

Comprehensive Annual Financial Report

For Fiscal Year Ended

September 30, 2019

**The Next Big Thing
in North Texas**



The City of Anna

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THE CITY OF
Anna

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City of Anna, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

Prepared by

Dana Thornhill
Finance Director

Sheila Alexander
Accounting Manager

THE CITY OF
Anna

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Introductory Section

THE CITY OF
Anna



March 18, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Anna, Texas, for the fiscal year ended September 30, 2019 including the independent auditor's report, is hereby submitted in accordance with the provisions of Section 10.3 of the City Charter. Also, state law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed public accountants. This report is published to fulfill those requirements for the fiscal year ended September 30, 2019.

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

The City of Anna's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City

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

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

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

The annual budget serves as the foundation for the City of Anna's financial planning and control. All departments of the City of Anna are required to submit a budget that would maintain current services and new requests for appropriations separately to the City Manager. The City Manager and 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 2019, the City received 579 single family building permit applications. In addition, Starbucks, Whataburger, Chick-fil-A, Salsa Tex Mex, Sunrise Café, a surgery center, and a free-standing emergency room will be opening in the FY 2020.

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

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

Long –Term Financial Planning

The City's fund balance/operating position concept continues to be an important factor in policy decisions. The City's Financial Policy states that the City's target unassigned fund balance is an amount equal or greater than 25% of annual general fund operating expenditures. The City's ending unassigned fund balance for fiscal year 2019 reflected a fund balance of 67.7% of total expenditures, well above the stated goal. These resources allow the City to avoid disruptions in services during economic downturns and to ensure that there will be adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated events.

Major Initiatives

At the end of the 2018-19 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 2018-2019, the City met with governmental partners including Collin County, TxDOT and the North Central Texas Council of Governments (NCTCOG) to review the City's transportation priorities and to discuss opportunities to partner on future projects. The City also continues to use developer incentives/agreements to improve other critical roadways within the City.

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

In addition, the Public Works Department completed the Foster Crossing Waterline project in August of 2019, extending a 12-inch water main from the east side of State Highway 5 to Pecan Grove Phase 1. The City also began the preliminary engineering for Ferguson Parkway, has progressed the engineering design of Rosamond Parkway and engineering design for the Hurricane Creek Trunk Sewer. All of these key projects will improve and expand infrastructure to serve the growing needs of the community.

The Parks Department began several key projects during FY 2019. One major project was the restoration of the train depot which was relocated to Shirley Heritage Park. This was done in conjunction with the Anna Area Historical Preservation Society. In addition, a community build playground was constructed at Shirley Heritage Park, as well as a gazebo. In the upcoming year, the City will work to finalize the park by adding a locomotive to the park.

Another Park's project that began in FY 2019 was the construction of the City's first dog park. The dog park consists of open space, a steel fence, a pergola structure, benches, water fountains, and obstacle equipment for the dogs to utilize.

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

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

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

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

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

Awards and Acknowledgements

Awards – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Anna for its CAFR for the fiscal year ending September 30, 2018. This was the first year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Dana Thornhill
Finance Director



Government Finance Officers Association

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

Presented to

**City of Anna
Texas**

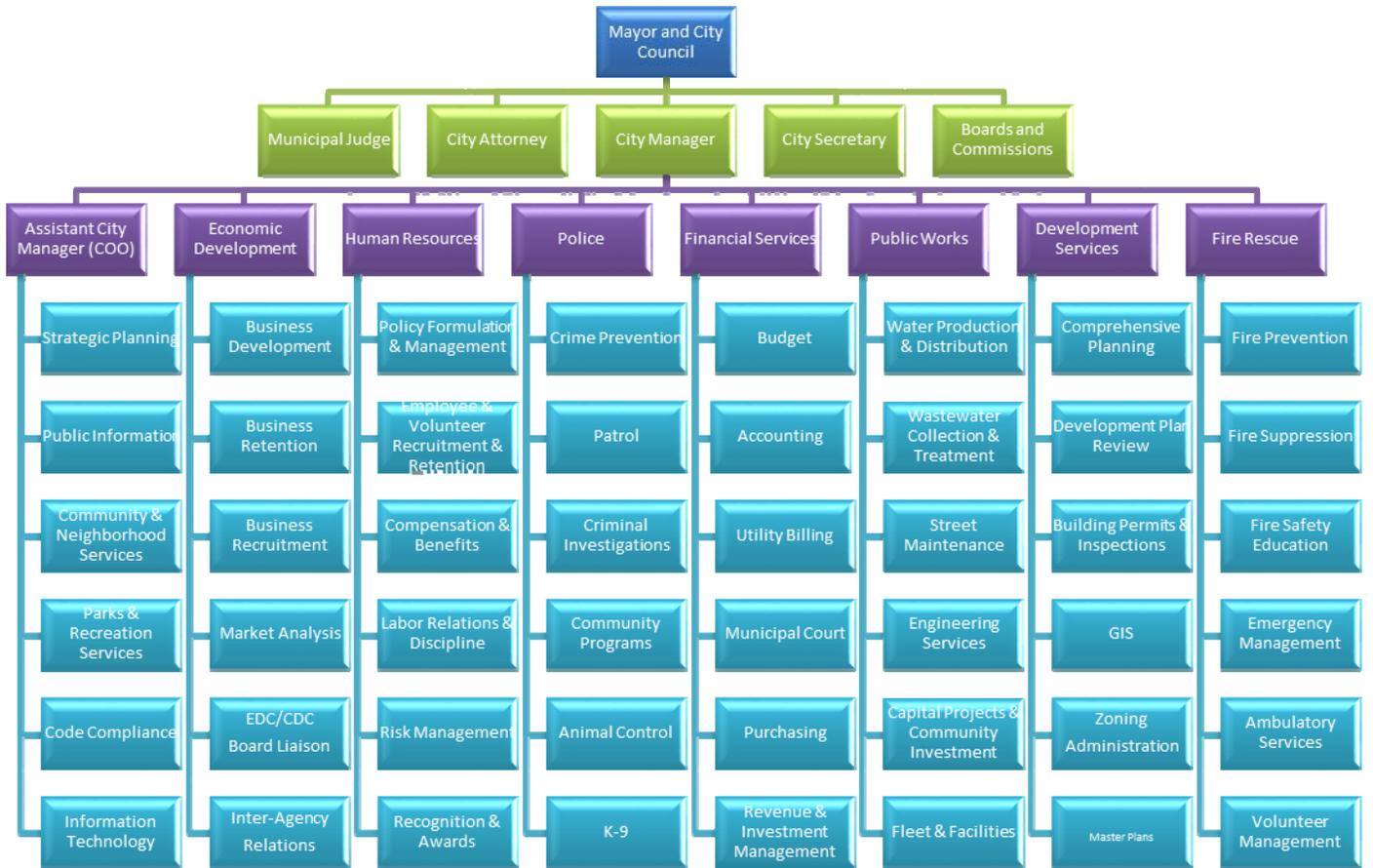
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Anna, Texas
 Organizational Chart
 September 30, 2019



City of Anna, Texas
Elected Officials and Management
September 30, 2019

City Council

Nate Pike	Mayor
Kevin Toten	Place 1
Josh Vollmer	Place 2
John Beazley	Place 3 – Deputy Mayor Pro-Tem
Chris Reeves	Place 4
Nathan Bryan	Place 5
Lee Miller	Place 6 - Mayor Pro-Tem

Management

Jim Proce	City Manager
Ryan Henderson	Assistant City Manager
Dana Thornhill	Finance Director
Jeff Caponera	Chief of Police
Ray Isom	Fire Chief
Carrie Land	City Secretary
Greg Peters	Director of Public Works
Ross Altobelli	Director of Development Services
Stephanie Beitelschies	Director of Human Resources
Joey Grisham	Economic Development Director
Ashley Stathatos	Managing Director of Community Services

Financial Section

THE CITY OF
Anna



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anna, Texas (the City), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anna, Texas, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Statistical Section and Combining and Individual Fund Statements and Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 18, 2020

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, 2019. 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 \$92,053,750 at September 30, 2019. Of this, \$9,575,520 (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 \$21,216,929. The increase is primarily a result of \$15,179,885 of capital grants and contributions.
- On a government-wide basis, the City's total liabilities decreased by \$1,115,245. The decrease in liabilities is a result of decreases in long-term debt due to principal payments, and a decrease in interest payable for the utility fund.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$46,044,411, an increase of \$6,035,328. This increase is largely due to revenue from the new Public Improvement District Capital Projects fund, offset by an increase in capital projects expenditures.
- As of the end of the year, the unassigned fund balance of the General Fund was \$5,705,117 or 66.3% of total General Fund expenditures.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

The City adopts an annual appropriated budget for its General Fund and Debt Service Fund.

Proprietary Funds

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

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

Fiduciary Funds

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

Component Units

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

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Anna, net position was \$92,053,750 as of September 30, 2019, in the primary government.

The largest portion of the City's restricted net position, \$62,158,495, 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:

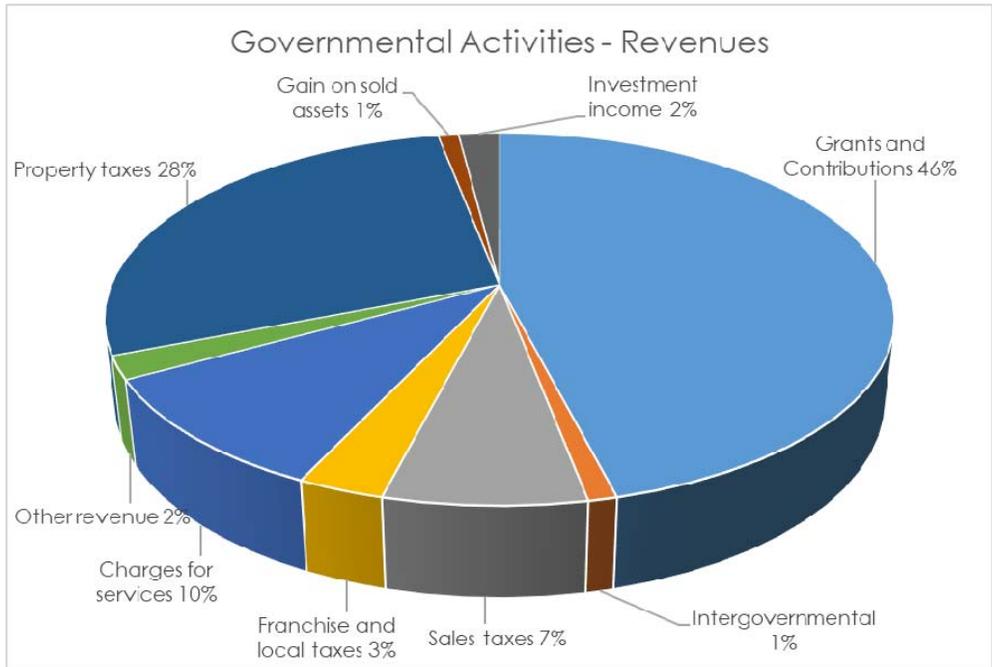
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 27,185,006	\$ 9,620,107	\$ 6,017,875	\$ 5,945,268	\$ 33,202,881	\$ 15,565,375
Restricted assets	21,056,952	31,742,013	9,638,637	6,761,991	30,695,589	38,504,004
Capital assets, net	40,208,990	32,204,043	51,614,559	49,927,178	91,823,549	82,131,221
Total assets	88,450,948	73,566,163	67,271,071	62,634,437	155,722,019	136,200,600
Deferred outflows of resources	654,679	353,030	327,114	245,901	981,793	598,931
Current liabilities	2,657,248	1,679,462	3,617,083	3,626,857	6,274,331	5,306,319
Noncurrent liabilities	35,916,425	35,821,329	22,308,956	24,487,309	58,225,381	60,308,638
Total liabilities	38,573,673	37,500,791	25,926,039	28,114,166	64,499,712	65,614,957
Deferred inflows of resources	113,902	262,844	36,448	84,909	150,350	347,753
Net position:						
Net investment in capital assets	33,525,898	29,892,142	28,632,597	25,064,065	62,158,495	54,956,207
Restricted	10,681,098	469,607	9,638,637	6,761,991	20,319,735	7,231,598
Unrestricted	6,211,056	5,793,809	3,364,464	2,855,207	9,575,520	8,649,016
Total net position	\$ 50,418,052	\$ 36,155,558	\$ 41,635,698	\$ 34,681,263	\$ 92,053,750	\$ 70,836,821

Statement of Activities:

