

Building on a solid

FOUNDATION

Annual Comprehensive Financial Report

City of Anna, Texas



THE CITY OF
Anna

Fiscal year ended September 30, 2024

THE CITY OF
Anna

This Page Left Intentionally Blank

City of Anna, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2024

PREPARED BY

The Finance Department

THE CITY OF
Anna

This Page Left Intentionally Blank

Table of Contents

Introductory Section	v
Letter of Transmittal	vii
GFOA Certificate of Achievement	xi
Organizational Chart	xiii
Elected Officials and Management	xiv
Financial Section	1
Independent Auditor's Report	3
Management's Discussion and Analysis	7
Basic Financial Statements	19
Government-Wide Financial Statements	21
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements	27
Balance Sheet - Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	30
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Proprietary Fund Financial Statements	35
Statement of Net Position	36
Statement of Revenues, Expenses, and Changes in Net Position	38
Statement of Cash Flows	39
Fiduciary Fund Financial Statements	41
Statement of Fiduciary Net Position	42
Statement of Changes in Fiduciary Net Position	43
Notes to the Financial Statements	45
Required Supplementary Information	83
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	84
Schedule of Changes in the Net Pension Liability and Related Ratios - TMRS	85
Schedule of Employer Contributions to Pension Plan - TMRS	86
Schedule of Changes in Total OPEB Liability and Related Ratios - TMRS	87
Schedule of OPEB Contributions - TMRS	88

Table of Contents (Continued)

Combining and Individual Fund Financial Statements and Schedules	89
Special Revenue Funds Descriptions	90
Combining Balance Sheet - Nonmajor Governmental Funds	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	93
Balance Sheet - CDC	95
Reconciliation of the Balance Sheet to the Statement of Net Position - CDC	96
Statement of Revenues, Expenditures, and Changes in Fund Balance - CDC	97
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities - CDC	98
Balance Sheet - EDC	99
Reconciliation of the Balance Sheet to the Statement of Net Position - EDC	100
Statement of Revenues, Expenditures, and Changes in Fund Balances - EDC	101
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - EDC	102
Balance Sheet - HFC	103
Statement of Revenues, Expenditure, and Changes in Fund Balances - HFC	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual - CDC	105
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual - EDC	106
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual - Debt Service Fund	107
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual - Grant Fund	108
Statistical Section (Unaudited)	109
Financial Trends	111
01 - Net Position by Component	112
02 - Changes in Net Position	113
03 - Fund Balances, Governmental Funds	115
04 - Changes in Fund Balances of Governmental Funds	116
Revenue Capacity	117
05 - Assessed Value and Estimated Value of Taxable Property	118
06 - Direct and Overlapping Property Tax Rates	119
07 - Principal Property Taxpayers	120
08 - Property Tax Levies and Collections	121
Debt Capacity	123
09 - Ratios of Outstanding Debt by Type	124
10 - Ratio of General Bonded Debt Outstanding	125
11 - Direct and Overlapping Governmental Activities Debt	126
12 - Pledged-Revenue Coverage	127

Table of Contents (Continued)

Demographic and Economic Information	129
13 - Demographic and Economic Statistics	130
14 - Principal Employers	131
Operating Information	133
15 - Full-Time Equivalent City Government Employees by Function/Program	134
16 - Operating Indicators by Function/Program	135
17 - Capital Assets Statistics by Function/Program	136

THE CITY OF
Anna

This Page Left Intentionally Blank

Introductory Section

THE CITY OF
Anna

This Page Left Intentionally Blank



Letter of Transmittal

June 24, 2025

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

The Annual Comprehensive Financial Report (ACFR) of the City of Anna, Texas, for the fiscal year ended September 30, 2024, including the independent auditor's report, is hereby submitted in accordance with the provisions of Section 7.18, Independent Audit of the City Charter. State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted audited standards by an independent firm of licensed public accountants. This report is published to fulfill those requirements for the fiscal year ended September 30, 2024.

