

CITY OF ANNA
GLOSSARY

<i>Non-Exempt</i>	Personnel eligible to receive overtime pay when overtime work has been authorized or requested by the supervisor.
<i>Operating Budget</i>	Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of the city are controlled.
<i>NTMWD</i>	North Texas Municipal Water District
<i>Performance Measures</i>	Specific quantitative measure of work performed within an activity or program. They may also measure results obtained through an activity or program.
<i>Property Tax Rate</i>	A percentage applied to all taxable property to raise general revenues. It is derived by dividing the total tax levy by the taxable net property valuation.
<i>Restricted Revenue Fund</i>	A fund used to account for the proceeds of specific revenue sources that are legally restricted or formally committed to expenditures for specific purposes.
<i>Revenues</i>	Increases in net financial resources. Revenues include the receipt of assets for goods sold or services provided in the current reporting period, intergovernmental grants, and interest income.
<i>Taxes</i>	Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.
<i>TML</i>	Texas Municipal League
<i>TMRS</i>	Texas Municipal Retirement System
<i>TxDOT</i>	Texas Department of Transportation
<i>Voter-Approval Tax Rate</i>	Provides the taxing unit with about the same amount of tax revenue it spent the previous year for day-to-day operations plus a three and one-half percent increase for those operations and sufficient funds to pay debts in the upcoming year. It is a calculated maximum rate allowed by law without voter approval.

Attachment E – Annual Comprehensive Financial Report



City of Anna, Texas

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal year ended September 30, 2022

THE CITY OF
Anna

City of Anna, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

Prepared by

The Finance Department

THE CITY OF
Anna

City of Anna, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022
Table of Contents

	Page
Introductory Section	
Letter of Transmittal	v
GFOA Certificate of Achievement	x
Organizational Chart	xi
List of Elected Officials and Management	xii
Financial Section	
Independent Auditor's Report	3
Management's Discussion and Analysis	7
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Fund Financial Statements	
Statement of Net Position - Proprietary Fund	29
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	31
Statement of Cash Flows - Proprietary Fund	32
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position - Custodial Fund	34
Statement of Fiduciary Revenues, Expenses, and Changes in Net Position - Custodial Fund	35
Notes to the Financial Statements	37
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Grant Fund	75
Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System (TMRS)	76
Schedule of Employer Contributions to Pension Plan - TMRS	77
Schedule of Changes in Total OPEB Liability and Related Ratios - TMRS	78
Schedule of OPEB Contributions - TMRS	79
Combining and Individual Fund Financial Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	86
Balance Sheet - Community Development Corporation	88
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Community Development Corporation	89

City of Anna, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022
Table of Contents – Continued

Page

Combining and Individual Fund Financial Statements and Schedules - Continued

Statement of Revenues, Expenditures, and Changes in Fund Balance - Community Development Corporation	90
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities – Comm. Development Corporation	91
Balance Sheet – Economic Development Corporation	92
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position – Economic Development Corporation	93
Statement of Revenues, Expenditures, and Changes in Fund Balance - Economic Development Corporation	94
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities – Economic Development Corporation	95
Statement of Net Position- Housing Finance Corporation	96
Statement of Revenues, Expenses, and Changes in Net Position - Housing Finance Corporation	97
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Community Development Corporation	98
Economic Development Corporation	99
Debt Service Fund	100

Statistical Section (Unaudited)

Financial Trends	
Net Position by Component	104
Changes in Net Position	105
Fund Balances of Governmental Funds	107
Changes in Fund Balances of Governmental Funds	108
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	109
Direct and Overlapping Property Tax Rates	110
Principal Property Taxpayers	111
Property Tax Levies and Collections	112
Debt Capacity	
Ratios of Outstanding Debt by Type	113
Ratios of General Bonded Debt Outstanding	114
Direct and Overlapping Governmental Activities Debt	115
Pledged-Revenue Coverage	116
Demographic and Economic Information	
Demographic and Economic Statistics	117
Principal Employers	118
Operating Information	
Full-Time Equivalent City Government Employees by Function/Program	119
Operating Indicators by Function/Program	120
Capital Asset Statistics by Function/Program	121

Introductory Section

THE CITY OF
Anna



May 1, 2023

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

The Comprehensive Annual Financial Report (CAFR) of the City of Anna, Texas, for the fiscal year ended September 30, 2022 including the independent auditor's report, is hereby submitted in accordance with the provisions of Section 10.3 of the City Charter. Also, state law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted audited standards by an independent firm of licensed public accountants. This report is published to fulfill those requirements for the fiscal year ended September 30, 2022.

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

The City of Anna's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Anna, incorporated in 1913, is located in north central Collin County on U.S. 75, State Highway 5, and State Highway 121, about 40 miles north of Dallas, and is one of the fastest growing cities in the Dallas/Fort Worth Metroplex. The City currently occupies a land area of approximately 15.6 square miles and services approximately 20, 243 residents. The City of Anna is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

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

The City of Anna provides a full range of services, including police and fire protection; municipal court; parks and recreation; water and sewer services; solid waste collection/disposal; and the construction and maintenance of streets and other infrastructure. In addition, the City of Anna is also financially accountable for a legally separate economic development corporation and community development corporation, which are reported separately with the City of Anna's financial statements. Additional information on these legally separate entities can be found in the Notes to the Financial Statements. The City currently has 147.0 budgeted full-time equivalent positions.

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

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

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

Factors Affecting Financial Condition

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

Local Economy

The City of Anna's economic outlook continues to improve due to the overall improvement in the economy and continued residential and commercial growth. This is evidenced by local economic indicators such as a significant increase in tax appraisal values, the increase in residential building permits, and continued sales tax growth. Residential construction activity remains strong in the City of Anna. In FY 2022, the City received 1,059 residential building permit applications.

The Anna Economic Development Corporation (EDC) works in cooperation with the Community Development Corporation to coordinate efforts that expand the city's business tax base with a focus on creating primary jobs within the City of Anna. The corporations have provided incentives that resulted in much of the retail development that has occurred in Anna since 2008. The EDC was instrumental in recruiting Brookshires Grocery Company, CVS pharmacy, McDonalds, and Walmart. The EDC owns and operates Inc-Cube, a small business incubator located in our downtown. The corporations cooperatively purchased an 85-acre tract of land at the northeast corner of State Highway 5 and the Collin County Outer Loop with the intent of developing a business park. This property was sold in FY 2022 for the development of a proposed Caterpillar dealership and complementary businesses.

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

Long-Term Financial Planning

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The City's Financial Policy states that the City's target unassigned fund balance is an amount equal or greater than 40% of annual general fund operating expenditures. The City's ending unassigned fund balance for fiscal year 2022 reflected a fund balance of 57.0% of total expenditures, well above the stated goal. These resources allow the City to avoid disruptions in services during economic downturns and to ensure that there will adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated events.

Major Initiatives

At the end of the 2021-22 fiscal year, the City of Anna had a number of major projects in progress. The City Council and City staff continue to work to ensure completion of ongoing projects that will provide infrastructure improvements to the City of Anna. During 2021-22, the City met with governmental partners including Collin County, TxDOT and the North Central Texas Council of Governments (NCTCOG) to review the City's transportation priorities and to discuss opportunities to partner on future projects. City staff has been holding quarterly meetings with TxDOT to discuss transportation needs throughout the City. The City also continues to use developer incentives/agreements to improve other critical roadways within the City.

In October of 2022, the City issued \$34.0 million in general obligation bonds and \$65.0 million in Certificates of Obligation to construct new City facilities and a new wastewater treatment facility. Additional City facilities are needed in order to continue to expand, provide quality services to the citizens, as approved by the voters in a May 2021 bond referendum. Fire Station No. 2 will be built on the west side of US-75 to serve new residential and commercial growth on that side of the freeway. A new library/community center will be constructed as part of the municipal campus adjacent to City Hall and Fire Station #1 to help anchor the new downtown. This was accomplished while decreasing the overall tax rate for FY 2023. The debt service portion of the tax rate was set at 0.143217 and the operations and maintenance portion of the tax rates was reduced from 0.452631 down to 0.396533. This reduction in the property tax rate was accomplished through planning, a sound financial plan, and growth in the overall property tax base. The City continues to be less reliant on residential property taxes as sales tax revenues continue to increase and the City broadens its commercial tax base.

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

Other Information

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

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

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

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

Acknowledgements

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Alan Guard". The signature is written in a cursive, flowing style.

Alan Guard
Finance Director



Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
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Presented to

**City of Anna
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

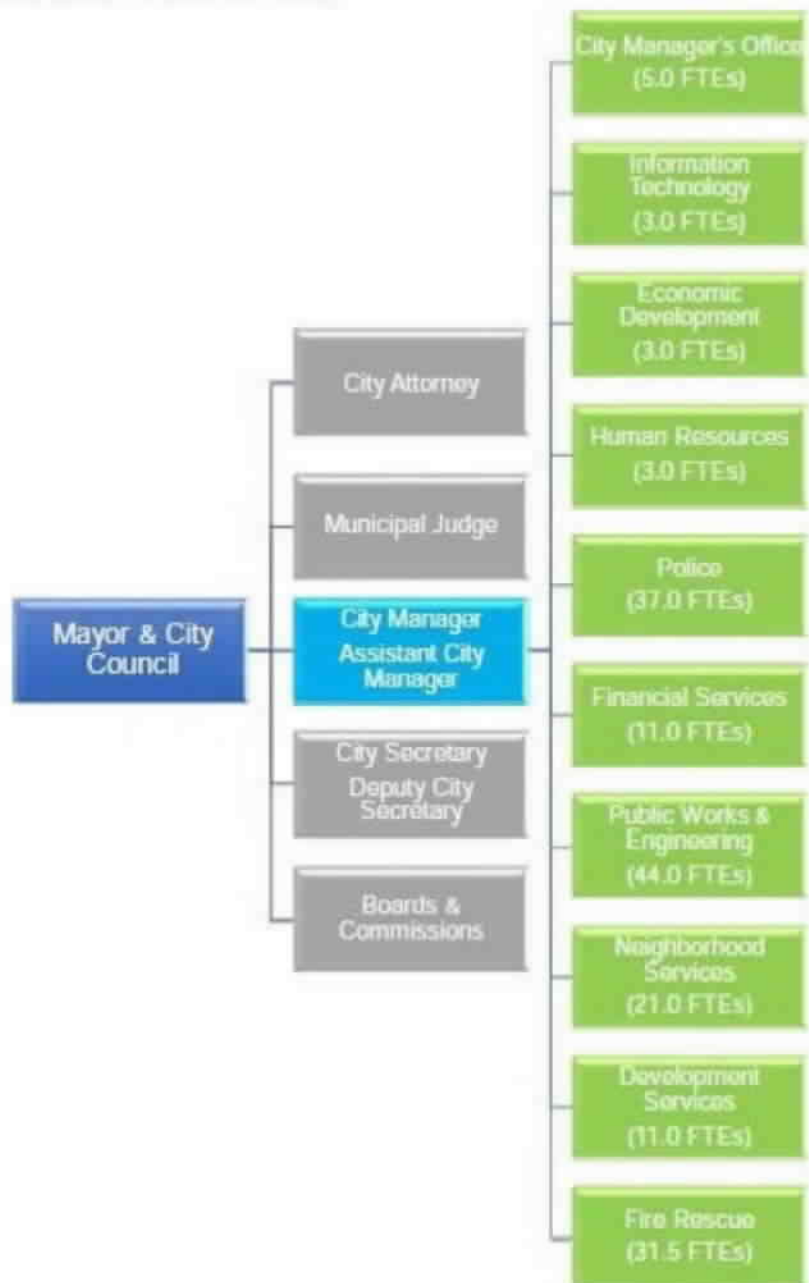
September 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF ANNA
ORGANIZATION CHART

City of Anna, Texas
City Officials Organization Chart



City of Anna, Texas
Elected Officials and Management
September 30, 2022

City Council

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

Management

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

Financial Section

THE CITY OF
Anna

Independent Auditor's Report

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anna, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.
Weaver and Tidwell, L.L.P.