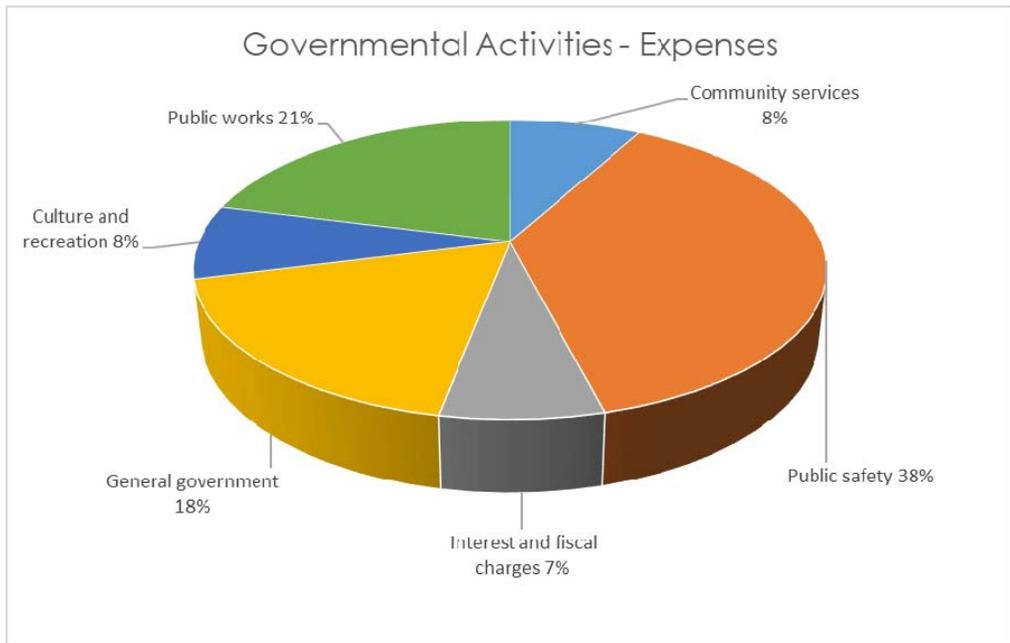
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,134,869	\$ 2,015,583	\$ 9,021,096	\$ 11,416,192	\$ 12,155,965	\$ 13,431,775
Operating grants and contributions	182,943	4,225	-	-	182,943	4,225
Capital grants and contributions	15,179,885	9,338,204	8,244,205	5,348,481	23,424,090	14,686,685
General revenues:						
Property taxes	6,728,848	5,579,490	-	-	6,728,848	5,579,490
Sales taxes	1,835,421	1,502,079	-	-	1,835,421	1,502,079
Franchise and local taxes	612,332	573,517	-	-	612,332	573,517
Investment income	1,044,444	327,200	276,200	136,261	1,320,644	463,461
Other revenue	84,132	314,750	1,028,735	148,148	1,112,867	462,898
Intergovernmental	-	142,273	-	-	-	142,273
Gain on sale of assets	135,910	276,970	-	-	135,910	276,970
Total revenues	28,938,784	20,074,291	18,570,236	17,049,082	47,509,020	37,123,373
Expenses:						
General government	1,954,083	1,758,159	-	-	1,954,083	1,758,159
Public safety	3,972,445	3,730,871	-	-	3,972,445	3,730,871
Culture and recreation	877,455	799,378	-	-	877,455	799,378
Public works	4,113,592	2,013,096	-	-	4,113,592	2,013,096
Community services	1,289,798	810,369	-	-	1,289,798	810,369
Interest and fiscal charges	2,420,375	670,788	-	-	2,420,375	670,788
Water, sewer, & sanitation	-	-	11,664,343	8,893,526	11,664,343	8,893,526
Total expenses	14,627,748	9,782,661	11,664,343	8,893,526	26,292,091	18,676,187
Change in net position before transfers	14,311,036	10,291,630	6,905,893	8,155,556	21,216,929	18,447,186
Transfers	(48,542)	159,500	48,542	(159,500)	-	-
Total transfers	(48,542)	159,500	48,542	(159,500)	-	-
Change in net position	14,262,494	10,451,130	6,954,435	7,996,056	21,216,929	18,447,186
Net position, beginning	36,155,558	25,732,310	34,681,263	26,694,012	70,836,821	52,426,322
Cumulative effect of change in accounting	-	(27,882)	-	(8,805)	-	(36,687)
Net position, ending	\$ 50,418,052	\$ 36,155,558	\$ 41,635,698	\$ 34,681,263	\$ 92,053,750	\$ 70,836,821

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



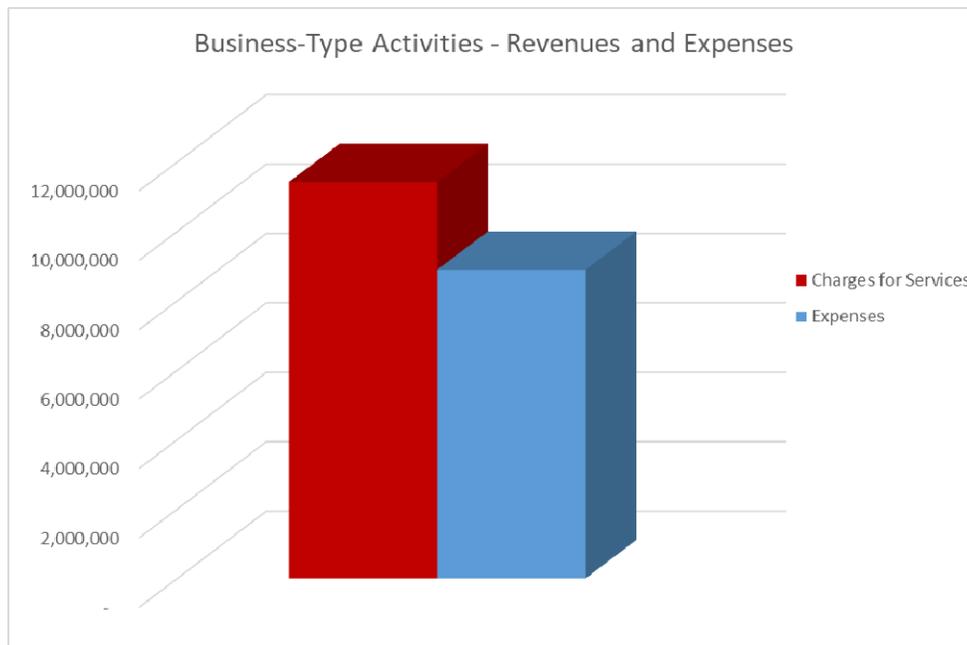
For the year ended September 30, 2019, revenues from governmental activities totaled \$28,938,784. Capital grants and contributions, property taxes, and charges for services are the City's largest revenue sources. Property taxes increased by \$1,149,358 or 21% when compared to 2018 due to an increase in overall assessed property values. Capital grants and contributions increased by \$5,841,681 mainly due to contributed capital relating to streets and drainage. The following graph shows the governmental function expenses of the City:



For the year ended September 30, 2019, expenses for governmental activities totaled \$14,627,748. This represents an increase of \$4,845,087 or 50% from the prior year. The City's largest increase was in public works and totaled \$2,100,496, or 104%, due to continued expenses for various construction projects in progress.

Interest and fiscal charges increased \$1,749,586, or 261%, due to increased interest payments on bonds payable, and the issuance of PID bonds from the fiduciary fund.

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



For the year ended September 30, 2019, charges for services by business-type activities totaled \$9,021,096. This is a decrease of \$2,395,096, or (56%), from the previous year. This decrease in revenues is directly related to the significant amount of rainfall the City experienced during the fiscal year which caused a decrease in water consumption. Expenses totaled \$11,664,343, which was an increase of \$2,770,817, or 31% due to the inflow and infiltration issues the City continues to experience as heavy rainfall occurs. The Public Works Department completed several I&I projects during FY 2019 in order to aid in resolving these issues. The City will continue to complete I&I projects in FY 2020 in order to minimize the amount of rainfall the City is treating through the City's sewer system.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of September 30, 2019, the General Fund reflected a total fund balance of \$5,941,424. Of this, \$13,133 is considered restricted for parks and \$215,932 is committed for capital projects. Unassigned fund balance totaled \$5,705,117 as of year-end. The General Fund saw a significant increase in property taxes when compared to the prior year. This directly relates to the addition of new properties to the tax roll, as well as an increase in property values.

The Capital Projects Fund had an ending fund balance of \$29,456,663 at year-end for a decrease of \$3,476,985 due primarily to an increase in current capital projects.

The Debt Service Fund had an ending fund balance of \$89,877 at year-end for a decrease of \$191,930 due primarily to increases in principal and interest charges for outstanding debt.

The PID Capital Projects Fund had an ending fund balance of \$7,504,779 at year-end. This fund was new this year, and the increase in fund balance was from a contribution of bonds issued for the PID that are not liabilities of the City, but are payable by assessments within the public improvement district.

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 funds had invested \$40,208,990 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$51,614,559 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Street contributions of \$5,241,497 relating to paving and drainage.
- Water & Sewer improvements totaling \$2,780,138.
- Construction in progress for various water and sewer projects totaling \$973,101.

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

LONG-TERM DEBT

At September 30, 2019, the City had total bonds, contractual obligations, and capital leases outstanding of \$58,317,439. During the year, the City made payments on long-term debt totaling \$1,718,665. 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 2018-19 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 2018, the City saw existing property values increase just over 12% and \$116,176,921 in new value was added to the tax roll. Again, for the 2019 tax year, the City saw existing property values increase just over 10% and \$73,451,007 in new value was added to the tax roll. We remain cautiously optimistic that we will experience modest, but slowing, appreciation in the value of existing properties and additional value will continue to be added to the tax roll, as a result of new residential and commercial construction in the near term. In FY 2020, Chick-fil-A, Whataburger, Starbucks, a surgery center and a free-standing emergency room will be completed. However, the City will not see the full valuation increase reflected in the property tax appraised values until FY 2021 due to the values being set in January of each year.

However, in preparation of the passage of Senate Bill 2, the Texas Property Tax Reform and Transparency Act of 2019, the City Council held the current year tax rate of \$.591288 per \$100 in valuation. Senate Bill 2 compresses the capability of a local government to generate revenue and provide services by lowering the tax rate a city can adopt without a mandatory election. SB 2 will also change the way property tax rates are calculated, make changes to the appraisal process, and reduce the previously called "rollback rate" of 8% to a new rate of 3.5% now called "the voter-approval rate". This tax rate is the maximum a City can set the tax rate above the "effective tax rate", now known as the "no-new-revenue rate", without voter approval. This bill will tremendously impact growing cities such as Anna into the future.

As the City begins to see the impact of the reduction of the amount of property tax a city can levy, sales tax will become increasingly important for growing communities. Sales tax was up approximately 22% in FY 2019 largely due to the continued growth of the City. A conservative 4.13% increase was budgeted for sales tax for FY 2020. As new commercial development occurs, the City expects to once again see sizable increases in sales tax. In FY 2020, Starbucks, Chick-fil-A, Whataburger, Salsa TexMex, and Sunrise Cafe will be opening. The City will not see the full impact of the sales tax from these restaurants opening until FY 2021.

The growth in both sales tax and taxable value of real property corresponds to a significant increase in residential growth and population over the past 36 months. According to the most recent population estimates published by the North Central Texas Council of Governments, the City of Anna population as of January 1, 2019 was 15,010. 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 is striving to reach out to its neighbors to encourage them to complete the 2020 Census to receive a more accurate population count. 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 2020 budget, the City adopted a tax rate of \$.591288 per \$100 valuation which is equivalent to the tax rate adopted in FY 2019. When compared with other cities in our area, the City of Anna still 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 under \$21.5 million in outstanding debt. The City has worked closely with our financial advisors, Hilltop Securities, to develop a sound debt management plan for the Water and Sewer Fund. Over the past several years, in order to appropriately manage this debt, the City and Hilltop Securities developed a plan to take advantage of call dates and pursue advance refunding of the City's outstanding debt. Every effort has been made to minimize the present value costs to the City.

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

This treated surface water supplements the City's water supply especially during the summer months when water consumption is highest. As our population has grown and water demand has increased, we have been required to increasingly supplement our well water with treated surface water. As we have forecasted consumption and production of our wells, it appears that the CGMA as a group will likely exceed the MT/P allocation in FY 2020. 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 will be working with a water rate consultant in FY 2020 in order to evaluate rates and establish a five-year rate model.

The City of Anna's budget continues to be impacted by both moderately strong growth and conservative fiscal management. The 2019-2020 budget reflects the efforts of the governing body and city staff to address the need to provide services to support our growing community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

THE CITY OF
Anna

Basic Financial Statements

THE CITY OF
Anna

City of Anna, Texas
Statement of Net Position
September 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	CDC	EDC
ASSETS					
Cash and cash equivalents	\$ 16,394,698	\$ 2,785,022	\$ 19,179,720	\$ 755,946	\$ 591,617
Investments	1,897,948	1,897,948	3,795,896	-	-
Receivables, net	640,776	1,320,755	1,961,531	279,769	89,476
Due from other governments	111,518	-	111,518	-	-
Prepays	8,242	-	8,242	-	-
Inventories	-	14,150	14,150	-	-
Restricted assets:					
Restricted cash and cash equivalents	21,056,952	8,813,124	29,870,076	-	-
Restricted investments	8,131,824	-	8,131,824	-	-
GTUA prepaid reserves	-	825,513	825,513	-	-
Capital assets:					
Non-depreciable	7,374,286	2,113,896	9,488,182	2,757,904	90,346
Net depreciable capital assets	32,834,704	49,500,663	82,335,367	-	246,838
Total assets	88,450,948	67,271,071	155,722,019	3,793,619	1,018,277
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	-	117,616	117,616	-	-
Deferred outflows - pension	647,999	207,360	855,359	8,640	-
Deferred outflows - OPEB	6,680	2,138	8,818	89	-
Total deferred outflows of resources	654,679	327,114	981,793	8,729	-
LIABILITIES					
Accounts payable and other liabilities	1,857,975	1,362,641	3,220,616	13,857	3,370
Accrued salaries	94,997	28,194	123,191	1,817	-
Customer deposits	-	970,106	970,106	-	-
Due to other governments	-	7,433	7,433	-	-
Accrued interest payable	166,485	85,136	251,621	14,252	-
Long-term obligations:					
Due within one year	537,791	1,163,573	1,701,364	215,000	-
Due in more than one year	34,895,804	21,982,357	56,878,161	2,870,000	-
Net pension liability	977,249	312,720	1,289,969	13,030	-
Total OPEB liability	43,372	13,879	57,251	578	-
Total liabilities	38,573,673	25,926,039	64,499,712	3,128,534	3,370
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pension	107,945	34,542	142,487	1,439	-
Deferred inflows - OPEB	5,957	1,906	7,863	79	-
Total deferred inflows of resources	113,902	36,448	150,350	1,518	-
NET POSITION					
Net investment in capital assets	33,525,898	28,632,597	62,158,495	(327,096)	337,184
Restricted for:					
Water and sewer improvements	-	8,813,124	8,813,124	-	-
Capital projects	10,463,367	-	10,463,367	-	-
GTUA deposits	-	825,513	825,513	-	-
Culture and recreation	13,133	-	13,133	-	-
Public safety	204,598	-	204,598	-	-
Community and economic development	-	-	-	999,392	677,723
Unrestricted	6,211,056	3,364,464	9,575,520	-	-
TOTAL NET POSITION	\$ 50,418,052	\$ 41,635,698	\$ 92,053,750	\$ 672,296	\$ 1,014,907

