

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
GENERAL GOVERNMENT PROJECTS

PROJECT NAME: Medic 2 Ambulance

Description: New ambulance for Anna Fire Department to transition away from AMR

Funding	2022	2023	2024	2025	2026
Non-Bond Capital	\$ 265,351	\$ -	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	265,351	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 265,351	\$ -	\$ -	\$ -	\$ -

PROJECT NAME: Community Library

Description: Voters approved the issuance of \$22,000,000 in general obligation bonds for the construction of a community library in the spring of 2021. The library is to be constructed on the northeast corner of West 5th and Riggins streets.

Funding	2022	2023	2024	2025	2026
Bond Funds	\$ 2,700,000	\$ 5,000,000	\$ 14,300,000	\$ -	\$ -
Expenditures					
Design	\$ 2,700,000	\$ 1,000,000	\$ -	\$ -	\$ -
Construction	-	4,000,000	14,300,000	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 2,700,000	\$ 5,000,000	\$ 14,300,000	\$ -	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
GENERAL GOVERNMENT PROJECTS

PROJECT NAME: Skate Park

Description: Design and build a skatepark at Slayter Creek Park as well as a small restroom building to serve the skatepark and splashpad. The skatepark ranked highest of amenities requested in the Parks, Recreation and Open Space Master Plan. The skate park will be the first project utilizing the \$28,000,000 approved in the spring of 2021 in Proposition C for Parks, Trails, Recreation and Sports.

Funding	2022	2023	2024	2025	2026
Bond Funds	\$ 82,125	\$ 1,600,000	\$ -	\$ -	\$ -
Expenditures					
Design	\$ 82,125	\$ 100,000	\$ -	\$ -	\$ -
Construction	-	1,500,000	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 82,125	\$ 1,600,000	\$ -	\$ -	\$ -

PROJECT NAME: City Hall Municipal Complex

Description: The new Municipal Complex will provide a centralized location to interact with all City services except for Public Works. A new fire facility incorporating drive through apparatus bays, offices, storage, administrative & training areas, crew quarters and amenities is greatly needed. Funding in excess of General Fund fund balance requirements will be used in FY2023 to add additional parking, including secured parking for Police, and enhance fire bay doors with security ventilation grills.

Funding	2022	2023	2024	2025	2026
Bond Funds	\$ 5,052,708	\$ -	\$ -	\$ -	\$ -
Non-Bond Capital	950,762	400,000	-	-	-
Total	\$ 6,003,470	\$ 400,000	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	5,052,708	-	-	-	-
Equipment	950,762	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 6,003,470	\$ -	\$ -	\$ -	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
GENERAL GOVERNMENT PROJECTS

PROJECT NAME: Ferguson Parkway

Description: Construct 1.2 miles of roadway connecting Ferguson Parkway between Taylor Blvd. and the Collin County Outer Loop (CCOL). Road is a future 6-lane divided parkway with 120' of right-of-way. Phase 1 would construct 2 concrete curb and gutter lanes and include a 3-lane bridge. This project is a top priority due to the connectivity to two regional roadways (FM 455 and the CCOL). The project moves traffic to our population center without having to use the congested intersections of FM 455 at US 75 and FM 455 at SH 5.

Funding	2022	2023	2024	2025	2026
NCTOG	\$ 160,000	\$ 1,120,000	\$ 8,000,000	\$ 8,000,000	\$ 3,200,000
Road Impact Fees	40,000	280,000	2,000,000	2,000,000	800,000
TOTAL	\$ 200,000	\$ 1,400,000	\$ 10,000,000	\$ 10,000,000	\$ 4,000,000

Expenditures

<i>Design</i>	\$ 200,000	\$ 1,400,000	\$ -	\$ -	\$ -
<i>Construction</i>	-	-	10,000,000	10,000,000	4,000,000
<i>Equipment</i>	-	-	-	-	-
<i>Right of Way</i>	-	-	-	-	-
Total	\$ 200,000	\$ 1,400,000	\$ 10,000,000	\$ 10,000,000	\$ 4,000,000

PROJECT NAME: Hackberry Drive

Description: Improve Hackberry Drive from Bamborough Drive to SH 5. Existing road is in poor condition with a dangerous curve. Design is complete. Property acquisition has begun.

Funding	2022	2023	2024	2025	2026
Non-Bond Capital	\$ 460,000	\$ 1,000,000	\$ -	\$ -	\$ -

Expenditures

<i>Design</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Construction</i>	-	1,000,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Right of Way</i>	460,000	-	-	-	-
Total	\$ 460,000	\$ 1,000,000	\$ -	\$ -	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
GENERAL GOVERNMENT PROJECTS

PROJECT NAME: Taylor Boulevard					
Description: US 75 to Ferguson Parkway; major road expansion with number of lanes and configurations to be determined					
Funding	2022	2023	2024	2025	2026
Collin County	\$ -	\$ 750,000	\$ -	\$ 4,000,000	\$ 4,000,000
Impact Fees	158,665	250,000	-	-	-
TOTAL	\$ 158,665	\$ 1,000,000	\$ -	\$ 4,000,000	\$ 4,000,000
Expenditures					
Design	\$ 158,665	\$ 250,000	\$ -	\$ -	\$ -
Construction	-	750,000	-	4,000,000	4,000,000
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 158,665	\$ 1,000,000	\$ -	\$ 4,000,000	\$ 4,000,000

PROJECT NAME: Downtown Street Improvements					
Description: 5th Street from SH 5 to Riggins Street; 7th Street from SH 5 to Riggins Street; Riggins Street from 5th to 7th. These projects are part of the Downtown Improvement Plan.					
Funding	2022	2023	2024	2025	2026
Non-Bond Capital	\$ 60,000	\$ 1,050,000	\$ 390,000	\$ -	\$ -
Expenditures					
Design	\$ 60,000	\$ 50,000	\$ -	\$ -	\$ -
Construction	-	1,000,000	390,000	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 60,000	\$ 1,050,000	\$ 390,000	\$ -	\$ -

CITY OF ANNA
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GENERAL GOVERNMENT PROJECTS

PROJECT NAME: Trailer Mount Generators					
Description: Backup generator system (3) for severe weather events to protect the public water system					
Funding	2022	2023	2024	2025	2026
Non-Bond Capital	\$ 475,000	\$ -	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	475,000	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 475,000	\$ -	\$ -	\$ -	\$ -

PROJECT NAME: Medic 3 Ambulance					
Description: Acquire a third transport ambulance to begin fire-based EMS operations at the new Fire Station #2. Included in the costs is a Life Pak 15 Heart Monitor, Lucas CPR Device, Stair Chair, Stryker EMS Cot and Loading System, 2 computers, Cradle Point, DSHS Licensing, and Mobile Radio with Dual Heads.					
Funding	2022	2023	2024	2025	2026
Non-Bond Capital	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	500,000	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 500,000	\$ -	\$ -	\$ -	\$ -

CITY OF ANNA
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GENERAL GOVERNMENT PROJECTS

PROJECT NAME: Sports Complex

Description: Funding is primarily for the acquisition of 60 to 80 acres of land for a sports complex. A feasibility study is also funded. Funding for the construction of a sports complex has not yet been allocated.

Funding	2022	2023	2024	2025	2026
Bond Funds	\$ -	\$ 4,000,000	\$ 100,000	\$ -	\$ -
Expenditures					
<i>Design</i>	\$ -	\$ -	\$ 100,000	\$ -	\$ -
<i>Construction</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Right of Way</i>	-	4,000,000	-	-	-
Total	\$ -	\$ 4,000,000	\$ 100,000	\$ -	\$ -

PROJECT NAME: Community Recreation Center

Description: Based on current available funding (capital and operations), the project will be primarily a community center with a recreation component. A task force will create a project charter to guide the design development. Basic component may include meeting rooms, a commercial kitchen and a gymnasium. The project is a good candidate for design/build.

Funding	2022	2023	2024	2025	2026
Bond Funds	\$ -	\$ 1,158,000	\$ -	\$ 10,100,000	\$ -
Expenditures					
<i>Design</i>	\$ -	\$ 1,158,000	\$ -	\$ 10,100,000	\$ -
<i>Construction</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Right of Way</i>	-	-	-	-	-
Total	\$ -	\$ 1,158,000	\$ -	\$ 10,100,000	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
GENERAL GOVERNMENT PROJECTS

PROJECT NAME: Bryant Park

Description: Bryant Park is being activated to serve as practice space for youth sports and to provide fields for a youth soccer program that is being started by the Neighborhood Services Department. Improvements will consist of topdressing, soccer goals, and striping of some fields. The second phase includes irrigation, lighting, and potentially a drive along the west side of the property for the elementary school and a restroom building. The soccer fields will be utilized by the soccer program being initiated by the Neighborhood Services Department.

Funding	2022	2023	2024	2025	2026
Bond Funds	\$ -	\$ -	\$ 750,000	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ 100,000	\$ -	\$ -
Construction	-	-	650,000	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ -	\$ 750,000	\$ -	\$ -

PROJECT NAME: Trails

Description: Trails are needed to connect city parks, schools and downtown among other areas in the community. Amenities such as trail head access points, signage, and benches will be phased in future years. Park Development funds will be used for design and bond funding will be used to construct trails beginning in FY2024.

Funding	2022	2023	2024	2025	2026
Bond Funds	\$ 84,000	\$ 984,000	\$ 900,000	\$ 800,000	\$ -
Expenditures					
Design	\$ -	\$ 184,000	\$ -	\$ -	\$ -
Construction	-	800,000	900,000	800,000	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ 984,000	\$ 900,000	\$ 800,000	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
GENERAL GOVERNMENT PROJECTS

PROJECT NAME: Slayter Creek Park Improvements

Description: Funding at Slayter Creek Park is primarily for renovating the splash pad, major improvements to the baseball fields, expansion of the northern parking lot and sports lighting for the practice fields on the south end of the park. The addition of pickleball courts and two basketball courts is also planned, and a fitness court will be located just southeast of the splash pad near the location of a future restroom building. Shade for the pickleball courts is being considered, but it is not yet funded.

Funding	2022	2023	2024	2025	2026
Bond Funds	\$ 100,000	\$ 5,200,000	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	100,000	5,200,000	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 100,000	\$ 5,200,000	\$ -	\$ -	\$ -

**CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
UTILITY BOND FUND PROJECTS**

	Actual Prior Years	Estimated 2021-22	Budget 2022-23	Budget 2023-24
BEGINNING BALANCE	\$ 105,013	\$ 105,013	\$ 105,013	\$ 28,105,013
REVENUES				
Bond Proceeds	\$ -	\$ -	\$ 65,000,000	\$ -
TOTAL	\$ -	\$ -	\$ 65,000,000	\$ -
PROJECTS				
Wastewater Treatment Plant Permit & Design	\$ -	\$ -	\$ 37,000,000	\$ 28,000,000
TOTAL PROJECTS	\$ -	\$ -	\$ 37,000,000	\$ 28,000,000
ENDING FUND BALANCE	\$ 105,013	\$ 105,013	\$ 28,105,013	\$ 105,013

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
UTILITY BOND FUND PROJECTS

Budget 2024-25	Budget 2025-26	Budget 2026-27	Project Total
\$ 105,013	\$ 105,013	\$ 105,013	
\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ 65,000,000
\$ -	\$ -	\$ -	
\$ 105,013	\$ 105,013	\$ 105,013	

**CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
UTILITY NON-BOND FUND PROJECTS**

	Actual Prior Years	Estimated 2021-22	Budget 2022-23	Budget 2023-24
BEGINNING BALANCE	\$ 3,235,931	\$ 8,715,746	\$ 8,795,746	\$ 8,825,746
REVENUES				
Utility Fund Cash Reserves	\$ -	\$ 400,000	\$ 650,000	\$ 635,000
PID Assessment	1,696,600	-	-	-
Interest Revenue	14,263	30,000	30,000	30,000
Miscellaneous Revenue	30,150	-	-	-
Transfer In	4,340,660	-	-	-
TOTAL	\$ 6,081,673	\$ 430,000	\$ 680,000	\$ 665,000
PROJECTS				
Treatment Plant Rehab & Expansion	\$ -	\$ 170,000	\$ 200,000	\$ 185,000
Sherley Storage Tank Rehabilitation	-	180,000	-	-
Storage Tank Painting and Rehabilitation	-	-	100,000	100,000
SCADA Hardware and Programming	-	-	250,000	250,000
Risk & Resilience Infrastructure Improvements	-	-	100,000	100,000
TOTAL PROJECTS	\$ 601,858	\$ 350,000	\$ 650,000	\$ 635,000
ENDING FUND BALANCE	\$ 8,715,746	\$ 8,795,746	\$ 8,825,746	\$ 8,855,746

**CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
UTILITY NON-BOND FUND PROJECTS**

Budget 2024-25	Budget 2025-26	Budget 2026-27	Project Total
\$ 8,855,746	\$ 8,870,746	\$ 8,900,746	
\$ 400,000	\$ 250,000	\$ 100,000	
-	-	-	
30,000	30,000	30,000	
-	-	-	
-	-	-	
\$ 430,000	\$ 280,000	\$ 130,000	
\$ 215,000	\$ 150,000	\$ -	\$ 920,000
-	-	-	180,000
100,000	-	-	300,000
-	-	-	500,000
100,000	100,000	100,000	500,000
\$ 415,000	\$ 250,000	\$ 100,000	
\$ 8,870,746	\$ 8,900,746	\$ 8,930,746	

**CITY OF ANNA
CAPITAL IMPROVEMENTS PROGRAM
WATER IMPACT FEES**

	Actual Prior Years	Estimated 2021-22	Budget 2022-23	Budget 2023-24
BEGINNING BALANCE	\$ 5,713,192	\$ 6,672,200	\$ 3,625,687	\$ 3,545,687
Water Improvement Fees	\$ 4,798,127	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Interest Revenue	31,193	30,000	30,000	30,000
TOTAL REVENUE	\$ 4,829,320	\$ 1,030,000	\$ 1,030,000	\$ 1,030,000
TOTAL AVAILABLE RESOURCES	\$ 10,542,512	\$ 7,702,200	\$ 4,655,687	\$ 4,575,687
PROJECTS				
US 75 Utility Relocations	\$ -	\$ 150,000	\$ 700,000	\$ -
Collin Pump Station Expansion	-	3,622,000	-	-
Well #9	-	-	-	100,000
State Hwy 5 Utility Relocation	-	304,513	410,000	1,600,000
TOTAL PROJECTS	\$ 3,870,312	\$ 4,076,513	\$ 1,110,000	\$ 1,700,000
ENDING FUND BALANCE	\$ 6,672,200	\$ 3,625,687	\$ 3,545,687	\$ 2,875,687

**CITY OF ANNA
CAPITAL IMPROVEMENTS PROGRAM
WATER IMPACT FEES**

Budget 2024-25	Budget 2025-26	Budget 2026-27	Project Total
\$ 2,875,687	\$ 905,687	\$ 1,935,687	
\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
30,000	30,000	30,000	
\$ 1,030,000	\$ 1,030,000	\$ 1,030,000	
\$ 3,905,687	\$ 1,935,687	\$ 2,965,687	
\$ -	\$ -	\$ -	\$ 850,000
-	-	-	3,622,000
3,000,000	-	-	3,100,000
-	-	-	2,314,513
\$ 3,000,000	\$ -	\$ -	
\$ 905,687	\$ 1,935,687	\$ 2,965,687	

**CITY OF ANNA
CAPITAL IMPROVEMENTS PROGRAM
WASTEWATER IMPACT FEES**

	Actual Prior Years	Estimated 2021-22	Budget 2022-23	Budget 2023-24
BEGINNING BALANCE	\$ 3,431,182	\$ 6,561,741	\$ 5,972,228	\$ 642,228
Wastewater Improvement Fees	\$ 3,812,550	\$ 4,000,000	\$ 4,000,000	\$ 6,000,000
Interest Revenue	22,715	20,000	20,000	20,000
TOTAL REVENUE	\$ 3,835,265	\$ 4,020,000	\$ 4,020,000	\$ 6,020,000
TOTAL AVAILABLE RESOURCES	\$ 7,266,447	\$ 10,581,741	\$ 9,992,228	\$ 6,662,228
PROJECTS				
State Hwy 5 Utility Relocation	\$ -	\$ 609,513	\$ 350,000	\$ 1,400,000
Hurricane Creek Line B Sanitary Sewer	-	-	4,000,000	-
Wastewater Treatment Plant Permit & Design	-	4,000,000	5,000,000	5,000,000
TOTAL PROJECTS	\$ 704,706	\$ 4,609,513	\$ 9,350,000	\$ 6,400,000
ENDING FUND BALANCE	\$ 6,561,741	\$ 5,972,228	\$ 642,228	\$ 262,228

CITY OF ANNA
CAPITAL IMPROVEMENTS PROGRAM
WASTEWATER IMPACT FEES

Budget 2024-25	Budget 2025-26	Budget 2026-27	Project Total
\$ 262,228	\$ 3,282,228	\$ 6,302,228	
\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	
20,000	20,000	20,000	
\$ 3,020,000	\$ 3,020,000	\$ 3,020,000	
\$ 3,282,228	\$ 6,302,228	\$ 9,322,228	

\$ -	\$ -	\$ -	\$ 2,359,513
-	-	-	4,000,000
-	-	-	14,000,000
\$ -	\$ -	\$ -	-
\$ 3,282,228	\$ 6,302,228	\$ 9,322,228	

THE CITY OF
Anna

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
WATER PROJECTS

PROJECT NAME: Collin Pump Station Expansion

Description: New pumps, two wells, and treatment to bring station online and increase supply; south major take point for GTUA / NTMWD water; needed to enhance water supply needs.

Funding	2022	2023	2024	2025	2026
Water Impact Fees	\$ 3,622,000	\$ -	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	3,622,000	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 3,622,000	\$ -	\$ -	\$ -	\$ -

PROJECT NAME: State Hwy 5 Utility Relocation - Water

Description: Relocate and expand public water and wastewater system along SH 5. Project A is from the Collin County Outer Loop to Hackberry Drive. Project B is not currently planned and will move forward when TxDOT is closer to allocating funds for road construction for that phase.

