 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. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include water, sewer, and sanitation operations.

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 funds, proprietary funds, and a fiduciary fund.

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 assessing 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 funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Debt Service Fund, and PID Capital Projects Fund, which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its General Fund and Debt Service Fund. General Fund budget amendments increased revenue by \$849,175 and expenditures by \$158,153. The increase in revenues was related to increases in property taxes, sales taxes and license and permit fees. These amounts were originally budgeted lower due to the pandemic. The increase in expenditures was primarily due to increased public safety costs associated with the response to the pandemic.

Proprietary Funds

The City's proprietary fund is an enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water, sewer, and sanitation operations. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements 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 Utility Fund, which is considered to be a major fund of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund, the PID Agency Fund.

Component Units

The City maintains the accounting and financial statements for two component units. The Anna Economic Development Corporation and Anna Community Development Corporation are discretely presented component units.

Notes to 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.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the General Fund, schedule of changes in the net pension liability and related ratios, schedule of employer contributions for the Texas Municipal Retirement System (TMRS), schedule of changes in the Total OPEB liability and related ratios, and schedule of OPEB contributions for TMRS. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Anna, net position was \$119,600,973 as of September 30, 2020, in the primary government.

The largest portion of the City's net position, \$84,816,483, reflects its investments in capital assets (e.g., land, park improvements, buildings, furniture and fixtures, streets, drainage, machinery and equipment, etc.), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position:

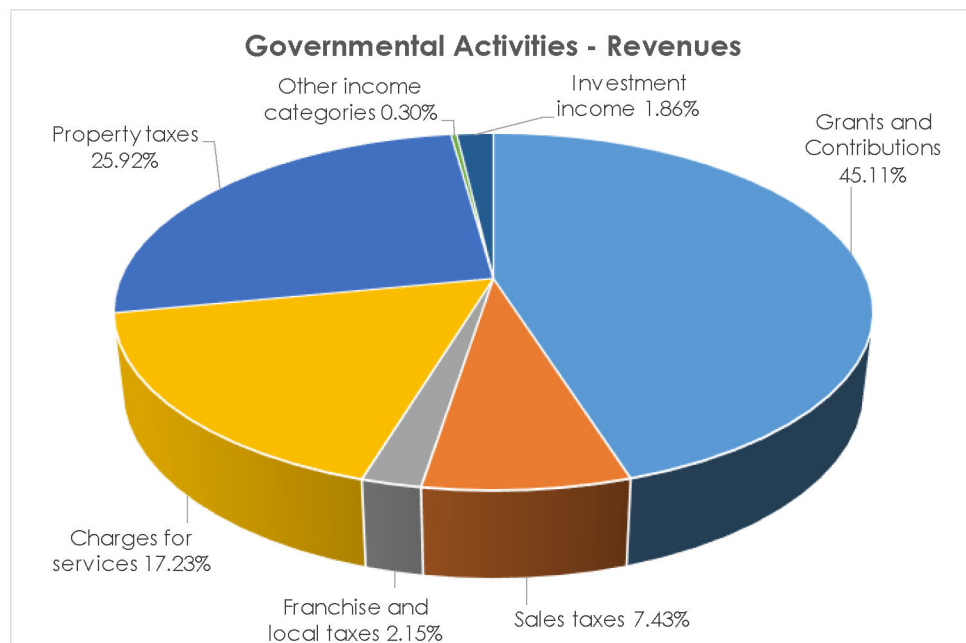
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 16,629,369	\$ 27,185,006	\$ 7,454,522	\$ 6,017,875	\$ 24,083,891	\$ 33,202,881
Restricted assets	27,731,974	21,056,952	13,578,283	9,638,637	41,310,257	30,695,589
Capital assets, net	62,282,553	40,208,990	56,968,521	51,614,559	119,251,074	91,823,549
Total assets	106,643,896	88,450,948	78,001,326	67,271,071	184,645,222	155,722,019
Deferred outflows of resources	799,800	654,679	316,144	327,114	1,115,944	981,793
Current liabilities	5,318,463	2,657,248	2,513,461	3,617,083	7,831,924	6,274,331
Noncurrent liabilities	35,812,494	35,916,425	22,178,985	22,308,956	57,991,479	58,225,381
Total liabilities	41,130,957	38,573,673	24,692,446	25,926,039	65,823,403	64,499,712
Deferred inflows of resources	265,350	113,902	71,440	36,448	336,790	150,350
Net position:						
Net investment in capital assets	49,605,921	33,525,898	35,210,562	28,632,597	84,816,483	62,158,495
Restricted	7,417,666	10,681,098	13,578,283	9,638,637	20,995,949	20,319,735
Unrestricted	9,023,802	6,211,056	4,764,739	3,364,464	13,788,541	9,575,520
Total net position	\$ 66,047,389	\$ 50,418,052	\$ 53,553,584	\$ 41,635,698	\$ 119,600,973	\$ 92,053,750

Statement of Activities:

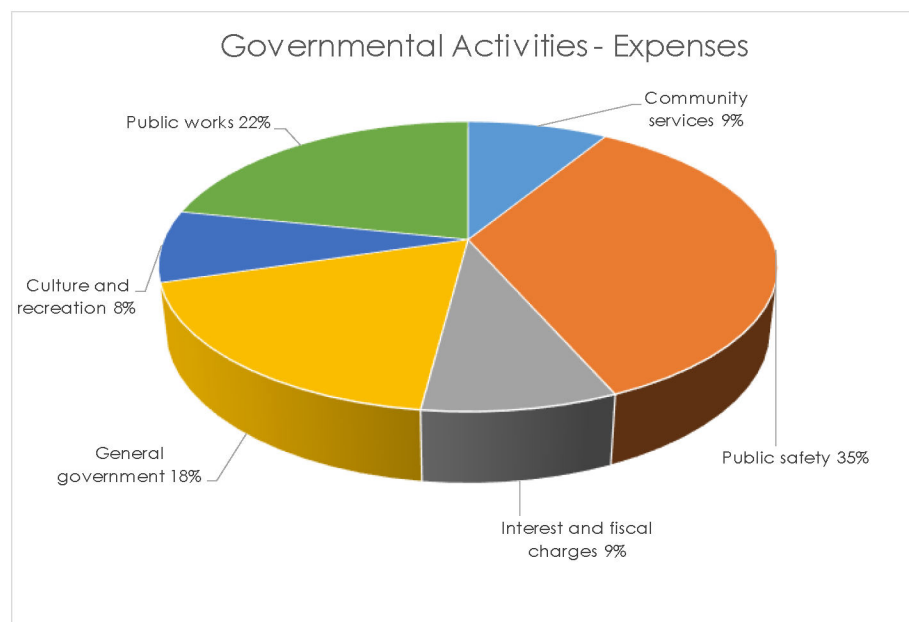
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 5,271,759	\$ 3,134,869	\$ 15,852,302	\$ 14,947,376	\$ 21,124,061	\$ 18,082,245
Operating grants and contributions	616,207	182,943	-	-	616,207	182,943
Capital grants and contributions	13,181,867	15,179,885	6,716,462	3,346,660	19,898,329	18,526,545
General revenues:						
Property taxes	7,929,530	6,728,848	-	-	7,929,530	6,728,848
Sales taxes	2,271,318	1,835,421	-	-	2,271,318	1,835,421
Franchise and local taxes	657,331	612,332	-	-	657,331	612,332
Investment income	568,920	1,044,444	175,248	276,200	744,168	1,320,644
Other revenue	70,560	84,132	-	-	70,560	84,132
Gain on sale of assets	20,111	135,910	-	-	20,111	135,910
Total revenues	30,587,603	28,938,784	22,744,012	18,570,236	53,331,615	47,509,020
Expenses:						
General government	2,669,302	1,954,083	-	-	2,669,302	1,954,083
Public safety	5,074,735	3,972,445	-	-	5,074,735	3,972,445
Culture and recreation	1,172,862	877,455	-	-	1,172,862	877,455
Public works	3,176,361	4,113,592	-	-	3,176,361	4,113,592
Community services	1,280,415	1,289,798	-	-	1,280,415	1,289,798
Interest and fiscal charges	1,258,204	2,420,375	-	-	1,258,204	2,420,375
Water, sewer, & sanitation	-	-	11,152,513	11,664,343	11,152,513	11,664,343
Total expenses	14,631,879	14,627,748	11,152,513	11,664,343	25,784,392	26,292,091
Change in net position before transfers	15,955,724	14,311,036	11,591,499	6,905,893	27,547,223	21,216,929
Transfers	(326,387)	(48,542)	326,387	48,542	-	-
Total transfers	(326,387)	(48,542)	326,387	48,542	-	-
Change in net position	15,629,337	14,262,494	11,917,886	6,954,435	27,547,223	21,216,929
Net position, beginning	50,418,052	36,155,558	41,635,698	34,681,263	92,053,750	70,836,821
Net position, ending	\$ 66,047,389	\$ 50,418,052	\$ 53,553,584	\$ 41,635,698	\$ 119,600,973	\$ 92,053,750