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, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 1,954,083	\$ 236,673	\$ 49,800	\$ -
Culture and recreation	877,455	900,150	-	-
Community services	1,289,798	1,314,178	-	-
Public safety	3,972,445	16,995	133,143	-
Public works	4,113,592	666,873	-	15,179,885
Interest and fiscal charges	2,420,375	-	-	-
Total governmental activities	14,627,748	3,134,869	182,943	15,179,885
Business-type activities:				
Water and sewer	11,664,343	9,021,096	-	8,244,205
Total business-type activities	11,664,343	9,021,096	-	8,244,205
TOTAL PRIMARY GOVERNMENT	\$ 26,292,091	\$ 12,155,965	\$ 182,943	\$ 23,424,090
Component units				
Community Development Corporation	\$ 667,531	\$ -	\$ -	\$ -
Economic Development Corporation	70,683	-	-	-
Total component units	\$ 738,214	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise and local taxes				
Investment income				
Other revenue				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
NET POSITION, ENDING				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Community Development Corporation	Economic Development Corporation
\$ (1,667,610)	\$ -	\$ (1,667,610)		
22,695	-	22,695		
24,380	-	24,380		
(3,822,307)	-	(3,822,307)		
11,733,166	-	11,733,166		
(2,420,375)	-	(2,420,375)		
3,869,949	-	3,869,949		
-	5,600,958	5,600,958		
-	5,600,958	5,600,958		
3,869,949	5,600,958	9,470,907		
			\$ (667,531)	\$ -
			-	(70,683)
			(667,531)	(70,683)
6,728,848	-	6,728,848	-	-
1,835,421	-	1,835,421	1,101,253	-
612,332	-	612,332	-	-
1,044,444	276,200	1,320,644	12,591	4,669
84,132	1,028,735	1,112,867	-	42,045
135,910	-	135,910	-	371,925
(48,542)	48,542	-	-	-
10,392,545	1,353,477	11,746,022	1,113,844	418,639
14,262,494	6,954,435	21,216,929	446,313	347,956
36,155,558	34,681,263	70,836,821	225,983	666,951
<u>\$ 50,418,052</u>	<u>\$ 41,635,698</u>	<u>\$ 92,053,750</u>	<u>\$ 672,296</u>	<u>\$ 1,014,907</u>

City of Anna, Texas
Balance Sheet - Governmental Funds
September 30, 2019

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>PID Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 3,680,777	\$ 9,187,957	\$ 89,877	\$ -	\$ 3,436,087	\$ 16,394,698
Investments	1,897,948	-	-	-	-	1,897,948
Receivables, net	566,995	16,346	36,320	-	21,115	640,776
Due from other governments	-	-	-	-	111,518	111,518
Due from other funds	727,195	-	-	-	-	727,195
Prepays	7,242	-	-	-	1,000	8,242
Restricted cash	13,133	13,328,013	-	7,715,806	-	21,056,952
Restricted investments	-	8,131,824	-	-	-	8,131,824
TOTAL ASSETS	\$ 6,893,290	\$ 30,664,140	\$ 126,197	\$ 7,715,806	\$ 3,569,720	\$ 48,969,153
LIABILITIES						
Accounts payable and other liabilities	\$ 763,510	\$ 601,618	\$ -	\$ 211,027	\$ 281,820	\$ 1,857,975
Accrued salaries	93,057	-	-	-	1,940	94,997
Due to other funds	-	605,859	-	-	121,336	727,195
Total liabilities	856,567	1,207,477	-	211,027	405,096	2,680,167
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	95,299	-	36,320	-	-	131,619
Unavailable revenue - grants	-	-	-	-	112,956	112,956
Total deferred inflows of resources	95,299	-	36,320	-	112,956	244,575
FUND BALANCES						
Nonspendable						
Prepays	7,242	-	-	-	1,000	8,242
Restricted for:						
Culture and recreation	13,133	-	-	-	-	13,133
Debt service	-	-	89,877	-	-	89,877
Public safety	-	-	-	-	204,598	204,598
Capital projects	-	29,456,663	-	7,504,779	2,958,588	39,920,030
Committed for:						
Capital projects	215,932	-	-	-	-	215,932
Unassigned	5,705,117	-	-	-	(112,518)	5,592,599
Total fund balances	5,941,424	29,456,663	89,877	7,504,779	3,051,668	46,044,411
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 6,893,290	\$ 30,664,140	\$ 126,197	\$ 7,715,806	\$ 3,569,720	\$ 48,969,153

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

City of Anna, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2019

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 46,044,411

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	7,374,286
Capital assets - net depreciable	32,834,704

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 244,575

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

Deferred outflows - pension	647,999
Deferred outflows - OPEB	6,680

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

Deferred inflows - pension	(107,945)
Deferred outflows - OPEB	(5,957)

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

Accrued interest payable	(166,485)
General obligation bonds	(1,922,000)
Certificates of Obligation	(30,820,000)
Combination tax and revenue refunding bonds	(615,000)
Unamortized premiums	(1,433,211)
Capital lease	(429,217)
Net pension liability	(977,249)
Total OPEB liability	(43,372)
Compensated absences	(214,167)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 50,418,052

City of Anna, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2019

	General	Capital Projects	Debt Service Fund	PID Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 4,876,783	\$ -	\$ 1,842,459	\$ -	\$ -	\$ 6,719,242
Sales taxes	1,835,421	-	-	-	-	1,835,421
Charges for services	145,592	-	-	-	1,567,023	1,712,615
License and permits	1,334,823	-	-	-	-	1,334,823
Franchise and local taxes	612,332	-	-	-	-	612,332
Investment income	138,658	763,743	13,820	67,506	60,717	1,044,444
Other revenues	41,749	-	-	-	124,711	166,460
Intergovernmental	93,190	-	-	-	-	93,190
Fines and forfeitures	87,431	-	-	-	-	87,431
Contributions and donations	7,425	-	-	9,816,212	-	9,823,637
Total revenues	9,173,404	763,743	1,856,279	9,883,718	1,752,451	23,429,595
EXPENDITURES						
Current:						
General government	1,918,254	-	-	-	-	1,918,254
Culture and recreation	472,605	-	-	-	46,091	518,696
Community services	1,286,794	-	-	-	-	1,286,794
Public safety	3,574,722	-	-	-	147,030	3,721,752
Public works	636,515	1,029,415	-	490,480	9,950	2,166,360
Debt service:						
Principal	55,851	-	371,000	-	-	426,851
Interest and fiscal charges	1,508	-	1,677,209	911,257	-	2,589,974
Capital outlay	660,043	3,250,886	-	977,202	526,589	5,414,720
Total expenditures	8,606,292	4,280,301	2,048,209	2,378,939	729,660	18,043,401
Excess (deficiency) of revenues over (under) expenditures	567,112	(3,516,558)	(191,930)	7,504,779	1,022,791	5,386,194
OTHER FINANCING SOURCES (USES)						
Transfers in	-	88,115	-	-	33,522	121,637
Transfers out	(33,522)	(48,542)	-	-	(88,115)	(170,179)
Inception of capital lease	485,068	-	-	-	-	485,068
Proceeds from sale of capital assets	209,000	-	-	-	3,608	212,608
Total	660,546	39,573	-	-	(50,985)	649,134
Net change in fund balances	1,227,658	(3,476,985)	(191,930)	7,504,779	971,806	6,035,328
FUND BALANCES, BEGINNING OF YEAR	4,713,766	32,933,648	281,807	-	2,079,862	40,009,083
FUND BALANCES, END OF YEAR	\$ 5,941,424	\$ 29,456,663	\$ 89,877	\$ 7,504,779	\$ 3,051,668	\$ 46,044,411

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

City of Anna, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities September 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 6,035,328

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

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

Capital outlay	5,415,321
Depreciation expense	(2,585,831)
Capital contributions	5,252,155
Net effect of proceeds from the sale of capital assets and gains on disposal	(76,698)

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	(16,035)
Decrease in accrued interest	85,259

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. 12,186

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. (6,438)

Various other reclassification and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes the realization of changes in unavailable revenues from the prior year. 121,124

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.

Inception of capital lease	(485,068)
Amortization of debt premium	84,340
Principal payments	371,000
Capital lease payments	55,851

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 14,262,494

City of Anna, Texas
 Statement of Net Position
 Proprietary Fund
 September 30, 2019

	<u>Utility Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,785,022
Certificate of deposit	1,897,948
Receivables, net	1,320,755
Inventories	14,150
	<hr/>
Total current assets	6,017,875
Noncurrent assets	
Restricted cash and pooled investments	8,813,124
GTUA prepaid reserves	825,513
Capital assets	
Non-depreciable	2,113,896
Net depreciable capital assets	49,500,663
	<hr/>
Total noncurrent assets	61,253,196
	<hr/>
Total assets	67,271,071
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	117,616
Deferred outflows - pension	207,360
Deferred outflows - OPEB	2,138
	<hr/>
Total deferred outflows of resources	327,114
	<hr/>

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, 2019

	<u>Utility Fund</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 1,326,155
Salaries payable	28,194
Other liabilities	36,486
Bond interest payable	85,136
Due to other governments	7,433
Customer deposits	970,106
	<hr/>
Total current liabilities	2,453,510
Noncurrent liabilities	
Due within one year	1,163,573
Due in more than one year	21,982,357
Net pension liability	312,720
Total OPEB liability	13,879
	<hr/>
Total noncurrent liabilities	23,472,529
Total liabilities	25,926,039
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	34,542
Deferred inflows - OPEB	1,906
	<hr/>
Total deferred inflows of resources	36,448
NET POSITION	
Net investment in capital assets	28,632,597
Restricted for:	
GTUA deposits	825,513
Water and sewer improvements	8,813,124
Unrestricted	3,364,464
	<hr/>
TOTAL NET POSITION	<u>\$ 41,635,698</u>

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

City of Anna, Texas

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund For the Fiscal Year Ended September 30, 2019

	<u>Utility Fund</u>
OPERATING REVENUES	
Water	\$ 4,291,024
Sewer	2,681,152
Sanitation	1,102,883
Service charges	569,215
Connection fees	315,805
Miscellaneous	61,017
	<hr/>
Total operating revenues	9,021,096
OPERATING EXPENSES	
Personnel services	1,666,327
Contracted services	4,823,327
Maintenance	691,593
Supplies	139,703
Utilities	383,888
Depreciation	2,182,344
Other expenses	278,411
	<hr/>
Total operating expenses	10,165,593
Operating loss	(1,144,497)
NONOPERATING REVENUES (EXPENSES)	
Investment income	276,200
Interest expense	(899,950)
Other revenue	1,028,735
Developer and impact fees	5,496,345
Reimbursed developer fees	(598,800)
	<hr/>
Total nonoperating revenues (expenses)	5,302,530
Income before transfers and capital contributions	4,158,033
Transfers in	48,542
Contributed capital	2,747,860
	<hr/>
Change in net position	6,954,435
Net position, beginning of year	34,681,263
	<hr/>
NET POSITION, END OF YEAR	<u><u>\$ 41,635,698</u></u>

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

City of Anna, Texas

Statement of Cash Flows - Proprietary Fund For the Fiscal Year Ended September 30, 2019

	<u>Utility Fund</u>
OPERATING ACTIVITIES	
Receipts from customers and users	\$ 9,614,611
Payments to suppliers	(6,589,879)
Payments to employees	(1,653,090)
	<hr/>
Net cash provided by operating activities	1,371,642
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash to GTUA reserve accounts	88,535
Developer and impact fees	4,897,545
Interest correction	951,337
Cash paid for acquisition and construction of capital assets	(1,121,865)
Interest and fees paid on long-term debt	(1,903,394)
Principal payments on debt	(1,131,810)
	<hr/>
Net cash provided by capital and related financing activities	1,780,348
NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Nonoperating revenue	77,398
Transfers in from other funds	48,542
	<hr/>
Net cash provided by noncapital financing activities	125,940
INVESTING ACTIVITIES	
Purchase of investment securities	(1,522,948)
Interest received	276,200
	<hr/>
Net cash used by investing activities	(1,246,748)
Net increase in cash and cash equivalents	2,031,182
Cash and cash equivalents, beginning of year	9,566,964
	<hr/>
Cash and cash equivalents, end of year	\$ 11,598,146
	<hr/>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 2,785,022
Restricted cash and cash equivalents	8,813,124
	<hr/>
	\$ 11,598,146
	<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, 2019

	<u>Utility Fund</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,144,497)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation expense	2,182,344
Decrease in accounts receivable	48,122
Decrease in inventories	22,785
Decrease in due from other funds	445,435
Increase in deferred outflows - pension and OPEB	(98,015)
Decrease in deferred inflows - pension and OPEB	(48,461)
Increase in net pension and total OPEB liability	144,775
Decrease in accounts payable	(295,742)
Increase in salaries payable	5,607
Increase in customer deposits	99,958
Increase in accrued compensated absences	9,331
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,371,642
	<hr/>
NON-CASH CAPITAL ACTIVITIES	
Contributions of capital assets	\$ 2,747,860
	<hr/>

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

City of Anna, Texas
Statement of Fiduciary Net Position
Agency Fund
September 30, 2019

	PID Agency Fund
ASSETS	
Cash and cash equivalents	<u>\$ 1,799,220</u>
Total assets	<u><u>\$ 1,799,220</u></u>
LIABILITIES	
Accounts payable	<u>\$ 1,799,220</u>
Total liabilities	<u><u>\$ 1,799,220</u></u>

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

THE CITY OF
Anna

City of Anna, Texas

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

Discretely Presented Component Units

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

Anna Economic Development Corporation

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

Anna Community Development Corporation

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

City of Anna, Texas

Notes to Financial Statements

The members of both the EDC and CDC's board of seven directors are appointed by the City Council. Both the EDC and CDC are fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component services directly benefit the community rather than the City itself. The EDC and CDC are discretely presented as governmental fund types and do not issue separate financial statements.

B. Government-wide Financial Statements

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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 nonmajor fund for reporting purposes.