Funding	2022	2023	2024	2025	2026
Water Impact Fees	\$ 304,513	\$ 410,000	\$ 1,600,000	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	304,513	-	1,600,000	-	-
Equipment	-	-	-	-	-
Right of Way	-	410,000	-	-	-
Total	\$ 304,513	\$ 410,000	\$ 1,600,000	\$ -	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
WATER PROJECTS

PROJECT NAME: US 75 Utility Relocation

Description: Water and wastewater lines must be relocated in order for the reconstruction of US 75 up to the Grayson County line to be completed. City Council awarded design at April 13, 2021 meeting. Design will be completed in FY2021 with construction in FY2022.

Funding	2022	2023	2024	2025	2026
Water Impact Fees	\$ 150,000	\$ 700,000	\$ -	\$ -	\$ -
Expenditures					
Design	\$ 150,000	\$ -	\$ -	\$ -	\$ -
Construction	-	700,000	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 150,000	\$ 700,000	\$ -	\$ -	\$ -

PROJECT NAME: Grayson Pump Station

Description: Design expansion and creation of major northern take point for GTUA / NTMWD water; Installation of pump station, pumps, back-up generator, and all piping and appurtenances. Construction of a 500,000 gallon ground storage reservoir; needed to enhance water supply needs.

Funding	2022	2023	2024	2025	2026
Future Bond	\$ -	\$ 375,000	\$ 375,000	\$ 6,000,000	\$ -
Expenditures					
Design	\$ -	\$ 375,000	\$ 375,000	\$ 6,000,000	\$ -
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ 375,000	\$ 375,000	\$ 6,000,000	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
WATER PROJECTS

PROJECT NAME: Well #9						
Description: Construct new combination deep/shallow well near existing Well 5 at Smith & 6th Street to meet required peak demand; also included are a new storage tank and pump house; needed to enhance water supply needs.						
Funding	2022	2023	2024	2025	2026	
Water Impact Fees	\$ -	\$ -	\$ 100,000	\$ 3,000,000	\$ -	
Expenditures						
Design	\$ -	\$ -	\$ -	\$ -	\$ -	
Construction	-	-	100,000	3,000,000	-	
Equipment	-	-	-	-	-	
Right of Way	-	-	-	-	-	
Total	\$ -	\$ -	\$ 100,000	\$ 3,000,000	\$ -	

PROJECT NAME: Storage Tank Painting and Rehabilitation						
Description: Annual maintenance and repainting of water storage tanks; FY2023 - Painting of West Crossing; FY2024 - Rehabilitation of Grayson; FY2025 - Rehabilitation of West Crossing						
Funding	2022	2023	2024	2025	2026	
Non-Bond Capital	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	
Expenditures						
Design	\$ -	\$ -	\$ -	\$ -	\$ -	
Construction	-	100,000	100,000	100,000	-	
Equipment	-	-	-	-	-	
Right of Way	-	-	-	-	-	
Total	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
WATER PROJECTS

PROJECT NAME: Risk & Resilience Infrastructure Improvements

Description: Correcting deficiencies noted in our 2021 Risk and Resilience Assessment for compliance with America's Water Infrastructure Act. Currently only one well has an enclosure. An enclosure would provide insulation, security, and a professional appearance. No sites currently have security systems or cameras. All chemical feed buildings are constructed out of light duty polymer buildings. These buildings often blow down during high winds and storms. The buildings house 150lb chlorine cylinders and aqueous ammonia. TCEQ approved fencing costs approximately \$50 per foot for a total of \$115,000.

Funding	2022	2023	2024	2025	2026
Non-Bond Capital	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	-	100,000	100,000	100,000	100,000
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
WASTEWATER PROJECTS

PROJECT NAME: State Hwy 5 Utility Relocation - Sewer

Description: Relocate and expand public water and wastewater system along SH 5. Project A is from the Collin County Outer Loop to Hackberry Drive. Project B is not currently planned and will move forward when TxDOT is closer to allocating funds for road construction for that phase.

Funding	2022	2023	2024	2026	2026
WW Impact Fees	\$ 609,513	\$ 350,000	\$ 1,400,000	\$ -	\$ -
Expenditures					
Design	\$ 609,513	\$ -	\$ -	\$ -	\$ -
Construction	-	-	1,400,000	-	-
Equipment	-	-	-	-	-
Right of Way	-	350,000	-	-	-
Total	\$ 609,513	\$ 350,000	\$ 1,400,000	\$ -	\$ -

PROJECT NAME: Wastewater Treatment Plant Permitting and Design

Description: New wastewater treatment plant on Hurricane Creek tributary of the Elm Fork of the Trinity River. An additional treatment plant is required to efficiently provide municipal sewer west of US 75.

Funding	2022	2023	2024	2026	2026
WW Impact Fees	\$ 4,000,000	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -
PID Fees	-	6,000,000	-	-	-
Bond Funds	-	37,000,000	28,000,000	-	-
TOTAL	\$ 4,000,000	\$ 48,000,000	\$ 33,000,000	\$ -	\$ -
Expenditures					
Design	\$ 4,000,000	\$ 8,000,000	\$ -	\$ -	\$ -
Construction	-	40,000,000	33,000,000	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 4,000,000	\$ 48,000,000	\$ 33,000,000	\$ -	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
WASTEWATER PROJECTS

PROJECT NAME: Slayter Creek Treatment Plant Rehabilitation

Description: Rehabilitation and expansion of the existing Slayter Creek Wastewater Treatment Plant. The Slayter Creek WWTP is aging and requires rehabilitation of the core plant processes and associated equipment. The rehabilitation will be done over a 5-year period with most critical equipment replaced first.

Funding	2022	2023	2024	2026	2026
Non-Bond Capital	170,000	200,000	185,000	215,000	150,000
Expenditures					
<i>Design</i>	\$ -	\$ -	\$ -	\$ -	-
<i>Construction</i>	-	-	-	-	-
<i>Equipment</i>	170,000	200,000	185,000	215,000	150,000
<i>Right of Way</i>	-	-	-	-	-
Total	\$ 170,000	\$ 200,000	\$ 185,000	\$ 215,000	\$ 150,000

PROJECT NAME: Hurricane Creek Line B Sanitary Sewer

Description: Trunk Sewer expansion required for large developments west of US 75; East Fork Regional Sanitary Sewer (Hurricane Creek) - 48,000 linear feet of sanitary sewer improvements across multiple phases which are required to provide City sewer to development projects west of US 75. Task B includes a 30" trunk sewer along Hurricane Creek from Task A to FM 455. Staff is reviewing the potential of replacing Task A with another project.

Funding	2022	2023	2024	2026	2026
WW Impact Fees	\$ 1,286,622	\$ 4,000,000	\$ -	\$ -	-
Expenditures					
<i>Design</i>	\$ -	\$ -	\$ -	\$ -	-
<i>Construction</i>	1,286,622	4,000,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Right of Way</i>	-	-	-	-	-
Total	\$ 1,286,622	\$ 4,000,000	\$ -	\$ -	-

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
WASTEWATER PROJECTS

PROJECT NAME: SCADA Hardware and Programming Improvements					
Description: The SCADA software and the hardware that controls the water and wastewater system excluding Hackberry EST needs to have its hardware updated and the entire logic in water system program needs to be updated. The system has very little automation and logic; without those, operation is inefficient and time consuming. An upgrade would result in a more efficient system operation which would reduce operation costs year over year.					
Funding	2022	2023	2024	2026	2026
Non-Bond Capital	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	-	250,000	250,000	-	500,000
Right of Way	-	-	-	-	-
Total	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ 500,000

**CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT**

	Actual Prior Years	Estimated 2021-22	Budget 2022-23	Budget 2023-24
BEGINNING BALANCE	\$ 2,322,141	\$ 2,714,472	\$ 3,952,393	\$ 2,799,099
REVENUES				
Park Development Fees	\$ 1,689,000	\$ 2,889,000	\$ 1,500,000	\$ 1,500,000
Interest Revenue	9,990	14,000	9,000	14,000
Other Revenues	32,171	-	-	-
TOTAL	\$ 1,731,161	\$ 2,903,000	\$ 1,509,000	\$ 1,514,000
OPERATIONS				
Recreation	\$ 298,552	\$ 522,729	\$ 689,794	\$ 710,488
Park Operations	198,641	-	-	-
Capital Equipment	171,808	50,000	150,000	50,000
PROJECTS				
Natural Springs Park Improvements	67,423	55,000	200,000	165,000
Sherley Heritage Park Train & Improvements	33,027	30,000	769,000	-
Johnson Park Improvements	506,217	238,783	100,000	-
Bryant Park	-	114,000	-	-
Slayter Creek Park Improvements	38,478	304,567	200,000	-
Trails	-	100,000	-	-
Hurricane Creek Park	-	-	-	100,000
Pecan Grove Park	-	-	-	25,000
Geer Park	-	-	-	60,000
Yank Park	-	-	303,500	-
Oak Hollow Park	-	-	-	25,000
Creekside Park	-	-	-	50,000
Anna Crossing Park	-	-	-	60,000
Land Acquisition and Amenities	24,684	250,000	250,000	250,000
TOTAL PROJECTS	\$ 1,338,830	\$ 1,665,079	\$ 2,662,294	\$ 1,495,488
ENDING FUND BALANCE	\$ 2,714,472	\$ 3,952,393	\$ 2,799,099	\$ 2,817,611

**CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT**

Budget 2024-25	Budget 2025-26	Budget 2026-27	Project Total
\$ 2,817,611	\$ 2,685,309	\$ 2,531,052	
\$ 885,500	\$ 885,500	\$ 885,500	
14,000	14,000	14,000	
-	-	-	
\$ 899,500	\$ 899,500	\$ 899,500	
\$ 731,802	\$ 753,757	\$ 776,369	
-	-	-	
50,000	50,000	50,000	
-	-	-	487,423
-	-	-	832,027
-	-	-	845,000
-	-	-	114,000
-	-	-	543,045
-	-	-	100,000
-	-	-	100,000
-	-	-	25,000
-	-	-	60,000
-	-	-	303,500
-	-	-	25,000
-	-	-	50,000
-	-	-	60,000
250,000	250,000	250,000	1,524,684
\$ 1,031,802	\$ 1,053,757	\$ 1,076,369	
\$ 2,685,309	\$ 2,531,052	\$ 2,354,183	

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT PROJECTS

PROJECT NAME: Sherley Heritage Park Train and Park Improvements

Description: To renovate and provide a location and necessary improvements for the display of a vintage steam engine that will be located on the west side of the park.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ 30,000	\$ 769,000	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	30,000	420,000	-	-	-
Equipment	-	349,000	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 30,000	\$ 769,000	\$ -	\$ -	\$ -

PROJECT NAME: Johnson Park Improvements

Description: The park was completely renovated last year with improvements that include new baseball fields, fencing, a fully-accessible playground and parking upgrades. Funding remains in the project to provide sports field lighting if it is determined it is warranted after the fields have been in use for a period of time.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ 238,783	\$ 100,000	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	238,783	100,000	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 238,783	\$ 100,000	\$ -	\$ -	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT PROJECTS

PROJECT NAME: Trails

Description: Trails are needed to connect city parks, schools and downtown among other areas in the community. Amenities such as trail head access points, signage, and benches will be phased in future years. Park Development funds will be used for design and bond funding will be used to construct trails beginning in FY2024.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Expenditures					
Design	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 100,000	\$ -	\$ -	\$ -	\$ -

PROJECT NAME: Natural Springs Park Improvements

Description: An additional parking lot is needed at the park for Anna neighbors that use the Paw Park and to accommodate future events at the park. In addition, funding is provided for a new playground which is currently in design. Grant funds will be sought to supplement the cost of the playground.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ 55,000	\$ 200,000	\$ 165,000	\$ -	\$ -
Expenditures					
Design	\$ 55,000	\$ -	\$ -	\$ -	\$ -
Construction	-	200,000	165,000	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 55,000	\$ 200,000	\$ 165,000	\$ -	\$ -

**CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT PROJECTS**

PROJECT NAME: Slayter Creek Park Improvements

Description: Funding at Slayter Creek Park is primarily for renovating the splash pad, major improvements to the baseball fields, expansion of the northern parking lot and sports lighting for the practice fields on the south end of the park. The addition of pickleball courts and two basketball courts is also planned, and a fitness court will be located just southeast of the splash pad near the location of a future restroom building. Shade for the pickleball courts is being considered, but it is not yet funded.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ 304,567	\$ 200,000	\$ -	\$ -	\$ -
Expenditures					
Design	\$ 304,567	\$ 10,000	\$ -	\$ -	\$ -
Construction	-	180,000	-	-	-
Equipment	-	10,000	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 304,567	\$ 200,000	\$ -	\$ -	\$ -

PROJECT NAME: Land Acquisition and Amenities

Description: This funding is dedicated to purchasing park land, participating in partnership with developers or other agencies to develop or enhance new parks, and develop existing park land with new park amenities. This is based on receiving half of the projected developer contributions with a goal of working with the developers to dedicate land and build the park instead of receiving the fees.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	250,000	250,000	250,000	250,000	250,000
Total	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT PROJECTS

PROJECT NAME: Bryant Park

Description: Bryant Park is being activated to serve as practice space for youth sports and to provide fields for a youth soccer program that is being started by the Neighborhood Services Department. The FY2022 funding will be for the construction of a 6' black vinyl-coated chain link fence around the perimeter of Bryant Park.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ 114,000	\$ -	\$ -	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	114,000	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ 114,000	\$ -	\$ -	\$ -	\$ -

PROJECT NAME: Hurricane Creek Park

Description: Funding is for the creation of a site plan for the undeveloped park property. Public input from the surrounding neighborhood will be considered during design development.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ -	\$ -	\$ 100,000	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ 100,000	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ -	\$ 100,000	\$ -	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT PROJECTS

PROJECT NAME: Pecan Grove Park

Description: Funding is for the creation of a site plan for the undeveloped park property. Public input from the surrounding neighborhood will be considered during design development.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ -	\$ -	\$ 25,000	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ 25,000	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ -	\$ 25,000	\$ -	\$ -

PROJECT NAME: Geer Park

Description: Funding is for the creation of a site plan for the undeveloped park property. Public input from the surrounding neighborhood will be considered during design development.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ -	\$ -	\$ 60,000	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ 60,000	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ -	\$ 60,000	\$ -	\$ -

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT PROJECTS

PROJECT NAME: Yank Park

Description: Yank Park was built by the developer of the adjacent subdivision. However, the curb around the playground does not provide acceptable accessibility. Funding is for the design and construction of park improvements which include a trail around the playground and a half-court basketball court.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ -	\$ 303,500	\$ -	\$ -	-
Expenditures					
Design	\$ -	\$ 53,500	\$ -	\$ -	-
Construction	-	250,000	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ 303,500	\$ -	\$ -	-

PROJECT NAME: Oak Hollow Park

Description: Funding is for the creation of a site plan for the undeveloped park property. Public input from the surrounding neighborhood will be considered during design development.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ -	\$ -	\$ 25,000	\$ -	-
Expenditures					
Design	\$ -	\$ -	\$ 25,000	\$ -	-
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ -	\$ 25,000	\$ -	-

CITY OF ANNA
COMMUNITY INVESTMENT PROGRAM
PARK DEVELOPMENT PROJECTS

PROJECT NAME: Creekside Park

Description: Funding is for the creation of a site plan for the undeveloped park property. Public input from the surrounding neighborhood will be considered during design development.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ -	\$ -	\$ 50,000	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ 50,000	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ -	\$ 50,000	\$ -	\$ -

PROJECT NAME: Anna Crossing Park

Description: Funding is for the creation of a site plan for the undeveloped park property. Public input from the surrounding neighborhood will be considered during design development.

Funding	2022	2023	2024	2026	2026
Developer Fee	\$ -	\$ -	\$ 60,000	\$ -	\$ -
Expenditures					
Design	\$ -	\$ -	\$ 60,000	\$ -	\$ -
Construction	-	-	-	-	-
Equipment	-	-	-	-	-
Right of Way	-	-	-	-	-
Total	\$ -	\$ -	\$ 60,000	\$ -	\$ -



SUPPLEMENTAL INFORMATION

THE CITY OF
Anna

CITY OF ANNA
FINANCIAL POLICIES OVERVIEW

The City of Anna, Texas financial policies set forth the basic framework for the fiscal management of the City. These policies are to ensure consistency in the City's financial processes related to revenue, expenditures, purchasing, accounting, investing, fiscal management, internal controls, and fund balance, as well as integrity, communication, prudent stewardship, planning, accountability, and full disclosure. These policies are intended to:

- ◆ Assist the City to ensure long-term financial stability and a healthy financial position;
- ◆ Assist the City Council and City staff in evaluating current activities and proposals for future programs;
- ◆ Demonstrate to the Neighbors of Anna, the investment community, and the bond rating agencies that the City is committed to strong fiscal operations;
- ◆ Fairly present and fully disclose the financial position of the City in conformity with accounting practices generally accepted in the United States of America; and
- ◆ Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code and other related legal mandates upon the City.

The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances and conditions.

Policy areas include:

- | | |
|--------------------------|-----------------------|
| ◆ Annual Budget Process | ◆ Debt Management |
| ◆ Revenue Management | ◆ Financial Reporting |
| ◆ Operating Expenditures | ◆ Accounting |
| ◆ Fund Balance | |

The FY2023 budget is currently in compliance with relevant financial policies as stated here.

A summary of each of the above listed policy areas along with a complete copy of the financial policies can be found in the following pages.

Annual Budget Process

IV. Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The budget shall be prepared on the basis of priorities outlined by the City Council and the City Manager in the Strategic Plan. In addition, the budget shall be prepared and presented to meet the requirements of Section 102 of the Texas Local Government Code.

IV.I. The annual budget document shall be published in a format that satisfies all criteria established by the Government Finance Officers Association's Distinguished Budget Program. The final budget document shall be published no later than 90 days following the date of the budget's adoption by the City Council.