Dallas, Texas
May 1, 2023

THE CITY OF
Anna

Management's Discussion and Analysis

As management of the City of Anna, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

Financial Highlights

- The City's total combined net position was \$199,906,272 at September 30, 2022. Of this, \$11,982,309 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City had an overall increase in net position of \$30,827,769. The increase is primarily a result of an increase of Charges for Services of \$10,890,250.
- On a government-wide basis, the City's total liabilities increased by \$8,383,472. The increase in liabilities is primarily a result of increased payables due to contractors for PID capital projects.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$38,717,297 a decrease of \$5,708,646. This decrease is largely due to an increase in capital outlay.
- As of the end of the year, the unassigned fund balance of the General Fund was \$9,963,033 or 57% of total General Fund expenditures.

Overview of the Financial Statements

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

Government-Wide Statements

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

The *statement of net position* presents information on all of the City's assets, deferred inflows of resources, deferred outflows of resources, liabilities, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The City adopts an annual appropriated budget for its General Fund and Debt Service Fund. General Fund budget amendments increased revenue by \$571,330 and expenditures by \$191,030. The increase in revenues was related to re-estimates for sales taxes and license and permit fees due greater than expected performance during the pandemic. The increase in expenditures was primarily due to increased public safety costs associated with the response to the pandemic.

Proprietary Funds

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

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund, which is considered to be a major fund of the City.

Fiduciary Funds

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

Component Units

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

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the General Fund, schedule of changes in the net pension liability and related ratios, schedule of employer contributions for the Texas Municipal Retirement System (TMRS), schedule of changes in the Total OPEB liability and related ratios, and schedule of OPEB contributions for TMRS. Because the City did not budget for the major special revenue fund, Grant Fund, there is not a budget in RSI related to it. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Anna, net position was \$199,906,272 as of September 30, 2022, in the primary government.

The largest portion of the City's net position, \$131,724,339, reflects its investments in capital assets (e.g., land, park improvements, buildings, furniture and fixtures, streets, drainage, machinery and equipment, etc.), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position:

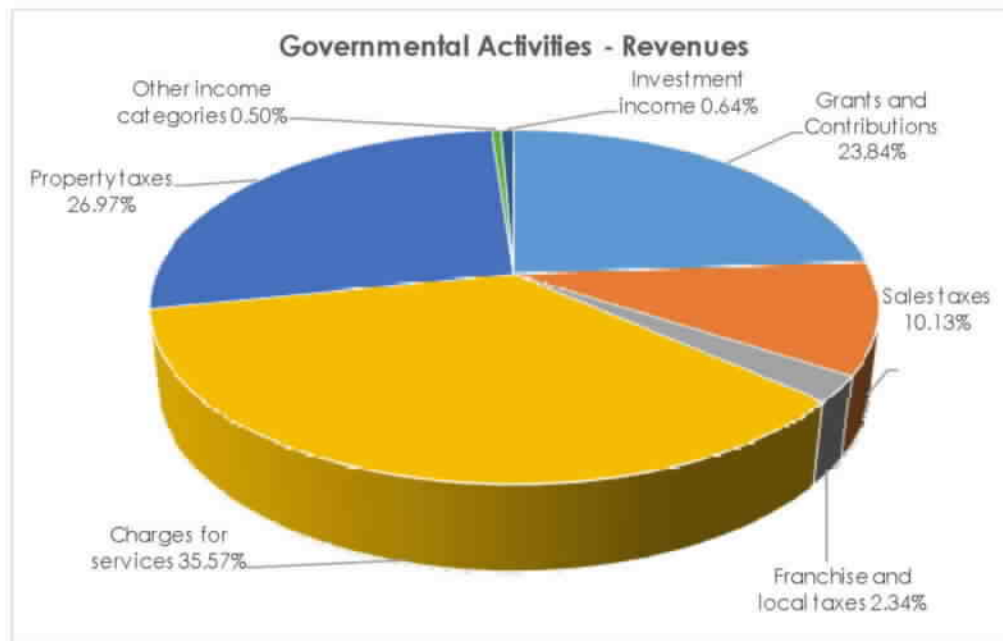
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 31,387,255	\$ 22,367,483	\$ 7,513,945	\$ 8,101,636	\$ 38,901,200	\$ 30,469,119
Restricted assets	18,648,412	31,159,401	36,531,071	23,680,099	55,179,483	54,839,500
Capital assets, net	119,111,148	96,862,712	70,145,270	63,059,041	189,256,418	159,921,753
Total assets	169,146,815	150,389,596	114,190,286	94,840,776	283,337,101	245,230,372
Deferred outflows of resources	1,252,567	923,867	317,366	325,312	1,569,933	1,249,179
Current liabilities	10,892,477	7,334,140	6,470,969	2,533,418	17,363,446	9,867,558
Noncurrent liabilities	44,741,231	44,094,467	20,105,036	21,299,860	64,846,267	65,394,327
Total liabilities	55,633,708	51,428,607	26,576,005	23,833,278	82,209,713	75,261,885
Deferred inflows of resources	2,681,233	2,079,606	109,816	59,557	2,791,049	2,139,163
Net position:						
Net investment in capital assets	81,252,418	65,539,991	50,471,921	41,835,760	131,724,339	107,375,751
Restricted	19,668,553	18,360,546	36,531,071	23,680,099	56,199,624	42,040,645
Unrestricted	11,163,470	13,904,713	818,839	5,757,394	11,982,309	19,662,107
Total net position	\$ 112,084,441	\$ 97,805,250	\$ 87,821,831	\$ 71,273,253	\$ 199,906,272	\$ 169,078,503

Statement of Activities:

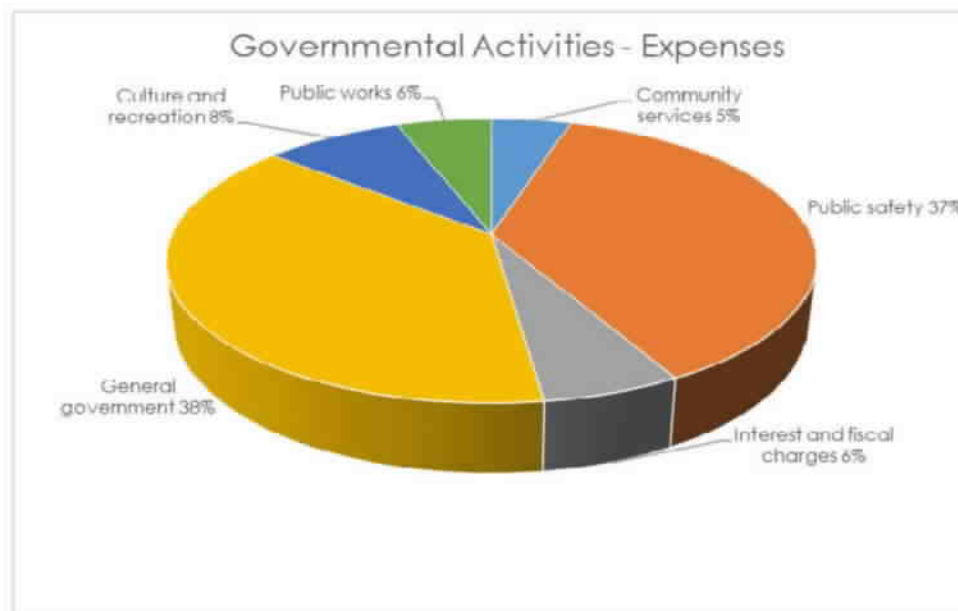
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 13,506,981	\$ 7,799,632	\$ 28,539,413	\$ 23,356,512	\$ 42,046,394	\$ 31,156,144
Operating grants and contributions	75,963	527,376	-	-	75,963	527,376
Capital grants and contributions	8,977,439	30,267,739	4,125,890	7,732,066	13,103,329	37,999,805
General revenues:						
Property taxes	10,239,322	8,714,860	-	-	10,239,322	8,714,860
Sales taxes	3,847,911	2,929,876	-	-	3,847,911	2,929,876
Franchise and local taxes	888,723	726,006	-	-	888,723	726,006
Investment income	244,855	123,643	236,664	93,145	481,519	216,788
Other revenue	189,079	62,859	-	-	189,079	62,859
Gain on sale of assets	-	-	-	-	-	-
Total revenues	37,970,273	51,151,991	32,901,967	31,181,723	70,872,240	82,333,714
Expenses:						
General government	5,226,176	3,538,746	-	-	5,226,176	3,538,746
Public safety	9,915,219	6,221,473	-	-	9,915,219	6,221,473
Culture and recreation	2,550,873	2,053,933	-	-	2,550,873	2,053,933
Public works	3,303,741	4,169,132	-	-	3,303,741	4,169,132
Community services	1,211,897	1,198,530	-	-	1,211,897	1,198,530
Interest and fiscal charges	1,483,176	2,212,316	-	-	1,483,176	2,212,316
Water, sewer, & sanitation	-	-	16,353,389	13,462,054	16,353,389	13,462,054
Total expenses	23,691,082	19,394,130	16,353,389	13,462,054	40,044,471	32,856,184
Change in net position	14,279,191	31,757,861	16,548,578	17,719,669	30,827,769	49,477,530
Net position, beginning	97,805,250	66,047,389	71,273,253	53,553,584	169,078,503	119,600,973
Net position, ending	\$ 112,084,441	\$ 97,805,250	\$ 87,821,831	\$ 71,273,253	\$ 199,906,272	\$ 169,078,503

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

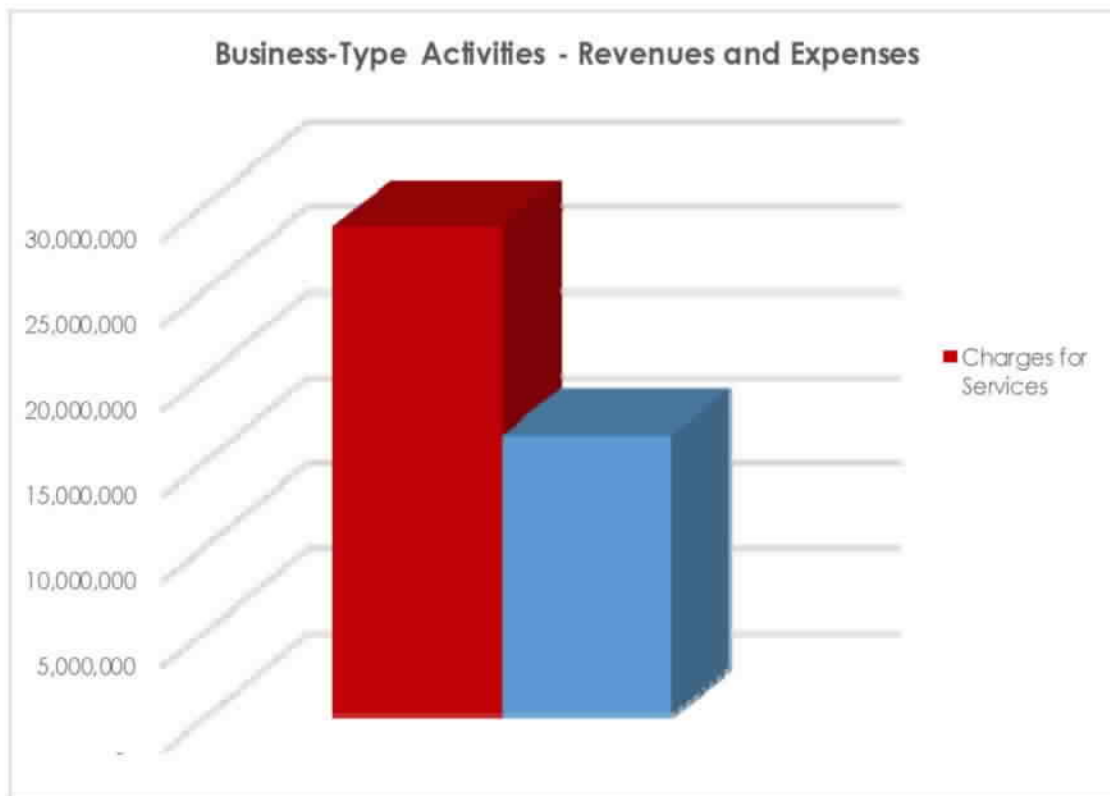


For the year ended September 30, 2022, revenues from governmental activities totaled \$37,970,273. Capital grants and contributions, property taxes, and charges for services are the City's largest revenue sources. Capital grants and contributions decreased by \$21,290,300 or 70% when compared to prior year mainly due to a decrease in contributed capital relating to streets and drainage. Property taxes increased by \$1,524,462 or 17% due to an increase in overall assessed property values. Charges for services increased by \$5,707,349 or 73% mainly due to an increase in building permit activity. The following graph shows the governmental function expenses of the City:



For the year ended September 30, 2022, expenses for governmental activities totaled \$23,691,082. This represents an increase of \$4,296,952 or 22% from the prior year. The City's largest increase was in public safety of \$3,693,746 or 59%, due to costs associated with increased staffing in Police and Fire to address increased calls for service and ramping up to become the primary ambulance provider in the city.

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



For the year ended September 30, 2022, charges for services by business-type activities totaled \$28,539,413. This is an increase of \$5,182,901 or 22% from the previous year. This increase in revenues is directly related to an increase in water (2.36%) and sewer rates (25.77%) and an increase of more than 1000 new customers. Expenses totaled \$16,353,389, which was an increase of \$2,891,335, or 21% due to increase purchases of sewer service from the North Texas Municipal Water District (NTMWD), and water purchases from the Greater Texoma Utility Authority (GTUA).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of September 30, 2022, the General Fund reflected a total fund balance of \$9,963,033. Of this, \$13,434 is considered restricted for parks. Unassigned fund balance totaled \$9,949,599 as of year-end. The General Fund saw a significant increase in property taxes when compared to the prior year.

This directly relates to the addition of new properties to the tax roll, as well as an increase in property values.

The Capital Projects Fund had an ending fund balance of \$9,016,851 at year-end or a decrease of \$10,419,550 due to an increase in payments for current capital projects, primarily the new fire station and City Hall.

The Debt Service Fund had an ending fund balance of \$82,294 at year-end for an increase of \$12,189 due primarily to an increase in property assessed valuation.

The PID Capital Projects Fund had an ending fund balance of \$7,971,782 at year-end, a decrease of \$4,706,101 from the previous year. The decrease in fund balance was primarily due to capital improvements in the current year.

The Grant Fund had an ending fund balance of \$13,299 at year-end, an increase of 12,850 from the previous year.

The Park Development Fund, previously a nonmajor governmental fund, had a fund balance of \$5,245,454, or an increase of \$2,530,982, due to charges for services during the year that exceeded expenditures, leading to this increase in fund balance.

The Road Capital Development Agreement Fund, also previously a nonmajor governmental fund, had a fund balance of \$217,093, which was a decrease of \$103,759.

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

CAPITAL ASSETS

As of the end of the year, the City's governmental activities had invested \$119,111,148 in a variety of capital assets and infrastructure, net of accumulated depreciation and amortization. The City's business-type activities had invested \$70,145,270 in a variety of capital assets and infrastructure, net of accumulated depreciation and amortization.

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

LONG-TERM DEBT

At September 30, 2022, the City had total bonds, contractual obligations, right-to-use lease liability, and financed purchases outstanding of \$62,706,249. During the year, the City made payments on long-term debt totaling \$2,568,709. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economy remains strong for the City of Anna and the North Texas region. The City continues to focus on economic development and working toward providing a balanced community. The City is taking a more proactive and aggressive approach to economic development with its business recruitment efforts, as well as continued development of residential housing options. In addition, the City continues to conservatively manage its budget.

The fiscal year 2022-2023 budget reflects the commitment of the City Council and staff to focus on enhancing the quality of existing services to our neighbors and respond to our city's continuing growth and development, while maintaining a strong financial position.

Since property values stabilized in 2013 following the 2008-2011 housing recession, the City has continued to see healthy increases in the value of existing properties. For the tax year 2021, the City saw existing property values increase just over 10.4% and \$169,100,661 in new value was added to the tax roll. Again, for the 2022 tax year, the City saw existing property values increase just over 16% and \$301,947,063 in value was added to the tax roll. We remain cautiously optimistic that we will experience modest, but slowing, appreciation in the value of existing properties and additional value will continue to be added to the tax roll, as a result of new residential and commercial construction in the near term. There are currently eight multifamily developments under construction in Anna representing over 2,000 units and over \$400 million in capital investment, and a new 30,000 square foot medical office building housing over ten medical specialists will be completed in the summer of 2023. Megatel is also under construction on a 2.3-acre crystal lagoon project that will include over 2,000 single-family homes, 600 multifamily units, and over 50,000 square feet of entertainment/commercial space.

The City Council decreased the FY 2022 tax rate from the FY 2021 rate of \$.591288 per \$100 in valuation to \$.5830 per \$100 in valuation, above the "no-new-revenue-rate" (\$.569415) but below the "voter-approval-rate" (\$.58656). Senate Bill 2 compresses the capability of a local government to generate revenue and provide services by lowering the tax rate a city can adopt without a mandatory election. SB 2 also changes the way property tax rates are calculated, make changes to the appraisal process, and reduce the previously called "rollback rate" of 8% to a new rate of 3.5% or "the voter-approval rate". This tax rate is the maximum a City can set the tax rate above the "effective tax rate", now known as the "no-new-revenue rate", without voter approval. This bill will tremendously impact growing cities such as Anna into the future.

As the City begins to see the impact of the reduction of the amount of property tax a city can levy, sales tax will become increasingly important for growing communities. Sales tax was up approximately 22% in FY 2022 largely due to the continued growth of retail commercial property and population in the City. A 15.0% increase over the FY 2022 estimated total of \$5.72 million is budgeted for sales tax for FY 2023. In FY 2020, Starbucks, Chick-fil-A, Whataburger, Salsa TexMex, and Sunview Cafe opened. Along with Walmart and people staying close to home during the pandemic, the City has seen the full impact of the sales tax from these retail establishments since FY 2021. In addition to these, a total of 53 new businesses have opened in Anna including other recognized retail establishments such as Panda Express, Dairy Queen, Pizza Hut, Jersey Mike's, Popeye's Chicken, Fuzzy's Tacos, and opening in April 2023, Chili's.

The growth in both sales tax and taxable value of real property corresponds to a significant increase in residential growth and population over the past 36 months. According to the most recent population estimates published by the North Central Texas Council of Governments, the City of Anna population as of January 1, 2021 was 17,814. However, the population is believed to be well above this estimate due to the number of new utility accounts established and single-family permits which have been issued. The City made a significant effort to reach out to its neighbors to encourage them to complete the 2020 Census to receive a more accurate population count. As a result, Anna had a response rate in excess of 60%, higher than the DFW rate and overall Texas response rate. Reflecting the City's continued high growth in population will be key to attracting additional commercial and retail businesses the City lacks and needs in order to sustain the City into the future to provide the funding for expenditures needed in a rapidly growing community.

Furthermore, with the growth in population comes a proportional increase in demand for municipal services that are funded primarily by property taxes. As stated previously, in order to fund the FY 2021 budget, the City adopted a tax rate of \$0.583 per \$100 valuation which is lower than the tax rate adopted in FY 2020. When compared with other cities in our area, the City of Anna has one of lowest per-capita property tax levies.

Rapid population growth has also resulted in significant investment over the past 10 to 15 years in the City's water and sewer system. Currently the Water and Sewer Fund holds just over \$19.7 million in outstanding debt. The City has worked closely with our financial advisors, Hilltop Securities, to develop a sound debt management plan for the Water and Sewer Fund. Over the past several years, in order to appropriately manage this debt, the City and Hilltop Securities developed a plan to take advantage of call dates and pursue advance refunding of the City's outstanding debt. Every effort has been made to minimize the present value costs to the City.

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

This treated surface water supplements the City's water supply especially during the summer months when water consumption is highest. As our population has grown and water demand has increased, we have been required to increasingly supplement our well water with treated surface water. As we have forecasted consumption and production of our wells, it appears that the CGMA as a group will likely exceed the MT/P allocation in FY 2023. When this happens, MT/P amount will reset at the new consumption level, and the City of Anna will be responsible for the cost of all the water we consume above the current MT/P amount.

Due to this continued increase in water cost, treatment and transportation cost, the growing needs for infrastructure improvements and additions, as well as staffing needs for a growing community, the City worked with a water rate consultant in FY 2020. As a result, the City Council has adopted the rate model and approved a rate increase for FY 2021, FY 2022, and FY 2023 as well as a long-range rate plan and capital improvement model. Actual increases will have to be approved each year by City Council as part of the annual budget process.

The City of Anna's budget continues to be impacted by both moderately strong growth and conservative fiscal management. The 2022-2023 budget reflects the efforts of the governing body and city staff to address the need to provide services to support our growing community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Anna's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Finance Director, 120 W. 7th Street, Anna, Texas 75409.