City of Anna, Texas

Notes to Financial Statements

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

Additionally, the City reports the following nonmajor governmental funds:

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

The City reports the following enterprise fund:

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

The City reports the following fiduciary fund:

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

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

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

E. Measurement Focus and Basis of Accounting

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

City of Anna, Texas

Notes to Financial Statements

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

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

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

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

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

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

City of Anna, Texas

Notes to Financial Statements

3. *Receivables and Interfund Transactions*

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

4. *Inventories and Prepaid Items*

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

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

5. *Capital Assets*

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

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

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

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

City of Anna, Texas

Notes to Financial Statements

6. *Deferred Outflows/Inflows of Resources*

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

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

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

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

In the governmental funds balance sheet:

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

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

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

7. *Compensated Absences*

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

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

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

City of Anna, Texas

Notes to Financial Statements

8. Long-Term Obligations

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

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

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

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

9. Pensions

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

10. Other Postemployment Benefits (OPEB)

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

11. Net Position Flow Assumptions

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

City of Anna, Texas

Notes to Financial Statements

12. Fund Balance Flow Assumptions

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

13. Fund Balance Policies

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

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

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

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

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

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

14. Estimates

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

City of Anna, Texas

Notes to Financial Statements

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

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

City of Anna, Texas

Notes to Financial Statements

Note 3. Deposits and Investments

Deposits – State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City’s demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2019, with collateral required by state statutes. At year-end, the carrying amount of the City’s deposits (including component units and fiduciary funds) was \$14,713,301 and the bank balance was \$14,721,563. Of the bank balance, federal depository insurance covered \$250,000 and the remainder was covered by collateral held by the pledging financial institution’s agent in the City’s name.

Cash and cash equivalents as of September 30, 2019 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary government:	
Cash and cash equivalents	\$ 19,179,720
Restricted cash and cash equivalents	<u>29,870,076</u>
 Total primary government	 49,049,796
Fiduciary Fund:	
Cash and cash equivalents	1,799,220
Component units:	
Cash and cash equivalents	<u>1,347,563</u>
 Total cash and investments	 \$ 52,196,579
 Cash on hand	 \$ 2,000
Deposits with financial institution	14,713,301
Investment pools / money market	<u>37,481,278</u>
 Total cash and investments	 \$ 52,196,579

As of September 30, 2019, the City had the following investments:

	Value	Weighted Average Maturity (Years)
	<u>Value</u>	<u>(Years)</u>
Certificates of deposit	\$ 11,927,720	0.6104
TexPool	30,330,446	0.0767
Money market accounts	<u>7,150,831</u>	0.0767
 Total	 \$ 49,408,997	

City of Anna, Texas

Notes to Financial Statements

Interest rate risk

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

Credit risk

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

As of September 30, 2019, 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, 2019, the combined values of pledged securities and FDIC coverage exceeded bank balances for the City.

Custodial credit risk – investments

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

Concentration of credit risk

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

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

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

City of Anna, Texas

Notes to Financial Statements

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

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

TexPool

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

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

Note 4. Receivables

The following comprise receivable balances of the primary government as of September 30, 2019:

	General	Capital Projects	Debt Service Fund	Nonmajor Governmental	Utility Fund
Property taxes	\$ 95,299	\$ -	\$ 36,320	\$ -	\$ -
Sales taxes	314,099	-	-	-	8,588
Accounts	155,155	-	-	21,115	1,538,503
Interest	2,442	16,346	-	-	16,820
Less: Allowance	-	-	-	-	(243,156)
Totals	\$ 566,995	\$ 16,346	\$ 36,320	\$ 21,115	\$ 1,320,755

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, 2019:

	Beginning Balance	Additions	Dispositions	Adjustments / Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,610,951	\$ 1,367,350	\$ (3,958)	\$ -	\$ 3,974,343
Construction in progress	675,430	3,231,351	-	(506,838)	3,399,943
Total capital assets, not being depreciated	3,286,381	4,598,701	(3,958)	(506,838)	7,374,286
Depreciable assets:					
Park improvements	5,712,526	43,449	-	177,860	5,933,835
Buildings	1,542,758	-	-	-	1,542,758
Furniture and fixtures	26,541	7,370	-	-	33,911
Streets and drainage	33,359,745	5,258,404	-	328,978	38,947,127
Machinery and equipment	3,246,243	759,552	(180,713)	-	3,825,082
Total depreciable assets	43,887,813	6,068,775	(180,713)	506,838	50,282,713
Less accumulated depreciation for:					
Park improvements	2,043,493	294,127	-	-	2,337,620
Buildings	493,984	82,499	-	-	576,483
Furniture and fixtures	26,841	238	-	-	27,079
Streets and drainage	10,337,685	1,872,809	-	-	12,210,494
Machinery and equipment	2,068,148	336,158	(107,973)	-	2,296,333
Total accumulated depreciation	14,970,151	2,585,831	(107,973)	-	17,448,009
Total depreciable assets, net	28,917,662	3,482,944	(72,740)	506,838	32,834,704
Governmental activities capital assets, net	\$ 32,204,043	\$ 8,081,645	\$ (76,698)	\$ -	\$ 40,208,990

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 30,359
Culture and recreation	358,171
Community services	2,845
Public safety	255,413
Public works	1,939,043
Total governmental activities depreciation expense	\$ 2,585,831

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, 2019:

	Beginning Balance	Additions	Dispositions	Adjustments / Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,045,097	\$ 13,000	\$ (1,470)	\$ -	\$ 1,056,627
Construction in progress	2,512,531	973,101	-	(2,428,363)	1,057,269
Total capital assets, not being depreciated	3,557,628	986,101	(1,470)	(2,428,363)	2,113,896
Depreciable assets:					
Furniture and fixtures	5,620	-	-	-	5,620
Buildings and improvements	486,244	-	-	-	486,244
Machinery and equipment	1,824,049	104,956	-	-	1,929,005
Water treatment system	13,351,529	1,591,971	-	-	14,943,500
GTUA water improvements	17,185,804	3,375	-	-	17,189,179
GTUA sewer improvements	939,796	-	-	-	939,796
Water and sewer system	27,841,981	1,184,792	-	2,428,363	31,455,136
Total depreciable assets	61,635,023	2,885,094	-	2,428,363	66,948,480
Less accumulated depreciation for:					
Furniture and fixtures	5,620	-	-	-	5,620
Buildings and improvements	194,756	23,567	-	-	218,323
Machinery and equipment	1,212,882	196,081	-	-	1,408,963
Water treatment system	2,953,812	409,975	-	-	3,363,787
GTUA water improvements	4,537,322	556,200	-	-	5,093,522
GTUA sewer improvements	237,186	26,851	-	-	264,037
Water and sewer system	6,123,895	969,670	-	-	7,093,565
Total accumulated depreciation	15,265,473	2,182,344	-	-	17,447,817
Total depreciable assets, net	46,369,550	702,750	-	2,428,363	49,500,663
Business-type activities capital assets, net	\$ 49,927,178	\$ 1,688,851	\$ (1,470)	\$ -	\$ 51,614,559

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

Water and sewer	\$ 2,182,344
Total business-type activities depreciation expense	\$ 2,182,344

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, 2019:

	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
Economic Development Corporation:				
Capital assets, not being depreciated:				
Land	\$ 96,914	\$ -	\$ (6,568)	\$ 90,346
Total capital assets, not being depreciated	96,914	-	(6,568)	90,346
Depreciable assets:				
Buildings and improvements	366,589	-	-	366,589
Furniture and fixtures	13,871	-	-	13,871
Total depreciable assets	380,460	-	-	380,460
Less accumulated depreciation for:				
Buildings and improvements	111,504	18,329	-	129,833
Furniture and fixtures	2,402	1,387	-	3,789
Total accumulated depreciation	113,906	19,716	-	133,622
Total depreciable assets, net	266,554	(19,716)	-	246,838
Economic Development Corporation capital assets, net	\$ 363,468	\$ (19,716)	\$ (6,568)	\$ 337,184

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

Projects	Opinion Unit	Approved Construction Budget	Stored and Completed To Date	Remaining Commitment
City Hall Municipal Complex	General government	\$ 27,340,952	\$ 1,547,981	\$ 25,792,971
Rosamund Parkway Extension	General government	696,500	248,385	448,115
East Fork Regional Sewer	Utility Fund	973,257	546,357	426,900
E/W Collector Water Line	Utility Fund	373,633	54,630	319,003
Total		\$ 29,384,342	\$ 2,397,353	\$ 26,986,989

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, 2019. 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	\$ 2,018,000	\$ -	\$ (96,000)	\$ 1,922,000	\$ 107,000
Certificates of obligation	30,910,000	-	(90,000)	30,820,000	200,000
Combination tax and revenue refunding bonds	800,000	-	(185,000)	615,000	190,000
Capital lease payable	-	485,068	(55,851)	429,217	40,791
Unamortized premiums	1,517,551	-	(84,340)	1,433,211	-
Total bonds, notes and other payables, net	35,245,551	485,068	(511,191)	35,219,428	537,791
Other liabilities:					
Compensated absences	198,132	142,464	(126,429)	214,167	-
Net pension liability	533,341	1,131,410	(687,502)	977,249	-
Other postemployment benefit liability	42,437	7,657	(6,722)	43,372	-
Total governmental activities	\$ 36,019,461	\$ 1,766,599	\$ (1,331,844)	\$ 36,454,216	\$ 537,791
Business-type activities:					
Bonds, notes and other payables:					
Contract revenue bonds	\$ 3,723,750	\$ -	\$ (277,083)	\$ 3,446,667	\$ 286,250
TWDB participation agreement	2,168,750	-	-	2,168,750	-
Combination tax and revenue certificates of obligation	7,855,000	-	(160,000)	7,695,000	160,000
Combination tax and revenue refunding bonds	8,697,000	-	(575,000)	8,122,000	590,000
Capital leases	1,217,631	-	(123,060)	1,094,571	127,323
Unamortized premiums (discounts)	643,354	-	(72,331)	571,023	-
Total bonds, notes and other payables, net	24,305,485	-	(1,207,474)	23,098,011	1,163,573
Other liabilities:					
Compensated absences	38,588	35,006	(25,675)	47,919	-
Net pension liability	168,423	364,297	(220,000)	312,720	-
Other postemployment benefit liability	13,401	2,629	(2,151)	13,879	-
Total business-type activities	\$ 24,525,897	\$ 401,932	\$ (1,455,300)	\$ 23,472,529	\$ 1,163,573
Component Units - CDC:					
Bonds, notes and other payables:					
Sales tax revenue bonds	\$ 3,295,000	\$ -	\$ (210,000)	\$ 3,085,000	\$ 215,000
Other liabilities:					
Net pension liability	-	22,196	(9,166)	13,030	-
Other postemployment benefit liability	-	668	(90)	578	-
Total component units	\$ 3,295,000	\$ 22,864	\$ (219,256)	\$ 3,098,608	\$ 215,000

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 %	\$ 1,278,000
Series 2016	1.90 - 4.50 %	<u>644,000</u>
Total general obligation bonds		1,922,000
Certificates of obligation		
Series 2018	3.00 - 4.00 %	<u>30,820,000</u>
Total certificates of obligation		30,820,000
Combination tax and revenue refunding bonds		
Series 2017	2.00 - 4.00 %	<u>615,000</u>
Total certificates of obligation		<u>615,000</u>
Total governmental activities long-term debt		<u>\$ 33,357,000</u>
Business-type activities:		
Contract revenue and revenue refunding bonds		
Series 2006 GTUA Contract Revenue Bonds (12 & 15)	2.95 - 3.75 %	\$ 925,000
2007 GTUA Contract	2.95 - 4.10 %	1,275,000
CGMA Pipeline Project Phase I	2.29 - 5.74 %	370,417
CGMA Pipeline Project Phase III	2.67 - 5.62 %	<u>876,250</u>
Total contract revenue and revenue refunding bonds		3,446,667
TWDB state participation agreement		
CGMA Pipeline Project Phase II	5.68 - 5.83 %	<u>2,168,750</u>
Total TWDB state participation agreement		2,168,750
Combination tax & revenue certificates of obligation		
Series 2012	1.50 - 2.50 %	3,805,000
Series 2014	2.00 - 2.65 %	<u>3,890,000</u>
Total combination tax & revenue certificates of obligation		7,695,000
Combination tax and revenue refunding bonds		
Series 2014A	2.11%	2,107,000
Series 2017	2.00 - 4.00 %	<u>6,015,000</u>
Total combination tax and revenue refunding bonds		8,122,000
Capital Leases		
2017 AMI Meters	2.00%	<u>1,094,571</u>
Total capital leases		<u>1,094,571</u>
Total business-type activities long-term debt		<u>\$ 22,526,988</u>
Component units:		
Sales Tax Revenue Bonds		
CDC - Sales Tax Revenue Bonds - Series 2012B	3.30%	\$ 1,470,000
CDC - Sales Tax Revenue Bonds - Series 2016	1.9% - 4.5%	<u>1,615,000</u>
Total CDC long-term debt		<u>\$ 3,085,000</u>

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
2020	\$ 107,000	\$ 38,782	\$ 200,000	\$ 1,263,550	\$ 190,000	\$ 20,800
2021	259,000	35,538	195,000	1,256,625	50,000	16,000
2022	265,000	30,689	215,000	1,250,475	40,000	14,200
2023	285,000	25,189	215,000	1,242,950	35,000	12,700
2024	286,000	19,112	235,000	1,233,950	35,000	11,300
2025-2029	720,000	19,139	2,100,000	5,956,050	265,000	31,700
2030-2034	-	-	6,075,000	4,968,325	-	-
2035-2039	-	-	7,140,000	3,602,000	-	-
2040-2044	-	-	7,380,000	2,174,600	-	-
2045-2048	-	-	7,065,000	579,500	-	-
Totals	\$ 1,922,000	\$ 168,449	\$ 30,820,000	\$ 23,528,025	\$ 615,000	\$ 106,700

Year Ending September 30,	Business-type Activities					
	Contract Revenue Bonds		TWDB State Participation Agreement		Combination Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 286,250	\$ 152,647	\$ -	\$ 125,206	\$ 160,000	\$ 226,888
2021	298,750	141,401	-	125,206	170,000	223,388
2022	306,250	129,434	-	125,206	170,000	219,588
2023	320,000	117,005	-	125,206	175,000	215,300
2024	332,500	103,924	-	125,206	210,000	210,000
2025-2029	1,288,750	307,756	413,750	413,750	2,955,000	857,214
2030-2034	416,250	117,491	666,250	435,602	3,855,000	281,569
2035-2039	201,250	11,485	881,250	881,250	-	-
2040	-	-	207,500	12,097	-	-
Totals	\$ 3,450,000	\$ 1,081,143	\$ 2,168,750	\$ 2,368,729	\$ 7,695,000	\$ 2,233,947