IV.I. The City's annual budget shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which Council approves project-length budgets.

IV.I. The basis of budgeting will be the same as the basis of accounting; that is, that budgets for the General Fund and all special revenue funds are prepared on the modified accrual basis of accounting, and budgets for the Utility (Proprietary) Fund are presented on a full accrual basis, except that capital purchases and depreciation are not adjusted until year-end financial reporting.

IV.I. A balanced budget is one in which total proposed expenditures shall not exceed the total estimated income. The City's goal is to balance the operating budget with current revenues, whereby, current revenues match and fund on-going expenditures. The City considers the budget balanced when total expenditures are equal to total revenues. However, the budget is also balanced when total expenditures are less than total revenues, a surplus. There may also be instances where the City plans to spend excess fund balance accumulated from previous years on one-time non-recurring purchases, while maintaining established reserves. The City considers the budget to be balanced in this case as well. However, the plan shall not be to build on-going expenditures into this type of funding.

Revenue Management

V.A. To protect the City's financial integrity, the City will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source.

V.A.1. For every annual budget, the City shall levy two property tax rates: debt service and operation/maintenance. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the City's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service Fund. The operation and maintenance levy shall be accounted for in the General Fund.

V.A.1. The City will maintain a policy of levying the lowest tax rate on the broadest tax base. Minimal exemptions will be provided to homeowners, senior citizens, and disabled veterans. The City may consider providing tax abatements or other incentives to encourage development.

V.A.2. The State Comptroller's Office collects, administers, and disburses sales tax on a monthly basis.

V.A.3. The City will establish utility fees (water, wastewater, and sanitation) at a level that attempts to recover the full cost of providing the service.

CITY OF ANNA
FINANCIAL POLICIES SUMMARY

V.A. When developing the annual budget, the City Manager shall project revenues from every source based on actual collections from the preceding year and estimated collections of the current fiscal year, while taking into account known circumstances which will impact revenues for the new fiscal year. The revenue projections for each fund should be made conservatively so that total actual fund revenues exceed budgeted projections.

Operating Expenditures

V.B. The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established (i.e. status quo) quality and scope of city services.

V.B. Capital outlay is defined as machinery, vehicles or equipment that exceeds \$5,000 and has a useful life of at least three years. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of City employees.

V.B. Capital improvement is defined as an enhancement that exceeds \$50,000 and has a useful life of at least ten years. Capital improvements are budgeted as multi-year projects in the Community Investment Program budget.

Fund Balance

VIII. F. It is the goal of the City to achieve and maintain an unassigned General Fund fund balance equal to 40% of total appropriations. The City considers a balance of less than 25% to be a cause for concern, barring unusual or deliberate circumstances, and a balance of more than 40% as excessive.

VIII. G. It shall be the goal of the City to maintain a working capital reserve in the Utility Fund of 25% of total appropriations in order to provide for potential unanticipated needs or the impact of weather.

Debt Management

IX.B. Under the governance and guidance of Federal and State laws and the City's Charter, ordinances and resolutions, the City may periodically enter into debt obligations to finance the construction or acquisition of infrastructure and other assets; or to refinance existing debt for the purpose of meeting its governmental obligation to its residents. It is the City's desire and direction to ensure that such debt obligations are issued and administered in such fashion as to obtain the best long-term financial advantage to the City and its residents, while making every effort to maintain and improve the City's bond ratings.

IX.B. The City shall not issue debt obligations or utilize debt proceeds to finance current operations of the City.

Financial Reporting

I.D. The City will prepare and publish a Comprehensive Annual Financial Report. The Annual Report will be prepared in accordance with generally accepted accounting principles and will be presented annually to the Government Finance Officers Association (GFOA) for evaluation and awarding of the Certification of Achievement for Excellence in Financial Reporting. The Annual Report will be published and presented to the City Council within 180 days after the end of the fiscal year.

CITY OF ANNA
FINANCIAL POLICIES SUMMARY

Accounting

I.A. The Finance Director and Accounting Manager are responsible for establishing and maintaining the chart of accounts and for properly recording financial transactions.

I.B. The accounts of the City are organized and operated on the basis of funds and account groups. Each fund is created for a specific purpose except for the General Fund. The General Fund is used to account for all transactions not accounted for in other funds. Fund accounting is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

I.B. Account balances shall be reported on the modified accrual basis of accounting within the General Fund and other governmental funds and the accrual basis of accounting in the Utilities Fund.

I.C.1-2 The City will be audited annually by an outside independent auditing firm or other times as may be deemed necessary. The auditors must be a CPA and must demonstrate that they have the breadth and depth of staff to conduct the City's annual audit in accordance with generally accepted auditing standards, generally accepted government auditing standards, and contractual requirements. An annual independent audit will be completed and filed with the City Secretary within one hundred eighty (180) days from the completion of each fiscal year, the results of which shall be presented to and approved by the City Council.

I.C.3. The financial statements to the City are to be prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.



City of Anna, Texas
Financial Policies

Adopted: May 25, 2021

FINANCIAL POLICIES

The City of Anna, Texas financial policies set forth the basic framework for the fiscal management of the City. These policies are to ensure consistency in the City's financial processes related to revenue, expenditures, purchasing, accounting, investing, fiscal management, internal controls, and fund balance, as well as integrity, communication, prudent stewardship, planning, accountability, and full disclosure. These policies are intended to:

- A. Assist the City to ensure long-term financial stability and a healthy financial position;
- B. Assist the City Council and City staff in evaluating current activities and proposals for future programs;
- C. Demonstrate to the Neighbors of Anna, the investment community, and the bond rating agencies that the City is committed to strong fiscal operations;
- D. Fairly present and fully disclose the financial position of the City in conformity with accounting practices generally accepted in the United States of America; and
- E. Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code and other related legal mandates upon the City.

The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances and conditions.

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FINANCIAL MANAGEMENT POLICIES

I. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

A. Accounting

The Finance Director and Accounting Manager are responsible for establishing and maintaining the chart of accounts and for properly recording financial transactions.

B. Funds

The accounts of the City are organized and operated on the basis of funds and account groups. Each fund is created for a specific purpose except for the General Fund. The General Fund is used to account for all transactions not accounted for in other funds. Fund accounting is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The City's annual budget shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which Council approves project-length budgets.

Account balances shall be reported on the modified accrual basis of accounting within the General Fund and other governmental funds and the accrual basis of accounting in the Utilities Fund.

C. External Auditing

The City will be audited annually by an outside independent auditing firm or other times as may be deemed necessary.

1. External Auditor Repute – The auditors must be a CPA and must demonstrate that they have the breadth and depth of staff to conduct the City's annual audit in accordance with generally accepted auditing standards, generally accepted government auditing standards, and contractual requirements.
2. Timing - An annual independent audit will be completed and filed with the City Secretary within one hundred eighty (180) days from the completion of each fiscal year, the results of which shall be presented to and approved by the City Council.
3. Financial Statements - The financial statements to the City are to be prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.
4. Management Letter – The external auditor will prepare and review the Management

Letter with the City Council within 180 days from the end of the fiscal year. The external auditor will present and review the audit with City Council at a regular scheduled meeting.

5. Rotation of External Auditor - As stated in the City Charter, the City shall not use the same firm for more than five consecutive years.

D. External Financial Reporting

The City will prepare and publish a Comprehensive Annual Financial Report (CAFR). The CAFR will be prepared in accordance with generally accepted accounting principles and will be presented annually to the Government Finance Officers Association (GFOA) for evaluation and awarding of the Certification of Achievement for Excellence in Financial Reporting. The CAFR will be published and presented to the City Council within 180 days after the end of the fiscal year.

E. Internal Financial Reporting

The Finance Department will monitor revenues and expenditures as compared to current year budgets and investigate any variances found. Staff will prepare internal financial reports on a monthly basis sufficient for management and Council to plan, monitor, and control the City's fiscal affairs. This report will compare previous year-to-date (YTD) actuals to current YTD actuals of the same quarter, as well as percentage of budget remaining.

In addition, a more detailed analysis and report will be completed on a quarterly basis and provided to the City Manager and City Council. The report shall accurately reflect the City's current position in regard to revenue and expenditure performance, as well as any additional information that reflects the City's current and future fiscal position.

F. Bank Depository

The City shall select a bank depository that will meet the needs of the City and comply with all state laws governing such depositories and the management and safeguarding of public funds. The City shall issue a request for proposals/qualifications for the bank depository services every five years, or more often if necessary. However, said requirements shall not restrict the number of years, either cumulatively or consecutively, that any bank depository shall be used. Depositories shall be selected on a number of criteria, including but not limited to, ability to comply with state and local statutes, customer service, hours of operation, yield on deposits, geographic proximity to City Hall, services offered, etc.

II. INTERNAL CONTROLS

A. Written Procedures

1. The City shall maintain an environment conducive to good internal control.

2. Definitions

Internal Control comprises the plan of organization and all of the coordinated methods and measures adopted within the City to safeguard its assets, check the accuracy and reliability of its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. (This is the broad definition, recognizing that a “system” of internal control extends beyond those matters which relate directly to the accounting and finance functions. Source: AICPA SAS). This broad definition can be subdivided into two components; accounting and administrative, as follows:

- a. Accounting controls comprise the plan of organization and all the methods and procedures that are concerned mainly with, and relate directly to, the safeguarding of assets and the reliability of the financial records.
- b. Administrative controls comprise the plan of organization and all the methods and procedures that are concerned mainly with operational efficiency and adherence to managerial policies and usually relate only indirectly to the financial records.

This policy is concerned primarily with the “Accounting Controls” and when the terms “internal controls” or “controls” are used, it is meant as Accounting Controls.

3. Responsibilities

The Finance Department is responsible for designing appropriate controls for the departments and the departments are responsible for implementation. Inherent in these responsibilities is the recognition that the cost of internal control should not exceed the benefits expected to be derived. Also, internal controls may become inadequate as conditions change, thus requiring review and modification.

4. Objectives

To provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles.

5. Basic Elements of Internal Control

- a. Personnel - Objectives are dependent on competence and integrity of personnel, independence of assigned functions, and their understanding of prescribed procedures.
- b. Computer Data Processing - Control over development, modification, and maintenance of computer programs; control over use and changes to data maintained on computer files; application controls, for example, edits that verify vendor numbers for check writing.
- c. Segregation of Duties - Procedures designed to detect errors and irregularities should be performed by persons other than those who are in a position to perpetrate them.

d. Execution of Transactions - There is reasonable assurance that transactions are executed as authorized.

e. Recording of Transactions - To permit preparation of financial statements, transactions are recorded in the proper period, amounts, and classification.

f. Access to Assets - Both direct physical access and indirect access through preparation/processing of documents that authorize the use or disposition of assets be limited to authorized personnel.

g. Comparison of Recorded Accountability with Assets - Comparison of actual assets with the recorded accountability, such as bank reconciliations and physical inventories.

Accounting will utilize these basic elements of internal control in formulating departmental plans suitable to each department's needs. An annual review of the plans will be performed and modifications made as required (or as a result of internal or external audits).

B. Internal Audit Program

1. Committee - An internal audit committee, consisting of the Finance Director, Accounting Manager, and Budget Manager will be established. Annually, the Internal Audit Committee will review the administrative directives for any process improvements or changes and submit them for approval to the City Manager
2. Departmental Audits – Departmental processes will be reviewed on an on-going basis to ensure dual control of City assets and to identify the opportunity for fraud potential, as well as to ensure that departmental internal procedures are documented and updated as needed.
3. Employee or Transaction Review – Programs to be audited include petty cash (cash drawers), city credit card accounts, time entry, and travel expense. Discrepancies will be identified and remedied. The Department Director will be notified of the situation and, in cases of serious infractions, the City Manager will also be notified as well.

C. Department Director's Responsibility

Department Director's responsibilities to the City are to ensure that good internal controls are followed throughout his or her department, that all guidelines on cash handling and internal controls are implemented, and that all internal or external auditor internal control recommendations are addressed.

III. CASH HANDLING

A. Purpose

The Cash Handling Policy is meant to provide City of Anna employees with guidelines on handling cash from the initial point of collection through depositing and the reconciliation

process. Well managed cash handling is critical to safeguard the liquid assets of the City of Anna, provides a sound basis for generating accurate and reliable information and encourages adherence to federal and State of Texas laws and regulations. Finally, well managed cash handling promotes departmental efficiency and encourages employees who handle cash and interface with the public to provide courteous and outstanding customer service and support while safeguarding public funds.

B. Basic Cash Handling Principles:

All monies in the possession of City of Anna employees must be managed with the utmost care and understanding of the public trust given when handling public money. It is expressly understood that public monies require employees to use their best judgement when processing and depositing cash they are responsible for.

Employees should consider the following when handling cash:

- Are funds safely kept?
- Are transactions promptly processed?
- Am I providing high levels of customer service?
- Are funds being reconciled accurately?
- Do my actions pose any risk of loss or theft of public funds?

In consideration of the basic principle outlined above, the following directives are set forth to ensure the proper safeguarding and processing of public funds.

All monies prepared for deposit shall not be commingled with or used in the following ways:

- Employees' personal money
- Cashing employee personal checks
- Making personal change for City employees
- Combining deposits with another employees' cash drawer onto a single report

Employees who are authorized to handle cash shall be issued their own individual cash box/drawer/register. The Finance Director is authorized to open and review any cash box at any time against the daily transactions. This will only be done in the presence of at least two other employees. It is expected that any employees collecting cash are held accounting for the transactions they handle. It should be possible to accurately determine the amount of cash for which each employee is responsible for at any point in time during any day.

Cash boxes/drawers/registers shall always be locked when unattended or not in use and prior to securing in their department safe at the close of each business day.

Employees shall verify and balance in their box and prepare a report of transactions each day when preparing their daily deposit.

C. Processing Transactions:

Cash received in person from a payer by a City employee shall be kept in view of and

counted in front of the payer until the receipt is issued to the payer and the payer is satisfied. The City cashier employee shall count change due to the customer/payer twice - once to himself and once back to the payer.

A receipt represents proof of payment and employees shall issue a receipt for every payment they receive. Receipts that are computer-generated shall indicate the payment method (i.e. cash, check, money order, etc.). Payments are entered in the Cash Receipts Entry Screen in the current Computer Software System. All hand-written receipts shall be maintained in a receipt book with carbon copies maintain for inspection and inclusion with deposit reports. Hand-written receipts are not preferred and should only be used in rare events when the software system is down or to provide greater service and expediency to a customer.

Checks must be made payable to the City of Anna. The City cannot accept third-party checks. Employees should review checks carefully to determine the legal amount of the check. If the numeric amount on the check differs from the written amount, the written amount prevails as the legal amount. If the check includes only a numeric amount, the numeric amount is the legal amount. Employees are not permitted to change any amounts on a check.

Whenever a payment is received, it is expected that the payment will be processed and prepared for deposit within 24 hours.

D. Deposits:

At the conclusion of each day all cash and checks shall be secured in each respective employees' cash boxes/drawer and placed in a safe until the bank deposit is prepared. A bank deposit that includes the previous day's cash collections for all departments is hand-delivered to the finance department each morning by 9:00 a.m. Upon receipt of all cash for deposits, finance department will provide all deposits to the Utility Billing Supervisor to take to the bank for processing each morning.

Unless expressly authorized by the City Manager of Finance Director no employees shall hold any payment for any reason. All payments are expected to be prepared for deposit within 24 hours of receipt. The City of Anna does not hold checks in anticipation of providing a refund. The practice of holding payments for a refund is strictly prohibited and considered a poor safekeeping of public funds. If an employee is found to engage in this practice there may be cause for disciplinary action. This applies to all services provided by the City of Anna, i.e., utility billing, parks fees, building & permit fees, etc.

E. Reconciliations:

Each employee authorized to handle cash shall prepare a daily reconciliation of his/her cash box. Amounts received, receipts issued and actual monies deposited must be reconciled each day.

The total of all cash, checks, money orders and credit card received must equal the total amount of receipts issued to customers. A Notice of Error Statement–Cash Overage or Shortage Form must be prepared and given to the Finance Director in the event of a money overage or shortage

discrepancy. This Form must contain the date, employee's name, type of payment, overage or shortage amount, explanation as to what caused the error(s) and be signed by the applicable employee and Director of Finance.

IV. ANNUAL BUDGET PROCESS

Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The budget shall be prepared on the basis of priorities outlined by the City Council and the City Manager in the Strategic Plan. In addition, the budget shall be prepared and presented to meet the requirements of Section 102 of the Texas Local Government Code.

A. Fiscal Year

The fiscal year of the City begins on the first day of October and ends on the last day of September on the next succeeding year. Such fiscal year also constitutes the budget and accounting year.

B. Submission of Budget and Budget Message

On or before the 15th day of August of the fiscal year, the City Manager must submit to the City Council a budget for the ensuing fiscal year and an accompanying budget message.

C. Budget Message

The City Manager's message must explain the budget both in fiscal terms and in terms of the work programs. It must outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the City's debt position and include such other material as the City Manager deems desirable.

D. Budget a Public Record

The budget and all supporting schedules must be filed with the person performing the duties of City Secretary when submitted to the City Council and must be open to public inspection by anyone interested.

E. Public Hearing on Budget

The City Council shall hold a public hearing on the proposed budget. Any person may attend and may participate in the hearing. The hearing will be held after the 15th day after the date the proposed budget is filed with the City Clerk but before the date the City Council makes its tax levy.

Notice of the date, time, and location of the hearing will be published not earlier than the 30th or later than the 10th day before the public hearing in at least one newspaper of general circulation in the county.

The notice will include, in type of a size at least equal to the type used for other items in the notice, the statement “This budget will raise more total property taxes than last year’s budget by (insert total dollar amount of increase and percentage increase), and of that amount (insert amount computed by multiplying the proposed tax rate by the value of new property added to the roll) is tax revenue raised from new property added to the tax roll this year.”

F. Adoption of Budget

At the conclusion of the public hearing, the City Council shall take action on the proposed budget. A vote to adopt the budget must be a record vote.