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



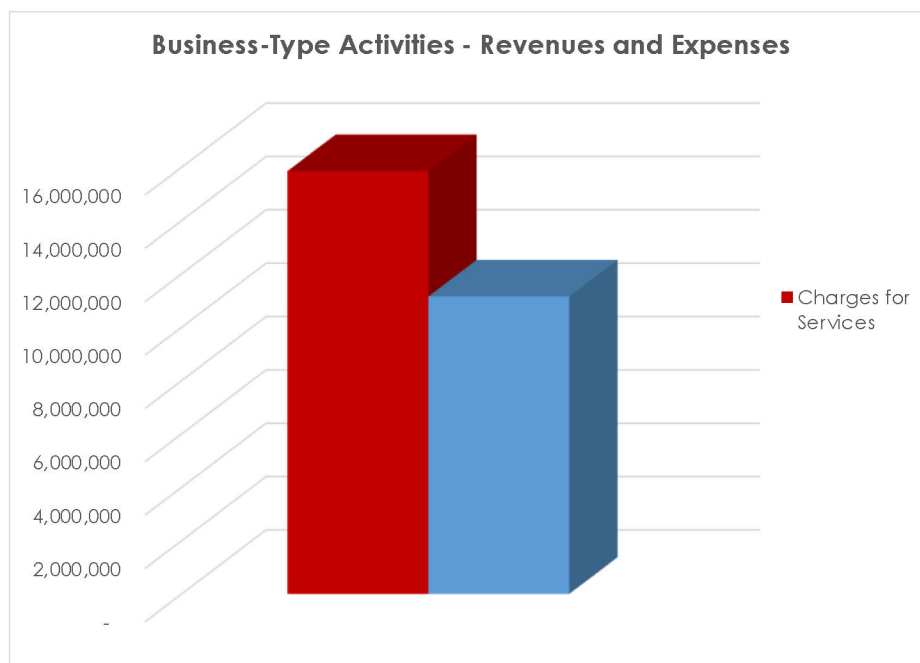
For the year ended September 30, 2020, revenues from governmental activities totaled \$30,587,603. Capital grants and contributions, property taxes, and charges for services are the City's largest revenue sources. Property taxes increased by \$1,200,682 or 18% when compared to 2019 due to an increase in overall assessed property values. Capital grants and contributions decreased by \$1,998,018 mainly due to a decrease in contributed capital relating to streets and drainage. The following graph shows the governmental function expenses of the City:



For the year ended September 30, 2020, expenses for governmental activities totaled \$14,631,879. This represents an increase of \$4,131 from the prior year. The City's largest increase was in public safety and totaled \$1,102,290 or 28%, due to costs associated with Covid-19 pandemic response.

Interest and fiscal charges decreased \$1,162,171, or 48%, due to decreased interest payments on bonds payable.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2020, charges for services by business-type activities totaled \$15,852,302. This is an increase of \$904,926, or (6%), from the previous year. This increase in revenues is directly related to an increase in water (2.36%) and sewer rates (25.77%) and a normal year of rainfall, as opposed to the "wet" year experienced in FY 2019, when water consumption was less than anticipated. Expenses totaled \$11,152,513, which was a decrease of \$511,830, or 4% due to fewer inflow and infiltration issues the City has experienced than in previous years. The Public Works Department completed several I&I projects during FY 2020 to aid in resolving these issues. The City will continue to complete I&I projects in FY 2021 in order to minimize the amount of rainfall the City is treating through the City's sewer system.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of 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 City's net resources available for spending at the end of the year.

As of September 30, 2020, the General Fund reflected a total fund balance of \$6,445,516. Of this, \$13,279 is considered restricted for parks.. Unassigned fund balance totaled \$6,421,607 as of year-end. The General Fund saw a significant increase in property taxes when compared to the prior year. This directly relates to the addition of new properties to the tax roll, as well as an increase in property values.

The Capital Projects Fund had an ending fund balance of \$29,456,663 at year-end for a decrease of \$4,319,053 due to an increase in payments for current capital projects, primarily the new fire station and City Hall.

The Debt Service Fund had an ending fund balance of \$148,439 at year-end for an increase of \$58,562 due primarily to increase in property tax revenue.

The PID Capital Projects Fund had an ending fund balance of \$2,567,342 at year-end, a decrease of \$4,937,437 from the previous year. The decrease in fund balance was primarily due to increased capital projects in the current year.

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

CAPITAL ASSETS

As of the end of the year, the City's governmental activities had invested \$62,282,553 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities had invested \$56,968,521 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Street contributions of \$12,423,201 relating to paving and drainage.
- Water & Sewer improvements totaling \$7,046,055.
- Construction in progress for the Municipal Complex and Fire Station totaling \$6,368,363.

More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

At September 30, 2020, the City had total bonds, contractual obligations, and capital leases outstanding of \$56,456,071. During the year, the City made payments on long-term debt totaling \$1,704,698. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economy remains strong for the City of Anna and the North Texas region. The City continues to focus on economic development and working toward providing a balanced community. The City is taking a more proactive and aggressive approach to economic development with its business recruitment efforts, as well as continued development of residential housing options. In addition, the City continues to conservatively manage its budget. The fiscal year 2020-2021 budget reflects the commitment of the City Council and staff to focus on enhancing the quality of existing services to our neighbors and respond to our city's continuing growth and development, while maintaining a strong financial position.

Since property values stabilized in 2013 following the 2008-2011 housing recession, the City has continued to see healthy increases in the value of existing properties. For the tax year 2019, the City saw existing property values increase just over 10% and \$73,451,007 in new value was added to the tax roll. Again, for the 2020 tax year, the City saw existing property values increase just over 15% and \$170,065,263 in new value was added to the tax roll. We remain cautiously optimistic that we will experience modest, but slowing, appreciation in the value of existing properties and additional value will continue to be added to the tax roll, as a result of new residential and commercial construction in the near term. In FY 2020, Chick-fil-A, Whataburger, Starbucks, a surgery center and a free-standing emergency room was completed. However, the City will not see the full valuation increase reflected in the property tax appraised values until FY 2021 due to the values being set in January of each year.

In preparation of the passage of Senate Bill 2, the Texas Property Tax Reform and Transparency Act of 2020, the City Council held the FY 2020 tax rate of \$.591288 per \$100 in valuation. Senate Bill 2 compresses the capability of a local government to generate revenue and provide services by lowering the tax rate a city can adopt without a mandatory election. SB 2 will also change the way property tax rates are calculated, make changes to the appraisal process, and reduce the previously called "rollback rate" of 8% to a new rate of 3.5% now called "the voter-approval rate". This tax rate is the maximum a City can set the tax rate above the "effective tax rate", now known as the "no-new-revenue rate", without voter approval. This bill will tremendously impact growing cities such as Anna into the future.

As the City begins to see the impact of the reduction of the amount of property tax a city can levy, sales tax will become increasingly important for growing communities. Sales tax was up approximately 22% in FY 2020 largely due to the continued growth of retail commercial property in the City. A conservative 1.30% increase over the FY 2020 estimated total of \$3.46 million was budgeted for sales tax for FY 2021. In FY 2020, Starbucks, Chick-fil-A, Whataburger, Salsa TexMex, and Sunrise Cafe opened. Along with Walmart and people staying close home during the pandemic, the City saw the full impact of the sales tax from these retail establishments in FY 2020 and expects to see strong performance in FY 2021.

The growth in both sales tax and taxable value of real property corresponds to a significant increase in residential growth and population over the past 36 months. According to the most recent population estimates published by the North Central Texas Council of Governments, the City of Anna population as of January 1, 2020 was 16,721. However, the population is believed to be well above this estimate due to the number of new utility accounts established and single-family permits which have been issued. The City made a significant effort to reach out to its neighbors to encourage them to complete the 2020 Census to receive a more accurate population count. As a result, Anna had a response rate in excess of 60%, higher than the DFW rate and overall Texas response rate. Reflecting the City's continued high growth in population will be key to attracting additional commercial and retail businesses the City lacks and needs in order to sustain the City into the future to provide the funding for expenditures needed in a rapidly growing community.

Furthermore, with the growth in population comes a proportional increase in demand for municipal services that are funded primarily by property taxes. As stated previously, in order to fund the FY 2021 budget, the City adopted a tax rate of \$0.583 per \$100 valuation which is lower than the tax rate adopted in FY 2019. When compared with other cities in our area, the City of Anna has one of lowest per-capita property tax levies.

Rapid population growth has also resulted in significant investment over the past 10 to 15 years in the City's water and sewer system. Currently the Water and Sewer Fund holds just over \$21.5 million in outstanding debt. The City has worked closely with our financial advisors, Hilltop Securities, to develop a sound debt management plan for the Water and Sewer Fund. Over the past several years, in order to appropriately manage this debt, the City and Hilltop Securities developed a plan to take advantage of call dates and pursue advance refunding of the City's outstanding debt. Every effort has been made to minimize the present value costs to the City.

The City of Anna, along with the cities of Melissa, Van Alstyne, and Howe, belongs to a strategic alliance called the Collin Grayson Municipal Alliance (CGMA). The alliance (CGMA) purchases treated surface water from the North Texas Municipal Water District (NTMWD) through a contract with the Greater Texoma Utility Authority (GTUA). The CMGA purchases a minimum take or pay (MT/P) allocation of water through GTUA from NTMWD. Currently, each city is responsible for the percentage of the total MT/P amount that corresponds to the total amount of water each city uses.

This treated surface water supplements the City's water supply especially during the summer months when water consumption is highest. As our population has grown and water demand has increased, we have been required to increasingly supplement our well water with treated surface water. As we have forecasted consumption and production of our wells, it appears that the CGMA as a group will likely exceed the MT/P allocation in FY 2021. When this happens, MT/P amount will reset at the new consumption level, and the City of Anna will be responsible for the cost of all the water we consume above the current MT/P amount.

Due to this continued increase in water cost, treatment and transportation cost, the growing needs for infrastructure improvements and additions, as well as staffing needs for a growing community, the City worked with a water rate consultant in FY 2020. As a result, the City Council has adopted the rate model and approved a rate increase for FY 2021, as well as a long-range rate plan and capital improvement model. Actual increases will have to be approved each year by City Council as part of the annual budget process.

The City of Anna's budget continues to be impacted by both moderately strong growth and conservative fiscal management. The 2020-2021 budget reflects the efforts of the governing body and city staff to address the need to provide services to support our growing community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Anna's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Finance Director, 101 S. Powell Parkway, Anna, Texas 75409.