THE CITY OF
Anna

Basic Financial Statements

THE CITY OF
Anna

City of Anna, Texas
Statement of Net Position
September 30, 2022

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Community Development Corporation	Economic Development Corporation	Housing Finance Corporation
ASSETS						
Cash and cash equivalents	\$ 27,781,508	\$ 2,965,588	\$ 30,747,096	\$ 7,796,303	\$ 982,909	\$ 634,607
Investments	2,000,000	2,000,000	4,000,000	-	5,000,000	-
Receivables, net	1,564,351	2,426,942	3,991,293	415,588	16,580	-
Due from other governments	41,396	-	41,396	-	-	-
Inventories	-	121,415	121,415	-	-	-
Restricted assets:						
Restricted cash and cash equivalents	16,542,112	35,705,558	52,247,670	-	-	-
Restricted investments	2,106,300	-	2,106,300	-	-	-
GTUA prepaid reserves	-	825,513	825,513	-	-	-
Capital assets:						
Non-depreciable	57,474,917	7,973,195	65,448,112	-	40,346	1,443,404
Net depreciable capital assets	61,636,231	62,172,075	123,808,306	-	187,422	-
Total assets	169,146,815	114,190,286	283,337,101	8,211,891	6,227,257	2,078,011
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refunding	-	69,488	69,488	-	-	-
Deferred outflows - pension	1,213,475	240,142	1,453,617	43,878	-	-
Deferred outflows - OPEB	39,092	7,736	46,828	1,413	-	-
Total deferred outflows of resources	1,252,567	317,366	1,569,933	45,291	-	-
LIABILITIES						
Accounts payable and other liabilities	4,833,364	4,848,605	9,681,969	17,080	7,302	60
Accrued liabilities	1,329,163	-	1,329,163	3,944	-	-
Accrued salaries	309,227	68,368	377,595	12,547	-	-
Customer deposits	-	1,450,286	1,450,286	-	-	-
Unearned revenue	4,227,138	-	4,227,138	-	-	93,750
Accrued interest payable	193,585	103,710	297,295	11,939	-	-
Noncurrent liabilities:						
Due within one year	567,700	1,247,783	1,815,483	100,000	-	-
Due in more than one year	44,173,531	18,857,253	63,030,784	2,433,299	-	-
Total liabilities	55,633,708	26,576,005	82,209,713	2,578,809	7,302	93,810
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - leases	511,279	-	511,279	-	-	-
Deferred inflows - land lease	1,615,036	-	1,615,036	-	-	1,433,684
Deferred inflows - pension	542,764	107,411	650,175	19,625	-	-
Deferred inflows - OPEB	12,154	2,405	14,559	439	-	-
Total deferred inflows of resources	2,681,233	109,816	2,791,049	20,064	-	1,433,684
NET POSITION						
Net investment in capital assets	81,252,418	50,471,921	131,724,339	-	227,768	1,443,404
Restricted for:						
Water and sewer improvements	-	35,705,558	35,705,558	-	-	-
Capital projects	19,215,321	-	19,215,321	-	-	-
GTUA deposits	-	825,513	825,513	-	-	-
Culture and recreation	13,434	-	13,434	-	-	-
Public safety	426,499	-	426,499	-	-	-
Federal grants	13,299	-	13,299	-	-	-
Community and economic development	-	-	-	5,658,309	5,992,187	-
Unrestricted	11,163,470	818,839	11,982,309	-	-	(892,887)
TOTAL NET POSITION	\$ 112,084,441	\$ 87,821,831	\$ 199,906,272	\$ 5,658,309	\$ 6,219,955	\$ 550,517

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

City of Anna, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 5,226,176	\$ 6,708,288	\$ -	\$ 8,977,439
Culture and recreation	2,550,873	2,835,400	-	-
Community services	1,211,897	674,627	-	-
Public safety	9,915,219	14,473	75,963	-
Public works	3,303,741	3,274,193	-	-
Interest and fiscal charges	1,483,176	-	-	-
Total governmental activities	23,691,082	13,506,981	75,963	8,977,439
Business-type activities:				
Water and sewer	16,353,389	28,539,413	-	4,125,890
Total business-type activities	16,353,389	28,539,413	-	4,125,890
TOTAL PRIMARY GOVERNMENT	\$ 40,044,471	\$ 42,046,394	\$ 75,963	\$ 13,103,329
Component units				
Governmental activities:				
Community Development Corporation	\$ 1,398,398	\$ -	\$ -	\$ -
Economic Development Corporation	85,329	-	-	-
Total	1,483,727	-	-	-
Business-type activities:				
Housing Finance Corporation	17,705	565,970	-	-
Total component units	\$ 1,501,432	\$ 565,970	\$ -	\$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise and local taxes				
Investment income				
Miscellaneous revenue				
Gain on sale of capital assets				
Total general revenues				
Change in net position				
Net position, beginning				
NET POSITION, ENDING				

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

Net (Expense) Revenue and Changes in Net Position			Component Units		
Primary Government			Community Development Corporation	Economic Development Corporation	Housing Finance Corporation
Governmental Activities	Business-type Activities	Total			
\$ 10,459,551	\$ -	\$ 10,459,551			
284,527	-	284,527			
(537,270)	-	(537,270)			
(9,824,783)	-	(9,824,783)			
(29,548)	-	(29,548)			
(1,483,176)	-	(1,483,176)			
(1,130,699)	-	(1,130,699)			
-	16,311,914	16,311,914			
-	16,311,914	16,311,914			
(1,130,699)	16,311,914	15,181,215			
			\$ (1,398,398)	\$ -	\$ -
			-	(85,329)	-
			(1,398,398)	(85,329)	-
			-	-	548,265
			(1,398,398)	(85,329)	548,265
10,239,322	-	10,239,322	-	-	-
3,847,911	-	3,847,911	2,308,746	-	-
888,723	-	888,723	-	-	-
244,855	236,664	481,519	15,109	25,620	2,252
189,079	-	189,079	-	8,166	-
-	-	-	2,857,748	5,565,652	-
15,409,890	236,664	15,646,554	5,181,603	5,599,438	2,252
14,279,191	16,548,578	30,827,769	3,783,205	5,514,109	550,517
97,805,250	71,273,253	169,078,503	1,875,104	705,846	-
\$ 112,084,441	\$ 87,821,831	\$ 199,906,272	\$ 5,658,309	\$ 6,219,955	\$ 550,517

City of Anna, Texas

Balance Sheet - Governmental Funds

September 30, 2022

	General Fund	Capital Projects	Debt Service Fund	PID Capital Projects
ASSETS				
Cash and cash equivalents	\$ 7,777,357	\$ 3,297,822	\$ 82,294	\$ -
Investments	2,000,000	-	-	-
Receivables, net	1,529,594	-	22,204	10,941
Due from other governments	-	41,396	-	-
Restricted cash	522,043	8,004,504	-	7,960,841
Restricted investments	-	-	-	2,106,300
TOTAL ASSETS	\$ 11,828,994	\$ 11,343,722	\$ 104,498	\$ 10,078,082
LIABILITIES				
Accounts payable and other liabilities	\$ 968,345	\$ 997,708	\$ -	\$ 2,106,300
Accrued liabilities	-	1,329,163	-	-
Accrued salaries	300,342	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	1,268,687	2,326,871	-	2,106,300
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	85,995	-	22,204	-
Deferred inflow - leases	511,279	-	-	-
Total deferred inflows of resources	597,274	-	22,204	-
FUND BALANCES				
Restricted for:				
Culture and recreation	13,434	-	-	-
Debt service	-	-	82,294	-
Public safety	-	-	-	-
Federal grants	-	-	-	-
Capital projects	-	6,478,129	-	7,971,782
Assigned for:				
Capital projects	-	2,538,722	-	-
Unassigned	9,949,599	-	-	-
Total fund balances	9,963,033	9,016,851	82,294	7,971,782
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 11,828,994	\$ 11,343,722	\$ 104,498	\$ 10,078,082

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

Grant Fund	Park Development Fund	Road Capital Development Agreement Fund	Nonmajor Governmental	Total Governmental Funds
\$ 3,736,221	\$ 5,377,315	\$ 854,683	\$ 6,655,816	\$ 27,781,508
-	-	-	-	2,000,000
1,612	-	-	-	1,564,351
-	-	-	-	41,396
-	-	-	54,724	16,542,112
-	-	-	-	2,106,300
<u>\$ 3,737,833</u>	<u>\$ 5,377,315</u>	<u>\$ 854,683</u>	<u>\$ 6,710,540</u>	<u>\$ 50,035,667</u>
\$ 399	\$ 122,976	\$ 637,590	\$ 46	\$ 4,833,364
-	-	-	-	1,329,163
-	8,885	-	-	309,227
3,724,135	-	-	503,003	4,227,138
3,724,534	131,861	637,590	503,049	10,698,892
-	-	-	-	108,199
-	-	-	-	511,279
-	-	-	-	619,478
-	-	-	-	13,434
-	-	-	-	82,294
-	-	-	426,499	426,499
13,299	-	-	-	13,299
-	5,245,454	217,093	5,780,992	25,693,450
-	-	-	-	2,538,722
-	-	-	-	9,949,599
13,299	5,245,454	217,093	6,207,491	38,717,297
<u>\$ 3,737,833</u>	<u>\$ 5,377,315</u>	<u>\$ 854,683</u>	<u>\$ 6,710,540</u>	<u>\$ 50,035,667</u>

City of Anna, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2022

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 38,717,297

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

Capital assets used in governmental activities are not current financial resources and, therefore not reported in the governmental funds.

Capital assets - non-depreciable	57,474,917
Capital assets - net depreciable	61,636,231

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	108,199
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Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until that time.

Deferred outflows - pension	1,213,475
Deferred outflows - OPEB	39,092

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

Deferred inflows - land lease	(1,615,036)
Deferred inflows - pension	(542,764)
Deferred inflows - OPEB	(12,154)

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

Accrued interest payable	(193,585)
General obligation bonds	(9,243,000)
Certificates of Obligation	(30,210,000)
Combination tax and revenue refunding bonds	(335,000)
Unamortized premiums	(1,980,979)
Financed purchases	(302,059)
Right-to-use lease liability	(895,262)
Net pension liability	(569,758)
Total OPEB liability	(130,442)
Compensated absences	(1,074,731)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 112,084,441

THE CITY OF
Anna

City of Anna, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2022

	General	Capital Projects	Debt Service Fund	PID Capital Projects
REVENUES				
Property taxes	\$ 8,004,989	\$ -	\$ 2,079,794	\$ -
Sales taxes	3,847,911	-	-	-
Charges for services	285,779	-	-	-
License and permits	5,752,179	-	-	-
Fines and forfeitures	241,274	-	-	-
Franchise and local taxes	888,723	-	-	-
Investment income	90,387	29,779	4,344	44,711
Other revenues	151,464	-	-	250
Intergovernmental	47,640	-	-	-
Contributions and donations	3,050	-	-	-
Total revenues	19,313,396	29,779	2,084,138	44,961
EXPENDITURES				
Current:				
General government	4,973,541	57,014	-	-
Culture and recreation	1,296,955	-	-	-
Community services	1,145,841	-	-	-
Public safety	7,039,738	14,432	-	-
Public works	638,109	3,318	-	-
Debt service:				
Principal	690,705	-	506,000	-
Interest and fiscal charges	13,358	-	1,565,949	-
Capital outlay	1,666,327	10,666,972	-	4,751,062
Total expenditures	17,464,574	10,741,736	2,071,949	4,751,062
Excess (deficiency) of revenues over (under) expenditures	1,848,822	(10,711,957)	12,189	(4,706,101)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	292,407	-	-
Transfers out	-	-	-	-
Right-to-use lease inception	1,541,966	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	1,541,966	292,407	-	-
Net change in fund balances	3,390,788	(10,419,550)	12,189	(4,706,101)
FUND BALANCES, BEGINNING OF YEAR	6,572,245	19,436,401	70,105	12,677,883
FUND BALANCES, END OF YEAR	\$ 9,963,033	\$ 9,016,851	\$ 82,294	\$ 7,971,782

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

Grant Fund	Park Development Fund	Road Capital Development Agreement Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 46,340	\$ 10,131,123
-	-	-	-	3,847,911
-	3,473,645	87,860	3,657,590	7,504,874
-	-	-	-	5,752,179
-	-	-	8,654	249,928
-	-	-	-	888,723
10,949	24,535	8,381	31,769	244,855
-	1,094	-	36,271	189,079
25,273	-	-	-	72,913
-	-	-	-	3,050
36,222	3,499,274	96,241	3,780,624	28,884,635
-	-	-	3,172	5,033,727
-	687,330	-	226	1,984,511
-	-	-	-	1,145,841
23,372	-	-	28,213	7,105,755
-	-	-	3,600	645,027
-	-	-	-	1,196,705
-	-	-	-	1,579,307
-	280,962	-	1,694,087	19,059,410
23,372	968,292	-	1,729,298	37,750,283
12,850	2,530,982	96,241	2,051,326	(8,865,648)
-	-	-	3,021	295,428
-	-	(200,000)	(95,428)	(295,428)
-	-	-	-	1,541,966
-	-	-	1,615,036	1,615,036
-	-	(200,000)	1,522,629	3,157,002
12,850	2,530,982	(103,759)	3,573,955	(5,708,646)
449	2,714,472	320,852	2,633,536	44,425,943
<u>\$ 13,299</u>	<u>\$ 5,245,454</u>	<u>\$ 217,093</u>	<u>\$ 6,207,491</u>	<u>\$ 38,717,297</u>