Adoption of a budget that will require raising more revenue from property taxes than in the previous year requires a separate vote of the City Council to ratify the property tax increase reflected in the budget. This vote is in addition to and separate from the vote to adopt the budget or a vote to set the tax rate.

Should the City Council take no final action on or before such day, the current budget will continue to be in force on a month-to-month basis until a new budget is adopted.

An adopted budget must contain a cover page that includes a statement that accurately describes the property tax revenue as increasing, decreasing or staying the same; the record vote of each member of the City Council by name; the municipal property tax rates for the preceding fiscal year and current fiscal year; and the total amount of debt obligation secured by property taxes.

G. Budget, Appropriation and Amount to be Raised by Taxation

On final adoption, the budget is in effect for the budget year. Final adoption of the budget by the City Council constitutes the official appropriations as proposed by expenditures for the current year and constitutes the basis of official levy of the property tax as the amount of tax to be assessed and collected for the corresponding tax year. Estimated expenditures will in no case exceed proposed revenue plus cash on hand. Unused appropriations may be transferred to any item required for the same general purpose.

H. Certification; Copies Made Available

A copy of the budget, as finally adopted, must be filed with the person performing the

duties of City Secretary and such other places required by state law or as the City Council may designate. The final budget must be printed, or otherwise reproduced and sufficient copies made available upon request for the use of all offices, agencies, interested persons and civic organizations.

I. Budget Document

The annual budget document shall be published in a format that satisfies all criteria established by the Government Finance Officers Association's Distinguished Budget Program. The final budget document shall be published no later than 90 days following the date of the budget's adoption by the City Council.

The City's annual budget shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which Council approves project-length budgets.

The basis of budgeting will be the same as the basis of accounting; that is, that budgets for the General Fund and all special revenue funds are prepared on the modified accrual basis of accounting, and budgets for the Utility (Proprietary) Fund are presented on a full accrual basis, except that capital purchases and depreciation are not adjusted until year-end financial reporting.

A balanced budget is one in which total proposed expenditures shall not exceed the total estimated income. The City's goal is to balance the operating budget with current revenues, whereby, current revenues match and fund on-going expenditures. The City considers the budget balanced when total expenditures are equal to total revenues. However, the budget is also balanced when total expenditures are less than total revenues, a surplus. There may also be instances where the City plans to spend excess fund balance accumulated from previous years on one-time non-recurring purchases, while maintaining established reserves. The City considers the budget to be balanced in this case as well. However, the plan shall not be to build on-going expenditures into this type of funding.

V. BUDGET ADMINISTRATION

The City's Charter (Section 7.09) addresses amending the adopted budget. Under conditions which may arise and which could not reasonably have been foreseen in the normal process of planning the budget, the City Council may, by the affirmative vote of a majority of the full membership of the City Council, amend or change the budget to provide for any additional expense in which the general welfare of the citizenry is involved. These amendments must be by ordinance and must become an attachment to the annual budget.

Transfers between funds must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

Expenditures within each fund will remain within each department's original appropriation unless a budget adjustment is approved by the City Manager. Transfers between expenditure accounts in one department may occur with the approval of the Budget Manager. Transfers between operating departments may occur with the approval of the City Manager.

According to the City's Charter (Section 7.13) all annual appropriations lapse at fiscal year-end. Under the City's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

A. REVENUE MANAGEMENT

To protect the City's financial integrity, the City will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. Recognizing that sales tax is a volatile, unpredictable source of revenue, the City will attempt to reduce its dependence on sales tax revenue.

1. Property Tax Revenues

For every annual budget, the City shall levy two property tax rates: debt service and operation/maintenance. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the City's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service Fund. The operation and maintenance levy shall be accounted for in the General Fund.

According to the Texas Property Tax Reform and Transparency Act of 2019, the operation and maintenance levy will not exceed the three and one-half percent voter-approval property tax rate without a mandatory election. As a result, it should be the policy of the City of Anna to adopt a tax rate below the voter-approval property tax rate.

The City will maintain a policy of levying the lowest tax rate on the broadest tax base. Minimal exemptions will be provided to homeowners, senior citizens, and disabled veterans. The City may consider providing tax abatements or other incentives to encourage development.

2. Sales Tax Revenue

The State Comptroller's Office collects, administers, and disburses sales tax on a monthly basis. However, there is a two-month lag between the month of sales and when the City receives the revenue. The Budget Manager monitors and reports the activity, reflecting any state audit adjustments, refunds to gross collections, or fees withheld for the collection process.

Accounting staff reports the sales tax revenues based on the month of sales. This results in sales tax received in the month of October and November being accrued back to the previous year.

3. Utility Charges

The City will establish utility fees (water, wastewater, and sanitation) at a level that attempts to recover the full cost of providing the service.

- Utility rates should identify the relative costs of serving different classes of customers.
- Where possible, utility rates should be designed to reduce peak (hour and day) demands on the utility systems.

4. Impact Fees

Impact Fees are currently imposed for water, wastewater, and roadway in accordance with applicable City Ordinances and state law. Impact fees will be re-evaluated at least every five years, as required by state law.

When developing the annual budget, the City Manager shall project revenues from every source based on actual collections from the preceding year and estimated collections of the current fiscal year, while taking into account known circumstances which will impact revenues for the new fiscal year. The revenue projections for each fund should be made conservatively so that total actual fund revenues exceed budgeted projections.

B. OPERATING EXPENDITURES

Operating expenditures shall be accounted, reported, and budgeted for in the following major categories:

Operating, Recurring Expenditures:

- *PAYROLL*
- *SUPPLIES*
- *MAINTENANCE*
- *CONTRACTUAL SERVICES*

Operating, Non-Recurring Expenditures

- *CAPITAL OUTLAY*

The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established (i.e. status quo) quality and scope of city services.

The City will constantly examine the methods for providing public services in order to reduce operating, recurring expenditures and/or enhance quality and scope of public services with no increase to cost.

Payroll expenditures will reflect the minimum staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the City shall maintain a compensation and benefit package competitive with the public and, when quantifiable, private service industries.

Supply expenditures shall be sufficient for ensuring the optimal productivity of City employees.

Maintenance expenditures shall be sufficient for addressing the deterioration of the City's capital assets to ensure the optimal productivity of the capital assets. Maintenance should be conducted to ensure a relatively stable level of maintenance expenditures for every budget year.

The City will utilize contracted labor for the provision of city services whenever private contractors can perform the established level of service at less expense to the City. The City will regularly evaluate its agreements with private contractors to ensure the established levels of service are performed at the least expense to the City.

Capital outlay is defined as machinery, vehicles or equipment that exceeds \$5,000 and has a useful life of at least three years. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of City employees.

Capital improvement is defined as an enhancement that exceeds \$50,000 and has a useful life of at least ten years. Capital improvements are budgeted as multi-year projects in the Community Investment Program budget.

To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within a ceiling calculated by the Budget Manager. Projected expenditures that exceed the ceiling must be submitted as separate supplemental budget request.

C. LONG-TERM FINANCIAL PLANS

The City will adopt every annual budget in context of a long-term financial plan for the General Fund. Financial plans for other funds may be developed as needed.

The General Fund long-term plan will establish assumptions for revenues, expenditures, and changes to fund balance over a five-year horizon. The assumptions will be evaluated each year as part of the budget development process.

D. BUDGET CONTINGENCY PLAN

This policy is designed to establish general guidelines for managing revenue shortfalls resulting from local and national economic downturn that adversely affect the City's revenue stream.

1. Immediate Action

Once a budgetary shortfall is projected, the City Manager will take the necessary actions to offset the projected shortfall with a reduction in current expenditures. The City Manager may:

- a. Freeze all hiring and filling of vacant positions except those deemed to be absolutely

- necessary;
- b. Review and delay all planned remaining capital expenditures not funded by bond proceeds;
- c. Delay all “non-essential” spending or equipment replacement purchases.

2. Further Action

If the above actions are insufficient to offset the revenue deficit and the shortfall continues to increase, the City Manager will further reduce operating expenses to balance the variance. Any remaining service level reductions, including workforce reductions, will be reviewed and addressed between the City Council and City Manager.

VI. ASSET MANAGEMENT

A. Investments

1. Investment Policy - The City Council has formally approved a separate Investment Policy for the City that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code. The policy is reviewed annually by the Council and applies to all financial assets held by the City.
2. Quarterly Report - As required by the Public Funds Investment Act (PFIA), a Quarterly Investment Report will be prepared and provided to the City Council. The report shall consist of at a minimum the following:
 - a) A comparison of the prior quarter investment’s book and market value;
 - b) Contain the current quarter and year-to-date (YTD) average yields;
 - c) Reference the amount of interest income by quarter and YTD;
 - d) List each investment instrument for the previous and current quarter with its rate of return, purchase and maturity date, book value, and market value;
 - e) Provide a summary of the investments by fund group;
 - f) Compare the total investment portfolio performance to the performance of a government investment pool.

B. Cash Management

The City’s cash flow will be managed to maximize the cash available to invest. The City’s depository accounts shall be pooled to limit the numbers of accounts and to allow for the City to pool investment purchases between funding sources.

The Finance Director is responsible for establishing internal controls for banking activities such as wires, ACH payments, and transfers. Dual authorization shall be required for all wires and ACH payments.

VII. FIXED ASSETS

The City's fixed (capital) assets are to be reasonably safeguarded and prudently insured against loss. The Finance Department is responsible for properly accounting for, reporting and capitalizing the assets in accordance with GAAP.

A. Capitalization Criteria

For the purposes of budgeting and accounting classification, the following criteria apply to assets to be capitalized:

- a) The asset must be owned by the City.
- b) The asset must be tangible.
- c) The expected useful life must be longer than three (3) years or must extend the useful life of an existing asset by more than two (2) years.
- d) The original cost of the asset must be greater than \$5,000.
- e) Useful life will be established based on available sources that are in accordance with GAAP.
- f) On-going repairs and general maintenance will not be capitalized.
- g) Assets not meeting the above criteria will be expensed.

B. New Purchases

All costs associated with bringing the asset into working order will be capitalized as part of the asset cost. This will include start-up costs, engineering or consultant type fees that are incurred once the decision to purchase is made. The cost of land acquired should include all related costs associated with the purchase.

C. Improvements and Replacements

Improvements will be capitalized when they extend the useful life of an asset or when they make the asset more valuable than it was originally. The replacement of asset components will normally be expensed unless they are of a significant nature and meet all of the capitalization criteria.

D. Contributed Capital

Infrastructure assets received from developers will be recorded as equity contributions once the City Manager or Director of Public Works approves the letter of acceptance.

E. Reporting and Inventory

The Finance Department will maintain the permanent records of the city's fixed assets, including description, cost, department of responsibility, date of acquisition, depreciation, and expected useful life. Periodic, random sampling will be performed to inventory fixed assets assigned to a department. Responsibility for safeguarding the City's fixed assets lies with the department that has been assigned the asset. When an asset leaves a department's responsibility due to disposition, sale or transfer, the assigned department is responsible to report the change in status or location to the Finance Department.

VIII. FUND BALANCE AND WORKING CAPITAL RESERVE POLICY

A. BACKGROUND

The City of Anna (“City”) believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain a General Fund fund balance and Utility Fund working capital reserve sufficient to fund all cash flows of the City, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, and to secure and maintain investment grade bond ratings. A fund’s equity in the General Fund is the difference between its total assets and total liabilities. On the other hand, working capital reserve in the Utility Fund is an excess of current assets over current liabilities. The purpose of this policy is to specify the size and composition of the City’s financial reserves and to identify certain requirements for replenishing any fund balance or working capital reserves utilized.

The Governmental Accounting Standards Board (“GASB”) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB-54”). One objective of this standard was to improve, including the understandability, the usefulness of fund balance information by providing clear fund balance classifications.

GASB-54 requires local governments to focus on the constraints imposed upon resources when reporting fund balance in governmental funds. Governmental funds are typically used to account for tax-supported activities (i.e. General Fund, Debt Service Fund). The fund balance classifications indicate the level of constraints placed upon how resources can be spent and identify the sources of those constraints. The following five classifications serve to inform readers of the financial statements of the extent to which the City is bound to honor constraints on the specific purposes for which resources in the General Fund can be spent.

B. DEFINITIONS

- Nonspendable Fund Balance – Fund balance reported as “nonspendable” represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.
- Restricted Fund Balance – Fund balance reported as “restricted” consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources.
- Committed Fund Balance – Fund balance reported as “committed” are self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined by a formal action of the City Council, which is

the highest level of decision-making authority, and that require the same level of formal action to remove the constraint.

- Assigned Fund Balance – Fund balance reported as “assigned” consists of amounts that are subject to a purpose constraint that represents an intended use established by the City Council or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. Formal action is *not* necessary to impose, remove, or modify a constraint in Assigned Fund Balance.
- Unassigned Fund Balance – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

C. ORDER OF EXPENDITURES

When expenditures are incurred for the purposes for which multiple categories of fund balance can be utilized, the City will start with the most restrictive category and spend those funds first before moving down to the next category with available funds.

D. POLICY ON COMMITTING FUND BALANCE

In accordance with GASB-54, it is the policy of the City of Anna (“City”) that fund balance amounts will be reported as “Committed Fund Balance” only after formal action and approval by City Council. The action to constrain amounts in such a manner must occur prior to year-end; however, the actual dollar amount may be determined in the subsequent period.

For example, the City Council may approve a motion prior to year-end to report within the year-end financial statements, if available, up to a specified dollar amount as Committed Fund Balance for a specified purpose. The exact dollar amount to be reported as Committed Fund Balance may not be known at the time of approval due to the annual financial audit not yet being completed. This amount can be determined at a later date when known and appropriately reported within the year-end financial statements due to the governing body approving this action before year-end.

It is the policy of the City that the City Council may commit fund balance for any reason that is consistent with the definition of Committed Fund Balance contained within GASB-54. Examples of reasons to commit fund balance would be to display intentions to use portions of fund balance for future capital items, stabilization funds, or to earmark special General Fund revenue streams unspent at year-end that are intended to be used for specific purposes.

After approval by the City Council, the amount reported as Committed Fund Balance cannot be reversed without utilizing the same process required to commit the funds. Therefore, in accordance with GASB-54, it is the policy of the City that funds can only be removed from the Committed Fund Balance category after motion and approval by the City Council.

E. POLICY ON ASSIGNED FUND BALANCE

In accordance with GASB-54, funds that are intended to be used for a specific purpose but have not received the formal approval action at the governing body level may be recorded as Assigned Fund Balance. Likewise, redeploying assigned resources to an alternative use does not require formal action by the governing body.

GASB-54 states that resources can be assigned by the governing body or by another internal body or person whom the governing body gives the authority to do so, such as a committee or employee of the City.

Therefore, having considered the requirements to assign fund balance, it is the policy of the City that the City Manager will have the authority to assign fund balance of this organization based on intentions for use of fund balance communicated by the City Council.

F. UNASSIGNED FUND BALANCE OF THE GENERAL FUND

It is the goal of the City to achieve and maintain an unassigned General Fund fund balance equal to 40% of total appropriations. The City considers a balance of less than 25% to be a cause for concern, barring unusual or deliberate circumstances, and a balance of more than 40% as excessive. An amount in excess of 40% can be used in one of the following ways:

- Increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan. These funds will be transferred out to the Governmental Non-Bond Capital Projects Fund.
- Increase funds contributed and transferred out to the Equipment Replacement Fund to assist in financing large capital equipment purchases.
- Reduce accrued liabilities, including but not limited to the TMRS pension liability and capital lease liabilities.

Prior to year-end, an Ordinance will be presented to Council when appropriate to give specific authority to the City Manager to make transfers of unexpended appropriations and excess revenues up to a certain threshold. The exact dollar amount to be transferred may not be known at the time of approval. This amount can be determined at a later date when known and appropriately reported within the year-end financial statements due to the governing body approving this action before year-end.

In the event that the unassigned General Fund fund balance is less than the policy anticipates, the City shall adjust budget resources in the subsequent fiscal years to restore the balance or establish a time frame and work plan to replenish the fund balance. The work plan may include tax increases, fee increases, reduction of services, and/or reduction of expenditures (i.e. hiring freeze, salary freeze, or reduction of travel/training).

Appropriation drawing down on unassigned General Fund fund balance shall require the approval of the City Council and shall be only for one-time expenditures, such as capital

purchases, and not for ongoing expenditures unless a viable plan designated to sustain the expenditures is simultaneously adopted.

G. WORKING CAPITAL RESERVES OF THE UTILITY FUND

The City shall set aside resources during years of growth to fund a reserve for years of decline and/or to fund capital out of current funds for projects that would have otherwise been funded through debt financing. It shall be the goal of the City to maintain a working capital reserve in the Utility Fund of 25% of total appropriations in order to provide for potential unanticipated needs or the impact of weather.

The City considers a balance of less than 25% to be a cause for concern, barring unusual or deliberate circumstances, and a balance of more than 40% as excessive. An amount in excess of 40% can be utilized in one of the following ways:

- Increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan. These funds will be transferred out to the Enterprise Non-Bond Capital Projects Fund.
- Increase funds contributed and transferred out to the Equipment Replacement Fund to assist in financing large capital equipment purchases.
- Reduce accrued liabilities, including but not limited to the TMRS pension liability and capital lease liabilities.

Prior to year-end, an Ordinance will be presented to Council when appropriate to give specific authority to the City Manager to make transfers of unexpended appropriations and excess revenues up to a certain threshold. The exact dollar amount to be transferred may not be known at the time of approval. This amount can be determined at a later date when known and appropriately reported within the year-end financial statements due to the governing body approving this action before year-end.

In the event the working capital reserves in the Utility Fund are less than the policy anticipates, a utility rate plan study will be utilized to determine the appropriate course of action when determining rates and establishing a timeframe to replenish the working capital reserves. This could include cost cutting, cost recovery, and revenue enhancing strategies.