THE CITY OF
Anna

Basic Financial Statements

THE CITY OF
Anna

City of Anna, Texas
Statement of Net Position
September 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	CDC	EDC
ASSETS					
Cash and cash equivalents	\$ 14,610,436	\$ 4,670,817	\$ 19,281,253	\$ 1,125,034	\$ 460,787
Investments	1,271,011	1,271,011	2,542,022	-	-
Receivables, net	734,292	1,500,990	2,235,282	349,713	87,571
Due from other governments	-	-	-	-	-
Prepays	13,630	-	13,630	-	-
Inventories	-	11,704	11,704	-	-
Restricted assets:					
Restricted cash and cash equivalents	23,552,370	12,752,140	36,304,510	-	-
Restricted investments	4,179,604	-	4,179,604	-	-
GTUA prepaid reserves	-	826,143	826,143	-	-
Capital assets:					
Non-depreciable	19,011,934	2,407,074	21,419,008	2,757,904	90,346
Net depreciable capital assets	43,270,619	54,561,447	97,832,066	-	227,123
Total assets	106,643,896	78,001,326	184,645,222	4,232,651	865,827
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	-	100,814	100,814	-	-
Deferred outflows - pension	779,416	209,842	989,258	9,993	-
Deferred outflows - OPEB	20,384	5,488	25,872	261	-
Total deferred outflows of resources	799,800	316,144	1,115,944	10,254	-
LIABILITIES					
Accounts payable and other liabilities	4,663,966	1,287,163	5,951,129	37,527	449
Accrued salaries	158,370	37,612	195,982	2,835	-
Customer deposits	-	1,102,928	1,102,928	-	-
Unearned revenue	331,829	-	331,829	-	-
Due to other governments	-	5,540	5,540	-	-
Accrued interest payable	164,298	80,218	244,516	13,467	-
Noncurrent liabilities:					
Due within one year	623,741	1,221,986	1,845,727	226,223	-
Due in more than one year	35,188,753	20,956,999	56,145,752	2,659,689	-
Total liabilities	41,130,957	24,692,446	65,823,403	2,939,741	449
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	259,284	69,807	329,091	3,324	-
Deferred inflows - OPEB	6,066	1,633	7,699	78	-
Total deferred inflows of resources	265,350	71,440	336,790	3,402	-
NET POSITION					
Net investment in capital assets	49,605,921	35,210,562	84,816,483	(128,008)	317,469
Restricted for:					
Debt service	20,461	-	20,461	-	-
Water and sewer improvements	-	12,752,140	12,752,140	-	-
Capital projects	7,097,947	-	7,097,947	-	-
GTUA deposits	-	826,143	826,143	-	-
Culture and recreation	13,279	-	13,279	-	-
Public safety	285,979	-	285,979	-	-
Community and economic development	-	-	-	1,427,770	547,909
Unrestricted	9,023,802	4,764,739	13,788,541	-	-
TOTAL NET POSITION	\$ 66,047,389	\$ 53,553,584	\$ 119,600,973	\$ 1,299,762	\$ 865,378

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Texas

Statement of Activities

For the Fiscal Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 2,669,302	\$ 304,993	\$ 74,800	\$ -
Culture and recreation	1,172,862	1,404,600	24,350	-
Community services	1,280,415	2,644,933	-	-
Public safety	5,074,735	21,648	517,057	-
Public works	3,176,361	895,585	-	13,181,867
Interest and fiscal charges	1,258,204	-	-	-
Total governmental activities	14,631,879	5,271,759	616,207	13,181,867
Business-type activities:				
Water and sewer	11,152,513	15,852,302	-	6,716,462
Total business-type activities	11,152,513	15,852,302	-	6,716,462
TOTAL PRIMARY GOVERNMENT	\$ 25,784,392	\$ 21,124,061	\$ 616,207	\$ 19,898,329
Component units				
Community Development Corporation	\$ 747,096	\$ -	\$ -	\$ -
Economic Development Corporation	166,694	-	-	-
Total component units	\$ 913,790	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise and local taxes				
Investment income				
Miscellaneous revenue				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
NET POSITION, ENDING				

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government			Community Development Corporation	Economic Development Corporation
Governmental Activities	Business-type Activities	Total		
\$ (2,289,509)	\$ -	\$ (2,289,509)		
256,088	-	256,088		
1,364,518	-	1,364,518		
(4,536,030)	-	(4,536,030)		
10,901,091	-	10,901,091		
(1,258,204)	-	(1,258,204)		
4,437,954	-	4,437,954		
-	11,416,251	11,416,251		
-	11,416,251	11,416,251		
4,437,954	11,416,251	15,854,205		
			\$ (747,096)	\$ -
			-	(166,694)
			(747,096)	(166,694)
7,929,530	-	7,929,530	-	-
2,271,318	-	2,271,318	1,362,791	-
657,331	-	657,331	-	-
568,920	175,248	744,168	11,771	6,922
70,560	-	70,560	-	10,243
20,111	-	20,111	-	-
(326,387)	326,387	-	-	-
11,191,383	501,635	11,693,018	1,374,562	17,165
15,629,337	11,917,886	27,547,223	627,466	(149,529)
50,418,052	41,635,698	92,053,750	672,296	1,014,907
\$ 66,047,389	\$ 53,553,584	\$ 119,600,973	\$ 1,299,762	\$ 865,378

City of Anna, Texas

Balance Sheet - Governmental Funds

September 30, 2020

	General Fund	Capital Projects	Debt Service Fund	PID Capital Projects	Nonmajor Governmental	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,715,618	\$ 4,189,746	\$ 139,209	\$ -	\$ 5,565,863	\$ 14,610,436
Investments	1,271,011	-	-	-	-	1,271,011
Receivables, net	691,815	6,240	30,900	-	5,337	734,292
Due from other funds	605,859	-	-	-	-	605,859
Prepays	10,630	-	-	-	3,000	13,630
Restricted cash	13,279	19,283,016	-	4,256,075	-	23,552,370
Restricted investments	-	4,179,604	-	-	-	4,179,604
TOTAL ASSETS	\$ 7,308,212	\$ 27,658,606	\$ 170,109	\$ 4,256,075	\$ 5,574,200	\$ 44,967,202
LIABILITIES						
Accounts payable and other liabilities	\$ 634,309	\$ 1,593,583	\$ -	\$ 1,688,733	\$ 425,787	\$ 4,342,412
Accrued liabilities		321,554	-	-	-	321,554
Accrued salaries	158,370	-	-	-	-	158,370
Unearned revenue		-	-	-	331,829	331,829
Due to other funds	-	605,859	-	-	-	605,859
Total liabilities	792,679	2,520,996	-	1,688,733	757,616	5,760,024
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	70,017	-	21,670	-	-	91,687
Total deferred inflows of resources	70,017	-	21,670	-	-	91,687
FUND BALANCES						
Nonspendable						
Prepays	10,630	-	-	-	3,000	13,630
Restricted for:						
Culture and recreation	13,279	-	-	-	-	13,279
Debt service	-	-	148,439	-	-	148,439
Public safety	-	-	-	-	285,979	285,979
Capital projects	-	25,137,610	-	2,567,342	4,530,605	32,235,557
Unassigned	6,421,607	-	-	-	(3,000)	6,418,607
Total fund balances	6,445,516	25,137,610	148,439	2,567,342	4,816,584	39,115,491
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 7,308,212	\$ 27,658,606	\$ 170,109	\$ 4,256,075	\$ 5,574,200	\$ 44,967,202

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2020

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 39,115,491

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 not reported in the governmental funds.

Capital assets - non-depreciable	19,011,934
Capital assets - net depreciable	43,270,619

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 91,687

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure).

Deferred outflows - pension	779,416
Deferred outflows - OPEB	20,384

Deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows - pension	(259,284)
Deferred inflows - OPEB	(6,066)

Some liabilities, including bonds payable and accrued interest, are not reported as liabilities in the governmental funds.

Accrued interest payable	(164,298)
General obligation bonds	(1,815,000)
Certificates of Obligation	(30,620,000)
Combination tax and revenue refunding bonds	(425,000)
Unamortized premiums	(1,348,872)
Capital lease	(388,426)
Net pension liability	(865,730)
Total OPEB liability	(67,143)
Compensated absences	(282,323)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 66,047,389

City of Anna, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2020

	General	Capital Projects	Debt Service Fund	PID Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 6,095,539	\$ -	\$ 1,873,923	\$ -	\$ -	\$ 7,969,462
Sales taxes	2,271,318	-	-	-	-	2,271,318
Charges for services	188,258	-	-	-	2,300,185	2,488,443
License and permits	2,683,906	-	-	-	-	2,683,906
Franchise and local taxes	657,331	-	-	-	-	657,331
Investment income	102,302	354,876	9,801	59,473	42,468	568,920
Other revenues	38,117	758,666	-	-	639,972	1,436,755
Intergovernmental	123,195	-	-	-	-	123,195
Fines and forfeitures	97,374	-	-	-	-	97,374
Contributions and donations	475	-	-	-	-	475
Total revenues	12,257,815	1,113,542	1,883,724	59,473	2,982,625	18,297,179
EXPENDITURES						
Current:						
General government	2,508,399	-	-	-	251,565	2,759,964
Culture and recreation	729,407	-	-	-	85,623	815,030
Community services	1,113,095	-	-	-	-	1,113,095
Public safety	4,767,242	-	-	-	60,516	4,827,758
Public works	833,484	8,246	-	-	16,000	857,730
Debt service:						
Principal	40,791	-	497,000	-	-	537,791
Interest and fiscal charges	16,568	-	1,328,162	-	-	1,344,730
Capital outlay	147,393	7,400,402	-	4,996,910	449,679	12,994,384
Total expenditures	10,156,379	7,408,648	1,825,162	4,996,910	863,383	25,250,482
Excess (deficiency) of revenues over (under) expenditures	2,101,436	(6,295,106)	58,562	(4,937,437)	2,119,242	(6,953,303)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,976,053	-	-	3,553	1,979,606
Transfers out	(1,614,776)	-	-	-	(361,625)	(1,976,401)
Proceeds from sale of capital assets	17,432	-	-	-	3,746	21,178
Total other financing sources (uses)	(1,597,344)	1,976,053	-	-	(354,326)	24,383
Net change in fund balances	504,092	(4,319,053)	58,562	(4,937,437)	1,764,916	(6,928,920)
FUND BALANCES, BEGINNING OF YEAR	5,941,424	29,456,663	89,877	7,504,779	3,051,668	46,044,411
FUND BALANCES, END OF YEAR	<u>\$ 6,445,516</u>	<u>\$ 25,137,610</u>	<u>\$ 148,439</u>	<u>\$ 2,567,342</u>	<u>\$ 4,816,584</u>	<u>\$ 39,115,491</u>

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities September 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

\$ (6,928,920)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital contributions are only recognized on the statement of activities.