City of Anna, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities September 30, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

\$ (5,708,646)

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

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

Capital outlay	18,465,208
Depreciation expense	(4,523,193)
Amortization expense	(671,018)
Capital contributions	8,977,439

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

Increase in compensated absences	(665,333)
Increase in accrued interest	2,739

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

272,312

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

(31,195)

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

3,469

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Right-to-use lease proceeds	(3,157,002)
Amortization of debt premium	117,706
General, certificate of obligation, and revenue bond principal payments	506,000
Lease principal payments	646,704
Financed purchase payments	44,001

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 14,279,191

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

City of Anna, Texas
Statement of Net Position
Proprietary Fund
September 30, 2022

	<u>Utility Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,965,588
Certificates of deposit	2,000,000
Receivables, net	2,426,942
Inventories	<u>121,415</u>
Total current assets	7,513,945
Noncurrent assets	
Restricted cash and pooled investments	35,705,558
GTUA prepaid reserves	825,513
Capital assets	
Non-depreciable	7,973,195
Net depreciable capital assets	<u>62,172,075</u>
Total noncurrent assets	<u>106,676,341</u>
Total assets	114,190,286
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	69,488
Deferred outflows - pension	240,142
Deferred outflows - OPEB	<u>7,736</u>
Total deferred outflows of resources	<u>317,366</u>

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

City of Anna, Texas

Statement of Net Position – Continued

Proprietary Fund

September 30, 2022

	Utility Fund
LIABILITIES	
Current liabilities	
Accounts payable	\$ 4,771,121
Salaries payable	68,368
Other liabilities	77,484
Bond interest payable	103,710
Customer deposits	1,450,286
Revenue bonds payable - current	1,074,000
Financed purchases - current	173,783
Compensated absences - current	-
Total current liabilities	7,718,752
Noncurrent liabilities	
Revenue bonds payable	17,479,676
Financed purchases	882,848
Compensated absences	226,520
Right-to-use lease liability	129,642
Net pension liability	112,753
Total OPEB liability	25,814
Total noncurrent liabilities	18,857,253
Total liabilities	26,576,005
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	107,411
Deferred inflows - OPEB	2,405
Total deferred inflows of resources	109,816
NET POSITION	
Net investment in capital assets	50,471,921
Restricted for:	
GTUA deposits	825,513
Water and sewer improvements	35,705,558
Unrestricted	818,839
TOTAL NET POSITION	\$ 87,821,831

City of Anna, Texas**Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Fund
For the Fiscal Year Ended September 30, 2022**

	Utility Fund
OPERATING REVENUES	
Water	\$ 8,195,633
Sewer	5,225,164
Sanitation	2,041,254
Stormwater	6,443
Service charges	1,872,187
Connection fees	564,190
Developer and impact fees	10,289,594
Miscellaneous	344,948
Total operating revenues	28,539,413
OPERATING EXPENSES	
Personnel services	2,400,565
Contracted services	8,556,811
Repairs and maintenance	1,081,779
Supplies	240,897
Utilities	432,930
Depreciation	2,680,565
Other expenses	155,418
Total operating expenses	15,548,965
Operating income	12,990,448
NONOPERATING REVENUES (EXPENSES)	
Investment income	236,664
Interest expense	(804,424)
Total nonoperating revenues (expenses)	(567,760)
Income before capital contributions	12,422,688
Contributed capital	4,125,890
Change in net position	16,548,578
Net position, beginning of year	71,273,253
NET POSITION, END OF YEAR	\$ 87,821,831

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

City of Anna, Texas**Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended September 30, 2022**

	Utility Fund
OPERATING ACTIVITIES	
Receipts from customers and users	\$ 28,204,236
Payments to suppliers	(6,694,596)
Payments to employees	(2,326,619)
	<hr/>
Net cash provided by operating activities	19,183,021
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(5,640,904)
Interest and fees paid on long-term debt	(788,136)
Principal payments on debt, financed purchases, and right-to-use lease liability	(1,334,336)
	<hr/>
Net cash used in capital and related financing activities	(7,633,734)
INVESTING ACTIVITIES	
Purchases of investment securities	(2,000,000)
Interest received	236,664
	<hr/>
Net cash used in investing activities	(1,763,336)
	<hr/>
Net increase in cash and cash equivalents	9,785,951
CASH AND CASH EQUIVALENTS, beginning of year	<hr/> 28,885,195
CASH AND CASH EQUIVALENTS, end of year	<hr/> \$ 38,671,146 <hr/>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 2,965,588
Restricted cash and cash equivalents	35,705,558
	<hr/>
	\$ 38,671,146 <hr/>

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

City of Anna, Texas**Statement of Cash Flows - Proprietary Fund – Continued**
For the Fiscal Year Ended September 30, 2022

	<u>Utility Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 12,990,448
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation expense	2,680,565
Changes in assets and liabilities	
Accounts receivable	(497,420)
Inventories	20,090
Deferred outflows - pension and OPEB	855
Deferred inflows - pension and OPEB	50,259
Net pension and total OPEB liability	(116,212)
Accounts payable	3,753,149
Salaries payable	12,962
Customer deposits	162,243
Accrued compensated absences	126,082
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 19,183,021</u></u>
NON-CASH CAPITAL ACTIVITIES	
Contributions of capital assets	<u><u>\$ 4,125,890</u></u>

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

City of Anna, Texas

Statement of Fiduciary Net Position

Custodial Fund

September 30, 2022

	PID Custodial Fund
ASSETS	
Cash and cash equivalents - restricted	\$ 2,183,378
Receivables, net	8,030
TOTAL ASSETS	2,191,408
LIABILITIES	
Accounts Payable	11,600
TOTAL LIABILITIES	11,600
NET POSITION	
Restricted for PID debt service	2,179,808
TOTAL NET POSITION	\$ 2,179,808

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

City of Anna, Texas**Statement of Fiduciary Revenues, Expenses, and Changes
in Net Position - Custodial Fund
For the Fiscal Year Ended September 30, 2022**

	PID Custodial Fund
ADDITIONS	
Special assessments	\$ 1,178,068
Investment earnings	11,575
Other income	8,030
Total additions	1,197,673
DEDUCTIONS	
Contract services	145,289
Principal	165,000
Interest and fiscal charges	1,281,314
Total deductions	1,591,603
CHANGE IN NET POSITION	(393,930)
NET POSITION - beginning	2,573,738
NET POSITION - ending	\$ 2,179,808

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

THE CITY OF
Anna

City of Anna, Texas

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

Blended Component Units

The Anna Public Facility Corporation (PFC) is a blended component unit presented as a nonmajor special revenue fund of the City. The members of the PFC's board of seven directors comprised of members of the City Council. The purpose of the PFC is to provide for the acquisition, construction, rehabilitation, renovation, repair, and furnishings of public facilities in the City.

Discretely Presented Component Units

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

City of Anna, Texas

Notes to Financial Statements

Anna Economic Development Corporation

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

Anna Community Development Corporation

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

Anna Housing Finance Corporation

The Anna Housing Finance Corporation (HFC) fund was created in 2021 pursuant to Chapter 394, Local Government Code, as amended. The purpose of the HFC is to issue single-family and multi-family bonds for the financing of reasonably priced housing.

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

B. Government-wide Financial Statements

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

City of Anna, Texas

Notes to Financial Statements

The City reports the following major governmental funds:

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

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

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

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

The *grant fund* is used to account for proceeds and expenditures relating to all grants.

The *park development fund* is used to account for park development fees from developer agreements or the subdivision ordinance in support of the City's parks master plan.

The *road capital development agreement Fund* is used to account for negotiated developer agreements for road and street impact fees.

Additionally, the City reports the following nonmajor governmental funds:

The City accounts for resources restricted to, or designated for, specific purposes in *Special Revenue Funds*. These funds consist of the roadway impact fee service area one and two, state police seizure fund, federal police seizure fund, public facility corporation, Tax Increment Zone Number 2 (TIRZ #2) and other special revenue fund.

The City reports the following enterprise fund:

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

The City reports the following fiduciary fund:

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

City of Anna, Texas

Notes to Financial Statements

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

City of Anna, Texas

Notes to Financial Statements

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

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

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

3. Receivables and Interfund Transactions

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

4. Inventories and Prepaid Items

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

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

5. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, machinery and equipment, infrastructure (e.g. roads, bridges, sidewalks, and similar items), and water and sewer systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

City of Anna, Texas

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

6. Deferred Outflows/Inflows of Resources

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

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

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

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

In the governmental funds balance sheet:

- Unavailable revenues from property taxes and grants are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Related to lessor arrangements, lease revenue is deferred and recognized as revenue over the life of the lease term.

City of Anna, Texas

Notes to Financial Statements

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

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

7. Compensated Absences

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

Compensation for accrued sick leave is paid upon separation up to maximum benefits in varying amounts, depending on tenure with the City.

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

8. Leases

Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequent, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate if uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Anna, Texas

Notes to Financial Statements

Lessor

The City is a lessor for noncancellable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

9. Long-Term Obligations

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

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

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

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

City of Anna, Texas

Notes to Financial Statements

10. Pensions

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

11. Other Postemployment Benefits (OPEB)

The City offers one OPEB plan, a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF") administered by TMRS. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Net Position Flow Assumptions

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

13. Fund Balance Flow Assumptions

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

14. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The City reports the following classifications of fund balance:

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

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

City of Anna, Texas

Notes to Financial Statements

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

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

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

15. Estimates

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

City of Anna, Texas

Notes to Financial Statements

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

H. GASB Pronouncements implemented by the City

GASB Statement No. 87, *Leases*. This Statement was issued in June 2017 and increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after June 15, 2021. The City has implemented this Statement in fiscal year 2022.

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

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

Budgetary Variances

Expenditures exceeded appropriations during fiscal year 2022 in the following funds/functions:

- General Fund
 - General government (\$957,365)
- Grant Fund
 - Public safety (\$13,497)
- Park Development Fund
 - Culture and recreation (\$164,601)

Note 3. Deposits and Investments

Deposits – State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2022, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits (including component units and fiduciary funds) was \$71,828,907 and the bank balance was \$71,989,833. Of the bank balance, federal depository insurance covered \$250,000 and the remainder was covered by collateral held by the pledging financial institution's agent in the City's name.

City of Anna, Texas

Notes to Financial Statements

Cash and cash equivalents as of September 30, 2022 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary government:

Cash and cash equivalents	\$ 30,747,096
Restricted cash and cash equivalents	52,247,670
Total primary government	82,994,766

Fiduciary Fund:

Cash and cash equivalents	2,183,378
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Component units:

Cash and cash equivalents	9,413,819
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Total cash and investments	\$ 94,591,963
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Cash on hand	\$ 2,000
Deposits with financial institution	71,828,907
Investment pools / money market	22,761,056

Total cash and investments	\$ 94,591,963
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As of September 30, 2022, the City had the following investments:

	Value	Weighted Average Maturity (Years)
Texas CLASS	\$ 1,869,287	0.0849
TexPool	19,662,818	0.0658
Certificates of deposit	4,000,000	
Money market accounts	1,228,951	
Total	\$ 26,761,056	

Interest rate risk

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

City of Anna, Texas

Notes to Financial Statements

Credit risk

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

As of September 30, 2022, the City's investment in TexPool was rated "AAAm" by Standard & Poor's. The certificates of deposit are unrated but were fully collateralized.

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities, to the extent the deposits exceed FDIC coverage. As of September 30, 2022, the combined values of pledged securities and FDIC coverage exceeded bank balances for the City.