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 Forvis Mazars, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Anna, incorporated in 1913, is located in north central Collin County on U.S. 75, State Highway 5, and State Highway 121, about 40 miles north of Dallas, and is one of the fastest growing cities in the Dallas/Fort Worth Metroplex. The city currently occupies a land area of approximately 15.6 square miles and services approximately 27,823 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(s). 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, community development corporation, and housing finance 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. For the fiscal year ended September 30, 2024, the city had 190 budgeted full-time equivalent positions.

Financial Information

City Management 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.

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.

City Council is required to adopt an annual operating budget for the ensuing fiscal year. 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 maintains current service levels and new requests separately to the City Manager. The City Manager and Budget Manager then use these requests as the starting point for developing a proposed budget. The City Manager and Budget Manager then present a proposed budget to the Council for review no later than August 15. The Council is required to hold a public hearing on the proposed budget and to adopt the final budget no later than September 20.

The appropriated budget is prepared by fund and department (e.g., police). Transfers between funds must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council. Expenditures within each fund will remain within each department's original appropriation unless a budget adjustment is approved by the City Manager. Transfers between expenditure accounts in one department may occur with the approval of the Budget Manager. Transfers between operating departments may occur with the approval of the City Manager.

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 required supplementary information. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental funds subsection of the report.

Long-Term Financial Planning

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. As part of the annual budget, the City of Anna publishes a 5-year financial plan for the General and Utility Funds that provides the basis for our future forecasting, the need for debt issuance, and for the future maintenance and operations of the city.

Local Economy

The City of Anna's economic outlook remains strong. This is demonstrated with local economic indicators such as a significant increase in tax appraisal values and continued sales tax growth. Residential and commercial growth remains strong in the City of Anna. In FY2024, the city issued 856 single family building permits and 33 commercial building permits.

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 the recruitment of Walmart, Home Depot, and Walgreens as local retail shopping options for the City.

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.

Major Initiatives

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. The city meets regularly with governmental partners including Collin County, Texas Department of Transportation (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 and agreements to improve other critical roadways within the City.

On May 1, 2021, Anna voters approved \$58 million in a general obligation bond program to construct new city facilities to continue to provide quality services to the citizens. To minimize the effect of the tax burden, the City chose to complete the bond issuances over several years beginning in 2021. In 2022, the City issued \$34 million in bonds and the final \$15 million bond issuance took place in 2023. The proceeds from these bond issuances are being used to fund the design and construction of a new fire station, library, and park projects.

Construction was completed and Fire Station No. 2 went into service August 2024. Fire Station No. 2 is on the west side of US-75 and helps to serve the residential and commercial growth in the area. Spring 2024 saw construction begin on the library/community center that will be part of the municipal campus adjacent to the Municipal Complex and the Central Fire Station. This will help to anchor the new downtown and is expected to be completed in Fall 2025.

Bond issuance proceeds are also being used for multiple park projects. Slayter Creek Park is one such project. Park improvements that were completed at Slayter Creek included an updated splash pad, a new skatepark, lighting, fitness courts, updated sports courts and parking lot improvements.

In 2022, the city also issued \$65 million in Certificates of Obligation to construct a new wastewater treatment plant, which will significantly expand the city's ability to collect and treat wastewater as required for new development west of US 75.

The plant is currently under construction, and a 0.5 million gallon per day temporary treatment plant went online at the site in 2025. The City will utilize the new plant to treat wastewater for its own residents, as well as provide regional wholesale treatment services for the cities of Van Alstyne, Weston and for various water districts in the area.

Overall, the City of Anna's Capital Improvement Program (CIP) is a comprehensive multi-year road map for the planning, development, and construction of important assets for the betterment of the community. Additional information related to capital improvement program and funding for those improvements, can be found in the City of Anna's annual budget book.

Acknowledgments

The presentation of this report could not have been accomplished without the expertise, commitment, and tenacity of the entire staff of the Finance Department. We would like to thank all the departments for their assistance in providing the information necessary to prepare 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's financial operations.