Capital outlay	12,994,384
Depreciation expense	(3,013,364)
Capital contributions	12,423,200
Transfer of capital assets to utility fund	(329,592)
Net effect of proceeds from the sale of capital assets and gains on disposal	(1,067)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in compensated absences	(68,156)
Decrease in accrued interest	2,187

Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

91,597

Changes to other postemployment benefits liability and related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(10,176)

Various other reclassification and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes the realization of changes in unavailable revenues from the prior year.

(152,886)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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 first issued, whereas the 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.

Amortization of debt premium	84,339
Principal payments	497,000
Capital lease payments	40,791

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 15,629,337

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Texas
Statement of Net Position
Proprietary Fund
September 30, 2020

	<u>Utility Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,670,817
Certificate of deposit	1,271,011
Receivables, net	1,500,990
Inventories	<u>11,704</u>
Total current assets	7,454,522
Noncurrent assets	
Restricted cash and pooled investments	12,752,140
GTUA prepaid reserves	826,143
Capital assets	
Non-depreciable	2,407,074
Net depreciable capital assets	<u>54,561,447</u>
Total noncurrent assets	<u>70,546,804</u>
Total assets	78,001,326
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	100,814
Deferred outflows - pension	209,842
Deferred outflows - OPEB	<u>5,488</u>
Total deferred outflows of resources	<u>316,144</u>

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Texas

Statement of Net Position – Continued

Proprietary Fund

September 30, 2020

	<u>Utility Fund</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 1,239,944
Salaries payable	37,612
Other liabilities	47,219
Bond interest payable	80,218
Due to other governments	5,540
Customer deposits	1,102,928
Revenue bonds payable - current	1,075,750
Capital lease payable - current	129,869
Compensated absences - current	<u>16,367</u>
Total current liabilities	3,735,447
Noncurrent liabilities	
Revenue bonds payable	19,685,906
Capital lease payable	967,248
Compensated absences	52,687
Net pension liability	233,081
Total OPEB liability	<u>18,077</u>
Total noncurrent liabilities	<u>20,956,999</u>
Total liabilities	24,692,446
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	69,807
Deferred inflows - OPEB	<u>1,633</u>
Total deferred inflows of resources	71,440
NET POSITION	
Net investment in capital assets	35,210,562
Restricted for:	
GTUA deposits	826,143
Water and sewer improvements	12,752,140
Unrestricted	<u>4,764,739</u>
TOTAL NET POSITION	<u><u>\$ 53,553,584</u></u>

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Texas

Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Fund
For the Fiscal Year Ended September 30, 2020

	Utility Fund
OPERATING REVENUES	
Water	\$ 4,973,527
Sewer	3,111,577
Sanitation	1,199,931
Service charges	1,214,231
Connection fees	380,752
Developer and impact fees	4,794,475
Miscellaneous	177,809
	<hr/>
Total operating revenues	15,852,302
OPERATING EXPENSES	
Personnel services	1,841,722
Contracted services	4,744,833
Maintenance	699,536
Supplies	160,275
Utilities	397,519
Depreciation	2,253,267
Other expenses	190,830
	<hr/>
Total operating expenses	10,287,982
	<hr/>
Operating income	5,564,320
NONOPERATING REVENUES (EXPENSES)	
Investment income	175,248
Interest expense	(864,531)
	<hr/>
Total nonoperating revenues	(689,283)
	<hr/>
Income before transfers and capital contributions	4,875,037
Transfers out	(3,205)
Contributed capital	7,046,054
	<hr/>
Change in net position	11,917,886
Net position, beginning of year	41,635,698
	<hr/>
NET POSITION, END OF YEAR	<u><u>\$ 53,553,584</u></u>

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Texas**Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended September 30, 2020**

	Utility Fund
OPERATING ACTIVITIES	
Receipts from customers and users	\$ 15,804,889
Payments to suppliers	(6,267,918)
Payments to employees	(1,857,450)
	<hr/>
Net cash provided by operating activities	7,679,521
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
GTUA reserve accounts	(630)
Acquisition and construction of capital assets	(561,175)
Interest and fees paid on long-term debt	(924,978)
Principal payments on debt and capital leases	(1,166,907)
	<hr/>
Net cash used in capital and related financing activities	(2,653,690)
NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers to other funds	(3,205)
	<hr/>
Net cash used in noncapital financing activities	(3,205)
INVESTING ACTIVITIES	
Purchase of investment securities	626,937
Interest received	175,248
	<hr/>
Net cash provided by investing activities	802,185
	<hr/>
Net increase in cash and cash equivalents	5,824,811
Cash and cash equivalents, beginning of year	11,598,146
	<hr/>
Cash and cash equivalents, end of year	\$ 17,422,957
	<hr/>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 4,670,817
Restricted cash and cash equivalents	12,752,140
	<hr/>
	\$ 17,422,957
	<hr/>

The Notes to Financial Statements are an integral part of this statement.

City of Anna, TexasStatement of Cash Flows - Proprietary Fund – Continued
For the Fiscal Year Ended September 30, 2020

	<u>Utility Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 5,564,320
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation expense	2,253,267
Changes in assets and liabilities	
Accounts receivable	(180,235)
Inventories	2,446
Deferred outflows - pension and OPEB	(5,832)
Deferred inflows - pension and OPEB	34,992
Net pension and total OPEB liability	(75,441)
Accounts payable	(77,371)
Salaries payable	9,418
Customer deposits	132,822
Accrued compensated absences	21,135
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 7,679,521</u>
NON-CASH CAPITAL ACTIVITIES	
Contributions of capital assets	<u>\$ 7,046,054</u>

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Texas

Statement of Fiduciary Net Position

Agency Fund

September 30, 2020

	PID Agency Fund
ASSETS	
Cash and cash equivalents - restricted	<u>\$ 1,145,975</u>
Total assets	<u><u>\$ 1,145,975</u></u>
LIABILITIES	
Liability to bond holders	<u>\$ 1,145,975</u>
Total liabilities	<u><u>\$ 1,145,975</u></u>

The Notes to Financial Statements are an integral part of this statement.

THE CITY OF
Anna

City of Anna, Texas

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Anna, Texas (the "City") is a home rule charter city that operates under a Council-Manager form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety, ambulance, streets, sanitation, planning and zoning, and general administrative services. Other services include water, sewer, and sanitation operations.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The component units listed below, although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Units

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without the approval by the primary government. The following entities were found to be component units of the City and are included in the basic financial statements:

Anna Economic Development Corporation

The Anna Economic Development Corporation (EDC) fund was incorporated in the state of Texas as a nonprofit industrial development corporation under Section 4B of the Development Corporation Act of 1979. The purpose of the EDC is to promote economic development within the City of Anna.

Anna Community Development Corporation

The Anna Community Development Corporation (CDC) fund was incorporated in the state of Texas as a nonprofit industrial development corporation under Section 4A of the Development Corporation Act of 1979. The purpose of the CDC is to promote community development within the City of Anna.

City of Anna, Texas

Notes to Financial Statements

The members of both the EDC and CDC's board of seven directors are appointed by the City Council. Both the EDC and CDC are fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. Adding the creation of the EDC and CDC to the resources currently available significantly increases the City's ability to assist community development and financing development projects beneficial to the City. All of the EDC and CDC funding can be used for direct assistance to prospects and continued development of infrastructure. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. Separate financial statements are not issued for the EDC or the CDC.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary - 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 nonmajor funds.

The City reports the following major governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and culture and recreation. The general fund is always considered a major fund for reporting purposes.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

City of Anna, Texas

Notes to Financial Statements

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *PID capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets relating to the Hurricane Creeks PID.

Additionally, the City reports the following nonmajor governmental funds:

The City accounts for resources restricted to, or designated for, specific purposes in *Special Revenue Funds*. These funds consist of the roadway impact fee service area one and two, and road capital development agreements fund, police seizure fund, park development fund, fire department capital improvement fund, grant fund, and other special revenue fund.

The City reports the following enterprise fund:

The *Utility Fund* is used to account for the provision of water, sewer, and solid waste collection services and wastewater treatment operations. Activities of the fund include administration, operations and maintenance of the water system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

The City reports the following fiduciary fund:

The *Public Improvement District (PID) Agency Fund* accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the City as an agent for the Public Improvement District.

During the course of operations the City 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 the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) 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.

E. 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.

City of Anna, Texas

Notes to Financial Statements

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers revenues available if they are collected within 60 days of the end of the current period. Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in local government investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

The City maintains pooled cash and investment accounts. Each fund whose monies are deposited in the pooled cash and investment accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end.

2. Investments

Investments, with certain exceptions, are reported at fair value. The exceptions are investments in external investment pools and nonparticipating interest earning contracts, such as certificates of deposit, which are reported at amortized cost and a cost-based measure, respectively.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government, its agencies and instrumentalities
- Certificates of deposit that meet certain criteria
- Money market mutual funds that meet certain criteria
- Local government investment pools

City of Anna, Texas

Notes to Financial Statements

3. *Receivables and Interfund Transactions*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. *Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when the related liability is incurred, (i.e., the purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *Capital Assets*

Capital assets, which include land and improvements, construction in progress, buildings and improvements, machinery and equipment, infrastructure (e.g. roads, bridges, sidewalks, and similar items), and water and sewer systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Interest costs incurred during the construction phase of capital assets of business-type activities acquired with tax-exempt debt is included as part of the capitalized value of the assets constructed.