Custodial credit risk – investments

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

Concentration of credit risk

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

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

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

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

City of Anna, Texas

Notes to Financial Statements

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

TexPool

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

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

Note 4. Receivables

The following comprise receivable balances of the primary government as of September 30, 2022:

	General	Capital Projects	Debt Service Fund	PID Capital Projects	Grant Fund	Utility Fund	Total
Property taxes	\$ 85,995	\$ -	\$ 22,204	\$ -	\$ -	\$ -	\$ 108,199
Sales taxes	692,646	-	-	-	-	-	692,646
Accounts	233,174	-	-	-	1,612	2,790,497	3,025,283
Interest	6,500	-	-	10,941	-	20,879	38,320
Intergovernmental	-	41,396	-	-	-	-	41,396
Lease receivable	511,279	-	-	-	-	-	511,279
Less: Allowance	-	-	-	-	-	(384,434)	(384,434)
Totals	\$ 1,529,594	\$ 41,396	\$ 22,204	\$ 10,941	\$ 1,612	\$ 2,426,942	\$ 4,032,689

City of Anna, Texas
Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2022:

	Beginning Balance	Additions	Dispositions	Adjustments / Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 3,978,343	\$ 1,619,125	\$ -	\$ -	\$ 5,597,468
Construction in progress	36,812,195	15,065,254	-	-	51,877,449
Total capital assets, not being depreciated/amortized	40,790,538	16,684,379	-	-	57,474,917
Capital assets, being depreciated/amortized:					
Park improvements	6,185,471	-	-	-	6,185,471
Buildings	1,542,758	-	-	-	1,542,758
Furniture and fixtures	33,911	-	-	-	33,911
Streets and drainage	67,358,810	8,977,440	-	-	76,336,250
Machinery and equipment	4,570,077	238,863	-	-	4,808,940
Right-to-use leased assets - vehicles	-	1,541,966	-	-	1,541,966
Total capital assets being depreciated/amortized	79,691,027	10,758,269	-	-	90,449,296
Less accumulated depreciation/amortization for:					
Park improvements	2,946,005	319,724	-	-	3,265,729
Buildings	741,430	79,411	-	-	820,841
Furniture and fixtures	28,500	714	-	-	29,214
Streets and drainage	17,039,095	3,607,912	-	-	20,647,007
Machinery and equipment	2,863,823	515,433	-	-	3,379,256
Right-to-use leased assets - vehicles	-	671,018	-	-	671,018
Total accumulated depreciation/amortization	23,618,853	5,194,212	-	-	28,813,065
Total capital assets being depreciated/amortized, net	56,072,174	5,564,057	-	-	61,636,231
Governmental activities capital assets, net	\$ 96,862,712	\$ 22,248,436	\$ -	\$ -	\$ 119,111,148

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 717,297
Culture and recreation	461,204
Community services	9,939
Public safety	488,522
Public works	3,517,250
Total depreciation/amortization expense - governmental activities	\$ 5,194,212

City of Anna, Texas
Notes to Financial Statements

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2022:

	Beginning Balance	Additions	Dispositions	Adjustments / Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,260,143	\$ 100,000	\$ -	\$ -	\$ 1,360,143
Construction in progress	1,559,197	5,053,855	-	-	6,613,052
Total capital assets, not being depreciated/amortized	2,819,340	5,153,855	-	-	7,973,195
Capital assets, being depreciated/amortized:					
Furniture and fixtures	5,620	-	-	-	5,620
Buildings and improvements	486,244	-	-	-	486,244
Machinery and equipment	2,370,368	362,064	-	-	2,732,432
Right-to-use leased assets - vehicles	-	305,573	-	-	305,573
Water treatment system	23,178,054	1,918,345	-	-	25,096,399
GTUA water improvements	17,189,179	-	-	-	17,189,179
GTUA sewer improvements	939,796	-	-	-	939,796
Water and sewer system	38,437,907	2,207,544	-	-	40,645,451
Total capital assets being depreciated/amortized	82,607,168	4,793,526	-	-	87,400,694
Less accumulated depreciation/amortization for:					
Furniture and fixtures	5,620	-	-	-	5,620
Buildings and improvements	267,423	25,533	-	-	292,956
Machinery and equipment	1,847,203	109,343	-	-	1,956,546
Right-to-use leased assets - vehicles	-	180,587	-	-	180,587
Water treatment system	5,022,965	711,073	-	-	5,734,038
GTUA water improvements	5,610,690	509,895	-	-	6,120,585
GTUA sewer improvements	800,786	27,966	-	-	828,752
Water and sewer system	8,812,780	1,296,755	-	-	10,109,535
Total accumulated depreciation/amortization	22,367,467	2,861,152	-	-	25,228,619
Total capital assets being depreciated/amortized, net	60,239,701	1,932,374	-	-	62,172,075
Business-type activities capital assets, net	\$ 63,059,041	\$ 7,086,229	\$ -	\$ -	\$ 70,145,270

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

Water and sewer	<u>\$ 2,861,152</u>
Total depreciation/amortization expense - business-type activities	<u><u>\$ 2,861,152</u></u>

City of Anna, Texas
Notes to Financial Statements

The following is a summary of changes in capital assets for component units for the year ended September 30, 2022:

	Beginning Balance	Additions	Dispositions	Ending Balance
Community Development Corporation:				
Capital assets, not being depreciated:				
Land	\$ 2,757,904	\$ (2,757,904)	\$ -	\$ -
Total capital assets, not being depreciated	2,757,904	(2,757,904)	-	-
Community Development Corporation capital assets, net	\$ 2,757,904	\$ (2,757,904)	\$ -	\$ -
	Beginning Balance	Additions	Dispositions	Ending Balance
Economic Development Corporation:				
Capital assets, not being depreciated:				
Land	\$ 90,346	\$ (50,000)	\$ -	\$ 40,346
Total capital assets, not being depreciated	90,346	(50,000)	-	40,346
Depreciable assets:				
Buildings and improvements	366,589	-	-	366,589
Furniture and fixtures	13,871	-	-	13,871
Total depreciable assets	380,460	-	-	380,460
Less accumulated depreciation for:				
Buildings and improvements	166,621	18,460	-	185,081
Furniture and fixtures	6,566	1,391	-	7,957
Total accumulated depreciation	173,187	19,851	-	193,038
Total depreciable assets, net	207,273	(19,851)	-	187,422
Economic Development Corporation capital assets, net	\$ 297,619	\$ (69,851)	\$ -	\$ 227,768
	Beginning Balance	Additions	Dispositions	Ending Balance
Housing Finance Corporation:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 1,443,404	\$ -	\$ 1,443,404
Total capital assets, not being depreciated	-	1,443,404	-	1,443,404
Housing Finance Corporation capital assets, net	\$ -	\$ 1,443,404	\$ -	\$ 1,443,404

City of Anna, Texas
Notes to Financial Statements

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

Projects	Opinion Unit	Approved Construction Budget	Stored and Completed To Date	Remaining Commitment
Sherley Park Improvements	General government	\$ 787,838	\$ 432,625	\$ 355,213
Johnson Park Improvements	General government	625,000	489,314	135,686
City Hall/Municipal Complex	General government	30,910,000	30,772,558	137,442
Ferguson Parkway	General government	2,092,188	380,083	1,712,105
Rosamond Parkway Extension	General government	7,771,929	1,797,782	5,974,147
Hackberry Drive Reconstruction	General government	1,460,000	197,625	1,262,375
Aerial/Ladder Fire Truck	General government	1,660,000	1,619,969	40,031
Community Library	General government	22,010,000	416,883	21,593,117
Fire Station No. 2	General government	11,000,000	11,645	10,988,355
Skate Park	General government	1,982,125	-	1,982,125
Foster Crossing Road	General government	989,065	989,065	-
Taylor Boulevard	General government	1,229,860	181,359	1,048,501
Hurricane Creek PID - MIA	General government	2,408,234	2,082,377	325,857
Hurricane Creek PID - IA #1	General government	6,474,557	6,432,227	42,330
Sherley Tract - MIA	General government	2,259,650	1,009,812	1,249,838
Sherley Tract - IA #1	General government	11,664,656	5,060,020	6,604,636
US 75 Utility Relocation - Phase 2	General government	128,058	107,064	20,994
East Fork Regions Sewer	Utility	954,857	764,648	190,209
Oak Ridge Sewer	Utility	63,730	35,273	28,457
Throckmorton Creek Trunk Sewer Expansion	Utility	335,732	210,041	125,691
State Highway 5 Utility Relocation	Utility	338,692	163,107	175,585
Collin Pump Station Upgrade	Utility	3,616,213	729,955	2,886,258
Slayter Creek Park Improvements	General government	5,804,567	74,934	5,729,633
Bryant Park Improvements	General government	864,000	113,857	750,143
Community Recreation Center	General government	15,580,000	-	15,580,000
Hurricane Creek Regional W WTP	Utility	85,000,000	2,451,542	82,548,458
Total		\$ 218,010,951	\$ 56,523,765	\$ 161,487,186

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

City of Anna, Texas
Notes to Financial Statements

Note 6. Long-term Liabilities

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2022. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 9,494,000	\$ -	\$ (251,000)	\$ 9,243,000	\$ 272,000
Certificates of obligation	30,425,000	-	(215,000)	30,210,000	215,000
Combination tax and revenue refunding bonds	375,000	-	(40,000)	335,000	35,000
Financed purchases	346,060	-	(44,001)	302,059	45,700
Right-to-use lease liability	-	1,541,966	(646,704)	895,262	-
Unamortized premiums	2,098,685	-	(117,706)	1,980,979	-
Total bonds, notes and other payables, net	42,738,745	1,541,966	(1,314,411)	42,966,300	567,700
Other liabilities:					
Compensated absences	409,398	941,673	(276,340)	1,074,731	-
Net pension liability	837,502	-	(267,744)	569,758	-
Total other postemployment benefit liability	108,822	21,620	-	130,442	-
Total governmental activities	\$ 44,094,467	\$ 2,505,259	\$ (1,858,495)	\$ 44,741,231	\$ 567,700
Business-type activities:					
Bonds, notes and other payables:					
Contract revenue bonds	\$ 2,858,333	\$ -	\$ (299,583)	\$ 2,558,750	\$ 320,000
TWDB participation agreement	2,168,750	-	-	2,168,750	-
Combination tax and revenue certificates of obligation	6,605,000	-	(90,000)	6,515,000	100,000
Combination tax and revenue refunding bonds	6,925,000	-	(635,000)	6,290,000	654,000
Financed purchases	1,228,121	-	(171,490)	1,056,631	173,783
Right-to-use lease liability	-	305,573	(175,931)	129,642	-
Unamortized premiums (discounts)	1,159,439	-	(138,263)	1,021,176	-
Total bonds, notes and other payables, net	20,944,643	305,573	(1,510,267)	19,739,949	1,247,783
Other liabilities:					
Compensated absences	100,438	169,875	(43,793)	226,520	-
Net pension liability	225,481	-	(112,728)	112,753	-
Total other postemployment benefit liability	29,298	-	(3,484)	25,814	-
Total business-type activities	\$ 21,299,860	\$ 475,448	\$ (1,670,272)	\$ 20,105,036	\$ 1,247,783
Component Units - CDC:					
Bonds, notes and other payables:					
Sales tax revenue bonds	\$ 2,645,000	\$ -	\$ (160,000)	\$ 2,485,000	\$ 100,000
Other liabilities:					
Compensated absences	13,958	18,204	(9,183)	22,979	-
Net pension liability	10,737	9,865	-	20,602	-
Total other postemployment benefit liability	1,395	3,322	-	4,717	-
Total component units	\$ 2,671,090	\$ 31,391	\$ (169,183)	\$ 2,533,298	\$ 100,000