IX. DEBT MANAGEMENT POLICY

A. PURPOSE

The purpose of this policy is to set forth the parameters for issuing new debt as well as managing the outstanding debt portfolio, identifying the types and amount of permissible debt, and maintaining or improving the current bond rating in order to minimize borrowing costs and preserving access to credit. Adherence to a debt management policy signals to rating agencies and capital markets that a government is well managed and should meet its

obligations in a timely manner. Debt levels and their related annual costs are important long-term obligations that must be managed within available resources.

This Policy establishes specific guidelines to ensure that the City adheres to sound financial practices whenever it incurs debt. The City should consider this Policy when recommending the issuance of debt. This Policy may be amended from time to time by the City Council to reflect innovative, but prudent financial and business practices. It is the intent of the City to establish this policy in order to:

- Ensure high quality debt management decisions;
- Ensure the debt management decisions are viewed positively by rating agencies, investment communities, and citizens;
- Ensure support for debt issuance both internally and externally;
- Ensure the legal and prudent use of the City's bonding authority through an effective system of financial security and internal controls;
- Promote sound financial management that utilizes long range financial planning;
- Use debt financing where appropriate to match projected revenue streams;
- Evaluate critical debt issuance options.

B. POLICY STATEMENT

Under the governance and guidance of Federal and State laws and the City's Charter, ordinances and resolutions, the City may periodically enter into debt obligations to finance the construction or acquisition of infrastructure and other assets; or to refinance existing debt for the purpose of meeting its governmental obligation to its residents. It is the City's desire and direction to ensure that such debt obligations are issued and administered in such fashion as to obtain the best long-term financial advantage to the City and its residents, while making every effort to maintain and improve the City's bond ratings.

The City shall not issue debt obligations or utilize debt proceeds to finance current operations of the City.

C. CAPITAL IMPROVEMENT PROGRAM

A Capital Improvement Program shall be prepared, submitted to, and approved by the Council annually. The Capital Improvement Program shall consist of at least a 5-year priority listing of long-term capital projects, accompanied by a financing plan which reflects potential financing options for all projects in the plan, and is supported by the appropriate sources of revenue. The financing plan shall be in accordance with the debt management policies contained herein. The CIP guides capital expenditures and funding requirements, and generally includes:

- All capital projects, including outside funding sources such as grant funding, and those proposed to be financed, as available.
- The fiscal impact these capital projects, once completed, will have on the City's operating budget.

D. DEBT LIMITS AND STRUCTURE

As a Home Rule Charter City, the City of Anna is not limited in the amount of debt it may issue. However, the Texas Constitution, Article XI, Section 5 provides that the general property tax is limited to \$2.50 per \$100 of assessed valuation. Because the property tax is comprised of two components, Operations and Maintenance (O&M), plus Interest and Sinking (I&S) (which is the payment of principal and interest on legal debt instruments), the constitutional limits on the City's property tax rate effectively establishes an absolute ceiling on the amount of debt that may be funded by property tax revenues.

The determination of how much indebtedness the City can afford begins by assessing the sufficiency of future revenues through the use of a long-term financial projection. Factors such as debt service coverage requirements outlined in the bond indentures, the impact on the tax or utility rates, and any impact on the bond ratings shall be carefully considered.

Debt service will be structured, to the greatest extent possible, to match projected cash flows, minimize the impact of future property tax levies, and maintain a relatively rapid payment of principle. The term of the debt issuance should not be greater than the expected useful life of the asset being financed, or the maximum maturity permitted by State law for the obligations to finance the acquisition or construction of the asset.

E. RESPONSIBILITY

The primary responsibility for developing financing recommendations rests with the City Manager and Finance Director. In developing financing recommendations, consideration will be given as follows:

- The time proceeds are expected to remain on hand and the related carrying costs;
- The options for interim financing including short term and interfund borrowing, taking into consideration federal and state reimbursement regulations;
- The effect of the proposed action on the tax rate and user charges;
- Trends in interest rates;
- And other factors as appropriate.

F. PROFESSIONAL CONSULTANTS

A. Financial Advisor – A Financial Advisor will be used to assist in the issuance and administration of the City's debt. The Financial Advisor will provide the City with objective advice and analysis on debt issuance. Financial services provided to the City shall include but shall not be limited to those listed below.

- Provide analysis of the City's financial capacity to authorize, issue, and service any debt instruments that are considered;
- Monitor market opportunities, providing interpretation of market conditions which factor into timing of issuance;
- Take primary responsibility for review of the quantitative analysis of the cash flows provided by the underwriter. Prepare reports matching all calculations for bond sizing, debt service schedules, savings calculations, bond calls, escrow calculations and cash flows on the project;
- Coordinate assembly of data necessary for preparation of necessary petitions, ordinances, notices as may be required for elections to authorize debt instruments;
- Maintain liaison with Bond Counsel utilized by the City in preparation of legal documents regarding authorization, sale and issuance of debt instruments;
- Prepare official statements of disclosure as required;
- Advise and facilitate obtaining credit ratings as necessary when issuing debt;
- Attend meetings and make presentations as requested;
- Participate in activities associated with rating agency reviews;
- Other services as defined by the contract.

B. Bond Counsel – The Bond Counsel will issue an opinion as to the legality and tax-exempt status of any obligation. The City will also seek the advice of Bond Counsel on all other types of financing and on any other questions involving federal tax or arbitrage law. The services provided by Bond Counsel will include but not limited to the list below.

- Provide an objective legal opinion with respect to the authorization and issuance of debt obligations and whether interest paid is tax-exempt under federal and/or state laws and regulations;
- Research applicable law; preparing documents; consulting with City staff and the Financial Advisor; reviewing proceedings; and performing additional duties as necessary to render the opinion;
- Provide continuing legal advice regarding any actions necessary to ensure that interest will continue to be tax-exempt;

- Participate, when requested, in activities associated with rating agency reviews;
- Attend City Council meetings when the debt obligation for which Counsel is providing services is being considered;
- Prepare the ordinance authorizing issuance of the obligations;
- Other services as defined by the contract.

G. APPROACH TO FINANCING

A sound debt management program integrates pay-as-you-go project financing with projects financed through the issuance of debt. Pay-as-you-go financing may include; intergovernmental grants from federal, state, and other sources, current revenues and fund balance, private sector contributions, public/private partnerships, and/or leasing. The City's Capital Improvement Program utilizes this combined approach to fund the City's capital projects and capital assets.

The City's Debt Management Policy promotes the use of debt only in those cases where public policy, equity, and economic efficiency favor debt over cash (i.e., pay-as-you-go) financing or in the case where cash financing is not a possibility.

Once the City has determined that "pay-as-you-go" is not a feasible financing option, the City may use Short-term or Long-term debt to finance capital projects.

1. Short Term Debt – Maturity of ten (10) years or less

Short term obligations may be issued to finance projects or portions of projects. Typically, tax notes will be considered for smaller issues (less than \$1 million). The City may also secure interim financing which shall eventually be refunded with the proceeds of long-term obligations. Short-term obligations may be backed with a tax or revenue pledge of available resources. Capital leases may be used to purchase high-priced equipment to manage year-to-year capital expenditure levels.

2. Long Term Debt (Bonds) – Maturity of ten (10) years up to thirty (30) years

Long term general obligation or revenue bonds shall be issued to finance significant capital improvements or capital assets as set forth by the Capital Improvement Program (CIP). Long term debt may be incurred for only those purposes as provided by State law. The following list is factors which favor long term debt issuance.

- Revenues available for debt service are sufficient and reliable such that long-term financing can be marketed with an investment grade credit rating.
- Market conditions present favorable interest rates.

- The project is required to meet or relieve capacity needs and current resources are insufficient or unavailable.
- The life of the project or capital asset to be financed is 10 years or longer.

Notwithstanding the above considerations, the City may consider the use of long-term debt in special circumstances for projects other than capital projects to better manage its assets and liabilities over time.

H. CAPITAL LEASING

Leasing shall not be considered when funds are on hand for the acquisition unless interest expense associated with the lease is less than the interest that can be earned by investing the funds on hand or when other factors such as budget constraints override the economic consideration.

Whenever a lease is arranged with a private sector entity, a tax-exempt rate shall be sought. Whenever a lease is arranged with a government or other tax-exempt entity, the City shall strive to obtain an explicitly defined taxable rate so that the lease will not be counted in the City's total annual borrowings subject to arbitrage rebate.

The advice of the City's Bond Counsel shall be sought in any leasing arrangement and when federal tax forms 8038 are prepared to ensure that all federal tax laws are obeyed.

I. OTHER FINANCING ALTERNATIVES

From time to time other types of financing may become available. Examples of these options are low-interest loans from State agencies. At the direction of the City Manager and Finance Director, the City's Financial Advisor will prepare an analysis of the option.

J. GENERAL DEBT GOVERNING POLICIES

The primary use of debt the City is to fund capital projects; however, other debt may be issued as necessary and appropriate. Because of the use of facilities will occur over many years, it is appropriate to allocate the cost of the facilities over the useful life of the financed project. The City establishes the following policies concerning the issuance and management of debt:

- The City will not issue debt obligations or use debt proceeds to finance current operations or normal maintenance.
- The term of the bond shall not exceed thirty (30 years) unless there are extenuating circumstances that justify the longer term.
- The City shall publish and distribute an official statement for each publicly traded Bond issue.

- The City shall consider the purchase of private bond insurance at the time of the issuance, if it is financially beneficial to the transaction.
- Debt financing includes, general obligation bonds, certificate of obligation bonds, revenue bonds, lease/purchase agreements and other obligations permitted to be issued under Texas law.
- The City and the Financial Advisor shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service costs. As a general rule, the present value savings of a particular refunding should exceed four (4%) of the refunded maturities, unless a restructuring or bond convert revision is necessary in order to facilitate the ability to provide services or issue additional debt in accordance with established debt policies, the refunding is done in combination with a new money issuance and involves maturities that would not be efficient to be refunded on a stand-alone basis, or a refunding that generates savings due to historically low interest rates or an unusual yield curve.
- The City shall not issue bonded debt without enacting an authorizing Resolution.
- The City shall seek to maintain the highest bond rating practical to ensure that borrowing costs are minimized and access to credit is preserved.
- The City shall use a competitive bidding process in the sale of debt unless the nature of the issue warrants a negotiated sale or private placement.
- The bond proceeds will be invested in accordance with the City's Investment Policy. Interest earnings received on the investment bond proceeds shall be used to assist the costs associated with the capital project.
- Debt shall be primarily used to finance capital projects or assets with a relatively long-life expectancy, i.e., generally five (5) years or greater.
- Long-term debt will be structured such that the obligations do not exceed the expected useful life of the respective project or asset.
- The City will primarily issue fixed rate bonds to protect the City against interest rate risk. The City does have the option to issue variable rate bonds and may, if market conditions warrant considering such a structure.
- Short term debt may be issued as authorized by the City Council when circumstances or opportunities are present and such issuance will not adversely affect the operating funds, the ability to make debt payments, or jeopardize the financial integrity of the City or the component units.
- The City shall have a program to comply with arbitrage rebate monitoring and filing. Because of the complexity of arbitrage rebate regulations and the severity of non-

compliance penalties, the City will contract for these services. The City currently utilizes Hilltop Securities for these calculations.

- The City is committed to continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosures. The City currently has a contract with Hilltop Securities to work with City staff to compile and file the required information in a timely manner.

K. DEBT ISSUANCE AND REVENUE SOURCES

General capital improvements shall be financed in accordance with the capital improvements program. Funds shall be for the financing of general improvements in accordance with the following:

- To the extent funds described above are in excess of that required by the City's General Fund operating budget, all or a portion of the excess amount shall be used for pay-as-you-go financing of general capital improvements or assets.
- It shall be a goal, but not a requirement, of the City to finance a portion of the city-at-large capital improvement budget with pay-as-you-go financing with current resources remaining from year-end savings.
- Outstanding bonds will be retired according to the debt repayment schedule.
- Assumptions for taxable assessed value increases and revenues growth shall be conservative and justifiable.
- Debt issued for water, sewer and other purposes for which operating and capital needs are supported by user fees, shall first be considered for issuance in the form of revenue bonds, certificates of obligation, or other debt instruments secured by the appropriate user fees. User fees shall be adequate to support operating requirements and revenue bond covenants for each purpose. Certificate of Obligation or General Obligation debt secured by operating revenues may also need to be secured with property taxes.

L. METHODS OF SALE

The City may use competitive sales, negotiated sales, or private placements. When considering the method of sale, the City will take the following conditions into consideration:

- a. Financial conditions;
- b. Market conditions;
- c. Transaction-specific conditions;

- d. City-related conditions; and
- e. Risks associated with each method.

Additionally, the City considers the following criteria when determining the appropriate method of sale for any debt issuance:

- a. Complexity of the Issue – Municipal securities with complex security features require greater marketing and buyer education efforts on the part of the underwriter, to improve the investors' willingness to purchase.
- b. Volatility of Bond Yields – If municipal markets are subject to abrupt changes in interest rates, there may be a need to have some flexibility in the timing of the sale to take advantage of positive market changes or to delay a sale in the face of negative market changes.
- c. Familiarity of Underwriters with the City's Credit Quality – If underwriters are familiar with the City's credit quality, a lower True Interest Cost (TIC) may be achieved. Awareness of the credit quality of the City has a direct impact on the TIC an underwriter will bid on an issue. Therefore, where additional information in the form of presale marketing benefits the interest rate, a negotiated sale may be recommended. The City strives to continue to increase the bond rating.
- d. Size of the Issue – The City may choose to offer sizable issues as negotiated so that pre-marketing and buyer education efforts may be done to more effectively promote the bond sale.

M. DEFINITIONS OF METHODS OF SALE

A **Competitive Sale** is when bonds are awarded in a sealed bid sale to an underwriter or syndicate of underwriters that provides the lowest True Interest Cost (TIC) bid. TIC is defined as the rate, which will discount the aggregate amount of debt service payable over the life of the bond issue to its present value on the date of delivery.

A **Negotiated Sale** is when the City chooses an underwriter or underwriting syndicate, generally from the pool selected through its RFQ process, that is interested in reoffering a particular series of bonds to investors.

A **Private Placement** is a sale of debt securities to a limited number of sophisticated investors. The City may engage a placement agent to identify likely investors. A private placement is beneficial when the issue size is small or when the security of the bonds is weak since the private placement permits issuers to sell more risky securities at a higher yield to investors that are familiar with the credit risk.

N. FINANCING ALTERNATIVES

It is the City's intent to develop a level of cash and debt funded capital improvement projects

that provide the citizens with the desired amount of City services at the lowest cost. The City may use general obligation debt, certificate of obligation debt, revenues bonds, tax notes, and capital leases as deemed appropriate by the City Staff, City's Financial Advisors, and approved by the City Council. Below are guidelines the City utilizes in evaluating financing alternatives:

- The City will fund the majority of capital projects with voter-approved debt; however, on occasion, it becomes necessary to seek additional financing in order to fund a particular non-quality of life project.
- The total dollar amount of bond election propositions recommended to the voters shall not exceed the City's estimated ability to issue said bonds within a normal 10-year period.
- The use of reimbursement resolutions shall be encouraged as a cash management tool for general obligation and certificate of obligation debt funded projects.
- Revenue Bond will be issued for projects will be issued for projects that generate revenues that are sufficient to repay the debt. Except where otherwise required by State Statutes, revenue bonds may be issued without voter approval and only in accordance with the laws of Texas.
- The use of other debt obligations, permitted by law, including but not limited to tax notes and lease purchase obligations will be reviewed on a case-by-case basis.

O. RATINGS

- The City will strive to maintain good relationship with bond rating agencies as well as disclose financial reports and information to these agencies and to the public.
- The City will obtain a rating from one nationally recognized bond-rating agency on all issues being sold on the public market.
- Timely disclosure of annual financial information including other information will be provided to the rating agencies.
- Timely disclosure of a pertinent financial information that could potentially affect the City's credit rating will also be presented to the ratings agencies required information repositories and bond insurance companies insuring the City of Anna debt.

This Debt Management Policy shall be reviewed at least annually, and any modifications must be adopted by the City Council.

X. POST ISSUANCE COMPLIANCE FOR TAX-EXEMPT DEBT

A. Purpose

The purpose of these Procedures for Post-issuance Compliance (these “Procedures”) is to ensure that the bond financings of the City of Plano (the “City”) remain in compliance with the following federal tax requirements:

- General Recordkeeping & Record Retention
- Timely return filings
- Proper and timely use of bond proceeds and bond-financed property
- Arbitrage - yield restriction and rebate
- Reissuance requirements
- Corrective Action

These Procedures apply to any obligations to which Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 (the “Code”) apply, whether or not such obligations are in fact tax-exempt. For example, these Procedures will be followed with respect to any issue of tax credit bonds to which such sections of the Code apply. Further, the City is responsible for compliance with any requirements set forth in subsequent rulings and other advice published by the Internal Revenue Service (the “Service” or the “IRS”), as such authorities may apply to the City and its obligations.

B. Responsible Parties

The Finance Director of the City is ultimately responsible for the post-issuance compliance of bond financings. In addition, the following persons are responsible for the compliance roles described below:

- Finance Director – Approval of policies, authorization of expenditures, delegation of responsibilities, and oversight of processes.
- Accounting Manager – Review and reporting of expenditures of Bond proceeds, oversight of financial staff engaged in construction spending, coordination of expenditure, reporting on expenditure, financial reporting, internal controls and processing of invoice payments.
- City Attorney – Coordination of legal services, review and records management of special legal entitlement agreements for Bond-financed facilities.
- Finance Director – Day to day money management, investment of Bond related funds, investment and debt management services, investment and debt activity and coordination of records management of these details.
- Budget Manager – Budgeting and determining bond-financed projects, and monitoring of bond-financed capital expenditures.

Parties responsible for the financing aspects and the operations aspects of bond-financed facilities will coordinate efforts to ensure that any actions taken with respect to a bond-financed facility will be in compliance with the requirements of the Code. The City will provide training and/or make available educational materials regarding compliance requirements (e.g., private use requirements) to the parties responsible for the oversight of bond-financed facilities.

C. General Recordkeeping and Records Retention

General record retention duties are the responsibility of Finance Director and General Accounting Manager.