Year Ending September 30,	Combination Tax and Revenue	
	Principal	Interest
2020	\$ 590,000	\$ 296,481
2021	607,000	276,714
2022	635,000	255,300
2023	654,000	232,313
2024	649,000	208,528
2025-2029	2,452,000	738,528
2030-2033	2,535,000	205,900
Totals	\$ 8,122,000	\$ 2,213,764

City of Anna, Texas

Notes to Financial Statements

Year Ending September 30,	Combination Tax and Revenue	
	Principal	Interest
2020	\$ 215,000	\$ 110,876
2021	225,000	104,250
2022	160,000	167,463
2023	100,000	226,660
2024	115,000	211,080
2025-2029	855,000	781,463
2030-2033	1,015,000	249,300
2034-2037	400,000	27,675
Totals	\$ 3,085,000	\$ 1,878,767

Contractual Obligations with Greater Texoma Utility Authority

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

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

Collin Grayson Municipal Alliance Transmission Water Pipeline

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

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

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

City of Anna, Texas

Notes to Financial Statements

Capital Leases

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

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

The assets acquired through the capital leases as of September 30, 2019 are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Fire apparatus	\$ 485,068	\$ -
Water meters	-	1,340,010
Less: Accumulated depreciation	<u>(38,407)</u>	<u>(268,002)</u>
Total	<u>\$ 446,661</u>	<u>\$ 1,072,008</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2020	\$ 57,359	\$ 149,179
2021	57,359	149,179
2022	57,359	149,179
2023	57,359	149,179
2024	57,359	149,179
2025-2028	<u>229,436</u>	<u>449,300</u>
Total minimum future lease payments	516,231	1,195,195
Less: amount representing interest	<u>(87,014)</u>	<u>(100,624)</u>
Present value of minimum lease payments	<u>\$ 429,217</u>	<u>\$ 1,094,571</u>

City of Anna, Texas

Notes to Financial Statements

Note 7. Interfund Balances and Activity

1. Interfund Receivables and Payables

Interfund receivables and payables of the various funds at September 30, 2019 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 727,195	\$ -
Capital Projects Fund	-	605,859
Nonmajor Funds	-	121,336
Totals	<u>\$ 727,195</u>	<u>\$ 727,195</u>

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

2. Interfund Transfers

Transfers between funds during the year were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amounts</u>
General Fund	Nonmajor Funds	\$ 33,522
Capital Projects Fund	Utility Fund	48,542
Nonmajor Funds	Capital Projects Fund	88,115
Totals		<u>\$ 170,179</u>

Transfers to the special revenue fund were for year-end budgeted transfers to the grant fund. Transfers to the utility fund were for utility relocations for the new City Hall building. Transfers to the capital project fund were for the road project.

Note 8. Other Information

A. Risk Management

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

City of Anna, Texas

Notes to Financial Statements

Note 9. Defined Benefit Pension Plan

Plan Description

The City participates in one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tMrs.com.

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

Benefits Provided

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

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

The plan provisions are adopted by City were as follows:

	2018	2017
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	40
Active employees	76
Total	126

City of Anna, Texas

Notes to Financial Statements

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.27% and 14.67% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$701,932, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including infla

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the TMRS system adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

City of Anna, Texas

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.30%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.39%
Real return	10.0%	3.78%
Real estate	10.0%	4.44%
Absolute return	10.0%	356.00%
Private equity	5.0%	7.75%
Total	100%	

Discount Rate

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

City of Anna, Texas
Notes to Financial Statements

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2017	\$ 6,556,473	\$ 5,854,709	\$ 701,764
Changes for the year:			
Service cost	860,365	-	860,365
Interest	464,692	-	464,692
Change of benefit terms	-	-	-
Difference between expected and actual experience	13,331	-	13,331
Changes of assumptions	-	-	-
Contributions - employer	-	618,080	(618,080)
Contributions - employee	-	298,589	(298,589)
Net investment income	-	(175,951)	175,951
Benefit payments, including refunds of employee contributions	(204,657)	(204,657)	-
Administrative expense	-	(3,389)	3,389
Other changes	-	(176)	176
Net changes	<u>1,133,731</u>	<u>532,496</u>	<u>601,235</u>
Balance at December 31, 2018	<u>\$ 7,690,204</u>	<u>\$ 6,387,205</u>	<u>\$ 1,302,999</u>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 2,687,484	\$ 1,302,999	\$ 202,800

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.

City of Anna, Texas

Notes to Financial Statements

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

For the year ended September 30, 2019, the City recognized pension expense of \$691,663.

At September 30, 2019, 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	\$ 11,098	\$ 143,926
Changes in actuarial assumptions	8,309	-
Difference between projected and actual investment earnings	304,418	-
Contributions subsequent to the measurement date	540,174	-
Totals	\$ 863,999	\$ 143,926

\$540,173 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, 2020. 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,	
2019	\$ 49,451
2020	3,828
2021	20,130
2022	106,493
2023	(3)
Totals	\$ 179,899

Note 10. Other Postemployment Benefits Plan

Plan Description

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

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 an other postemployment benefit (OPEB) and is a fixed amount of \$7,500.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefit	5
Active employees	<u>76</u>
Total	<u><u>87</u></u>

Contributions

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

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

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

The retiree portion of contribution rates to the SDBF for the City was 0.00% and 0.01% in calendar years 2018 and 2019 respectively. The City's contributions to the SDBF for the year ended September 30, 2019 were \$6,238, and were equal to the required contributions.

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability In the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.71%

City of Anna, Texas

Notes to Financial Statements

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

The actuarial assumptions used in the December 31, 2018, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate (3.71%) was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2017	\$ 55,838
Changes for the year:	
Service cost	8,958
Interest on Total OPEB Liability	1,996
Change of benefit terms	-
Difference between expected and actual experience	(3,622)
Changes of assumptions or other inputs	(5,341)
Benefit payments	-
Net changes	<u>1,991</u>
Balance at December 31, 2018	<u>\$ 57,829</u>

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

The following presents the total OPEB liability, calculated using the discount rate of 3.71%, 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 (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
\$ 72,416	\$ 57,829	\$ 46,777

City of Anna, Texas

Notes to Financial Statements

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$10,541.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,210
Changes in actuarial assumptions and other inputs	4,120	4,732
Contributions made subsequent to the measurement date	4,787	-
Totals	\$ 8,907	\$ 7,942

The \$4,787 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2020. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2019	\$ (413)
2020	(413)
2021	(413)
2022	(413)
2023	(413)
Thereafter	(1,757)
Totals	\$ (3,822)

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.

THE CITY OF
Anna

Required Supplementary Information

City of Anna, Texas

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,774,602	\$ 4,774,602	\$ 4,876,783	\$ 102,181
Sales taxes	1,645,698	1,645,698	1,835,421	189,723
Charges for services	103,220	103,220	145,592	42,372
License and permits	724,000	1,088,260	1,334,823	246,563
Franchise and local taxes	510,200	510,200	612,332	102,132
Investment income	55,000	55,000	138,658	83,658
Other revenues	28,450	28,450	41,749	13,299
Intergovernmental	95,273	95,273	93,190	(2,083)
Fines and forfeitures	52,500	52,500	87,431	34,931
Contributions and donations	2,000	2,000	7,425	5,425
Total revenues	7,990,943	8,355,203	9,173,404	818,201
EXPENDITURES				
Current:				
General government	2,006,211	2,016,288	1,918,254	98,034
Culture and recreation	512,523	512,523	472,605	39,918
Community services	854,646	1,125,212	1,286,794	(161,582)
Public safety	3,971,470	3,960,426	3,574,722	385,704
Public works	746,498	702,417	636,515	65,902
Debt service				
Principal	55,851	55,851	55,851	-
Interest and fiscal charges	1,508	1,508	1,508	-
Capital outlay	187,500	672,568	660,043	12,525
Total expenditures	8,336,207	9,046,793	8,606,292	440,501
Excess (deficiency) of revenues over (under) expenditures	(345,264)	(691,590)	567,112	1,258,702
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	3,000	3,000	209,000	206,000
Transfers in	375,118	375,118	-	(375,118)
Transfers out	(32,854)	(33,522)	(33,522)	-
Capital lease	-	485,068	485,068	-
Total other financing sources (uses)	345,264	829,664	660,546	(169,118)
Net change in fund balance	-	138,074	1,227,658	1,089,584
Beginning fund balance	4,713,766	4,713,766	4,713,766	-
ENDING FUND BALANCE	\$ 4,713,766	\$ 4,851,840	\$ 5,941,424	\$ 1,089,584

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 Five Measurement Periods

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 701,932	\$ 592,188	\$ 490,248	\$ 444,631	\$ 353,170
Contributions in relation to the actuarially determined contribution	<u>701,932</u>	<u>592,188</u>	<u>490,248</u>	<u>444,631</u>	<u>353,170</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 4,798,511	\$ 4,086,822	\$ 3,396,686	\$ 3,140,567	\$ 2,881,090
Contributions as a percentage of covered payroll	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 Two Measurement Periods

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

Notes to Schedule

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

City of Anna, Texas

Schedule of OPEB Contributions - TMRS

Last Two Fiscal Years

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

Notes to Schedule

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

Combining and Individual Fund Financial Statements and Schedule

THE CITY OF
Anna

Nonmajor Governmental Funds

Special Revenue Funds

Roadway Impact Fee Service Area 1

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

Roadway Impact Fee Service Area 2

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

Road Capital Development Agreement Fund

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

Police Seizure Fund

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

Park Development Fund

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

Fire Department Capital Improvement Fund

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

Grant Fund

Accounts for proceeds and expenditures relating to all grants.

Other Special Revenue Fund

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

City of Anna, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Roadway Impact Fee SVC Area 1	Roadway Impact Fee SVC Area 2	Road Capital Dev. Agr. Fund	Police Seizure Fund	Park Development Fund
ASSETS					
Cash and cash equivalents	\$ 768,097	\$ 535,791	\$ 550,519	\$ 3,112	\$ 1,379,707
Receivables, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepays	-	-	-	-	-
	<u>768,097</u>	<u>535,791</u>	<u>550,519</u>	<u>3,112</u>	<u>1,379,707</u>
Total assets	<u>\$ 768,097</u>	<u>\$ 535,791</u>	<u>\$ 550,519</u>	<u>\$ 3,112</u>	<u>\$ 1,379,707</u>
LIABILITIES					
Accounts payable and other liabilities	\$ -	\$ -	\$ 88,775	\$ -	\$ 186,751
Accrued salaries	-	-	-	-	-
Due to other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>88,775</u>	<u>-</u>	<u>186,751</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>88,775</u>	<u>-</u>	<u>186,751</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Public safety	-	-	-	3,112	-
Capital projects	768,097	535,791	461,744	-	1,192,956
Unassigned	-	-	-	-	-
	<u>768,097</u>	<u>535,791</u>	<u>461,744</u>	<u>3,112</u>	<u>1,192,956</u>
Total fund balances	<u>768,097</u>	<u>535,791</u>	<u>461,744</u>	<u>3,112</u>	<u>1,192,956</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 768,097</u>	<u>\$ 535,791</u>	<u>\$ 550,519</u>	<u>\$ 3,112</u>	<u>\$ 1,379,707</u>

Fire Dept. Capital Impr. Fund	Grant Fund	Other Special Revenue Fund	Total Nonmajor Governmental Funds
\$ 77,563	\$ -	\$ 121,298	\$ 3,436,087
-	15,947	5,168	21,115
-	111,518	-	111,518
-	1,000	-	1,000
<u>\$ 77,563</u>	<u>\$ 128,465</u>	<u>\$ 126,466</u>	<u>\$ 3,569,720</u>
\$ 2,543	\$ 3,751	\$ -	\$ 281,820
-	1,940	-	1,940
-	121,336	-	121,336
<u>2,543</u>	<u>127,027</u>	<u>-</u>	<u>405,096</u>
-	112,956	-	112,956
-	112,956	-	112,956
-	1,000	-	1,000
75,020	-	126,466	204,598
-	-	-	2,958,588
-	(112,518)	-	(112,518)
<u>75,020</u>	<u>(111,518)</u>	<u>126,466</u>	<u>3,051,668</u>
<u>\$ 77,563</u>	<u>\$ 128,465</u>	<u>\$ 126,466</u>	<u>\$ 3,569,720</u>

City of Anna, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2019

	Roadway Impact Fee SVC Area 1	Roadway Impact Fee SVC Area 2	Road Capital Dev. Agr. Fund	Police Seizure Fund	Park Development Fund
REVENUES					
Charges for services	\$ 331,328	\$ 297,145	\$ -	\$ -	\$ 900,150
Investment income	14,274	8,015	10,799	198	23,689
Other revenue	-	-	-	2,400	15,494
Total revenues	345,602	305,160	10,799	2,598	939,333
EXPENDITURES					
Current:					
Culture and recreation	-	-	-	-	46,091
Public safety	-	-	-	10,110	-
Public works	4,142	5,808	-	-	-
Capital outlay	-	-	-	2,400	403,103
Total expenditures	4,142	5,808	-	12,510	449,194
Excess (deficiency) of revenues over (under) expenditures	341,460	299,352	10,799	(9,912)	490,139
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(88,115)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	3,608	-
Total other financing (uses)	(88,115)	-	-	3,608	-
Net change in fund balances	253,345	299,352	10,799	(6,304)	490,139
Fund balances, beginning of year	514,752	236,439	450,945	9,416	702,817
FUND BALANCES, END OF YEAR	\$ 768,097	\$ 535,791	\$ 461,744	\$ 3,112	\$ 1,192,956