City of Anna, Texas

Notes to Financial Statements

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

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

Description	Interest Rates	Balance
Governmental activities:		
General obligation refunding bonds		
Series 2014B	0.30 - 2.40 %	\$ 833,000
Series 2021	2.00-5.00 %	8,410,000
Total general obligation bonds		9,243,000
Certificates of obligation		
Series 2018	3.00 - 4.00 %	30,210,000
Total certificates of obligation		30,210,000
Combination tax and revenue refunding bonds		
Series 2017	2.00 - 4.00 %	335,000
Total certificates of obligation		335,000
Financed purchases		
2018 Pierce Enforcer	3.86%	302,059
Total financed purchases		302,059
Total governmental activities long-term debt		\$ 40,090,059

City of Anna, Texas
Notes to Financial Statements

Description	Interest Rates	Balance
Business-type activities:		
Contract revenue and revenue refunding bonds		
Series 2006 GTUA Contract Revenue Bonds (12 & 15)	2.95 - 3.75 %	\$ 555,000
2007 GTUA Contract	2.95 - 4.10 %	900,000
CGMA Pipeline Project Phase I	2.29 - 5.74 %	270,000
CGMA Pipeline Project Phase III	2.67 - 5.62 %	833,750
		<hr/>
Total contract revenue and revenue refunding bonds		2,558,750
TWDB state participation agreement		
CGMA Pipeline Project Phase II	5.68 - 5.83 %	2,168,750
		<hr/>
Total TWDB state participation agreement		2,168,750
Combination tax & revenue certificates of obligation		
Series 2014	2.00 - 2.65 %	3,655,000
Series 2021	2.00 - 5.00 %	2,860,000
		<hr/>
Total combination tax & revenue certificates of obligation		6,515,000
Combination tax and revenue refunding bonds		
Series 2014A	2.11%	1,260,000
Series 2017	2.00 - 4.00 %	5,030,000
		<hr/>
Total combination tax and revenue refunding bonds		6,290,000
Financed purchases		
2017 AMI Meters	2.00%	703,147
2021 Sewer Cleaner Truck	3.73%	353,484
		<hr/>
Total financed purchases		1,056,631
		<hr/>
Total business-type activities long-term debt		\$ 18,589,131
		<hr/>
Component units:		
Sales Tax Revenue Bonds		
CDC - Sales Tax Revenue Bonds - Series 2012B	3.30%	\$ 1,185,000
CDC - Sales Tax Revenue Bonds - Series 2016	1.9% - 4.5%	1,300,000
		<hr/>
Total CDC long-term debt		\$ 2,485,000

City of Anna, Texas

Notes to Financial Statements

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

Year Ending September 30,	Governmental Activities					
	GO Bonds		CO Bonds		Combination Tax and Revenue	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 272,000	\$ 284,159	\$ 215,000	\$ 1,242,950	\$ 35,000	\$ 12,700
2024	493,000	270,817	235,000	1,233,950	35,000	11,300
2025	529,000	250,886	240,000	1,224,450	25,000	10,100
2026	549,000	229,488	250,000	1,214,650	25,000	9,100
2027	1,500,000	902,750	3,885,000	5,662,875	215,000	12,500
2028-2032	1,755,000	555,750	6,605,000	4,438,100	-	-
2033-2037	1,965,000	345,200	7,110,000	3,032,000	-	-
2038-2042	2,180,000	124,650	7,995,000	1,559,900	-	-
2043-2047	-	-	3,675,000	148,500	-	-
2048	-	-	-	-	-	-
Totals	\$ 9,243,000	\$ 2,963,700	\$ 30,210,000	\$ 19,757,375	\$ 335,000	\$ 55,700

Year Ending September 30,	Business-type Activities					
	Contract Revenue Bonds		TW DB State Participation Agreement		Combination Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 320,000	\$ 118,496	\$ -	\$ 125,206	\$ 100,000	\$ 265,837
2024	332,500	105,503	-	125,206	135,000	261,912
2025	355,000	91,820	-	125,206	165,000	257,013
2026	378,750	76,879	95,000	125,206	340,000	248,200
2027	708,750	227,781	562,500	538,167	3,640,000	835,456
2028-2032	463,750	68,107	745,000	356,734	2,135,000	107,338
2033-2037	-	-	766,250	114,690	-	-
Totals	\$ 2,558,750	\$ 688,586	\$ 2,168,750	\$ 1,510,415	\$ 6,515,000	\$ 1,975,756

Year Ending September 30,	Combination Tax and Revenue	
	Principal	Interest
2023	\$ 654,000	\$ 232,313
2024	649,000	208,528
2025	645,000	184,452
2026	492,000	163,176
2027	2,550,000	544,800
2028-2032	1,300,000	52,000
Totals	\$ 6,290,000	\$ 1,385,269

City of Anna, Texas

Notes to Financial Statements

Year Ending September 30,	Combination Tax and Revenue	
	Principal	Interest
2023	\$ 100,000	\$ 93,865
2024	115,000	90,278
2025	135,000	86,013
2026	150,000	81,050
2027	1,065,000	303,908
2028-2032	780,000	105,203
2033-2037	140,000	3,150
Totals	\$ 2,485,000	\$ 763,467

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are \$23,101,000 at September 30, 2022. The City acts as an agent for the property owners in collecting special assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, when appropriate. The City is not liable for repayment of the special district bonds, and accordingly, they are not reflected in accompanying basic financial statements. Cash held on deposit and corresponding amounts payable for the districts are reported in the Public Improvement District Custodial Fund.

Contractual Obligations with Greater Texoma Utility Authority

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

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

Collin Grayson Municipal Alliance Transmission Water Pipeline

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

City of Anna, Texas

Notes to Financial Statements

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

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

Financed Purchases

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

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

The assets acquired through financed purchases as of September 30, 2022 are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Fire apparatus	\$ 485,068	\$ -
Water meters	-	1,340,010
Sewer cleaner truck		441,360
Less: Accumulated depreciation	(184,421)	(666,252)
Total	\$ 300,647	\$ 1,115,118

City of Anna, Texas

Notes to Financial Statements

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2022 are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2023	\$ 57,349	\$ 201,214
2024	57,349	201,214
2025	57,349	201,214
2026	57,349	201,214
2027-2028	114,698	355,913
Total minimum future lease payments	344,094	1,160,769
Less: amount representing interest	(42,035)	(104,138)
Present value of minimum lease payments	\$ 302,059	\$ 1,056,631

Right-to-Use Lease Liability

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use vehicles over the term of the lease. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

The lease rate, term and ending lease liability are as follows:

	Interest Rate	Liability at Commencement	Lease Term in Years	Ending Balance
Governmental activities				
Vehicles	Various	\$ 1,541,966	5	\$ 895,262
Total governmental activities				\$ 895,262
Business-type activities				
Vehicles	Various	\$ 305,573	5	\$ 129,642
Total business-type activities				\$ 129,642

City of Anna, Texas
Notes to Financial Statements

The future principal and interest lease payments as of fiscal year end are as follows:

Fiscal Year Ending	Governmental Activities	Business-Type Activities
2023	\$ 363,560	\$ 64,027
2024	270,927	38,862
2025	212,309	23,861
2026	154,867	17,108
2027	86,881	11,442
Total minimum lease payments	1,088,544	155,300
Less: amount representing interest	(193,282)	(25,658)
Present value of minimum lease payments	\$ 895,262	\$ 129,642

The value of the right-to-use leased assets as of the end of the current fiscal year was \$1,541,966 with accumulated amortization \$671,018 for the governmental activities, and \$305,573 with accumulated depreciation of \$180,587 for the business-type activities.

Note 7. Interfund Balances and Activity

1. Interfund Receivables and Payables

Interfund balances consist of short-term lending/borrowing arrangements that have resulted primarily from expenditures that are paid by one fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more governmental funds due to earned revenues not being received from outside agencies until the subsequent year. There were no interfund balances as of September 30, 2022.

2. Interfund Transfers

Transfers between funds during the year were as follows:

Transfers Out	Transfers In	Amounts
Road Capital Development Agreement Fund	Capital Projects Fund	\$ 200,000
Nonmajor Funds	Capital Projects Fund	92,407
Nonmajor Funds	Nonmajor Funds	3,021
Totals		\$ 295,428

Transfers to the capital project fund were for the road project.

Note 8. Other Information

A. Risk Management

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

Note 9. Defined Benefit Pension Plan

Plan Description

The City and three of its component units participate as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit agent multiple-employer pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS, an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (TMRS Act) is an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

The plan provisions are adopted by City were as follows:

	2021	2020
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	75% Repeating, Transfers	75% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

City of Anna, Texas

Notes to Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	64
Active employees	129
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Total	211
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Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 1:1 (1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.09% and 13.57% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$1,240,283, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

City of Anna, Texas

Notes to Financial Statements

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2019 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other public and private markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate

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

City of Anna, Texas
Notes to Financial Statements

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2019	\$ 11,006,117	\$ 9,932,397	\$ 1,073,720
Changes for the year:			
Service cost	1,689,216	-	1,689,216
Interest	789,622	-	789,622
Change of benefit terms	-	-	-
Difference between expected and actual experience	301,846	-	301,846
Changes of assumptions	-	-	-
Contributions - employer	-	1,240,283	(1,240,283)
Contributions - employee	-	616,181	(616,181)
Net investment income	-	1,300,777	(1,300,777)
Benefit payments, including refunds of employee contributions	(305,245)	(305,245)	-
Administrative expense	-	(5,991)	5,991
Other changes	-	41	(41)
Net changes	2,475,439	2,846,046	(370,607)
Balance at December 31, 2020	\$ 13,481,556	\$ 12,778,443	\$ 703,113

Of the ending net pension liability balance, \$682,511 and \$20,602 was allocated to the primary government and discretely presented component units, respectively.

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset)	\$ 3,201,058	\$ 703,113	\$ (1,278,774)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$1,080,502.

City of Anna, Texas

Notes to Financial Statements

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 423,103	\$ 12,167
Changes in actuarial assumptions	24,256	-
Difference between projected and actual investment earnings	-	657,633
Contributions subsequent to the measurement date	1,050,136	-
Totals	\$ 1,497,495	\$ 669,800

\$1,050,136 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Of the deferred outflows of resources total, \$1,453,617 and \$43,878 was allocated to the primary government and discretely presented component units, respectively. Of the deferred inflows of resources total, \$650,175 and \$19,625 was allocated to the primary government and discretely presented component units, respectively. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2022	\$ (31,304)
2023	(137,802)
2024	(25,684)
2025	(63,788)
2026	36,136
Thereafter	-
Totals	\$ (222,442)

Note 10. Other Postemployment Benefits Plan

Plan Description

The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the SDBF. This is a voluntary program administered by the Texas Municipal Retirement System (TMRS) in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

City of Anna, Texas

Notes to Financial Statements

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

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

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	9
Active employees	129
	<hr/>
Total	151
	<hr/>

Accounting Policy

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Actuarial Assumptions

Significant methods and assumptions used in the December 31, 2021 actuarial valuation are as follows:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	1.84% as of December 31, 2021
	Source: Fidelity Index's "20-Year Municipal GO AA Index"
Retirees' share of benefit related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale UMP
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

City of Anna, Texas

Notes to Financial Statements

Total OPEB Liability

The City's total OPEB liability of \$160,972 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date. The total OPEB liability and related information are as follows for the City at September 30, 2022:

	Total OPEB Liability
Balance at December 31, 2020	\$ 139,516
Changes for the year:	
Service cost	24,648
Interest on Total OPEB Liability	3,019
Change of benefit terms	-
Difference between expected and actual experience	(10,814)
Changes of assumptions or other inputs	6,365
Benefit payments	(1,761)
Net changes	21,457
Balance at December 31, 2021	<u>\$ 160,973</u>

Of the ending total OPEB liability, \$156,256 and \$4,717 was allocated to the primary government and discretely presented component units, respectively.