The Finance Director will maintain a copy of the following documents on file at all times:

- Audited Financial Statements
- Reports of any examinations by the IRS of the City's financing

With respect to each issue of obligations, the Treasurer will retain the following for the life of the obligations (including the life of any issued to refund the original debt) plus three years:

- Bond transcript, including authorizing documents, offering document, the federal tax certificate and certificates regarding issue price
- Minutes and resolution(s) authorizing the issue
- Appraisals, demand surveys, and/or feasibility studies for bond-financed property
- Related publications, brochures, and newspaper articles
- Any formal elections (e.g., election to employ an accounting methodology other than specific tracing)
- Records relating to the payment of debt service (including credit enhancement)
- Documentation relating to investments and arbitrage compliance, as described in "Arbitrage – Yield Restriction and Rebate - Recordkeeping" below
- Any grant requests or fundraising materials and documentation of grants or fundraising receipts relating to projects that also may be financed, in whole or in part, with bond proceeds
- Any agreement listed in "Private Business Use – Special Legal Entitlements" that relates to a bond-financed facility
- Bond paying agent/trustee statements
- Rebate compliance reports
- Related IRS filings (e.g. Form 8038-T Rebate)
- IRS correspondence regarding such issue
- Other documentation material to the particular requirements that are applicable to the tax status of the financing

With respect to each issue of obligations, the Accounting Manager will retain Documentary evidence of when and for what purpose the bond proceeds were expended, as described in "Expenditures of Bond Proceeds - Recordkeeping" below (including the requisitions for expenditure of bond proceeds) for the life of the obligations (including the life of any obligations issued to refund the original debt) plus three years.

Documents may be retained as hard copies or in an electronic format (in accordance with Revenue Procedure 97-22, 1997-1 C.B. 652), so long as such documents are retained in organized, accessible format that preserves the accuracy of such documents.

D. Return Filings

The Accounting Manager will be responsible for tracking the timely filing of the Form 8038-G information report (or such other series 8038 form as may be applicable to a specific issue of bonds) with the Service, which filing may be completed by bond counsel after the issuance of the obligations. The City must file a separate Form 8038-G for each issue of bonds not later than the

15th day of the second calendar month after the close of the calendar quarter in which the bonds are issued.

E. Expenditure of Bond Proceeds

1. General

The Controller is responsible for oversight of the expenditure of bond proceeds, including monitoring whether such expenditures are made in a timely manner for the purposes for which the bonds were authorized. The Controller will ensure that all proceeds of a bond issue are allocated to expenditures by the later of 18 months after the expenditure was made or the date the project is placed in service (and in no event, later than 60 days after (i) the fifth anniversary of the issue date or (ii) retirement of the issue).

With respect to the reimbursement of any expenditure paid prior to the date of issue of the bonds, the Controller will ensure that such reimbursement allocation to bond proceeds is made not later than 18 months after the later of (i) the date the original expenditure is made or (ii) the date the project is placed in service, but in no event more than three years after the original expenditure is paid. Furthermore, the Controller will ensure that such reimbursement allocation is for the reimbursement of expenditures paid on or after 60 days prior to the date of a reimbursement resolution (including for this purpose a bond order). Bond Counsel should be consulted regarding allocation of expenditures between each Bond issue to ensure timely expenditure of Bond proceeds.

In addition to ensuring the timely expenditure of bond proceeds, the Controller will ensure that bond proceeds are allocated to capital expenditures. Bond Counsel should be consulted regarding allocation of expenditures to non-capital items.

2. Recordkeeping

With respect to each issue of obligations, the City will retain the following for the life of the obligations plus three years:

- Documentation of allocations of bond proceeds to expenditures (e.g., allocation of bond proceeds for expenditures for the construction, renovation or purchase of facilities)
- Documentation of allocations of bond proceeds to bond issuance costs
- Copies of all requisitions, draw schedules, draw requests, invoices, bills, and cancelled checks related to bond proceeds spent during the construction period
- Copies of all contracts entered into for the construction, renovation or purchase of bond-financed facilities
- Records of expenditure reimbursements incurred prior to issuing bonds for bond-financed facilities
- List or schedule of all bond-financed facilities or equipment
- Depreciation schedules for bond-financed depreciable property
- Documentation of any purchase or sale of bond-financed assets

Documents may be retained as hard copies or in an electronic format (in accordance with Revenue Procedure 97-22, 1997-1 C.B. 652), so long as such documents are retained in

organized, accessible format that preserves the accuracy of such documents.

F. Private Business Use

1. General

To confirm that the Bonds serve “purely” governmental purposes for the general public, it must be determined whether the issuer expects that there will be any private business use of the proceeds of the bonds. Private business use exists if more than the lesser of (i) five percent (and, in certain circumstances, ten percent) or (ii) \$15,000,000 of the proceeds of the issue or the property to be financed by the bond proceeds are used directly or indirectly by any nongovernmental person in that person’s trade or business. In addition, no more than the lesser of (i) five percent (and, in certain circumstances, ten percent) or (ii) \$15,000,000 of the proceeds of an issue may be secured directly or indirectly by property or payments derived from private business use under the “private security or payment test.” Private business use may occur due to trade or business use by unrelated third parties, the existence of special legal entitlements with respect to the bond-financed property or the sale or other transfer of bond-financed property. Finally, no more than the lesser of (i) five percent or (ii) \$5,000,000 of the proceeds of an issue of bonds may be used to make loans or arrangement that allow a nongovernmental person to defer payments that it is obligated to make with respect to the financed property or the bonds.

The City’s finance team will coordinate with the parties responsible for the operation of a bond-financed facility by communicating the private business use restrictions to such parties and requiring that all activity that may give rise to such use be communicated to the Finance Director.

2. Trade or Business Activities by Third Parties

The City will maintain records of all trade or business activities by third parties allocable to its bond-financed facilities. Recognizing that trade or business activities by third parties may give rise to private business use, the City will maintain records of all unrelated trade or business activities allocable to its bond-financed facilities. The Controller is responsible for tracking trade or business activity by third parties as it relates to bond-financed facilities and will monitor such activity no less frequently than annually and, in any event, upon being notified of any new activity that will give rise to a significant amount of trade or business activity by a third party.

3. Special Legal Entitlements

A special legal entitlement is an arrangement that conveys rights similar to ownership, a lease or a management contract (e.g., priority rights to use the facility). Recognizing that a special legal entitlement may give rise to private business use, each time the City intends to enter into one of the following, the City will determine if such agreement relates to any bond -financed facility:

- Management and other service contracts
- Research agreements

- Naming rights contracts
- Ownership
- Leases
- Subleases
- Leasehold improvement contracts
- Joint venture arrangements
- Limited liability corporation arrangements
- Partnership agreements
- Non-contractual use of bond-financed office space and/or parking facilities by any nongovernmental person
- Written contracts for special rates or priority for the purchase of output from bond-financed facilities (e.g., water)
- Any other contract conferring a special legal entitlement or special economic benefit that are comparable to ownership

If such an agreement will be with respect to a bond-financed facility, the City will take measures so that such agreement does not create impermissible private business use with respect to any issue of bonds used to finance such facility. Such measures may include ensuring that such agreement falls into an applicable safe harbor, making a determination that private use will not exceed the applicable limit or such other action as may be recommended by bond counsel.

4. Recordkeeping Related to Private Business Use

With respect to each issue of bonds, the Controller will retain any records tracking private business use for the life of the bonds plus three years. In addition, with respect to each issue of bonds, the Controller will retain any agreements giving rise to private business use for the life of the bonds plus three years.

G. Payments on the Bonds

The trustee/paying agent for the bonds shall determine the amount of principal and interest payable on each payment date for the bonds. Periodically, and no less frequently than annually, the Controller will review the amount of the interest payments to verify that proper determinations of interest have been made.

H. Arbitrage – Yield Restriction & Rebate

1. General

The Treasurer is responsible for monitoring the City's compliance with the yield restriction requirements of section 148(a) of the Code and the rebate requirements of section 148(f) of the Code. Such monitoring includes, but is not limited to:

- Tracking the allocation of bond proceeds to expenditures for compliance with any temporary period and spending exceptions, no less frequently than yearly

- Ensuring that any forms required to be filed with the IRS relating to arbitrage and any payments required pursuant thereto are filed in a timely manner
- Ensuring that “fair market value” is used with respect to the purchase and sale of investments

Additionally, the City will utilize a rebate analyst to monitor compliance with rebate and yield restriction rules on an annual basis. The City utilizes First Southwest to monitor arbitrage rebate and yield restriction.

Compliance with the investment rules will require that the City be able to account for, in terms of dates and amounts, all uses (including disbursements and investment activity) of particular categories of bond-related money. The Controller will account for all of the following disbursements: monies in the project fund, debt service fund and any other fund into which proceeds of the obligations have been deposited, including any reserve fund. In doing so, the Controller will use any reasonable consistently applied accounting method to account for gross proceeds, investments and expenditures of an issue.

2. Recordkeeping

With respect to each issue of obligations, the City will retain the following for the life of the obligations plus three years:

- Documentation of allocations of investments and calculations of investment earnings
- Documentation for investments of the bond proceeds related to:
 1. Investment contracts (*e.g.*, guaranteed investment contracts)
 2. Credit enhancement transactions (*e.g.*, bond insurance contracts)
 3. Financial derivatives (*e.g.*, swaps, caps, etc.)
 4. Bidding of financial products
- Documentation regarding arbitrage compliance, including:
 1. Computation of bond yield
 2. Computation of rebate and yield reduction payments
 3. Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate
 4. Form 8038-R, Request for Recovery of Overpayments Under *Arbitrage Rebate Provisions*

Documents may be retained as hard copies or in an electronic format (in accordance with Revenue Procedure 97-22, 1997-1 C.B. 652), so long as such documents are retained in organized, accessible format that preserves the accuracy of such documents.

I. Reissuance

Prior to making any changes to the terms of an obligation, including its underlying security, the City will consult with bond counsel to determine whether such change will result in the reissuance of such obligation for federal tax law purposes. If it is determined that a change will result in a reissuance, the City will take such action, including the recalculation of yield, the filing of a new form 8038-G and the payment of rebate obligations, as is necessary to maintain the tax status of the bonds.

J. Corrective Action

Reports regarding the aforementioned compliance policies with respect to any issue of bonds will be made to the Finance Director no less frequently than the end of each bond year. At such time, the Finance Director will determine whether any corrective action is required with respect to the applicable issue.

A corrective action may be required if, for example, it is determined that bond proceeds were not properly expended, the City is not in compliance with the arbitrage requirements imposed by the Code or the City has taken a deliberation action that results in impermissible private business use (e.g., sale of bond-financed property). If the City determines or is advised that corrective action is necessary with respect to any issue of its obligations, the City will, as may be applicable, in a timely manner:

- Seek to enter into a closing agreement under the Tax-Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31 (or any successor notice thereto)
- Take remedial action described under Section 1.141-12 of the Code
- Take such other action as recommended by bond counsel

THE CITY OF
Anna

CITY OF ANNA, TEXAS

HOME-RULE CHARTER

**Originally adopted by vote of the people of the City of Anna,
Texas on May 7, 2005**

**Amended on
November 4, 2008 and May 12, 2012**

**Codified as:
PART I of The Anna City Code of Ordinances**

ARTICLE 7—FINANCIAL PROCEDURES

SECTION 7.01 Fiscal Year

The fiscal year of the City begins on the first day of October and ends on the last day of September on the next succeeding year. Such fiscal year also constitutes the budget and accounting year.

SECTION 7.02 Submission of Budget and Budget Message

On or before the 15th day of August of the fiscal year, the City Manager must submit to the City Council a budget for the ensuing fiscal year and an accompanying budget message.

SECTION 7.03 Budget Message

The City Manager's message must explain the budget both in fiscal terms and in terms of the work programs. It must outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the City's debt position and include such other material as the City Manager deems desirable.

SECTION 7.04 Budget a Public Record

The budget and all supporting schedules must be filed with the person performing the duties of City Secretary when submitted to the City Council and must be open to public inspection by anyone interested.

SECTION 7.05 Public Hearing on Budget

At the City Council meeting when the budget is submitted, the City Council must name the date and place of a public hearing and have published in the official newspaper of the City, at least twice, the time and place, which will be not less than ten days nor more than 30 days after the date of notice. At this hearing, interested citizens may express their opinions concerning items of expenditures, giving their reasons for wishing to increase or decrease any items of expense.

SECTION 7.06 Proceeding on Adoption of Budget

After public hearing, the City Council must analyze the budget, making any additions or deletions which they feel appropriate, and must, at least ten days before the beginning of the next fiscal year, adopt the budget by the affirmative vote of a majority of the full membership of the City Council. Should the City Council take no final action on or before such day, the current budget will continue to be in force on a month-to-month basis until a new budget is adopted.

SECTION 7.07 Budget, Appropriation and Amount to be Raised by Taxation

On final adoption, the budget is in effect for the budget year. Final adoption of the budget by the City Council constitutes the official appropriations as proposed by expenditures for the current year and constitutes the basis of official levy of the property tax as the amount of tax to be assessed and collected for the corresponding tax year. Estimated expenditures will in no case

exceed proposed revenue plus cash on hand. Unused appropriations may be transferred to any item required for the same general purpose.

SECTION 7.08 Contingent Appropriation

Provision may be made in the annual budget and in the appropriation ordinance for a contingent appropriation in an amount not more than three percent of the total general fund expenditures, to be used in case of unforeseen items of expenditures. This contingent appropriation must apply to current operating expenses and must not include any reserve funds of the City. Such contingent appropriation is under the control of the City Manager and may be distributed by him only after prior approval by the City Council. The proceeds of the contingent appropriation may be disbursed only by transfer to other departmental appropriation, the spending of which must be charged to the departments or activities for which the appropriations are made.

SECTION 7.09 Amending the Budget

Under conditions which may arise and which could not reasonably have been foreseen in the normal process of planning the budget, the City Council may, by the affirmative vote of a majority of the full membership of the City Council, amend or change the budget to provide for any additional expense in which the general welfare of the citizenry is involved. These amendments must be by ordinance and must become an attachment to the annual budget.

SECTION 7.10 Certification; Copies Made Available

A copy of the budget, as finally adopted, must be filed with the person performing the duties of City Secretary and such other places required by state law or as the City Council may designate. The final budget must be printed, or otherwise reproduced and sufficient copies made available upon request for the use of all offices, agencies, interested persons and civic organizations.

SECTION 7.11 Capital Program

The City Manager must submit a five-year capital program as an attachment to the annual budget. The program as submitted must include:

- (1) a clear summary of its contents;
- (2) a list of all capital improvements which are proposed to be undertaken during the five fiscal years succeeding the budget year, with appropriate supporting information as to the necessity for such improvements;
- (3) cost estimates, method of financing, and recommended time schedules for each improvement; and
- (4) the estimated annual cost of operating and maintaining the facilities to be constructed or acquired. The above information may be revised and extended each year with regard to capital improvements still pending or in the process of construction or acquisition.

SECTION 7.12 Defect Does Not Invalidate the Tax Levy

Errors or defects in the form or preparation of the budget or the failure to perform any procedural requirements do not nullify the tax levy or the tax rate.

SECTION 7.13 Lapse of Appropriations

Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure continues in force until the purpose for which it was made has been accomplished or abandoned. The purpose of any such appropriation is deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation. Any funds not expended, disbursed or encumbered will be deemed excess funds.

SECTION 7.14 Borrowing

(a) The City has the right and power, except as prohibited by law or this Charter, to borrow money by whatever method it may deem to be in the public interest.

(b) General Obligation Bonds.

- 1 The City has the power to borrow money on the credit of the City and to issue general obligation bonds for permanent public improvements or any other public purpose not prohibited by law and this Charter, and to issue refunding bonds to refund outstanding bonds previously issued. All such bonds must be issued in conformity with state and federal law and must be used only for purposes for which they were issued.
- 2 Any bonds issued under the provisions of this Section may not be issued without an election. The City Council must prescribe the procedure for calling and holding such elections, must define the voting precincts and must provide for the return and canvass of the ballots cast at such elections.
- 3 If at such elections a majority of the vote is in favor of creating such a debt or refunding outstanding valid bonds of the City, it will be lawful for the City Council to issue bonds as proposed in the ordinance submitting same. However, if a majority of the votes are against the creation of such debt or refunding such bonds, the City Council is without authority to issue the bonds. In all cases when the City Council orders an election for the issuance of bonds of the City, it must at the same time submit the question of whether or not a tax may be levied upon the property within the City for the purpose of paying the interest on the bonds and to create a sinking fund for their redemption.

(c) Revenue Bonds.

- 1 The City has the power to borrow money for the purpose of constructing, purchasing, improving, extending or repairing of public utilities, or any other self-liquidating municipal function not prohibited by state or federal law.
- 2 With an affirmative vote of at least two-thirds of the Council Members present and having authority to vote, the City has the power to issue revenue bonds and to evidence the obligation created thereby.
- 3 Such bonds are a charge upon and payable from all or any part of the properties pledged or from the income gained from the properties, or both. The holders of the

revenue bonds are not entitled to demand payment on the bonds out of monies raised or to be raised by taxation.

- 4 All such bonds must be issued in conformity with state and federal law and must be used only for the purpose for which they were issued.
- (d) Emergency Funding. In any budget year, the City Council may, by affirmative vote of at least two-thirds of the Council Members present and having authority to vote, authorize the borrowing of money. Notes may be issued which are repayable not later than the end of the current fiscal year.

SECTION 7.15 Purchasing

- (a) The City Council may by ordinance, give the City Manager general authority to contract for expenditure without further approval of the City Council for all budgeted items not exceeding limits set by the City Council within the ordinance.
- (b) All contracts for expenditures or purchases involving more than the limits must be expressly approved in advance by the City Council. All contracts or purchases involving more than the limits set by the City Council must be awarded by the City Council in accordance with state and federal law.
- (c) Emergency contracts as authorized by law and this Charter may be negotiated by the City Council or City Manager if given authority by the City Council, without competitive bidding, and in accordance with state and federal law. Such emergency may be declared by the City Manager if approved by the City Council or may be declared by the City Council.