Fire Dept. Capital Impr. Fund	Grant Fund	Other Special Revenue Fund	Total Nonmajor Governmental Funds
\$ 38,400	\$ -	\$ -	\$ 1,567,023
1,392	-	2,350	60,717
-	82,328	24,489	124,711
<u>39,792</u>	<u>82,328</u>	<u>26,839</u>	<u>1,752,451</u>
-	-	-	46,091
7,906	118,696	10,318	147,030
-	-	-	9,950
<u>9,568</u>	<u>111,518</u>	<u>-</u>	<u>526,589</u>
<u>17,474</u>	<u>230,214</u>	<u>10,318</u>	<u>729,660</u>
22,318	(147,886)	16,521	1,022,791
-	33,522	-	33,522
-	-	-	(88,115)
-	-	-	3,608
<u>-</u>	<u>33,522</u>	<u>-</u>	<u>(50,985)</u>
22,318	(114,364)	16,521	971,806
<u>52,702</u>	<u>2,846</u>	<u>109,945</u>	<u>2,079,862</u>
<u>\$ 75,020</u>	<u>\$ (111,518)</u>	<u>\$ 126,466</u>	<u>\$ 3,051,668</u>

City of Anna, Texas
 Balance Sheet
 Community Development Corporation
 September 30, 2019

	Anna Community Development Corporation
ASSETS	
Cash and cash equivalents	\$ 755,946
Receivables, net	<u>279,769</u>
TOTAL ASSETS	<u>\$ 1,035,715</u>
LIABILITIES	
Accounts payable	\$ 13,857
Accrued salaries	<u>1,817</u>
Total liabilities	15,674
DEFERRED INFLOWS OF RESOURCES	
Local business loans	<u>41,310</u>
Total deferred inflows of resources	41,310
FUND BALANCES	
Restricted for:	
Community Development	<u>978,731</u>
Total fund balances	<u>978,731</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,035,715</u>

City of Anna, Texas

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
Community Development Corporation
September 30, 2019

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 978,731
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,757,904
The following deferred outflows of resources and deferred inflows of resources are not reported in governmental funds:	
Deferred outflows of resources - OPEB	89
Deferred outflows of resources - pension	8,640
Deferred inflows of resources - OPEB	(79)
Deferred inflows of resources - pension	(1,439)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities consist of:	
Sales tax revenue bonds	(3,085,000)
Accrued interest	(14,252)
Total OPEB liability	(578)
Net pension liability	(13,030)
Unavailable revenues are removed for the statement of net position.	<u>41,310</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 672,296</u></u>

City of Anna, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances
Community Development Corporation
For the Year Ended September 30, 2019

	Anna Community Development Corporation
REVENUES	
Sales taxes	\$ 1,101,253
Investment income	12,591
	<hr/>
Total revenues	1,113,844
EXPENDITURES	
Current:	
Community and economic development	547,081
Debt service:	
Principal retirement	210,000
Interest and fiscal charges	116,883
	<hr/>
Total expenditures	873,964
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	239,880
	<hr/>
Net change in fund balances	239,880
	<hr/>
Fund balance, beginning of year	738,851
	<hr/>
Fund balance, end of year	\$ 978,731
	<hr/> <hr/>

City of Anna, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Community Development Corporation
For the Year Ended September 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 239,880

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

Current year long-term debt principal payments on tax notes payable are expenditures
in the fund financial statements but are shown as reductions in long-term debt in the
government-wide financial statements. 210,000

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.

Decrease in accrued interest:	716
Decrease in accrued compensated absences:	2,114
Increase in net pension liability:	(5,829)
Increase in total OPEB liability:	(568)
	<hr/>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 446,313

City of Anna, Texas
 Balance Sheet
 Economic Development Corporation
 September 30, 2019

	Anna Economic Development Corporation
ASSETS	
Cash and cash equivalents	\$ 591,617
Receivables, net	<u>89,476</u>
TOTAL ASSETS	<u>\$ 681,093</u>
LIABILITIES	
Accounts payable	<u>\$ 3,370</u>
Total liabilities	3,370
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue:	
Local business loans	<u>89,027</u>
Total deferred inflows of resources	89,027
FUND BALANCES	
Restricted for:	
Economic Development	<u>588,696</u>
Total fund balances	<u>588,696</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 681,093</u>

City of Anna, Texas

Reconciliation of Governmental Fund Balance Sheet
to the Statement of Net Position
Economic Development Corporation
September 30, 2019

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 588,696
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	337,184
Unavailable revenues are not included in the government-wide financial statements.	<u>89,027</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,014,907</u></u>

City of Anna, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance Economic Development Corporation For the Year Ended September 30, 2019

	Anna Economic Development Corporation
REVENUES	
Charges for services	\$ 17,045
Investment income	4,669
Miscellaneous income	27,900
	<hr/>
Total revenues	49,614
EXPENDITURES	
Current:	
Community and economic development	50,966
	<hr/>
Total expenditures	50,966
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(1,352)
Other Financing Sources (Uses)	
Proceeds from the sale of capital assets	378,493
	<hr/>
Total other financing sources (uses)	378,493
	<hr/>
Net change in fund balances	377,141
Fund balance, beginning of year	211,555
	<hr/>
Fund balance, end of year	\$ 588,696
	<hr/> <hr/>

City of Anna, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of the Governmental Fund to the Statement of Activities
Economic Development Corporation
For the Year Ended September 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 377,141
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources	(19,717)
In the governmental fund financial statements, the proceeds from sale of assets are shown as an increase in financial resources. However, in the statement of activities, a loss from the transaction is reported	(6,568)
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 revenue from the prior year	<u>(2,900)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 347,956</u></u>

City of Anna, Texas

Schedule of Revenues, Expenditures, and Changes
 In Fund Balances – Budget and Actual
 Community Development Corporation
 For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
REVENUES				
Sales and use tax	\$ 898,227	\$ 898,227	\$ 1,101,253	\$ 203,026
Investment income	2,474	2,474	12,591	10,117
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	900,701	900,701	1,113,844	213,143
EXPENDITURES				
Current:				
Community and economic development	573,818	594,131	547,081	47,050
Debt Service:				
Principal retirement	210,000	210,000	210,000	-
Interest and fiscal charges	116,883	116,883	116,883	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	900,701	921,014	873,964	47,050
Excess (deficiency) of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	-	(20,313)	239,880	260,193
Net change in fund balance	-	(20,313)	239,880	260,193
Fund balances, beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
	738,851	738,851	738,851	-
FUND BALANCES, END OF YEAR	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 738,851	\$ 718,538	\$ 978,731	\$ 260,193

Notes to Required Supplementary Information

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

City of Anna, Texas

Statement of Revenues, Expenditures, and Changes
 In Fund Balances – Budget and Actual
 Economic Development Corporation
 For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
REVENUES				
Charges for services - rentals	\$ 23,952	\$ 23,952	\$ 17,045	\$ (6,907)
Investment income	660	660	4,669	4,009
Other income	30,612	30,612	27,900	(2,712)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	55,224	55,224	49,614	(5,610)
EXPENDITURES				
Current:				
Community and economic development	80,250	100,263	50,966	49,297
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	80,250	100,263	50,966	49,297
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(25,026)	(45,039)	(1,352)	43,687
Other Financing Sources (Uses)				
Proceeds on the sale of capital assets	-	-	378,493	378,493
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	378,493	378,493
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(25,026)	(45,039)	377,141	422,180
Fund balances, beginning of year	211,555	211,555	211,555	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	<u>\$ 186,529</u>	<u>\$ 166,516</u>	<u>\$ 588,696</u>	<u>\$ 422,180</u>

Notes to Required Supplementary Information

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

City of Anna, Texas

Statement of Revenues, Expenditures, and Changes

In Fund Balances – Budget and Actual

Debt Service Fund

For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
REVENUES				
Property taxes	\$ 1,819,909	\$ 1,819,909	\$ 1,842,459	\$ 22,550
Investment income	8,000	8,000	13,820	5,820
Total revenues	<u>1,827,909</u>	<u>1,827,909</u>	<u>1,856,279</u>	<u>28,370</u>
EXPENDITURES				
Principal retirement	371,000	371,000	371,000	-
Interest and fiscal charges	<u>1,678,417</u>	<u>1,678,417</u>	<u>1,677,209</u>	<u>1,208</u>
Total expenditures	<u>2,049,417</u>	<u>2,049,417</u>	<u>2,048,209</u>	<u>1,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(221,508)</u>	<u>(221,508)</u>	<u>(191,930)</u>	<u>29,578</u>
Net change in fund balances	(221,508)	(221,508)	(191,930)	29,578
Fund balances, beginning of year	<u>281,807</u>	<u>281,807</u>	<u>281,807</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 60,299</u>	<u>\$ 60,299</u>	<u>\$ 89,877</u>	<u>\$ 29,578</u>

THE CITY OF
Anna

Agency Funds

PID Agency Fund

To account for bond proceeds, assessments, and related debt associated with bonds issued by the City as an agent for the Hurricane Creek public improvement district.

City of Anna, Texas

Statement of Changes in Assets and Liabilities

PID Agency Fund

For the Year Ended September 30, 2019

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at End of Year</u>
ASSETS				
Restricted cash and cash equivalents	\$ -	\$ 2,108,200	\$ 308,980	\$ 1,799,220
Total assets	<u>\$ -</u>	<u>\$ 2,108,200</u>	<u>\$ 308,980</u>	<u>\$ 1,799,220</u>
LIABILITIES				
Liability to bond holders	\$ -	\$ 2,108,200	\$ 308,980	\$ 1,799,220
Total liabilities	<u>\$ -</u>	<u>\$ 2,108,200</u>	<u>\$ 308,980</u>	<u>\$ 1,799,220</u>

THE CITY OF
Anna

Statistical Section

THE CITY OF
Anna

Statistical Section (Unaudited)

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the City's overall financial health.

Tables

Financial Trends

1, 2, 3 & 4

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

5, 6, 7 & 8

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity

9, 10, 11 & 12

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

13 & 14

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

15, 16 & 17

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Anna, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Table 1

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 33,525,898	\$ 29,892,142	\$ 20,398,968	\$ 13,466,866	\$ 13,288,789	\$ 12,463,939	\$ 11,698,639	\$ 10,749,210	\$ 11,048,398	\$ 10,763,659
Restricted	10,681,098	469,607	1,489,057	1,550,067	1,781,301	1,265,399	983,464	444,340	156,274	206,256
Unrestricted	6,211,056	5,793,809	3,844,285	3,052,331	2,073,139	2,272,911	2,427,826	2,338,621	2,636,598	2,611,930
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$ 50,418,052	\$ 36,155,558	\$ 25,732,310	\$ 18,069,264	\$ 17,143,229	\$ 16,002,249	\$ 15,109,929	\$ 13,532,171	\$ 13,841,270	\$ 13,581,845
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 28,632,597	\$ 25,064,065	\$ 17,356,378	\$ 12,878,858	\$ 9,150,846	\$ 7,161,432	\$ 9,228,796	\$ 11,584,537	\$ 11,657,252	\$ 10,990,672
Restricted	9,638,637	6,761,991	6,407,402	7,349,941	10,029,856	11,632,410	8,358,837	3,809,923	3,260,968	3,125,129
Unrestricted (deficit)	3,364,464	2,855,207	2,930,232	762,189	595,738	642,688	1,470,698	1,233,119	1,352,162	485,641
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	\$ 41,635,698	\$ 34,681,263	\$ 26,694,012	\$ 20,990,988	\$ 19,776,440	\$ 19,436,530	\$ 19,058,331	\$ 16,627,579	\$ 16,270,382	\$ 14,601,442
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 62,158,495	\$ 54,956,207	\$ 37,755,346	\$ 26,345,724	\$ 22,439,635	\$ 19,625,371	\$ 20,927,435	\$ 22,333,747	\$ 22,705,650	\$ 21,754,331
Restricted	20,319,735	7,231,598	7,896,459	8,900,008	11,811,157	12,897,809	9,342,301	4,254,263	3,417,242	3,331,385
Unrestricted	9,575,520	8,649,016	6,774,517	3,814,520	2,668,877	2,915,599	3,898,524	3,571,740	3,988,760	3,097,571
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 92,053,750	\$ 70,836,821	\$ 52,426,322	\$ 39,060,252	\$ 36,919,669	\$ 35,438,779	\$ 34,168,260	\$ 30,159,750	\$ 30,111,652	\$ 28,183,287

Source: Comprehensive Annual Financial Report

City of Anna, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Table 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
EXPENSES										
Governmental activities:										
General government	\$ 1,954,083	\$ 1,758,159	\$ 1,405,085	\$ 1,393,256	\$ 1,058,719	\$ 963,243	\$ 885,833	\$ 1,047,147	\$ 979,107	\$ 1,091,501
Culture and recreation	877,455	799,378	665,430	584,676	573,249	432,133	303,607	290,907	264,779	200,431
Community services	1,289,798	810,369	904,227	690,842	558,541	619,465	560,983	530,649	412,775	274,589
Public safety	3,972,445	3,730,871	3,062,333	2,727,997	2,511,931	2,272,660	2,278,515	1,841,980	1,802,720	1,563,583
Public works	4,113,592	2,013,096	1,502,775	1,261,514	1,053,123	954,932	940,941	888,763	853,980	880,894
Interest on long-term debt	2,420,375	670,789	132,433	174,446	316,079	258,663	270,057	196,169	208,551	220,033
Total governmental activities expenses	14,627,748	9,782,662	7,672,283	6,832,731	6,071,642	5,501,096	5,239,936	4,795,615	4,521,912	4,231,031
Business-type activities:										
Water and sewer	11,664,343	8,893,526	7,443,593	7,371,352	6,487,099	5,453,831	5,307,272	4,928,084	4,400,065	4,261,246
Total business-type activities expenses	11,664,343	8,893,526	7,443,593	7,371,352	6,487,099	5,453,831	5,307,272	4,928,084	4,400,065	4,261,246
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 26,292,091	\$ 18,676,188	\$ 15,115,876	\$ 14,204,083	\$ 12,558,741	\$ 10,954,927	\$ 10,547,208	\$ 9,723,699	\$ 8,921,977	\$ 8,492,277
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 236,673	\$ 90,890	\$ 136,465	\$ 48,181	\$ 30,000	\$ 30,000	\$ 20,839	\$ 97,951	\$ 99,065	\$ 130,824
Culture and recreation	900,150	315,933	553,511	117,990	63,265	71,905	63,421	10,295	9,798	5,014
Public safety	16,995	94,244	49,950	768,988	218,973	183,533	194,379	69,200	84,134	4,542
Public works	666,873	641,119	382,390	129,914	-	-	-	-	-	-
Community services	1,314,178	873,397	1,173,516	236,694	748,212	772,501	839,349	743,906	278,051	126,728
Operating grants and contributions	182,943	4,225	351,482	333,948	15,053	11,525	10,531	76,729	52,548	182,847
Capital grants and contributions	15,179,885	9,338,204	6,489,958	-	1,417,514	783,182	2,665,841	382,003	648,296	889,152
Total governmental activities program revenues	18,497,697	11,358,012	9,137,272	1,635,715	2,493,017	1,852,646	3,794,360	1,380,084	1,171,892	1,339,107
Business-type activities:										
Charges for services:										
Water and sewer	9,021,096	11,416,192	9,805,662	7,523,193	6,194,327	5,980,176	5,573,401	4,880,931	4,329,000	3,653,989
Capital grants and contributions	8,244,205	5,348,481	3,298,737	776,416	755,508	486,155	484,704	-	1,233,559	-
Total business-type activities program revenues	17,265,301	16,764,673	13,104,399	8,299,609	6,949,835	6,466,331	6,058,105	4,880,931	5,562,559	3,653,989
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 35,762,998	\$ 28,122,685	\$ 22,241,671	\$ 9,935,324	\$ 9,442,852	\$ 8,318,977	\$ 9,852,465	\$ 6,261,015	\$ 6,734,451	\$ 4,993,096