Respectfully submitted,



Aimee Rae Ferguson
Director of Finance

GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Anna
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

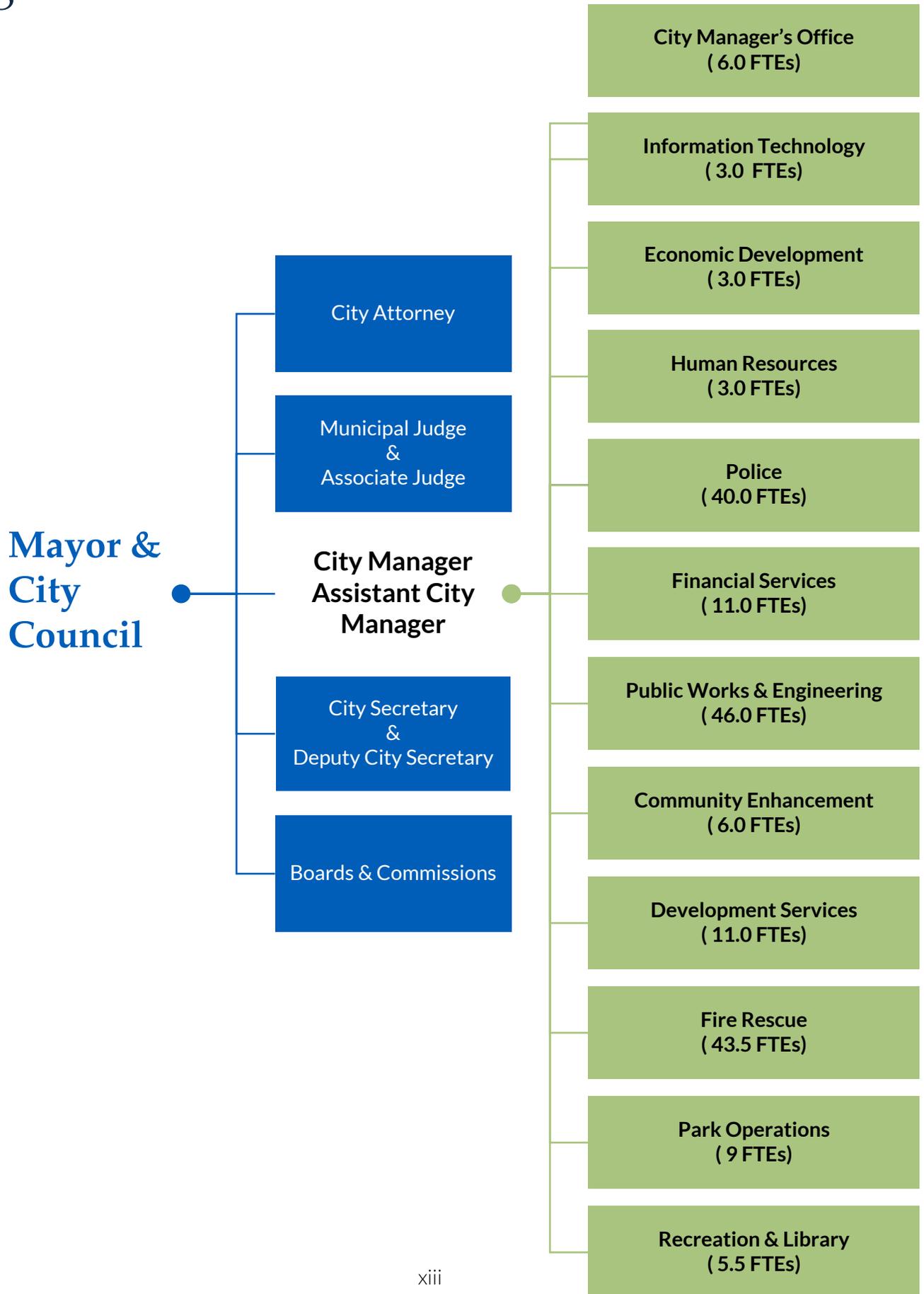
Christopher P. Morill

Executive Director/CEO

THE CITY OF
Anna

This Page Left Intentionally Blank

Organizational Chart



Elected Officials and Management

September 30, 2024

City Council

Pete Cain	Mayor
Kevin Toten	Place 1
Jody Bills	Place 2
Stan Carver II	Place 3 - Mayor Pro-Tem
Kelly Patterson-Herndon	Place 4
Elden Baker	Place 5 - Deputy Mayor Pro-Tem
Lee Miller	Place 6