Land and improvements and construction in progress are not depreciated. Buildings and improvements, machinery and equipment, infrastructure, and water and sewer systems of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 years
Water and sewer system	35 years
Equipment	3-20 years
Streets	20 years

City of Anna, Texas

Notes to Financial Statements

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement 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 City has the following items that qualify for reporting in this category:

In the government-wide and proprietary fund statements of net position:

- A deferred charge on refunding bonds results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to net pension and other postemployment benefit liabilities result from differences in projected and actual earnings on plan investments, expected and actual economic experience, changes in actuarial assumptions and other inputs, and contributions made subsequent to the measurement date of each plan. These activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension and OPEB plan, except for projected and actual earnings differences on investments, which are amortized on a closed basis over a 5-year period, and contributions made subsequent to the measurement date of each plan, which are recognized in the subsequent fiscal year.

In addition to liabilities, the statement of financial position (or balance sheet) 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 (or fund balance) that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

In the governmental funds balance sheet:

- Unavailable revenues from property taxes and grants are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the government-wide and proprietary fund statements of net position:

- Deferred inflows related to net pension and other postemployment benefit liabilities results from differences in projected and actual earnings on plan investments, expected and actual economic experience, changes in actuarial assumptions and other inputs. These activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments, which are amortized on a closed basis over a 5-year period.

7. *Compensated Absences*

The City maintains formal programs for vacation and sick leave. Eligible employees are granted vacation pay benefits in varying amounts to specified maximums depending on tenure with the City. The City's personnel policy permits its eligible employees to accumulate earned but unused vacation pay benefits.

There is no liability for unpaid accumulated sick leave as the City will not pay any unused amounts when employees separate from service with the City.

The estimated amount of accrued vacation and sick pay benefits that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it upon maturity. Amounts of accrued vacation pay benefits that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

City of Anna, Texas

Notes to Financial Statements

8. Long-Term Obligations

The government-wide financial statements and proprietary fund type fund financial statements report long-term debt and other long-term liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premiums or discounts.

The fund financial statements report bond premiums and discounts during the current period. 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.

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be paid from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be paid from proprietary fund operations are accounted for in those funds.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. 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 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.

10. Other Postemployment Benefits (OPEB)

The City offers one OPEB plan, a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF") administered by TMRS. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense 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.

11. Net Position Flow Assumptions

Sometimes the City 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 the 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.

City of Anna, Texas

Notes to Financial Statements

12. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of 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.

13. Fund Balance Policies

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 City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The City reports the following classifications of fund balance:

Nonspendable fund balance – includes amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balance – includes amounts that have external constraints imposed upon the use of the resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by approval of a resolution prior to the end of the fiscal year, commit fund balance. Once approved, the limitation imposed by the resolution remains in place until a similar action is taken (the approval of another resolution) to remove or revise the limitation.

Assigned fund balance – includes amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City's Finance Director to assign fund balance to a specific purpose as approved by the City's fund balance policy. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications, and other funds that have total negative fund balances.

14. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred outflows and inflows of resources, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

City of Anna, Texas

Notes to Financial Statements

G. Revenues and Expenditures/Expenses

1. 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.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

3. 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 utility fund is charges to customers for sales and services. The utility 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 the utility fund includes the operating 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.

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General, Debt Service, and Utility Fund. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is defined at the fund level. No funds can be transferred or added to a budgeted fund without Council approval. Appropriations lapse at the end of the year.

City of Anna, Texas

Notes to Financial Statements

Note 3. Deposits and Investments

Deposits – State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2020, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits (including component units and fiduciary funds) was \$30,519,782 and the bank balance was \$30,516,515. Of the bank balance, federal depository insurance covered \$250,000 and the remainder was covered by collateral held by the pledging financial institution's agent in the City's name.

Cash and cash equivalents as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary government:

Cash and cash equivalents	\$ 19,281,253
Restricted cash and cash equivalents	<u>36,304,510</u>
Total primary government	55,585,763

Fiduciary Fund:

Cash and cash equivalents	1,145,975
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Component units:

Cash and cash equivalents	<u>1,585,821</u>
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Total cash and investments

\$ 58,317,559

Cash on hand

\$ 2,000

Deposits with financial institution

30,519,782

Investment pools / money market

27,795,777

Total cash and investments

\$ 58,317,559

As of September 30, 2020, the City had the following investments:

	Value	Weighted Average Maturity (Years)
Certificates of deposit	\$ 6,721,626	0.8950
TexPool	27,584,409	0.1040
Money market accounts	<u>211,368</u>	0.0767
Total	<u>\$ 34,517,403</u>	

City of Anna, Texas

Notes to Financial Statements

Interest rate risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of an investment. The City structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations, and monitors interest rate risk using weighted average maturity analysis. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 365 days.

Credit risk

The City's policy requires that investments are limited to only certain instruments that are authorized by the Public Funds Investment Act. Further specifications are that external investment pools must be rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service, United States Treasury and agency investments are guaranteed (either express or implied) and backed by the full faith and credit of the United States or its respective agencies, and certificates of deposit are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or fully collateralized under an approved pledge agreement.

As of September 30, 2020, the City's investment in TexPool was rated "AAAm" by Standard & Poor's. The certificates of deposit are unrated but were fully collateralized.

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities, to the extent the deposits exceed FDIC coverage. As of September 30, 2020, the combined values of pledged securities and FDIC coverage exceeded bank balances for the City.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that custody of securities is maintained at financial institutions, avoiding physical possession, and that securities owned by the City shall be held in the City's account.

Concentration of credit risk

The risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's investment policy specifies undue concentrations of assets in a specific maturity sector shall be avoided.

The City's investments are stated at fair value, with certain exceptions described below. The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*, which provides a framework for measuring fair value and establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

City of Anna, Texas

Notes to Financial Statements

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Certain investments are not required to be measured at fair value; these include its investment in the TexPool external investment pool, which is measured at amortized cost and is included in cash equivalents, and its investments in certificates of deposit, which are measured based on cost. These instruments are exempt from categorization within the fair value hierarchy.

TexPool

TexPool is a local government investment pool, duly chartered and overseen by the State Comptroller's Office, and administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. TexPool's investment portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA-rated money market mutual funds. The pool's investments are highly rated by nationally recognized statistical rating organizations, have no more than five percent concentrated in one issuer (excluding U.S. government securities), and are sufficiently liquid to meet reasonably foreseeable redemptions.

TexPool transacts at a net asset value of \$1.00 per share, and maintains a weighted average maturity of 60 days or less and a weighted average life of 120 days or less. TexPool has a redemption notice period of one day and investors may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

Note 4. Receivables

The following comprise receivable balances of the primary government as of September 30, 2020:

	General	Capital Projects	Debt Service Fund	Nonmajor Governmental	Utility Fund
Property taxes	\$ 70,017	\$ -	\$ 21,670	\$ -	\$ -
Sales taxes	430,672	-	-	-	10,092
Accounts	189,284	-	-	5,337	1,791,101
Interest	1,842	6,215	-	-	16,221
Other	-	25	9,230	-	-
Less: Allowance	-	-	-	-	(316,424)
Totals	\$ 691,815	\$ 6,240	\$ 30,900	\$ 5,337	\$ 1,500,990

City of Anna, Texas
Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2020:

	Beginning Balance	Additions	Dispositions	Adjustments / Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,974,343	\$ 4,000	\$ -	\$ -	\$ 3,978,343
Construction in progress	3,399,943	12,536,677	-	(903,029)	15,033,591
Total capital assets, not being depreciated	7,374,286	12,540,677	-	(903,029)	19,011,934
Depreciable assets:					
Park improvements	5,933,835	-	-	123,704	6,057,539
Buildings	1,542,758	-	-	-	1,542,758
Furniture and fixtures	33,911	-	-	-	33,911
Streets and drainage	38,947,127	12,423,200	-	449,733	51,820,060
Machinery and equipment	3,825,082	453,709	(40,066)	-	4,238,725
Total depreciable assets	50,282,713	12,876,909	(40,066)	573,437	63,692,993
Less accumulated depreciation for:					
Park improvements	2,337,620	300,175	-	-	2,637,795
Buildings	576,483	82,499	-	-	658,982
Furniture and fixtures	27,079	707	-	-	27,786
Streets and drainage	12,210,494	1,951,204	-	-	14,161,698
Machinery and equipment	2,296,333	678,779	(38,999)	-	2,936,113
Total accumulated depreciation	17,448,009	3,013,364	(38,999)	-	20,422,374
Total depreciable assets, net	32,834,704	9,863,545	(1,067)	573,437	43,270,619
Governmental activities capital assets, net	\$ 40,208,990	\$ 22,404,222	\$ (1,067)	\$ (329,592)	\$ 62,282,553

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 31,519
Culture and recreation	363,227
Community services	1,615
Public safety	293,847
Public works	2,323,156
Total governmental activities depreciation expense	\$ 3,013,364

City of Anna, Texas
Notes to Financial Statements

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2020:

	Beginning Balance	Additions	Dispositions	Adjustments / Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,056,627	\$ 166,116	\$ -	\$ -	\$ 1,222,743
Construction in progress	1,057,269	395,057	-	(267,995)	1,184,331
Total capital assets, not being depreciated	2,113,896	561,173	-	(267,995)	2,407,074
Depreciable assets:					
Furniture and fixtures	5,620	-	-	-	5,620
Buildings and improvements	486,244	-	-	-	486,244
Machinery and equipment	1,929,005	-	-	-	1,929,005
Water treatment system	14,943,500	3,814,510	-	88,611	18,846,621
GTUA water improvements	17,189,179	-	-	-	17,189,179
GTUA sewer improvements	939,796	-	-	-	939,796
Water and sewer system	31,455,136	2,901,954	-	508,976	34,866,066
Total depreciable assets	66,948,480	6,716,464	-	597,587	74,262,531
Less accumulated depreciation for:					
Furniture and fixtures	5,620	-	-	-	5,620
Buildings and improvements	218,323	23,567	-	-	241,890
Machinery and equipment	1,408,963	183,328	-	-	1,592,291
Water treatment system	3,363,787	1,055,282	-	-	4,419,069
GTUA water improvements	5,093,522	489,202	-	-	5,582,724
GTUA sewer improvements	264,037	26,851	-	-	290,888
Water and sewer system	7,093,565	475,037	-	-	7,568,602
Total accumulated depreciation	17,447,817	2,253,267	-	-	19,701,084
Total depreciable assets, net	49,500,663	4,463,197	-	597,587	54,561,447
Business-type activities capital assets, net	\$ 51,614,559	\$ 5,024,370	\$ -	\$ 329,592	\$ 56,968,521