Source: Comprehensive Annual Financial Report

City of Anna, Texas
Changes in Net Position – Continued
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Table 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ 3,869,949	\$ 1,575,350	\$ 1,464,989	\$ (5,197,016)	\$ (3,578,625)	\$ (3,648,450)	\$ (1,445,576)	\$ (3,415,531)	\$ (3,350,020)	\$ (2,891,924)
Business-type activities	5,600,958	7,871,147	5,660,806	928,257	462,736	1,012,500	750,833	(47,153)	1,162,494	(607,257)
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ 9,470,907</u>	<u>\$ 9,446,497</u>	<u>\$ 7,125,795</u>	<u>\$ (4,268,759)</u>	<u>\$ (3,115,889)</u>	<u>\$ (2,635,950)</u>	<u>\$ (694,743)</u>	<u>\$ (3,462,684)</u>	<u>\$ (2,187,526)</u>	<u>\$ (3,499,181)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,728,848	\$ 5,579,490	\$ 4,619,461	\$ 3,973,028	\$ 3,322,054	\$ 2,807,140	\$ 2,483,857	\$ 2,392,504	\$ 2,418,445	\$ 2,407,914
Sales taxes	1,835,421	1,502,079	1,203,749	1,542,309	1,473,097	1,350,896	1,149,297	522,840	537,544	438,071
Franchise taxes	612,332	573,517	505,571	447,498	450,799	416,175	353,482	363,970	333,936	358,732
Investment earnings	1,044,444	327,200	26,199	31,816	23,685	22,295	39,256	25,939	26,484	15,981
Gain on sale of capital assets	135,910	276,970	-	-	39,160	11,960	-	3,339	-	-
Miscellaneous	84,132	314,750	241,719	166,773	316,688	140,596	39,399	162,422	135,518	56,029
Intergovernmental	-	142,273	-	-	-	-	-	-	-	-
Transfers	(48,542)	159,500	-	108,556	(649)	279,707	(1,489,156)	(364,582)	(59,138)	(366,799)
Total governmental activities	10,392,545	8,875,779	6,596,699	6,269,980	5,624,834	5,028,769	2,576,135	3,106,432	3,392,789	2,909,928
Business-type activities:										
Investment earnings	276,200	136,261	63,607	69,608	77,064	73,451	34,636	34,450	51,375	48,480
Gain on sale of capital assets	-	-	-	-	-	-	-	5,318	-	-
Miscellaneous	1,028,735	148,148	69,610	29,193	-	-	156,127	-	185,569	88,842
Transfers	48,542	(159,500)	-	(108,556)	649	(279,707)	1,489,156	364,582	59,138	366,799
Total business-type activities	1,353,477	124,909	133,217	(9,755)	77,713	(206,256)	1,679,919	404,350	296,082	504,121
TOTAL PRIMARY GOVERNMENT	<u>\$ 11,746,022</u>	<u>\$ 9,000,688</u>	<u>\$ 6,729,916</u>	<u>\$ 6,260,225</u>	<u>\$ 5,702,547</u>	<u>\$ 4,822,513</u>	<u>\$ 4,256,054</u>	<u>\$ 3,510,782</u>	<u>\$ 3,688,871</u>	<u>\$ 3,414,049</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 14,262,494	\$ 10,451,129	\$ 8,061,688	\$ 1,072,964	\$ 2,046,209	\$ 1,380,319	\$ 1,130,559	\$ (309,099)	\$ 42,769	\$ 18,004
Business-type activities	6,954,435	7,996,056	5,794,023	918,502	540,449	806,244	2,430,752	357,197	1,458,576	(103,136)
TOTAL PRIMARY GOVERNMENT	<u>\$ 21,216,929</u>	<u>\$ 18,447,185</u>	<u>\$ 13,855,711</u>	<u>\$ 1,991,466</u>	<u>\$ 2,586,658</u>	<u>\$ 2,186,563</u>	<u>\$ 3,561,311</u>	<u>\$ 48,098</u>	<u>\$ 1,501,345</u>	<u>\$ (85,132)</u>

Source: Comprehensive Annual Financial Report

City of Anna, Texas

Fund Balances of Governmental Funds Last Ten Fiscal Years (Unaudited) (modified accrual basis of accounting)

Table 3

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GENERAL FUND										
Nonspendable	\$ 7,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	13,133	12,891	12,768	19,580	523,192	394,002	232,160	356,686	156,274	206,256
Committed	215,932	215,932	740,768	185,788	157,476	161,510	558,127	110,894	-	-
Assigned	-	-	-	-	-	144,175	-	-	52,383	-
Unassigned	5,705,117	4,484,943	3,741,504	3,114,627	2,617,940	2,351,029	1,830,457	2,178,670	2,097,832	2,016,980
TOTAL GENERAL FUND	\$ 5,941,424	\$ 4,713,766	\$ 4,495,040	\$ 3,319,995	\$ 3,298,608	\$ 3,050,716	\$ 2,620,744	\$ 2,646,250	\$ 2,306,489	\$ 2,223,236
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 35,642	\$ 88,353	\$ -	\$ -	\$ -
Restricted	40,214,505	35,295,317	1,476,290	2,284,212	1,100,633	871,397	662,951	87,654	315,321	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(112,518)	-	(7,694)	(574,937)	(203,139)	(371,273)	(87,717)	-	-	241,216
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 40,102,987	\$ 35,295,317	\$ 1,468,596	\$ 1,709,275	\$ 897,494	\$ 535,766	\$ 663,587	\$ 87,654	\$ 315,321	\$ 241,216

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Source: Comprehensive Annual Financial Report

City of Anna, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Table 4

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUES										
Taxes	\$ 9,166,995	\$ 7,592,708	\$ 6,338,940	\$ 5,965,724	\$ 5,241,413	\$ 4,571,535	\$ 3,999,758	\$ 3,282,978	\$ 3,276,278	\$ 3,194,899
Licenses, permits, and fees	1,331,173	824,186	1,115,294	711,462	748,212	772,501	839,349	743,906	278,051	126,728
Charges for services	1,716,265	1,113,856	1,106,620	-	158,491	166,242	139,646	82,834	93,932	9,556
Fines and forfeitures	87,431	77,541	73,918	84,360	115,027	100,055	133,018	98,446	87,877	122,947
Intergovernmental	93,190	142,273	185,392	287,614	114,200	106,600	1,463,430	126,900	91,400	51,650
Investment earnings	1,044,444	327,200	26,199	31,816	23,685	22,295	39,256	25,939	26,484	15,981
Other revenues	166,460	314,750	117,932	1,164,183	126,393	122,579	74,738	35,522	44,119	56,029
Contributions	9,823,637	4,225	351,482	-	135,949	29,085	674,398	458,732	290,908	747,733
Total revenues	23,429,595	10,396,739	9,315,777	8,245,159	6,663,370	5,890,892	7,363,593	4,855,257	4,189,049	4,325,523
EXPENDITURES										
Current:										
General government	1,918,254	1,553,102	1,339,668	1,507,324	1,181,679	1,048,004	967,299	985,070	957,021	950,697
Culture and recreation	518,696	473,477	332,249	268,538	246,808	196,502	120,030	116,883	101,444	61,852
Community development	1,286,794	809,682	902,552	689,308	896,419	1,001,631	737,119	529,080	411,206	271,639
Public safety	3,721,752	3,649,049	2,842,470	2,509,795	2,182,617	1,951,681	1,964,502	1,669,196	1,612,809	1,451,188
Public works	2,166,360	541,968	463,780	539,049	200,188	170,830	201,294	163,518	155,894	203,484
Debt service:										
Principal retirement	426,851	342,000	328,000	779,842	466,776	415,662	430,877	327,914	323,737	298,576
Interest and fiscal changes	2,589,974	71,273	97,376	182,942	200,331	259,080	271,485	204,552	200,071	232,044
Bond issuance costs	-	443,009	-	-	38,350	-	-	-	-	-
Capital outlay	5,414,720	1,771,045	565,974	1,094,445	755,535	837,018	2,917,945	382,368	610,853	938,213
Total expenditures	18,043,401	9,654,605	6,872,069	7,571,243	6,168,703	5,880,408	7,610,551	4,378,581	4,373,035	4,407,693
Excess of revenues over (under) expenditures	5,386,194	742,134	2,443,708	673,916	494,667	10,484	(246,958)	476,676	(183,986)	(82,170)
OTHER FINANCING SOURCES (USES)										
Transfers in	121,637	1,455,713	585,209	298,419	335,134	316,507	1,755,532	213,753	107,636	186,338
Transfers (out)	(170,179)	(1,296,213)	(585,209)	(189,863)	(335,783)	(36,800)	(3,244,688)	(578,335)	(166,774)	(553,138)
Sale of capital assets	212,608	700,082	34,974	17,054	65,000	11,960	-	-	-	-
Debt issuance	-	31,795,000	(23,350)	-	1,462,000	-	-	-	360,000	-
Premium on debt issuance	-	1,601,891	850,000	-	-	-	-	-	-	-
Lease issuance	485,068	-	-	-	-	-	-	-	-	70,578
Payments to escrow agent	-	(953,160)	(820,899)	-	(1,411,398)	-	-	-	-	-
Total other financing sources (uses)	649,134	33,303,313	40,725	125,610	114,953	291,667	(1,489,156)	(364,582)	300,862	(296,222)
NET CHANGE IN FUND BALANCE	\$ 6,035,328	\$ 34,045,447	\$ 2,484,433	\$ 799,526	\$ 609,620	\$ 302,151	\$ (1,736,114)	\$ 112,094	\$ 116,876	\$ (378,392)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	23.9%	5.2%	6.7%	14.9%	12.3%	13.4%	15.0%	13.3%	13.9%	15.3%

Source: Comprehensive Annual Financial Report

City of Anna, Texas

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Table 5

Fiscal Year	Estimated Market Value		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2010	\$ 452,408,378	\$ 14,428,711	\$ 82,726,997	\$ 384,110,092	0.62273
2011	426,150,871	14,570,908	75,476,975	365,244,804	0.65033
2012	446,019,189	14,755,531	95,551,181	365,223,539	0.65033
2013	457,390,078	16,753,543	97,610,313	376,533,308	0.65033
2014	514,337,648	21,674,172	105,177,246	430,834,574	0.65033
2015	649,209,461	22,743,852	161,376,609	510,576,704	0.64900
2016	817,578,552	27,290,010	236,173,968	608,694,594	0.63900
2017	941,525,839	32,134,958	247,017,901	726,642,896	0.62900
2018	1,173,598,307	40,865,863	303,651,595	910,812,575	0.60129
2019	1,440,753,873	51,949,576	352,310,696	1,140,392,753	0.59129

Source: Collin County Appraisal District

City of Anna, Texas

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (Unaudited)

Table 6

Fiscal Year	City Direct Rates			Overlapping Rates			
	Operating	Debt Service	Total Direct Rate	Anna Independent School District	Collin County	Collin County Community College District	Total Rate
2010	0.52994	0.09280	0.622739	1.540050	0.242500	0.086300	1.86885
2011	0.55423	0.09611	0.650332	1.540000	0.240000	0.086300	1.86630
2012	0.55938	0.09097	0.650341	1.540000	0.240000	0.086300	1.86630
2013	0.55937	0.09097	0.650332	1.540000	0.240000	0.086299	1.86630
2014	0.55937	0.09097	0.650332	1.540000	0.237500	0.083643	1.86114
2015	0.54583	0.10317	0.649000	1.540000	0.235000	0.081960	1.85696
2016	0.53234	0.10666	0.639000	1.670000	0.225000	0.081960	1.97696
2017	0.50658	0.12242	0.629000	1.670000	0.208395	0.081222	1.95962
2018	0.47887	0.12242	0.601288	1.670000	0.192246	0.798100	2.66035
2019	0.42812	0.16317	0.591288	1.670000	0.180785	0.081222	1.93201

Source: Collin County Central Appraisal District

Note: The entire City was located in Collin County and within the Anna Independent School District.