City Management

Ryan Henderson	City Manager
Taylor Lough	Assistant City Manager
Greg Peters, PE	Assistant City Manager
Clark McCoy	City Attorney
Carrie Land	City Secretary
Stephanie Beitelschies	Director of Human Resources
Terri Doby	Budget Manager
Aimee Rae Ferguson	Director of Finance
Dean Habel	Chief of Police
Ray Isom	Fire Chief
Frances La Rue	Public Affairs Manager
Marc Marchand	Director of Recreation & Library Services
Bernie Parker, Jr.	Economic Development Director
Stephanie Scott-Sims	Director of Development Services
Steven Smith	Public Works Director
Chris Talbot	IT Manager
Michael Wherland	Community Enhancement & Compliance Manager

Financial Section

THE CITY OF
Anna

This Page Left Intentionally Blank

Independent Auditor's Report

Independent Auditor's Report

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anna, Texas (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Dallas, Texas
June 24, 2025**

Management's Discussion and Analysis

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, 2024. 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 \$380,377,846 at September 30, 2024. Of this, \$33,947,341 (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 \$115,071,330. The increase is primarily a result of an increase of charges for services of \$5,840,488, capital grants and contributions of \$34,094,742, investment income of \$2,690,378 and property taxes of \$3,109,862.
- The City's total liabilities increased by \$22,560,222. The increase in liabilities is primarily a result of the issuance of certificates of obligation totaling \$22,410,000.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$88,945,797, an increase of \$6,262,711. This increase is largely due to the bond proceeds of the certificates of obligation totaling \$10,835,000.
- As of the end of the year, the unassigned fund balance of the General Fund was \$17,645,429 or 70% 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 outflows of resources, deferred inflows 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 community services. 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 nineteen 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. There were no budget amendments for either fund during the year.

Proprietary Funds

The City's proprietary funds are 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 enterprise funds to account for its water, sewer, storm water, solid waste collection services, wastewater treatment operations, and Public Facility Corporation. All activities associated with providing water, sewer, storm water, solid waste collection services, and wastewater treatment services are accounted for in the Utility Fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that the costs of providing the services to the general public on a continuing basis is financed through 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 a major fund of the City, and the Public Facility Corporation.

Fiduciary Funds

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

Component Units

The City maintains the accounting and financial statements for its component units. The Anna Community Development Corporation, Anna Economic Development Corporation and Anna Housing Finance Corporation are discretely presented component units. The Anna Public Facility Corporation is a blended component unit.

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 \$380,377,846 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, \$314,210,821, reflects its investments in capital assets (e.g., land, park improvements, buildings, furniture and fixtures, streets, drainage, machinery and equipment, lease assets, subscription assets, etc.), less any debt used to acquire those assets that is 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 reflects the Condensed Statement of Net Position:

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Cash and investments	\$ 30,687,770	\$ 50,130,798	\$ 13,127,021	\$ 16,684,327	\$ 43,814,791	\$ 66,815,125
Receivables and other assets	68,317,917	42,567,695	94,356,318	82,551,710	162,674,235	125,119,405
Capital assets	207,295,349	152,797,393	183,134,957	113,985,482	390,430,306	266,782,875
Total assets	306,301,036	245,495,886	290,618,296	213,221,519	596,919,332	458,717,405
Deferred outflows of resources:						
Deferred outflows	2,050,835	2,568,680	445,780	551,473	2,496,615	3,120,153
Total deferred outflows of resources	2,050,835	2,568,680	445,780	551,473	2,496,615	3,120,153
Liabilities:						
Current and other liabilities	10,742,460	9,920,742	8,618,389	8,001,158	19,360,849	17,921,900
Long-term liabilities	106,976,331	96,066,717	90,622,307	80,410,648	197,598,638	176,477,365
Total liabilities	117,718,791	105,987,459	99,240,696	88,411,806	216,959,487	194,399,265
Deferred inflows of resources:						
Deferred inflows	477,729	519,124	1,600,886	1,612,653	2,078,615	2,131,777
Total deferred inflows of resources	477,729	519,124	1,600,886	1,612,653	2,078,615	2,131,777
Net position:						
Net investment in capital assets	164,115,311	111,235,486	150,095,510	92,309,877	314,210,821	203,545,363
Restricted	6,326,639	17,188,894	25,893,045	24,635,697	32,219,684	41,824,591
Unrestricted	19,713,402	13,133,603	14,233,939	6,802,959	33,947,341	19,936,562
Total net position	\$ 190,155,352	\$ 141,557,983	\$ 190,222,494	\$ 123,748,533	\$ 380,377,846	\$ 265,306,516