SECTION 7.16 Administration of Budget

- (a) No payment may be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made, unless the City Manager, or the City Manager's designee, first certifies that there is a sufficient unencumbered balance in the budget and that sufficient budget funds are or will be available to cover the claim or meet the obligation when it becomes due and payable.
- (b) Any authorization of payment or incurring of obligation in violation of Subsection (a) of this Section is void and any payment so made illegal.
- (c) This prohibition does not prevent the making or authorizing of payments, or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds, time warrants, certificates of indebtedness, or certificates of obligation, or to prevent the making of any contract or lease providing for payments beyond the end of the fiscal year, providing that such action is made or approved by ordinance.
- (d) The City Manager must submit to the City Council each month a report covering the revenues and expenditures of the City in such form as requested by the City Council.

SECTION 7.17 Depository

All monies received by any person, department or agency of the City for or in connection with the affairs of the City must be deposited promptly in the City depository or depositories. The City

depositories must be designated by the City Council in accordance with such regulations and subject to the requirements as to security for deposits and interest thereon as may be established by ordinance and law. Procedures for withdrawal of money or the disbursement of funds from the City depositories may be prescribed by ordinance.

SECTION 7.18 Independent Audit

When deemed necessary by the City Council, it may call—and at the close of each fiscal year—must call for an independent audit of all accounts of the City by a certified public accountant. No more than five consecutive annual audits may be completed by the same firm. The certified public accountant selected may have no personal interest, directly or indirectly, in the financial affairs of the City or any of its officers. The report of audit, with the auditor's recommendations, will be made to the City Council. Upon completion of the audit, the summary must be published immediately in the official newspaper of the City and copies of the audit placed on file in the office of the person performing the duties of City Secretary, as a public record.

SECTION 7.19 Power to Tax

- (a) The City has the power to levy, assess and collect taxes of every character and type for any municipal purpose not prohibited by state or federal law.
- (b) The City has the power to grant tax exemptions in accordance with the laws of the State of Texas.

SECTION 7.20 Office of Tax Collector

There must be an office of taxation to collect taxes, the head of which is the City Tax Collector. The City Council may contract for such services.

SECTION 7.21 Taxes; When Due and Payable

- (a) All taxes due in the City are payable at the office of the City Tax Collector, or at such location or locations as may be designated by the City Council and may be paid at any time after the tax rolls for the year have been completed and approved. Taxes for each year must be paid before February 1 of the next succeeding year, and all such taxes not paid before that date are delinquent, and subject to penalty and interest as the City Council may provide by ordinance. The City Council may provide discounts for the payment of taxes before January 1 in amounts not to exceed those established by state law.
- (b) Failure to levy and assess taxes through omission in preparing the appraisal rolls does not relieve the person, firm or corporation so omitted from obligation to pay such current or past due taxes as shown to be payable by recheck of the rolls and receipts for the years in question, omitting penalty and interest.

SECTION 7.22 Tax Liens, Liabilities and Suits

- (a) All taxable property located in the City on January 1 of each year is charged from that date with a special lien in favor of the City for the taxes due. All persons purchasing any such property on or after January 1 in any year take the property subject to the liens provided above. In addition to these liens, on January 1 of any year, the owner of property subject to taxation by the City is personally liable for the taxes due for that year.

- (b) The City has the power to sue for and recover personal judgment for taxes without foreclosure, or to foreclose its lien or liens, or to recover both personal judgment and foreclosure. In any such suit where it appears that the description of any property in the City appraisal rolls is insufficient to identify such property, the City has the right to plead a good description of the property to be assessed, to prove the same, and to have its judgment foreclosing the tax lien or for personal judgment against the owners for such taxes.

CITY OF ANNA, TEXAS

ORDINANCE NO. 1002-2022

Ordinance Adopting the Budget for the 2022 – 2023 Fiscal Year

AN ORDINANCE MAKING APPROPRIATIONS FOR THE SUPPORT OF THE CITY OF ANNA FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022 AND ENDING SEPTEMBER 30, 2023; APPROPRIATING MONEY TO AN INTEREST AND SINKING FUND TO PAY INTEREST AND PRINCIPAL ON THE CITY'S INDEBTEDNESS; AND ADOPTING THE ANNUAL BUDGET OF THE CITY OF ANNA FOR THE 2022 – 2023 FISCAL YEAR.

WHEREAS, the budget, appended hereto as Exhibit A, for the fiscal year beginning October 1, 2022 and ending September 30, 2023, was duly presented to the City Council by the City Manager and a public hearing was ordered by the City Council and a public notice of said hearing was caused to be given by the City Council and said notice was published in the Anna- Melissa Tribune and said public hearing was held according to said notice; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANNA THAT:

SECTION 1. The appropriations for the fiscal year beginning October 1, 2022, and ending September 30, 2023 for the support of the general government of the City of Anna, Texas, be fixed and determined for said terms in accordance with the expenditures shown in the City's fiscal year 2022 – 2023 budget, a copy of which is appended hereto as Exhibit A and incorporated herein as if set forth in full;

SECTION 2. The budget, as shown in words and figures in Exhibit A, is hereby approved in all respects and adopted as the City's budget for the fiscal year beginning October 1, 2022 and ending September 30, 2023.

SECTION 3. There is hereby appropriated the amount shown in said budget necessary to provide for an interest and sinking fund for the payment of principal and interest and the retirement of the bonded debt requirements of fiscal year 2022 – 2023 of the City of Anna.

PASSED AND APPROVED by record roll call vote on this, the 13th day of September 2022.

Ayes 7

Nays 10

Abstained 0

ATTESTED:

APPROVED:

Carrie L. Land
City Secretary Carrie L. Land



Nate Pike
Mayor Nate Pike

CITY OF ANNA, TEXAS

Ordinance No. 1003-2022

Ordinance Setting the Tax Rate for the Next Fiscal Year

AN ORDINANCE LEVYING PROPERTY TAXES FOR USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF ANNA FOR THE 2022-2023 FISCAL YEAR; PROVIDING FOR AN INTEREST AND SINKING FUND FOR ALL OUTSTANDING DEBT OF THE CITY OF ANNA; PROVIDING FOR APPORTIONING EACH LEVY FOR THE SPECIFIC PURPOSES; AND, PROVIDING WHEN TAXES SHALL BECOME DUE AND WHEN SAME SHALL BECOME DELINQUENT IF NOT PAID.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANNA, TEXAS.

SECTION 1. That there is hereby levied and there shall be collected for the use and support of the municipal government of the City of Anna, and to provide an Interest and Sinking Fund for the 2022-2023 fiscal year; upon all property, real, personal and mixed, within the corporate limits of said City subject to taxation, a tax of \$0.539750 on each \$100.00 in valuation of property, said tax being so levied and apportioned to the specific purposes here set forth:

- a. For the maintenance and support of the general government (General Fund) \$0.396533 on each \$100 valuation of property.
- b. For the purposes of creating an Interest and Sinking Fund to pay the interest and principal maturities of all outstanding debt of the City of Anna, not otherwise provided for, a tax of \$0.143217 on each \$100 valuation of property.

SECTION 2. That taxes levied under this ordinance shall be due October 1, 2022 and if not paid on or before January 31, 2023 shall immediately become delinquent. There shall be no discount for payment of taxes on or prior to January 31, 2023. A delinquent tax shall incur all penalty and interest authorized by law, Section 33.01 of the Texas Property Tax Code, as amended, to wit: a penalty of 6% of the amount of the tax for the first calendar month the tax is delinquent plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent, or such other penalty as may be allowed by law.

Provided, however, a tax delinquent on July 1, 2023 incurs a total penalty of 12% of the amount of the delinquent tax without regard to the number of months the tax had been delinquent. A delinquent tax shall also accrue interest at a rate of 1% for each month or portion of a month the tax remains unpaid. Taxes that remain delinquent on July 1, 2023 incur an additional penalty of 15% of the amount of taxes, penalty and interest due; such additional penalty is to defray the costs of collection due pursuant to the contract with the City's attorney authorized by Section 6.30 of the Texas Property Tax Code, as amended.

SECTION 3. All taxes shall become a lien upon the property against which assessed, and the city assessor and collector of the City of Anna is hereby authorized and empowered to enforce the collections of such taxes according to the Constitution and laws of the State of Texas and ordinances of the City of Anna shall, by virtue of the tax rolls, fix and establish a lien by levying upon such property, whether real or personal, for the payment of said taxes, penalty and interest; and, the interest and penalty collected from such delinquent taxes shall be apportioned to the general funds of the City of Anna. All delinquent taxes shall bear interest from date of delinquency at the rate as prescribed by state law.

SECTION 4. THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

SECTION 5. THIS TAX RATE WILL EFFECTIVELY BE RAISED BY 5.20 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY -\$56.10.

SECTION 6. Taxes shall be payable in full at the office of the Tax Assessor/Collector, Kenneth Maun, 2300 Bloomdale Road, Suite 2366, McKinney, Texas 75071. The Town shall have available all rights and remedies provided by law for the enforcement of the collection of taxes levied under this ordinance.

SECTION 7. That this ordinance shall take effect and be in force from and after its passage.

PASSED AND APPROVED by record roll call vote on this, the 13th day of September 2022.

Ayes 7

Nays 0

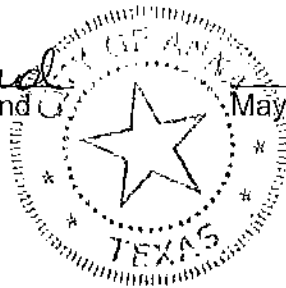
Abstained 0

ATTESTED:

APPROVED:

Carrie L. Land
City Secretary Carrie L. Land

Nate Pike
Mayor Nate Pike



2022 Tax Rate Calculation Worksheet

Taxing Units Other Than School Districts or Water Districts

Form 50-856

City of Anna

Taxing Unit Name

111 N. Powell Parkway, Anna, TX 75409

Taxing Unit's Address, City, State, ZIP Code

972-924-3325

Phone (area code and number)

www.annatexas.gov

Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	2021 total taxable value. Enter the amount of 2021 taxable value on the 2021 tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). ¹	\$ 1,762,211,872
2.	2021 tax ceilings. Counties, cities and junior college districts. Enter 2021 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2021 or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$ 0
3.	Preliminary 2021 adjusted taxable value. Subtract Line 2 from Line 1.	\$ 1,762,211,872
4.	2021 total adopted tax rate.	\$ 0.569500 /\$100
5.	2021 taxable value lost because court appeals of ARB decisions reduced 2021 appraised value.	
	A. Original 2021 ARB values:	\$ 15,692,368
	B. 2021 values resulting from final court decisions:	-\$ 15,244,014
	C. 2021 value loss. Subtract B from A. ³	\$ 448,354
6.	2021 taxable value subject to an appeal under Chapter 42, as of July 25.	
	A. 2021 ARB certified value:	\$ 6,896,054
	B. 2021 disputed value:	-\$ 1,173,019
	C. 2021 undisputed value. Subtract B from A. ⁴	\$ 5,723,035
7.	2021 Chapter 42 related adjusted values. Add Line 5C and Line 6C.	\$ 6,171,389

¹ Tex. Tax Code § 26.012(14)

² Tex. Tax Code § 26.012(14)

³ Tex. Tax Code § 26.012(13)

⁴ Tex. Tax Code § 26.012(13)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
8.	2021 taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ 1,768,383,261
9.	2021 taxable value of property in territory the taxing unit deannexed after Jan. 1, 2021. Enter the 2021 value of property in deannexed territory. ⁵	\$ 0
10.	2021 taxable value lost because property first qualified for an exemption in 2022. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2022 does not create a new exemption or reduce taxable value. A. Absolute exemptions. Use 2021 market value: \$ 520,487 B. Partial exemptions. 2022 exemption amount or 2022 percentage exemption times 2021 value: + \$ 24,336,151 C. Value loss. Add A and B. ⁶	\$ 24,856,638
11.	2021 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2022. Use only properties that qualified in 2022 for the first time; do not use properties that qualified in 2021. A. 2021 market value: \$ 79,266 B. 2022 productivity or special appraised value: - \$ 478 C. Value loss. Subtract B from A. ⁷	\$ 78,788
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ 24,935,426
13.	2021 captured value of property in a TIF. Enter the total value of 2021 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which 2021 taxes were deposited into the tax increment fund. ⁸ If the taxing unit has no captured appraised value in line 18D, enter 0.	\$ 13,053,733
14.	2021 total value. Subtract Line 12 and Line 13 from Line 8.	\$ 1,730,394,102
15.	Adjusted 2021 total levy. Multiply Line 4 by Line 14 and divide by \$100.	\$ 9,854,594
16.	Taxes refunded for years preceding tax year 2021. Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2021. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2021. This line applies only to tax years preceding tax year 2021. ⁹	\$ 36,098
17.	Adjusted 2021 levy with refunds and TIF adjustment. Add Lines 15 and 16. ¹⁰	\$ 9,890,692
18.	Total 2022 taxable value on the 2022 certified appraisal roll today. This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. ¹¹ A. Certified values: \$ 2,325,592,421 B. Counties: Include railroad rolling stock values certified by the Comptroller's office: + \$ C. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ 0 D. Tax increment financing: Deduct the 2022 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2022 taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below. ¹² - \$ 38,417,184 E. Total 2022 value. Add A and B, then subtract C and D.	\$ 2,287,175,237

⁵ Tex. Tax Code § 26.012(15)⁶ Tex. Tax Code § 26.012(15)⁷ Tex. Tax Code § 26.012(15)⁸ Tex. Tax Code § 26.03(c)⁹ Tex. Tax Code § 26.012(13)¹⁰ Tex. Tax Code § 26.012(13)¹¹ Tex. Tax Code § 26.012, 26.04(c-2)¹² Tex. Tax Code § 26.03(c)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
19.	Total value of properties under protest or not included on certified appraisal roll. ¹³	
A.	2022 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹⁴ \$ <u>113,915,700</u>	
B.	2022 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. ¹⁵ + \$ <u>0</u>	
C.	Total value under protest or not certified. Add A and B.	\$ <u>113,915,700</u>
20.	2022 tax ceilings. Counties, cities and junior colleges enter 2022 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2021 or a prior year for homeowners age 65 or older or disabled, use this step. ¹⁶	\$ <u>0</u>
21.	2022 total taxable value. Add Lines 18E and 19C. Subtract Line 20. ¹⁷	\$ <u>2,401,090,937</u>
22.	Total 2022 taxable value of properties in territory annexed after Jan. 1, 2021. Include both real and personal property. Enter the 2022 value of property in territory annexed. ¹⁸	\$ <u>9,414,965</u>
23.	Total 2022 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2021. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to exist-ing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, 2021 and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for 2022. ¹⁹	\$ <u>260,514,889</u>
24.	Total adjustments to the 2022 taxable value. Add Lines 22 and 23.	\$ <u>269,929,854</u>
25.	Adjusted 2022 taxable value. Subtract Line 24 from Line 21.	\$ <u>2,131,161,083</u>
26.	2022 NNR tax rate. Divide Line 17 by Line 25 and multiply by \$100. ²⁰	\$ <u>0.464098</u> /\$100
27.	COUNTIES ONLY. Add together the NNR tax rates for each type of tax the county levies. The total is the 2022 county NNR tax rate. ²¹	\$ _____ /\$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

- Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
- Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
28.	2021 M&O tax rate. Enter the 2021 M&O tax rate.	\$ <u>0.452631</u> /\$100
29.	2021 taxable value, adjusted for actual and potential court-ordered adjustments. Enter the amount in Line 8 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>1,768,383,261</u>

¹³ Tex. Tax Code § 26.01(c) and (d)

¹⁴ Tex. Tax Code § 26.01(c)

¹⁵ Tex. Tax Code § 26.01(d)

¹⁶ Tex. Tax Code § 26.012(6)(B)

¹⁷ Tex. Tax Code § 26.012(6)

¹⁸ Tex. Tax Code § 26.012(17)

¹⁹ Tex. Tax Code § 26.012(17)

²⁰ Tex. Tax Code § 26.04(c)

²¹ Tex. Tax Code § 26.04(d)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
30.	Total 2021 M&O levy. Multiply Line 28 by Line 29 and divide by \$100	\$ 8,004,250
31.	Adjusted 2021 levy for calculating NNR M&O rate.	
	A. M&O taxes refunded for years preceding tax year 2021. Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2021. This line applies only to tax years preceding tax year 2021. + \$ 28,620	
	B. 2021 taxes in TIF. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2022 captured appraised value in Line 18D, enter 0. - \$ 0	
	C. 2021 transferred function. If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0. +/- \$ 0	
	D. 2021 M&O levy adjustments. Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function. \$ 28,620	
	E. Add Line 30 to 31D.	\$ 8,032,870
32.	Adjusted 2022 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 2,131,161,083
33.	2022 NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by \$100.	\$ 0.376924 /\$100
34.	Rate adjustment for state criminal justice mandate. ²³	
	A. 2022 state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. \$ 0	
	B. 2021 state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies. - \$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0/\$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0/\$100
35.	Rate adjustment for indigent health care expenditures. ²⁴	
	A. 2022 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state assistance received for the same purpose. \$ 0	
	B. 2021 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2020 and ending on June 30, 2021, less any state assistance received for the same purpose. - \$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0.000000/\$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0/\$100