City of Anna, Texas

Principal Property Tax Payers

Current and Nine Years Ago (Unaudited)

Table 7

Taxpayer	2019		Taxpayer	2010	
	Taxable Assessed Valuation	Percentage of Total City Assessed Valuation		Taxable Assessed Value	Percentage of Total City Assessed Valuation
Wal-Mart Real Estate Business Trust	\$ 20,460,245	1.56%	Brookshire Grocery Company	\$ 7,401,924	2.14%
Lennar Homes of Texas	14,492,890	1.11%	Anna Eagle Retail LP	3,324,119	0.96%
Bloomfield Homes LP	12,505,748	0.95%	Anna West/2004 Ltd.	2,833,748	0.82%
LGI Homes Texas LLC	10,847,605	0.83%	Aahi-Antoninne LLC	2,800,000	0.81%
Wal-Mart Stores Texas LLC	10,377,449	0.79%	Anna Commerical Partners LLC	2,458,662	0.71%
RR LI Enterprise LP	6,149,225	0.47%	UDF Northpointe II LP	2,275,151	0.66%
Anna Crossing Phase VII LNRD Ltd.	5,585,135	0.43%	Hwy 75/Anna Property LP	2,036,553	0.59%
DR Horton - Texas Ltd.	5,510,287	0.42%	Bronco MFC Machine Shop	1,964,189	0.57%
Palladium Anna Ltd.	5,044,222	0.38%	Love's Country Stores Inc.	1,932,557	0.56%
Burnco Texas LLC	4,878,913	0.37%	First National Bank of Van Alstyne	1,867,631	0.54%
Total	95,851,719	7.31%		28,894,534	8.36%

Source: Collin County Tax Collector

Notes: ^aTaxpayers are assessed on January 1, 2018 (2018 tax year) for the 2019 fiscal year.

^bTaxpayers are assessed on January 1, 2009 (2009 tax year) for the 2010 fiscal year.

City of Anna, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Table 8

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Tax Levy</u>		<u>Amount</u>	<u>Percentage of Tax Levy</u>
2010	\$ 2,354,795	\$ 2,310,499	98.1%	\$ 42,875	\$ 2,353,374	99.9%
2011	2,377,408	2,330,562	98.0%	44,562	2,375,124	99.9%
2012	2,365,624	2,314,801	97.9%	47,482	2,362,283	99.9%
2013	2,483,972	2,420,674	97.5%	58,076	2,478,750	99.8%
2014	2,851,672	2,771,670	97.2%	67,311	2,838,981	99.6%
2015	3,373,239	3,290,905	97.6%	67,134	3,358,039	99.5%
2016	3,966,064	3,881,905	97.9%	68,059	3,949,964	99.6%
2017	4,606,565	4,541,224	98.6%	45,590	4,586,814	99.6%
2018	5,495,607	5,348,790	97.3%	14,529	5,363,319	97.6%
2019	6,772,700	6,569,608	97.0%	-	6,569,608	97.0%

Source: Collin County Tax Assessor

City of Anna, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (Unaudited)

Table 9

Fiscal Year	Governmental Activities				Business-type Activities		Business-type Activities (continued)			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation	Certificates of	Combination Tax & Revenue	Capital Lease	Waterworks & Sewer System	Combination Tax & Revenue	Contract Revenue	General Obligation	Capital Lease			
	Bonds	Obligation	Bonds & Certificates	Payable	Revenue Bonds	Bonds & Certificates	Bonds	Bonds	Payable			
2010	\$ 310,000	\$ 4,280,000	\$ -	\$ 228,916	\$ 19,500	\$ 4,140,000	\$ 15,746,250	\$ 29,000	\$ 63,372	\$ 24,817,038	N/A	3,064
2011	290,000	4,435,000	-	979,759	15,000	4,115,000	15,428,750	24,500	46,382	25,334,391	13.00%	3,052
2012	270,000	4,215,000	-	2,686,726	10,000	4,090,000	15,086,250	20,000	28,526	26,406,502	13.38%	3,078
2013	250,000	3,985,000	-	2,513,847	5,000	8,275,000	14,698,750	15,000	9,747	29,752,344	13.30%	3,179
2014	230,000	3,755,000	-	2,354,618	-	12,430,000	14,201,250	10,000	-	32,980,868	12.58%	3,187
2015	1,615,000	2,525,000	-	2,204,882	-	12,561,000	13,675,000	5,000	-	32,585,882	11.90%	2,968
2016	1,563,000	2,270,000	-	1,732,000	-	12,359,000	13,140,000	-	-	31,064,000	10.99%	2,744
2017	2,145,000	1,045,000	-	-	-	12,212,619	12,503,750	-	1,340,010	29,246,379	8.63%	2,360
2018	2,018,000	32,351,142	876,409	-	-	17,195,354	5,892,500	-	1,217,631	59,551,036	16.54%	4,350
2019	1,922,000	32,253,211	615,000	429,217	-	16,388,023	5,618,750	-	1,092,805	58,319,006	14.97%	3,885

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

City of Anna, Texas

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Table 10

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates of Obligation</u>	<u>Combination Tax & Revenue Bonds & Certificates³</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value¹ of Property</u>	<u>Per Capita²</u>
2010	\$ 310,000	\$ 4,280,000	\$ 4,140,000	\$ 8,730,000	0.0023%	1,078
2011	290,000	4,435,000	4,115,000	8,840,000	0.0024%	1,065
2012	270,000	4,215,000	4,090,000	8,575,000	0.0023%	999
2013	250,000	3,985,000	8,275,000	12,510,000	0.0033%	1,337
2014	230,000	3,755,000	12,430,000	16,415,000	0.0038%	1,586
2015	1,615,000	2,525,000	12,561,000	16,701,000	0.0033%	1,521
2016	1,563,000	2,270,000	12,359,000	16,192,000	0.0027%	1,430
2017	2,145,000	1,045,000	12,212,619	15,402,619	0.0021%	1,243
2018	2,018,000	32,351,142	18,071,763	52,440,905	0.0058%	3,831
2019	1,922,000	32,253,211	17,003,023	51,178,234	0.0045%	3,410

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

¹See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics.

³Bonds are payable from levy and collection of a direct and continuing ad valorem tax and from a pledge of surplus revenues from water and sewer.

City of Anna, Texas

Direct and Overlapping Governmental Activities Debt
As of September 30, 2019 (Unaudited)

Table 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt repaid with property taxes:			
Collin County	\$ 392,565,000	0.65%	\$ 2,551,673
Collin College	239,445,000	0.65%	1,556,393
Anna ISD	141,445,024	77.42%	<u>109,506,738</u>
			113,614,803
Subtotal, overlapping debt			
City of Anna			<u>35,219,428</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 148,834,231</u></u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of Statistical. This process recognizes that, when considering the City's ability governments that is borne to issue and repay long-teim debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

¹For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Source: Net bonded debt and percentage of debt provided by Municipal Advisory of Texas

City of Anna, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years (Unaudited)

Table 12

Fiscal Year	Water Revenue Bonds					Times Coverage
	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue	Debt Service		
				Principal	Interest	
2010	\$ 3,791,310	\$ 2,498,178	\$ 1,293,132	\$ 336,000	\$ 787,293	1.15
2011	4,565,944	2,547,615	2,018,329	365,526	782,174	1.76
2012	4,920,699	2,899,257	2,021,442	416,826	906,240	1.53
2013	5,764,164	3,161,627	2,602,537	446,279	955,154	1.86
2014	6,053,627	3,151,655	2,901,972	542,247	1,054,947	1.82
2015	6,271,391	3,987,255	2,284,136	663,250	1,125,983	1.28
2016	8,371,878	5,137,343	3,234,535	742,000	1,056,647	1.80
2017	9,938,880	6,490,261	3,448,619	772,500	1,028,814	1.91
2018	11,700,601	6,146,505	5,554,096	1,015,628	912,272	2.88
2019	15,822,376	8,582,049	7,240,327	1,131,810	1,903,394	2.39

Note: ^aIncludes both operating and non-operating revenues.

^bIncludes operating expenses minus depreciation.

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

City of Anna, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)

Table 13

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income</u>	<u>Per Capita⁴ Personal Income</u>	<u>School Enrollment³</u>	<u>Unemployment Rate²</u>
2010	8,100	N/A	N/A	N/A	7.0%
2011	8,300	\$ 194,842,500	\$ 23,475	2,339	6.9%
2012	8,580	197,374,320	23,004	2,519	5.6%
2013	9,360	223,657,200	23,895	2,579	5.4%
2014	10,350	262,082,700	25,322	2,855	4.4%
2015	10,980	273,808,260	24,937	3,051	3.6%
2016	11,320	282,705,680	24,974	3,214	3.8%
2017	12,390	338,916,060	27,354	3,438	3.8%
2018	13,690	359,992,240	26,296	3,602	3.0%
2019	15,010	389,614,570	25,957	3,837	2.9%

Sources:

¹North Central Texas Council of Governments (NCTCOG)

²State Department of Labor and homefacts.com

³Anna Independent School District

⁴U. S. Census Bureau American Fact Finder & North Central Texas Council of Governments (NCTCOG)

Note:

The requirement is for 10 years worth of data. The City will present a full 10 year schedule as the information becomes available. Areas where information could not be obtained are listed as N/A.

City of Anna, Texas

Principal Employers

Current and Nine Years Ago (Unaudited)

Table 14

Employer	2019		Employer	2010	
	No. Employees	Percentage of Total City Employment		No. Employees	Percentage of Total City Employment
Anna ISD	543	39.46%	Anna ISD	N/A	N/A
Walmart	270	19.62%	Pate Rehab	N/A	N/A
Pate Rehab	162	11.77%	Brookshire's	N/A	N/A
City of Anna	104	7.56%	Bronco	N/A	N/A
Brookshire's	85	6.18%	Hurricane Creek Country Club	N/A	N/A
Bronco Manufacturing	51	3.71%	City of Anna	N/A	N/A
Hurricane Creek County Club	45	3.27%	KFC/Taco Bell	N/A	N/A
Loves Travel Stop	45	3.27%	Crow's Country Café	N/A	N/A
McDonalds	40	2.91%	Mudpies and Lullabies	N/A	N/A
Tri-County Vet	31	2.25%	Highland Fire Protection	N/A	N/A
Total	<u>1,376</u>			<u>-</u>	

Source: ¹Top ten employers and employee count provided by Anna Economic Deveopment Corporation.

Note: Data not available for 2010 at the time of this publication. The City will present this information for future years' as the information becomes available.

City of Anna, Texas

Table 15

Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
FUNCTION/PROGRAM										
General Government and Administration	23.5	15.5	12.5	13.5	13.5	12.5	12.5	13.5	12.5	12.5
Public Safety	33.0	28.0	24.0	22.0	21.0	18.0	18.0	16.0	16.0	16.0
Public Works	6.0	8.0	7.0	7.0	4.0	1.0	1.0	1.0	1.0	1.0
Culture and Recreation	7.0	10.0	4.0	4.0	2.0	3.0	1.0	2.0	2.0	2.0
Water and Sewer	16.0	13.0	11.0	8.0	10.0	12.0	10.0	10.0	9.0	9.0
Community Development	8.0	4.0	4.0	3.0	3.0	3.0	2.0	2.0	3.0	3.0
Economic Development	2.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL ALL GOVERNMENT FUNDS	<u>95.5</u>	<u>79.5</u>	<u>63.0</u>	<u>58.0</u>	<u>54.0</u>	<u>50.0</u>	<u>45.0</u>	<u>45.0</u>	<u>44.0</u>	<u>44.0</u>

Source: Finance and Human Resources Department

City of Anna, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

Table 16

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FUNCTION/PROGRAM										
General government										
Building permits issued-residential	579	342	440	273	216	290	305	351	100	26
Building permits issued-commerical	12	11	11	4	1	5	-	13	15	10
Building inspections conducted	15,416	14,718	16,046	9,474	7,493	12,584	10,566	8,604	3,310	1,183
Public Safety										
Police:										
Physical arrests	357	428	337	311	309	208	197	187	164	119
Accidents	323	336	265	261	231	182	155	139	129	121
Traffic violations	2,421	3,153	2,404	3,962	4,235	3,491	2,539	3,694	2,342	2,069
Fire:										
Emergency responses	1,783	1,703	1,502	1,234	1,256	1,065	1,070	1,021	1,066	855
Fires extinguished	81	59	19	79	62	43	41	99	33	59
Inspections	186	284	132	115	107	79	77	55	34	37
Highways and streets										
Street resurfacing (miles)	2	1	0.4	1	-	-	-	-	-	-
Potholes repaired	1,100	1,250	940	3,900	1,600	-	-	-	-	-
Recreation										
Reservations issued	156	164	92	53	59	17	-	-	-	-
Waster and Sewer										
Number of Active Accounts	5,979	5,470	5,102	4,935	4,596	4,423	4,166	3,720	3,104	N/A
Average daily consumption (gallons) wells	1,122,943	1,097,062	1,018,025	1,007,258	1,115,682	1,061,013	772,487	1,200,000	1,093,365	N/A
Average daily consumption (gallons) NIMWD	1,025,503	679,857	679,857	355,970	-	-	-	-	-	-

Source: City departments

Note: Some data not available for 10 years at the time of this publication. The City will present this information for future years' as the information becomes available.

City of Anna, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

Table 17

FUNCTION	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	8	8	11	9	9	7	7	6	6	6
Number of fire stations	1	1	1	1	1	1	1	1	1	1
Streets and Grounds										
Streets (miles)	73.8	67.5	65	50	-	-	-	-	-	-
Streetlights	908	800	625	570	-	-	-	-	-	-
Traffic signals	4	4	3	1	-	-	-	-	-	-
Recreation										
Acreage	201.0	201	197.06	197.06	179.67	177.09	177.09	177.09	177.09	177.09
Playgrounds	3	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	6	6	6	7	7	7	7	5	5	5
Water and Sewer										
Water mains		69	55	55	-	-	-	-	-	-
Fire hydrants	862	804	570	570	-	-	-	-	-	-
Sanitary Sewer (miles)	67.9	62.4	50	50	-	-	-	-	-	-
Storage capacity (millions of gallons)	2.5	2.5	2.5	2.5	-	-	-	-	-	-
Wastewater										
Treatment capacity	9.1	9.1	9.1	9.1	-	-	-	-	-	-
Sanitary sewer (miles)	67.9	62.4	60	50	-	-	-	-	-	-
Storm sewers (miles)	59.9	57.4	55	50	-	-	-	-	-	-

Source: City Departments

Note: Some data not available for 10 years at the time of this publication. The City will present this information for future years' as the information becomes available.