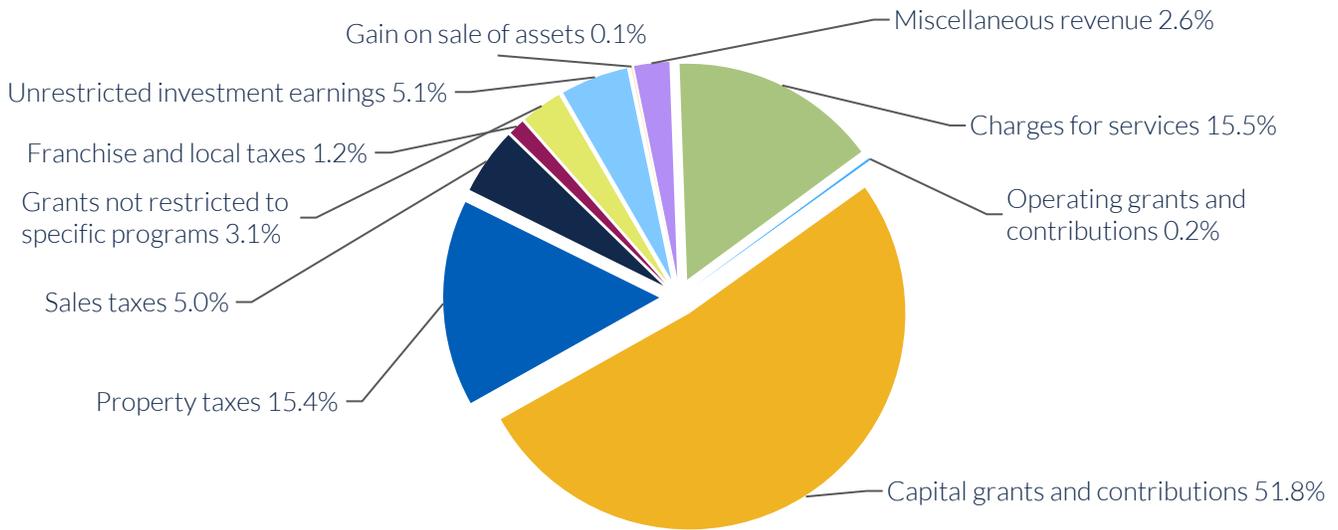
The following table provides a summary of the City's changes in net position:

Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 16,692,173	\$ 10,851,685	\$ 41,482,710	\$ 31,388,605	\$ 58,174,883	\$ 42,240,290
Operating grants and contributions	186,855	437,051	—	—	186,855	437,051
Capital grants and contributions	55,832,509	24,639,756	28,909,202	26,007,213	84,741,711	50,646,969
General revenues:						
Property taxes	16,663,266	13,553,404	—	—	16,663,266	13,553,404
Sales taxes	5,382,238	4,345,553	—	—	5,382,238	4,345,553
Franchise and local taxes	1,315,462	1,063,275	—	—	1,315,462	1,063,275
Grants not restricted to specific programs	3,373,552	—	—	—	3,373,552	—
Unrestricted investment earnings	5,470,612	3,444,880	5,017,120	4,352,474	10,487,732	7,797,354
Gain on sale of assets	72,730	—	—	—	72,730	—
Miscellaneous revenue	2,854,738	98,315	1,145,998	173,910	4,000,736	272,225
Total revenues	107,844,135	58,433,919	76,555,030	61,922,202	184,399,165	120,356,121
Expenses:						
General government	7,229,346	6,641,449	—	—	7,229,346	6,641,449
Culture and recreation	3,396,741	9,893,153	—	—	3,396,741	9,893,153
Community services	1,019,920	3,699,579	—	—	1,019,920	3,699,579
Public safety	13,092,102	7,110,793	—	—	13,092,102	7,110,793
Public works	7,968,688	1,150,424	—	—	7,968,688	1,150,424
Interest expense	5,966,633	4,008,129	—	—	5,966,633	4,008,129
Water and sewer	—	—	30,640,255	26,319,170	30,640,255	26,319,170
Public Facility Corporation	—	—	14,150	35,167	14,150	35,167
Total expenses	38,673,430	32,503,527	30,654,405	26,354,337	69,327,835	58,857,864
Excess (deficiency) before transfers	69,170,705	25,930,392	45,900,625	35,567,865	115,071,330	61,498,257
Transfers	(20,573,336)	3,920,200	20,573,336	(3,920,200)	—	—
Changes in net position	48,597,369	29,850,592	66,473,961	31,647,665	115,071,330	61,498,257
Net position - beginning	141,557,983	111,707,391	123,748,533	92,100,868	265,306,516	203,808,259
Net position - ending	\$ 190,155,352	\$ 141,557,983	\$ 190,222,494	\$ 123,748,533	\$ 380,377,846	\$ 265,306,516