Depreciation expense was charged to business-type functions as follows:

Water and sewer	<u>\$ 2,253,267</u>
Total business-type activities depreciation expense	<u>\$ 2,253,267</u>

City of Anna, Texas
Notes to Financial Statements

The following is a summary of changes in capital assets for component units for the year ended September 30, 2020:

	Beginning Balance	Additions	Dispositions	Ending Balance
Community Development Corporation:				
Capital assets, not being depreciated:				
Land	\$ 2,757,904	\$ -	\$ -	\$ 2,757,904
Total capital assets, not being depreciated	2,757,904	-	-	2,757,904
Community Development Corporation capital assets, net	\$ 2,757,904	\$ -	\$ -	\$ 2,757,904
	Beginning Balance	Additions	Dispositions	Ending Balance
Economic Development Corporation:				
Capital assets, not being depreciated:				
Land	\$ 90,346	\$ -	\$ -	\$ 90,346
Total capital assets, not being depreciated	90,346	-	-	90,346
Depreciable assets:				
Buildings and improvements	366,589	-	-	366,589
Furniture and fixtures	13,871	-	-	13,871
Total depreciable assets	380,460	-	-	380,460
Less accumulated depreciation for:				
Buildings and improvements	129,833	18,329	-	148,162
Furniture and fixtures	3,789	1,386	-	5,175
Total accumulated depreciation	133,622	19,715	-	153,337
Total depreciable assets, net	246,838	(19,715)	-	227,123
Economic Development Corporation capital assets, net	\$ 337,184	\$ (19,715)	\$ -	\$ 317,469

Remaining commitments under related construction contracts for general government and utility construction projects at year end were as follows:

Projects	Opinion Unit	Approved Construction Budget	Stored and Completed To Date	Remaining Commitment
City Hall Municipal Complex	General government	\$ 29,418,157	\$ 7,940,368	\$ 21,477,789
Rosamund Parkway Ext	General government	796,500	424,571	371,929
Ferguson Parkway Design	General government	251,780	207,638	44,142
Hackberry Dr Reconstruction	General government	75,410	33,224	42,186
Sherley Park	General government	769,000	372,801	396,199
Foster Crossing Road	General government	796,665	80,876	715,789
PID-VHC-MIA	General government	2,408,234	1,395,801	1,012,433
PID-VHC-IA#1	General government	6,474,557	4,578,313	1,896,245
East Fork Regional Sewer	Utility Fund	1,171,373	757,482	413,891
US75 Util Relo Design CR371 to Mantua	Utility Fund	69,500	37,991	31,509
E/W Collector Water Line	Utility Fund	385,013	377,304	7,709
Oak Ridge Sewer	Utility Fund	63,730	11,554	52,176
Total		\$ 42,679,919	\$ 16,217,924	\$ 26,461,995

The remaining commitments above will be primarily financed through completion of construction with the resources of the capital projects funds, supplemented by the general fund and issuance of debt, as needed.

City of Anna, Texas
Notes to Financial Statements

Note 6. Long-term Liabilities

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2020. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 1,922,000	\$ -	\$ (107,000)	\$ 1,815,000	\$ 259,000
Certificates of obligation	30,820,000	-	(200,000)	30,620,000	195,000
Combination tax and revenue refunding bonds	615,000	-	(190,000)	425,000	50,000
Capital lease payable	429,217	-	(40,791)	388,426	42,366
Unamortized premiums	1,433,211	-	(84,339)	1,348,872	-
Total bonds, notes and other payables, net	35,219,428	-	(622,130)	34,597,298	546,366
Other liabilities:					
Compensated absences	214,167	200,606	(132,450)	282,323	77,375
Net pension liability	977,249	1,523,416	(1,634,935)	865,730	-
Other postemployment benefit liability	43,372	24,921	(1,150)	67,143	-
Total governmental activities	\$ 36,454,216	\$ 1,748,943	\$ (2,390,665)	\$ 35,812,494	\$ 623,741
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds, notes and other payables:					
Contract revenue bonds	\$ 3,446,667	\$ -	\$ (289,584)	\$ 3,157,083	\$ 298,750
TWDB participation agreement	2,168,750	-	-	2,168,750	-
Combination tax and revenue certificates of obligation	7,695,000	-	(160,000)	7,535,000	170,000
Combination tax and revenue refunding bonds	8,122,000	-	(590,000)	7,532,000	607,000
Capital leases	1,094,571	-	(127,323)	967,248	129,869
Unamortized premiums (discounts)	571,023	-	(72,331)	498,692	-
Total bonds, notes and other payables, net	23,098,011	-	(1,239,238)	21,858,773	1,205,619
Other liabilities:					
Compensated absences	47,919	52,231	(31,096)	69,054	16,367
Net pension liability	312,720	360,536	(440,175)	233,081	-
Other postemployment benefit liability	13,879	4,507	(309)	18,077	-
Total business-type activities	\$ 23,472,529	\$ 417,274	\$ (1,710,818)	\$ 22,178,985	\$ 1,221,986
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Units - CDC:					
Bonds, notes and other payables:					
Sales tax revenue bonds	\$ 3,085,000	\$ -	\$ (215,000)	\$ 2,870,000	\$ 225,000
Other liabilities:					
Compensated absences	-	3,952	-	3,952	1,223
Net pension liability	13,030	19,030	(20,961)	11,099	-
Other postemployment benefit liability	578	298	(15)	861	-
Total component units	\$ 3,098,608	\$ 23,280	\$ (235,976)	\$ 2,885,912	\$ 226,223

City of Anna, Texas

Notes to Financial Statements

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, OPEB liability, and net pension liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
Governmental activities:		
General obligation refunding bonds		
Series 2014B	0.30 - 2.40 %	\$ 1,228,000
Series 2016	1.90 - 4.50 %	587,000
Total general obligation bonds		1,815,000
Certificates of obligation		
Series 2018	3.00 - 4.00 %	30,620,000
Total certificates of obligation		30,620,000
Combination tax and revenue refunding bonds		
Series 2017	2.00 - 4.00 %	425,000
Total certificates of obligation		425,000
Total governmental activities long-term debt		\$ 32,860,000
Business-type activities:		
Contract revenue and revenue refunding bonds		
Series 2006 GTUA Contract Revenue Bonds (12 & 15)	2.95 - 3.75 %	\$ 805,000
2007 GTUA Contract	2.95 - 4.10 %	1,155,000
CGMA Pipeline Project Phase I	2.29 - 5.74 %	334,583
CGMA Pipeline Project Phase III	2.67 - 5.62 %	862,500
Total contract revenue and revenue refunding bonds		3,157,083
TWDB state participation agreement		
CGMA Pipeline Project Phase II	5.68 - 5.83 %	2,168,750
Total TWDB state participation agreement		2,168,750
Combination tax & revenue certificates of obligation		
Series 2012	1.50 - 2.50 %	3,720,000
Series 2014	2.00 - 2.65 %	3,815,000
Total combination tax & revenue certificates of obligation		7,535,000
Combination tax and revenue refunding bonds		
Series 2014A	2.11%	1,832,000
Series 2017	2.00 - 4.00 %	5,700,000
Total combination tax and revenue refunding bonds		7,532,000
Capital Leases		
2017 AMI Meters	2.00%	967,248
Total capital leases		967,248
Total business-type activities long-term debt		\$ 21,360,081
Component units:		
Sales Tax Revenue Bonds		
CDC - Sales Tax Revenue Bonds - Series 2012B	3.30%	\$ 1,380,000
CDC - Sales Tax Revenue Bonds - Series 2016	1.9% - 4.5%	1,490,000
Total CDC long-term debt		\$ 2,870,000

City of Anna, Texas

Notes to Financial Statements

The annual requirements to amortize general obligation bonds, certificates of obligation outstanding, and sales tax revenue bonds at year end were as follows:

Year Ending September 30,	Governmental Activities					
	GO Bonds		CO Bonds		Combination Tax and Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 259,000	\$ 35,538	\$ 195,000	\$ 1,256,625	\$ 50,000	\$ 16,000
2022	265,000	30,689	215,000	1,250,475	40,000	15,000
2023	285,000	25,189	215,000	1,242,950	35,000	14,200
2024	286,000	19,112	235,000	1,233,950	35,000	13,400
2025	306,000	12,556	240,000	1,224,450	25,000	12,700
2026-2030	414,000	6,583	2,970,000	5,833,000	240,000	12,000
2031-2035	-	-	6,340,000	4,702,825	-	-
2036-2040	-	-	7,125,000	3,316,700	-	-
2041-2045	-	-	7,680,000	1,873,400	-	-
2046-2048	-	-	5,405,000	33,100	-	-
Totals	\$ 1,815,000	\$ 129,667	\$ 30,620,000	\$ 21,967,475	\$ 425,000	\$ 83,300

Year Ending September 30,	Business-type Activities					
	Contract Revenue Bonds		TWDB State Participation Agreement		Combination Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 298,750	\$ 141,400	\$ -	\$ 125,206	\$ 170,000	\$ 223,388
2022	306,250	129,433	-	125,206	170,000	219,588
2023	320,000	117,005	-	125,206	175,000	215,300
2024	332,500	103,924	-	125,206	210,000	210,000
2025	355,000	89,875	-	125,206	245,000	203,663
2026-2030	677,083	597,395	532,500	568,632	3,525,000	760,351
2031-2035	763,750	113,478	703,750	397,281	3,040,000	167,011
2036-2040	103,750	2,915	932,500	168,884	-	-
Totals	\$ 3,157,083	\$ 1,295,425	\$ 2,168,750	\$ 1,760,827	\$ 7,535,000	\$ 1,999,301

Year Ending September 30,	Combination Tax and Revenue	
	Principal	Interest
2021	\$ 607,000	\$ 276,714
2022	635,000	255,300
2023	654,000	232,313
2024	649,000	208,528
2025	645,000	184,452
2026-2030	2,412,000	643,376
2031-2033	1,930,000	116,600
Totals	\$ 7,532,000	\$ 1,917,283

City of Anna, Texas
Notes to Financial Statements

Year Ending September 30,	CDC	
	Combination Tax and Revenue Principal	Interest
2021	\$ 225,000	\$ 104,250
2022	160,000	167,463
2023	100,000	226,660
2024	115,000	211,080
2025	135,000	194,238
2026-2030	955,000	679,969
2031-2035	905,000	171,744
2036-2037	275,000	12,488
Totals	\$ 2,870,000	\$ 1,767,892

Contractual Obligations with Greater Texoma Utility Authority

Under the terms of long term water supply and sewer service contracts between the City and Greater Texoma Utility Authority (GTUA), the City recognizes that GTUA has an undivided ownership interest in the City's water system and sewer collection and treatment facility equivalent to the percentage of the total cost of the facility provided by GTUA through the issuance of GTUA bonds.