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$32,803.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,544	\$ 12,090
Changes in actuarial assumptions and other inputs	38,151	2,908
Contributions made subsequent to the measurement date	1,546	-
Totals	<u>\$ 48,241</u>	<u>\$ 14,998</u>

Benefit payments subsequent to the measurement date and before fiscal year-end of \$1,546 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2023. Of the deferred outflows of resources total, \$46,828 and \$1,413 was allocated to the primary government and discretely presented component units, respectively. Of the deferred inflows of resources total, \$14,559 and \$439 was allocated to the primary government and discretely presented component units, respectively.

City of Anna, Texas
Notes to Financial Statements

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ending September 30		
2023	\$	5,137
2024		5,137
2025		5,137
2026		5,008
2027		4,747
Thereafter		6,531
Totals	\$	31,697

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current discount rate:

1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
\$ 206,799	\$ 160,973	\$ 126,475

Note 11. Villages of Hurricane Creek Public Improvement District

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

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

Note 12. Sherley Tract Public Improvement District

On December 8, 2020, the City of Anna City Council approved Ordinance No. 2020-12-839 authorizing the creation of a Public Improvement District. The Sherley Tract Public Improvement District consists of approximately 289.751 acres located in the extraterritorial jurisdiction of the City. This district was created in accordance with Chapter 372.003 of the Texas Local Government Code, as amended.

City of Anna, Texas

Notes to Financial Statements

On July 13, 2022, the City of Anna City Council approved the issuance and sale of two Special Assessment Revenue Bonds in the amounts of \$9,400,000 and \$2,896,000 known as Sherley Tract Public Improvement District No. 2 Improvement Area #1 Project and Sherley Tract Public Improvement District No. 2 Major Improvement Area Project, respectively. These bonds were authorized in order to finance the projects benefiting the entire Sherley Tract Public Improvement District No. 2 including certain roadway, water, sewer, and drainage improvements.

Note 13. AnaCapri Public Improvement District

On April 12, 2022, the City of Anna City Council approved Resolution No. 2022-04-1140 authorizing the creation of a Public Improvement District. The AnaCapri Public Improvement District consists of approximately 279.554 acres located within the corporate city limits of the City. This district was created in accordance with Chapter 372.003 of the Texas Local Government Code, as amended.

Note 14. Subsequent Events

On September 1, 2022, the City issued \$64,845,000 in Combination Tax and Revenue Certificates of Obligations, Series 2022 and \$32,465,000 in General Obligation Bonds, Series 2022. Proceeds from the sale of the Certificates will be used for acquiring, constructing, installing, and equipping additions, improvements, extensions, and equipment for the City's sewer system, including wastewater treatment plant and related infrastructure improvements and the acquisition of land and interests in land as necessary therefor. Both issuances closed on October 11, 2022.

On December 13, 2022, the City issued \$10,550,000 of Special Assessment Revenue Bonds, Series 2022 known as Hurricane Creek Public Improvement District Improvement Area #2 Project. Proceeds of these bonds will be used to finance the projects benefiting Improvement Area #2 of the Hurricane Creek Public Improvement District.

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Required Supplementary Information

City of Anna, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 8,015,000	\$ 8,015,000	\$ 8,004,989	\$ (10,011)
Sales taxes	2,760,000	3,296,370	3,847,911	551,541
Charges for services	154,700	154,700	285,779	131,079
License and permits	3,625,000	3,659,960	5,752,179	2,092,219
Franchise and local taxes	485,000	485,000	888,723	403,723
Investment income	30,000	30,000	90,387	60,387
Other revenues	16,300	16,300	151,464	135,164
Intergovernmental	48,395	48,395	47,640	(755)
Fines and forfeitures	90,000	90,000	241,274	151,274
Contributions and donations	-	-	3,050	3,050
Total revenues	15,224,395	15,795,725	19,313,396	3,517,671
EXPENDITURES				
Current:				
General government	4,082,778	4,082,778	4,973,541	(890,763)
Culture and recreation	1,382,826	1,382,826	1,296,955	85,871
Community services	1,241,433	1,276,393	1,145,841	130,552
Public safety	7,579,707	7,623,277	7,039,738	583,539
Public works	864,651	864,651	638,109	226,542
Debt service				
Principal	44,001	44,001	690,705	(646,704)
Interest and fiscal charges	13,358	13,358	13,358	-
Capital outlay	-	22,500	1,666,327	(1,643,827)
Total expenditures	15,208,754	15,309,784	17,464,574	(2,154,790)
Excess (deficiency) of revenues over (under) expenditures	15,641	485,941	1,848,822	1,362,881
OTHER FINANCING SOURCES (USES)				
Transfers out	(400,000)	(900,000)	-	900,000
Total other financing sources (uses)	(400,000)	(900,000)	-	900,000
Net change in fund balance	(384,359)	(414,059)	1,848,822	2,262,881
Beginning fund balance	6,572,245	6,572,245	6,572,245	-
ENDING FUND BALANCE	<u>\$ 6,187,886</u>	<u>\$ 6,158,186</u>	<u>\$ 8,421,067</u>	<u>\$ 2,262,881</u>

Notes to Schedule

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

City of Anna, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Grant Fund For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income	\$ -	\$ -	\$ 10,949	\$ 10,949
Intergovernmental	9,375	9,375	25,273	15,898
Total revenues	9,375	9,375	36,222	26,847
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	9,875	9,875	23,372	(13,497)
Capital outlay	-	-	-	-
Total expenditures	9,875	9,875	23,372	(13,497)
Excess (deficiency) of revenues over (under) expenditures	(500)	(500)	12,850	13,350
Net change in fund balance	(500)	(500)	12,850	13,350
Beginning fund balance	449	449	449	-
ENDING FUND BALANCE	<u>\$ (51)</u>	<u>\$ (51)</u>	<u>\$ 13,299</u>	<u>\$ 13,350</u>

Notes to Schedule

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

City of Anna, Texas

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

	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service cost	\$ 1,489,215	\$ 1,282,488	\$ 1,008,055	\$ 860,365	\$ 698,771	\$ 608,047	\$ 527,847	\$ 429,268
Interest	789,622	665,739	546,834	464,692	398,225	343,924	309,015	277,884
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	301,846	31,578	294,521	13,331	(9,109)	(60,518)	(110,141)	(173,824)
Change of assumptions	-	-	47,825	-	-	-	19,349	-
Benefit payments, including refunds of employee contributions	(305,245)	(374,644)	(185,961)	(204,657)	(163,326)	(101,394)	(109,637)	(166,160)
Net change in total pension liability	2,475,438	1,604,639	1,711,274	1,133,731	924,561	790,079	636,453	367,168
Total pension liability - beginning	11,006,117	9,401,478	7,690,204	6,556,473	5,631,917	4,841,833	4,205,380	3,838,212
TOTAL PENSION LIABILITY - ENDING (a)	\$ 13,481,555	\$ 11,006,117	\$ 9,401,478	\$ 7,690,204	\$ 6,556,473	\$ 5,631,912	\$ 4,841,833	\$ 4,205,380
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 1,240,283	\$ 927,155	\$ 747,632	\$ 618,080	\$ 516,066	\$ 442,230	\$ 386,733	\$ 270,279
Contributions - employee	616,181	460,616	356,743	298,589	249,306	217,388	194,478	170,293
Net investment income (loss)	1,300,777	631,955	991,697	(175,951)	641,130	257,535	4,915	165,488
Benefit payments, including refunds of employee contributions	(305,245)	(374,644)	(185,961)	(204,657)	(163,326)	(101,394)	(109,637)	(166,160)
Administrative expense	(5,991)	(4,073)	(5,580)	(3,389)	(3,315)	(2,902)	(2,992)	(1,727)
Other	41	(158)	(168)	(176)	(169)	(156)	(148)	(142)
Net change in plan fiduciary net position	2,846,046	1,640,029	1,904,363	532,496	1,239,692	812,701	473,349	438,031
Plan fiduciary net position - beginning	9,932,397	8,291,568	6,387,205	5,854,709	4,615,017	3,802,316	3,328,967	2,890,936
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 12,778,443	\$ 9,932,397	\$ 8,291,568	\$ 6,387,205	\$ 5,854,709	\$ 4,615,017	\$ 3,802,316	\$ 3,328,967
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 703,112	\$ 1,073,720	\$ 1,109,910	\$ 1,302,999	\$ 701,764	\$ 1,016,895	\$ 1,039,517	\$ 876,413
Plan fiduciary net position as a percentage of total pension liability	95%	90%	88%	83%	89%	82%	79%	79%
Covered payroll	\$ 8,802,581	\$ 6,580,234	\$ 5,096,334	\$ 4,245,561	\$ 3,561,515	\$ 1,194,348	\$ 2,778,260	\$ 2,432,756
Net pension liability as a percentage of covered payroll	8%	16%	22%	31%	20%	85%	37%	36%

Notes to Schedule

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

City of Anna, Texas

Schedule of Employer Contributions to Pension Plan - TMRS Last Eight Years

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,434,265	\$ 1,094,001	\$ 906,255	\$ 701,932	\$ 592,188	\$ 490,248	\$ 444,631	\$ 353,170
Contributions in relation to the actuarially determined contribution	1,434,265	1,094,001	906,255	701,932	592,188	490,248	444,631	353,170
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,388,515	\$ 7,764,378	\$ 6,373,692	\$ 4,798,511	\$ 4,086,822	\$ 3,396,686	\$ 3,140,567	\$ 2,881,090
Contributions as a percentage of covered payroll	13.81%	14.09%	14.22%	14.63%	14.49%	14.43%	14.16%	12.26%

Notes to Schedule

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

City of Anna, Texas

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

	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY					
Service cost	\$ 24,647	\$ 16,451	\$ 9,173	\$ 8,958	\$ 6,767
Interest (on the Total OPEB Liability)	3,019	2,584	2,306	1,996	1,716
Change of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(10,814)	11,180	(964)	(3,622)	-
Changes in assumptions or other inputs	6,365	23,878	18,247	(5,341)	5,334
Benefit payments	(1,761)	(658)	(510)	-	-
Net change in total OPEB liability	21,456	53,435	28,252	1,991	13,817
Total OPEB liability - beginning	139,516	86,081	57,829	55,838	42,021
TOTAL OPEB LIABILITY - ENDING (a)	\$ 160,972	\$ 139,516	\$ 86,081	\$ 57,829	\$ 55,838
Covered-employee payroll	\$ 8,802,581	\$ 6,580,234	\$ 5,096,334	\$ 4,265,563	\$ 3,561,515
Total OPEB liability as a percentage of covered-employee payroll	1.83%	2.12%	1.69%	1.36%	1.57%

Notes to Schedule

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

2. The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

City of Anna, Texas

Schedule of OPEB Contributions - TMRS

Last Five Fiscal Years

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,078	\$ 7,636	\$ 8,286	\$ 6,238	\$ 4,496
Contributions in relation to the actuarially determined contribution	2,078	7,636	8,286	6,238	4,496
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	10,388,515	7,764,378	6,373,692	4,798,511	4,086,822
Contributions as a percentage of covered-employee payroll	0.02%	0.10%	0.13%	0.13%	0.11%

Notes to Schedule

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

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Combining and Individual Fund Financial Statements and Schedule

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