²³ [Reserved for expansion]²³ Tex. Tax Code § 26.044²⁴ Tex. Tax Code § 26.0441

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
36.	Rate adjustment for county indigent defense compensation. ²⁵ A. 2022 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state grants received by the county for the same purpose. \$ <u>0</u> B. 2021 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2020 and ending on June 30, 2021, less any state grants received by the county for the same purpose. \$ <u>0</u> C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ <u>0</u> /\$100 D. Multiply B by 0.05 and divide by Line 32 and multiply by \$100. \$ <u>0</u> /\$100 E. Enter the lesser of C and D. If not applicable, enter 0.	\$ <u>0</u> /\$100
37.	Rate adjustment for county hospital expenditures. ²⁶ A. 2022 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2021 and ending on June 30, 2022. \$ <u>0</u> B. 2021 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2020 and ending on June 30, 2021. \$ <u>0</u> C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ <u>0</u> /\$100 D. Multiply B by 0.08 and divide by Line 32 and multiply by \$100. \$ <u>0</u> /\$100 E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.	\$ <u>0</u> /\$100
38.	Rate adjustment for defunding municipality. This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code 26.0444 for more information. A. Amount appropriated for public safety in 2021. Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year. \$ <u>0</u> B. Expenditures for public safety in 2021. Enter the amount of money spent by the municipality for public safety during the preceding fiscal year. \$ <u>0</u> C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ <u>0</u> /\$100 D. Enter the rate calculated in C. If not applicable, enter 0.	\$ <u>0</u> /\$100
39.	Adjusted 2022 NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	\$ <u>0.376924</u> /\$100
40.	Adjustment for 2021 sales tax specifically to reduce property values. Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in 2021 should complete this line. These entities will deduct the sales tax gain rate for 2022 in Section 3. Other taxing units, enter zero. A. Enter the amount of additional sales tax collected and spent on M&O expenses in 2021, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent. \$ <u>0</u> B. Divide Line 40A by Line 32 and multiply by \$100. \$ <u>0</u> /\$100 C. Add Line 40B to Line 39.	\$ <u>0.376924</u> /\$100
41.	2022 voter-approval M&O rate. Enter the rate as calculated by the appropriate scenario below. Special Taxing Unit. If the taxing unit qualifies as a special taxing unit, multiply Line 40C by 1.08. - or - Other Taxing Unit. If the taxing unit does not qualify as a special taxing unit, multiply Line 40C by 1.035.	\$ <u>0.390116</u> /\$100

²⁵ Tex. Tax Code § 26.0442²⁶ Tex. Tax Code § 26.0443

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
D41.	Disaster Line 41 (D41): 2022 voter-approval M&O rate for taxing unit affected by disaster declaration. If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of 1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred, or 2) the third tax year after the tax year in which the disaster occurred If the taxing unit qualifies under this scenario, multiply Line 40C by 1.08. ²⁷ If the taxing unit does not qualify, do not complete Disaster Line 41 (Line D41).	\$ _____ 0 /\$100
42.	Total 2022 debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that: (1) are paid by property taxes, (2) are secured by property taxes, (3) are scheduled for payment over a period longer than one year, and (4) are not classified in the taxing unit's budget as M&O expenses. A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2022, verify if it meets the amended definition of debt before including it here. ²⁸ Enter debt amount \$ 3,565,792 B. Subtract unencumbered fund amount used to reduce total debt. - \$ 107,105 C. Subtract certified amount spent from sales tax to reduce debt (enter zero if none) - \$ 0 D. Subtract amount paid from other resources - \$ 0 E. Adjusted debt. Subtract B, C and D from A.	\$ 3,458,687
43.	Certified 2021 excess debt collections. Enter the amount certified by the collector. ²⁹	\$ 4,078
44.	Adjusted 2022 debt. Subtract Line 43 from Line 42E.	\$ 3,454,609
45.	2022 anticipated collection rate. A. Enter the 2022 anticipated collection rate certified by the collector. ³⁰ 100.00 % B. Enter the 2021 actual collection rate. 100.93 % C. Enter the 2020 actual collection rate. 100.46 % D. Enter the 2019 actual collection rate. 105.77 % E. If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³¹	100.46 %
46.	2022 debt adjusted for collections. Divide Line 44 by Line 45E.	\$ 3,438,790
47.	2022 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 2,401,090,937
48.	2022 debt rate. Divide Line 46 by Line 47 and multiply by \$100.	\$ 0.143217 /\$100
49.	2022 voter-approval tax rate. Add Lines 41 and 48.	\$ 0.533333 /\$100
D49.	Disaster Line 49 (D49): 2022 voter-approval tax rate for taxing unit affected by disaster declaration. Complete this line if the taxing unit calculated the voter-approval tax rate in the manner provided for a special taxing unit on Line D41. Add Line D41 and 48.	\$ _____ /\$100

²⁷ Tex. Tax Code § 26.042(a)²⁸ Tex. Tax Code § 26.012(7)²⁹ Tex. Tax Code § 26.012(10) and 26.04(b)³⁰ Tex. Tax Code § 26.04(b)³¹ Tex. Tax Code §§ 26.04(h), (h-1) and (h-2)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
50.	COUNTIES ONLY. Add together the voter-approval tax rates for each type of tax the county levies. The total is the 2022 county voter-approval tax rate.	\$ <u>0</u> /\$100

SECTION 3: NNR Tax Rate and Voter-Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
51.	Taxable Sales. For taxing units that adopted the sales tax in November 2021 or May 2022, enter the Comptroller's estimate of taxable sales for the previous four quarters. ³² Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November 2021, enter 0.	\$ <u>0</u>
52.	Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ³³ Taxing units that adopted the sales tax in November 2021 or in May 2022. Multiply the amount on Line 51 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ³⁴ - or - Taxing units that adopted the sales tax before November 2021. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$ <u>0</u>
53.	2022 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>2,401,090,937</u>
54.	Sales tax adjustment rate. Divide Line 52 by Line 53 and multiply by \$100.	\$ <u>0</u> /\$100
55.	2022 NNR tax rate, unadjusted for sales tax. ³⁵ Enter the rate from Line 26 or 27, as applicable, on the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>0.464098</u> /\$100
56.	2022 NNR tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November 2021 or in May 2022. Subtract Line 54 from Line 55. Skip to Line 57 if you adopted the additional sales tax before November 2021.	\$ <u>0.464098</u> /\$100
57.	2022 voter-approval tax rate, unadjusted for sales tax. ³⁶ Enter the rate from Line 49, Line D49 (disaster) or Line 50 (counties) as applicable, of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ <u>0.533333</u> /\$100
58.	2022 voter-approval tax rate, adjusted for sales tax. Subtract Line 54 from Line 57.	\$ <u>0.533333</u> /\$100

SECTION 4: Voter-Approval Tax Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
59.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³⁷ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ³⁸	\$ <u>0</u>
60.	2022 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>2,401,090,937</u>
61.	Additional rate for pollution control. Divide Line 59 by Line 60 and multiply by \$100.	\$ <u>0</u> /\$100
62.	2022 voter-approval tax rate, adjusted for pollution control. Add Line 61 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties) or Line 58 (taxing units with the additional sales tax).	\$ <u>0.533333</u> /\$100

³² Tex. Tax Code § 26.041(d)

³³ Tex. Tax Code § 26.041(i)

³⁴ Tex. Tax Code § 26.041(d)

³⁵ Tex. Tax Code § 26.04(c)

³⁶ Tex. Tax Code § 26.04(c)

³⁷ Tex. Tax Code § 26.045(d)

³⁸ Tex. Tax Code § 26.045(i)

SECTION 5: Voter-Approval Tax Rate Adjustment for Unused Increment Rate

The unused increment rate is the rate equal to the difference between the adopted tax rate and voter-approval tax rate before the unused increment rate for the prior three years.³⁹ In a year where a taxing unit adopts a rate by applying any portion of the unused increment rate, the unused increment rate for that year would be zero.

The difference between the adopted tax rate and voter-approval tax rate is considered zero in the following scenarios:

- a tax year before 2020;⁴⁰
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a);⁴¹ or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval.⁴²

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit.⁴³

Line	Unused Increment Rate Worksheet	Amount/Rate
63.	2021 unused increment rate. Subtract the 2021 actual tax rate and the 2021 unused increment rate from the 2021 voter-approval tax rate. If the number is less than zero, enter zero.	\$ _____ 0 /\$100
64.	2020 unused increment rate. Subtract the 2020 actual tax rate and the 2020 unused increment rate from the 2020 voter-approval tax rate. If the number is less than zero, enter zero.	\$ _____ 0 /\$100
65.	2019 unused increment rate. Subtract the 2019 actual tax rate and the 2019 unused increment rate from the 2019 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ _____ 0 /\$100
66.	2022 unused increment rate. Add Lines 63, 64 and 65.	\$ _____ 0 /\$100
67.	2022 voter-approval tax rate, adjusted for unused increment rate. Add Line 66 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax) or Line 62 (taxing units with pollution control).	\$ _____ 0.533333 /\$100

SECTION 6: De Minimis Rate

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise \$500,000, and the current debt rate for a taxing unit.⁴⁴

This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit.⁴⁵

Line	De Minimis Rate Worksheet	Amount/Rate
68.	Adjusted 2022 NNR M&O tax rate. Enter the rate from Line 39 of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ _____ 0.376924 /\$100
69.	2022 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ _____ 2,401,090,937
70.	Rate necessary to impose \$500,000 in taxes. Divide \$500,000 by Line 69 and multiply by \$100.	\$ _____ 0.020823 /\$100
71.	2022 debt rate. Enter the rate from Line 48 of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ _____ 0.143217 /\$100
72.	De minimis rate. Add Lines 68, 70 and 71.	\$ _____ 0.540964 /\$100

SECTION 7: Voter-Approval Tax Rate Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year.⁴⁶

Similarly, if a taxing unit adopted a tax rate that exceeded its voter-approval tax rate, calculated normally, without holding an election to respond to a disaster, as allowed by Tax Code Section 26.042(d), in the prior year, it must also reduce its voter-approval tax rate for the current tax year.⁴⁷

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago.

³⁹ Tex. Tax Code § 26.013(a)

⁴⁰ Tex. Tax Code § 26.013(c)

⁴¹ Tex. Tax Code §§ 26.0501(a) and (c)

⁴² Tex. Local Gov't Code § 120.007(d), effective Jan. 1, 2022

⁴³ Tex. Tax Code § 26.063(a)(1)

⁴⁴ Tex. Tax Code § 26.012(8-a)

⁴⁵ Tex. Tax Code § 26.063(a)(1)

⁴⁶ Tex. Tax Code § 26.042(b)

⁴⁷ Tex. Tax Code § 26.042(f)

This section will apply to a taxing unit in a disaster area that adopted a tax rate greater than its voter-approval tax rate without holding an election in the prior year.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

Line	Emergency Revenue Rate Worksheet	Amount/Rate
73.	2021 adopted tax rate. Enter the rate in Line 4 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>0.569500</u> /\$100
74.	Adjusted 2021 voter-approval tax rate. Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. If a disaster occurred in 2021 and the taxing unit calculated its 2021 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) of the 2021 worksheet due to a disaster, enter the 2021 voter-approval tax rate as calculated using a multiplier of 1.035 from Line 49. - or - If a disaster occurred prior to 2021 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) in 2021, complete the separate <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> to recalculate the voter-approval tax rate the taxing unit would have calculated in 2021 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the year(s) following the disaster. ⁴⁸ Enter the final adjusted 2021 voter-approval tax rate from the worksheet. - or - If the taxing unit adopted a tax rate above the 2021 voter-approval tax rate without calculating a disaster tax rate or holding an election due to a disaster, no recalculation is necessary. Enter the voter-approval tax rate from the prior year's worksheet.	\$ <u>0</u> /\$100
75.	Increase in 2021 tax rate due to disaster. Subtract Line 74 from Line 73.	\$ <u>0.569500</u> /\$100
76.	Adjusted 2021 taxable value. Enter the amount in Line 14 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>1,730,394,102</u>
77.	Emergency revenue. Multiply Line 75 by Line 76 and divide by \$100.	\$ <u>9,854,594</u>
78.	Adjusted 2022 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ <u>2,131,161,083</u>
79.	Emergency revenue rate. Divide Line 77 by Line 78 and multiply by \$100. ⁴⁹	\$ <u>0</u> /\$100
80.	2022 voter-approval tax rate, adjusted for emergency revenue. Subtract Line 79 from one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax), Line 62 (taxing units with pollution control) or Line 67 (taxing units with the unused increment rate).	\$ <u>0.533333</u> /\$100

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-new-revenue tax rate.	\$ <u>0.464098</u> /\$100
As applicable, enter the 2022 NNR tax rate from: Line 26, Line 27 (counties), or Line 56 (adjusted for sales tax). Indicate the line number used: <u>26</u>	
Voter-approval tax rate.	\$ <u>0.533333</u> /\$100
As applicable, enter the 2022 voter-approval tax rate from: Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (adjusted for sales tax), Line 62 (adjusted for pollution control), Line 67 (adjusted for unused increment), or Line 80 (adjusted for emergency revenue). Indicate the line number used: <u>49</u>	
De minimis rate.	\$ <u>0.540964</u> /\$100
If applicable, enter the 2022 de minimis rate from Line 72.	

SECTION 9: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in Tax Code. ⁵⁰

print
here

Jayna Dean

Printed Name of Taxing Unit Representative

sign
here

Jayna Dean
Taxing Unit Representative

7/25/2022

Date

⁴⁸ Tex. Tax Code §26.042(c)

⁴⁹ Tex. Tax Code §26.042(b)

⁵⁰ Tex. Tax Code §§ 26.04(c-2) and (d-2)

CITY OF ANNA
GLOSSARY

<i>Accounts Payable</i>	A liability account reflecting the amount of open accounts owed to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments).
<i>Accounts Receivable</i>	An asset account reflecting amounts owed from private persons or organizations for goods or services furnished by a government.
<i>Accrual</i>	Method of accounting that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of the timing of related cash flows.
<i>Ad Valorem Tax</i>	Latin for "according to the value of." Refers to the tax assessed against real (land and building) and personal (equipment and furniture) property.
<i>Appropriation</i>	An authorization made by the legislative body of a government which permits officials to incur obligations against and to make expenditures of governmental resources. Specific appropriations are usually made at the fund level and are granted for a one-year period.
<i>Assessed Valuation</i>	A value that is established for real or personal property as a basis for levying property taxes. (Note: Property values are established by the Central Appraisal District.)
<i>Assets</i>	Resources owned or held by the City which have monetary value.
<i>Balanced Budget</i>	Annual financial plan in which expenses do not exceed revenues
<i>Bonds</i>	A written promise to pay a sum of money on a specific date at a specific interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation bonds and revenue bonds.
<i>Budget</i>	The City's financial plan for a specific fiscal year that contains both the estimated revenues to be received during the year and the proposed expenditures to be incurred to achieve related objectives
<i>Budget Document</i>	The compilation of the spending plans for the various funds, along with supporting schedules, tables and charts which, in total, comprises the annual revenue and expenditure plan.
<i>Capital Expenditures</i>	Funds used to acquire or upgrade physical assets such as property, industrial buildings or equipment.
<i>Capital Outlays</i>	Expenditures which result in the acquisition of or addition to fixed assets which are individually priced at more than \$5,000.
<i>CCAD</i>	Collin Central Appraisal District
<i>Certificates of Obligation</i>	Similar to general obligation bonds except the certificates require no voter approval.

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<i>Community Investment Program</i>	Construction projects or very large capital purchases designed to improve and maintain the value of the city's assets, usually separate from the operating budget. The process of planning, monitoring, programming, and budgeting over a multi-year period to allocate the City's capital monies.
<i>Component Unit</i>	Component units are legally separate organizations that must be included in the financial report of the primary government.
<i>Debt Service Fund</i>	A fund used to account for the monies set aside for the payment of interest and principal to holders of the City's general obligation and revenue bonds, the sale of which finances long-term capital improvements, such as facilities, streets and drainage, parks and water and wastewater systems.
<i>Department</i>	A functional unit of the city containing one or more divisions or activities.
<i>Delinquent Taxes</i>	Taxes that remain unpaid on and after the date on which a penalty for non-payment is attached.
<i>EMS</i>	Emergency Medical Services
<i>Encumbrances</i>	Commitments related to unperformed contracts for goods and services used in budgeting. Encumbrances are not expenditures or liabilities but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.
<i>Enterprise Fund</i>	A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City uses an enterprise fund to account for its water, sewer and sanitation operations.
<i>Exempt</i>	Personnel not eligible to receive overtime pay and who are expected to work as necessary to complete their job assignments.
<i>Expenditures</i>	Decrease in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.
<i>Fiscal Year (FY)</i>	A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. Home rule cities in Texas have an October 1st to September 30th as the fiscal year.
<i>Fixed Assets</i>	Assets of a long-term character which are intended to continue to be held or used, such as land buildings, improvements, and infrastructure.
<i>Franchise</i>	A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

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<i>Full Time Equivalent (FTE)</i>	A unit of measure based on the number of hours that an employee works during the fiscal year. One FTE is equal to 2080 hours.
<i>Fund</i>	A fiscal and accounting entity with a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.
<i>Fund Balance</i>	The excess of a fund's current assets over its current liabilities; sometimes called working capital in enterprise funds. A negative fund balance is often referred to as a deficit.
<i>GASB</i>	Governmental Accounting Standards Board
<i>General Fund</i>	The fund used to account for all financial resources except those required to be accounted for in another fund. This fund includes most of the basic operating services such as fire and police protection, health services, parks and recreation, street maintenance, and general administration.
<i>General Obligation Bonds</i>	Bonds for the payment of which the full faith and credit of the issuing government is pledged. In issuing its general obligation bonds, the City of Anna pledges to levy whatever property tax is needed to repay the bonds for a particular year. Bonds cannot be issued without voter approval and are usually issued
<i>GFOA</i>	Government Finance Officers Association
<i>GTUA</i>	Greater Texoma Utility Authority
<i>Infrastructure</i>	That portion of a city's assets located at or below ground level, including water system, sewer system, and streets.
<i>Liabilities</i>	Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. The term does not include encumbrances.
<i>Levy</i>	To impose taxes, special assessments, or service charges for the support of governmental activities.
<i>Modified Accrual Basis</i>	A basis of accounting in which expenditures are accrued but revenues are accounted for when they are measurable and available to pay current liabilities. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability while revenues are not recorded until they are measurable and available to pay current liabilities. This type of accounting is conservative and is recommended as the standard for most governmental funds.
<i>NCTCOG</i>	North Central Texas Council of Governments
<i>No-New-Revenue Tax Rate</i>	A calculated rate that would provide the same amount of revenue received in the year before on properties taxed in both years.