The City has a contractual obligation to make payments specified by the contract to GTUA to pay the principal and interest on the bonds, maintain a Reserve Fund for the security and payment of bonds similarly secured, pay the administrative and overhead expenses of GTUA directly attributable to the bonds, and pay any extraordinary expenses incurred by GTUA in connection with the bonds. Under terms of the contracts the City's obligation to make payments to GTUA, as well as GTUA's ownership interest in the facilities terminates, when all of GTUA's bonds issued in connection with construction of the facilities have been paid in full, are retired, and are no longer outstanding.

Collin Grayson Municipal Alliance Transmission Water Pipeline

In 2004, the City, along with the City of Van Alstyne, Howe, and Melissa, formed a group called the Collin Grayson Municipal Alliance ("CGMA"). CGMA entered into a long-term contractual obligation with GTUA for the purpose of providing funds for the construction of a transmission water pipeline that will provide water to CGMA cities. The cost of the pipeline is being funded in four phases.

Each CMGA city was required to make payments to GTUA in an amount equivalent to 25% of the total obligation to cover their portion of the cost of the obligation until the pipeline project was completed. As water continues to flow to each CGMA city, the City shall be charged it's percentage or fraction share of debt service on the obligation based upon the amount of water to be paid by the City under its water contract (i.e. the greater of its minimum take-or-pay amount or the actual amount of water taken) divided by the total amount of water to be paid by all CGMA cities. The sum of the four (4) fractional amounts shall always equal 100% of the debt service on the contractual obligation with GTUA. The billing rates for each City will be calculated to provide funds necessary to cover the contractual obligation, interest, repairs, maintenance, and production costs.

At the end of the contractual obligation with GTUA, the City will own an undivided interest in the transmission water pipeline based on the percentage of water it utilized and paid for during the contract term. The contract will expire and the transfer of ownership will occur during the fiscal year ended September 30, 2040, as long as no new debt is issued.

City of Anna, Texas

Notes to Financial Statements

Capital Leases

On October 9, 2018, the City entered into a new lease agreement as lessee for financing the acquisition of a fire apparatus which is payable from the general fund. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

On November 28, 2016, the City entered into a capital lease to finance the acquisition of water meters which is payable from the utility fund.

The assets acquired through the capital leases as of September 30, 2020 are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Fire apparatus	\$ 485,068	\$ -
Water meters	-	1,340,010
Less: Accumulated depreciation	<u>(86,914)</u>	<u>(400,003)</u>
Total	<u>\$ 398,154</u>	<u>\$ 940,007</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020 are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2021	\$ 57,359	\$ 149,179
2022	57,359	149,179
2023	57,359	149,179
2024	57,359	149,179
2025	57,359	149,179
2026-2028	<u>172,077</u>	<u>298,356</u>
Total minimum future lease payments	458,872	1,044,251
Less: amount representing interest	<u>(70,446)</u>	<u>(77,003)</u>
Present value of minimum lease payments	<u>\$ 388,426</u>	<u>\$ 967,248</u>

City of Anna, Texas

Notes to Financial Statements

Note 7. Interfund Balances and Activity

1. Interfund Receivables and Payables

Interfund receivables and payables of the various funds at September 30, 2020 were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 605,859	\$ -
Capital Projects Fund	-	605,859
Totals	\$ 605,859	\$ 605,859

Interfund balances consist of short-term lending/borrowing arrangements that have resulted primarily from expenditures that are paid by one fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more governmental funds due to earned revenues not being received from outside agencies until the subsequent year.

2. Interfund Transfers

Transfers between funds during the year were as follows:

Transfers Out	Transfers In	Amounts
General Fund	Capital Projects Fund	\$ 1,611,223
General Fund	Nonmajor Funds	3,553
Utility Fund	Capital Projects Fund	3,205
Nonmajor Funds	Capital Projects Fund	361,625
Totals		\$ 1,979,606

Transfers to the special revenue fund were for year-end budgeted transfers to the grant fund. Transfers to the capital project fund were for the road project.

Note 8. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with approximately 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

City of Anna, Texas

Notes to Financial Statements

Note 9. Defined Benefit Pension Plan

Plan Description

The City participates in one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

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 City were as follows:

	2019	2018
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	47
Active employees	89
Total	149

City of Anna, Texas

Notes to Financial Statements

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 14.67% and 14.09% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$906,255, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including infla

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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.

City of Anna, Texas

Notes to Financial Statements

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, the actuary 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 arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

City of Anna, Texas
Notes to Financial Statements

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	\$ 7,690,204	\$ 6,387,205	\$ 1,302,999
Changes for the year:			
Service cost	1,008,055	-	1,008,055
Interest	546,834	-	546,834
Change of benefit terms	-	-	-
Difference between expected and actual experience	294,521	-	294,521
Changes of assumptions	47,825	-	47,825
Contributions - employer	-	747,632	(747,632)
Contributions - employee	-	356,743	(356,743)
Net investment income	-	991,697	(991,697)
Benefit payments, including refunds of employee contributions	(185,961)	(185,961)	-
Administrative expense	-	(5,580)	5,580
Other changes	-	(168)	168
Net changes	1,711,274	1,904,363	(193,089)
Balance at December 31, 2019	\$ 9,401,478	\$ 8,291,568	\$ 1,109,910

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 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%)
Net pension liability	\$ 2,810,215	\$ 1,109,910	\$ (241,965)

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, 2020, the City recognized pension expense of \$766,404.

City of Anna, Texas

Notes to Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 254,946	\$ 94,631
Changes in actuarial assumptions	45,508	-
Difference between projected and actual investment earnings	-	237,784
Contributions subsequent to the measurement date	698,797	-
Totals	\$ 999,251	\$ 332,415

\$698,797 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2020	\$ (51,977)
2021	(35,674)
2022	50,688
2023	(55,810)
2024	56,307
Thereafter	4,505
Totals	\$ (31,961)

Note 10. Other Postemployment Benefits Plan

Plan Description

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500.

City of Anna, Texas

Notes to Financial Statements

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

Inactive employees currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefit	5
Active employees	<u>89</u>
Total	<u>103</u>

Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city.

There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.01% in calendar years 2019 and 2020. The City's contributions to the SDBF for the year ended September 30, 2020 were \$8,286, and were equal to the required contributions.

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability In the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 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. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by an additional factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

City of Anna, Texas

Notes to Financial Statements

The actuarial assumptions used in the December 31, 2019 valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2014 through December 31, 2018. The post-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, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate (2.75%) was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2018	\$ 57,829
Changes for the year:	
Service cost	9,173
Interest on Total OPEB Liability	2,306
Change of benefit terms	-
Difference between expected and actual experience	(964)
Changes of assumptions or other inputs	18,247
Benefit payments	(510)
Net changes	28,252
Balance at December 31, 2019	\$ 86,081

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75%) or 1 percentage-point higher (3.75%) than the current rate:

1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
\$ 108,849	\$ 86,081	\$ 68,961

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$13,030.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,652
Changes in actuarial assumptions and other inputs	19,686	4,125
Contributions made subsequent to the measurement date	6,447	-
Totals	\$ 26,133	\$ 7,777

City of Anna, Texas

Notes to Financial Statements

The \$6,447 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2021. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2020	\$	1,551
2021		1,551
2022		1,551
2023		1,551
2024		1,551
Thereafter		<u>4,154</u>
Totals	\$	<u>11,909</u>

Note 11. Villages of Hurricane Creek Public Improvement District

On November 13, 2018, the City of Anna City Council approved Ordinance No. 2018-01-506 authorizing the creation of a Public Improvement District. The Hurricane Creek Public Improvement District consists of approximately 368.20 acres within the jurisdictions of the City. This district was created in accordance with Chapter 372.003 of the Texas Local Government Code, as amended.

On March 28, 2019 the City of Anna City Council approved the issuance and sale of two Special Assessment Revenue Bonds in the amounts of \$7,735,000 and \$3,535,000 known as Hurricane Creek Public Improvement District Improvement Area #1 Project and Hurricane Creeks Public Improvement District Improvement Major Improvement Area Project, respectively. These bonds were authorized in order to finance the projects benefiting the entire Hurricane Creek Public Improvement District including certain roadway, water, sewer, and drainage improvements.

Note 12. Coronavirus Pandemic

In March 2020, the World Health Organization declared the novel coronavirus ('COVID-19') a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the City's operations and financial results at this time.

THE CITY OF
Anna

Required Supplementary Information

City of Anna, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,892,319	\$ 6,126,026	\$ 6,095,539	\$ (30,487)
Sales taxes	1,911,312	2,160,000	2,271,318	111,318
Charges for services	118,700	138,450	188,258	49,808
License and permits	1,272,750	1,685,200	2,683,906	998,706
Franchise and local taxes	646,600	601,600	657,331	55,731
Investment income	129,714	103,000	102,302	(698)
Other revenues	23,150	26,064	38,117	12,053
Intergovernmental	118,190	123,195	123,195	-
Fines and forfeitures	80,000	80,000	97,374	17,374
Contributions and donations	2,000	375	475	100
Total revenues	10,194,735	11,043,910	12,257,815	1,213,905
EXPENDITURES				
Current:				
General government	2,604,283	2,604,283	2,508,399	95,884
Culture and recreation	681,312	686,683	729,407	(42,724)
Community services	1,333,421	1,339,533	1,113,095	226,438
Public safety	4,488,241	4,634,911	4,767,242	(132,331)
Public works	624,924	851,372	833,484	17,888
Debt service				
Principal	40,791	40,791	40,791	-
Interest and fiscal charges	16,568	16,568	16,568	-
Capital outlay	293,648	67,200	147,393	(80,193)
Total expenditures	10,083,188	10,241,341	10,156,379	84,962
Excess (deficiency) of revenues over (under) expenditures	111,547	802,569	2,101,436	1,298,867
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	40,000	17,432	17,432	-
Transfers out	(151,547)	(1,616,098)	(1,614,776)	1,322
Total other financing sources (uses)	(111,547)	(1,598,666)	(1,597,344)	1,322
Net change in fund balance	-	(796,097)	504,092	1,300,189
Beginning fund balance	5,941,424	5,941,424	5,941,424	-
ENDING FUND BALANCE	<u>\$ 5,941,424</u>	<u>\$ 5,145,327</u>	<u>\$ 6,445,516</u>	<u>\$ 1,300,189</u>

Notes to Schedule

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP)

City of Anna, Texas

Schedule of Changes in the Net Pension Liability and Related Ratios – TMRS Last Six Measurement Periods

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 1,008,055	\$ 860,365	\$ 698,771	\$ 608,067	\$ 527,867	\$ 429,268
Interest	546,834	464,692	398,225	343,924	309,015	277,884
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	294,521	13,331	(9,109)	(60,518)	(110,141)	(173,824)
Change of assumptions	47,825	-	-	-	19,349	-
Benefit payments, including refunds of employee contributions	(185,961)	(204,657)	(163,326)	(101,394)	(109,637)	(166,160)
Net change in total pension liability	1,711,274	1,133,731	924,561	790,079	636,453	367,168
Total pension liability - beginning	7,690,204	6,556,473	5,631,912	4,841,833	4,205,380	3,838,212
TOTAL PENSION LIABILITY - ENDING (a)	\$ 9,401,478	\$ 7,690,204	\$ 6,556,473	\$ 5,631,912	\$ 4,841,833	\$ 4,205,380
PLAN FIDUCIARY NET POSITION						
Contributions - employer	\$ 747,632	\$ 618,080	\$ 516,066	\$ 442,230	\$ 386,733	\$ 270,279
Contributions - employee	356,743	298,589	249,306	217,388	194,478	170,293
Net investment income (loss)	991,697	(175,951)	641,130	257,535	4,915	165,488
Benefit payments, including refunds of employee contributions	(185,961)	(204,657)	(163,326)	(101,394)	(109,637)	(166,160)
Administrative expense	(5,580)	(3,389)	(3,315)	(2,902)	(2,992)	(1,727)
Other	(168)	(176)	(169)	(156)	(148)	(142)
Net change in plan fiduciary net position	1,904,363	532,496	1,239,692	812,701	473,349	438,031
Plan fiduciary net position - beginning	6,387,205	5,854,709	4,615,017	3,802,316	3,328,967	2,890,936
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 8,291,568	\$ 6,387,205	\$ 5,854,709	\$ 4,615,017	\$ 3,802,316	\$ 3,328,967
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 1,109,910	\$ 1,302,999	\$ 701,764	\$ 1,016,895	\$ 1,039,517	\$ 876,413
Plan fiduciary net position as a percentage of total pension liability	88%	83%	89%	82%	79%	79%
Covered payroll	\$ 5,096,334	\$ 4,265,561	\$ 3,561,515	\$ 1,194,348	\$ 2,778,260	\$ 2,432,756
Net pension liability as a percentage of covered payroll	22%	31%	20%	85%	37%	36%

Notes to Schedule

1. This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Anna, Texas

Schedule of Employer Contributions to Pension Plan - TMRS

Last Six Years

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 906,255	\$ 701,932	\$ 592,188	\$ 490,248	\$ 444,631	\$ 353,170
Contributions in relation to the actuarially determined contribution	906,255	701,932	592,188	490,248	444,631	353,170
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,373,692	\$ 4,798,511	\$ 4,086,822	\$ 3,396,686	\$ 3,140,567	\$ 2,881,090
Contributions as a percentage of covered payroll	14.22%	14.63%	14.49%	14.43%	14.16%	12.26%

Notes to Schedule

1. This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.
2. GASB 68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

City of Anna, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios – TMRS Last Three Measurement Periods

	2019	2018	2017
TOTAL OPEB LIABILITY			
Service cost	\$ 9,173	\$ 8,958	\$ 6,767
Interest (on the Total OPEB Liability)	2,306	1,996	1,716
Change of benefit terms	-	-	-
Differences between expected and actual experience	(964)	(3,622)	-
Changes in assumptions or other inputs	18,247	(5,341)	5,334
Benefit payments	(510)	-	-
	<hr/>	<hr/>	<hr/>
Net change in total OPEB liability	28,252	1,991	13,817
Total OPEB liability - beginning	<hr/> 57,829	<hr/> 55,838	<hr/> 42,021
TOTAL OPEB LIABILITY - ENDING (a)	<hr/> \$ 86,081	<hr/> \$ 57,829	<hr/> \$ 55,838
Covered payroll	\$ 5,096,334	\$ 4,265,563	\$ 3,561,515
Total OPEB liability as a percentage of covered payroll	1.69%	1.36%	1.57%

Notes to Schedule

1. This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented have been shown and ultimately ten years will be presented.

City of Anna, Texas

Schedule of OPEB Contributions - TMRS

Last Three Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 8,286	\$ 6,238	\$ 4,496
Contributions in relation to the actuarially determined contribution	<u>8,286</u>	<u>6,238</u>	<u>4,496</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	6,373,692	4,798,511	4,086,822
Contributions as a percentage of covered payroll	0.13%	0.13%	0.11%

Notes to Schedule

1. This schedule is presented to illustrate the requirement to show for 10 years. However, recalculations of prior years are not reported in accordance with the standards of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented will be shown and ultimately ten years will be presented.
2. GASB 75 paragraph 57 requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Combining and Individual Fund Financial Statements and Schedule

THE CITY OF
Anna

Nonmajor Governmental Funds

Special Revenue Funds

Roadway Impact Fee Service Area 1

Accounts for revenue and expenditures from developer impact fees for future strategic roadway improvements for service area 1.

Roadway Impact Fee Service Area 2

Accounts for revenue and expenditures from developer impact fees for future strategic roadway improvements for service area 2.

Road Capital Development Agreement Fund

Accounts for negotiated developer agreements for road and street impact fees.

Police Seizure Fund

Accounts for revenues generated from property seized in connection with illegal activity once the property is forfeited after prosecution that can only be used in accordance with applicable state and federal laws.

Park Development Fund

Accounts for park development fees from developer agreements or the subdivision ordinance in support of the City's parks master plan.

Fire Department Capital Improvement Fund

Accounts for voluntary fees negotiated with developers in support of the Anna Fire Department for fire capital projects.

Grant Fund

Accounts for proceeds and expenditures relating to all grants.

Other Special Revenue Fund

Accounts for all other miscellaneous restricted funds not described in other special revenue funds.

City of Anna, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

	Roadway Impact Fee SVC Area 1	Roadway Impact Fee SVC Area 2	Road Capital Dev. Agr. Fund	Police Seizure Fund	Park Development Fund
ASSETS					
Cash and cash equivalents	\$ 842,820	\$ 897,861	\$ 867,262	\$ 9,556	\$ 2,338,393
Receivables, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 842,820</u>	<u>\$ 897,861</u>	<u>\$ 867,262</u>	<u>\$ 9,556</u>	<u>\$ 2,338,393</u>
LIABILITIES					
Accounts payable and other liabilities	\$ -	\$ -	\$ 399,479	\$ -	\$ 16,252
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>399,479</u>	<u>-</u>	<u>16,252</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Public safety	-	-	-	9,556	-
Capital projects	842,820	897,861	467,783	-	2,322,141
Unassigned	-	-	-	-	-
Total fund balances	<u>842,820</u>	<u>897,861</u>	<u>467,783</u>	<u>9,556</u>	<u>2,322,141</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 842,820</u>	<u>\$ 897,861</u>	<u>\$ 867,262</u>	<u>\$ 9,556</u>	<u>\$ 2,338,393</u>

Fire Dept. Capital Impr. Fund	Grant Fund	Other Special Revenue Fund	Total Nonmajor Governmental Funds
\$ 132,332	\$ 338,885	\$ 138,754	\$ 5,565,863
-	-	5,337	5,337
-	-	-	-
-	3,000	-	3,000
<u>\$ 132,332</u>	<u>\$ 341,885</u>	<u>\$ 144,091</u>	<u>\$ 5,574,200</u>
\$ -	\$ 10,056	\$ -	\$ 425,787
-	331,829	-	331,829
<u>-</u>	<u>341,885</u>	<u>-</u>	<u>757,616</u>
-	3,000	-	3,000
132,332	-	144,091	285,979
-	-	-	4,530,605
-	(3,000)	-	(3,000)
<u>132,332</u>	<u>-</u>	<u>144,091</u>	<u>4,816,584</u>
<u>\$ 132,332</u>	<u>\$ 341,885</u>	<u>\$ 144,091</u>	<u>\$ 5,574,200</u>