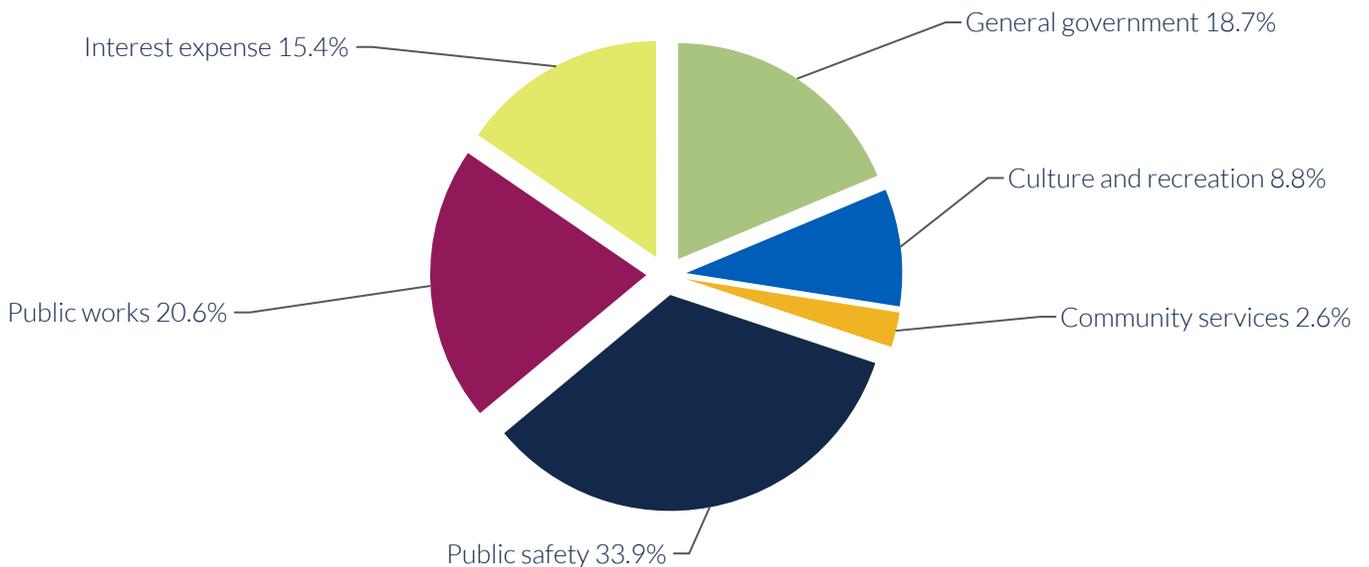
Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

Governmental Activities - Revenues



For the year ended September 30, 2024, revenues from governmental activities totaled \$107,844,135. Capital grants and contributions, property taxes, and charges for services are the City's largest revenue sources. Capital grants and contributions increased by \$31,192,753 or 127% when compared to prior year mainly due to an increase in contributed capital relating to infrastructure improvements within the City. Property taxes increased by \$3,109,862 or 23% due to an increase in overall assessed property values. Charges for services increased by \$5,840,488 or 54% mainly due to an increase in park development fees and activity, roadway impact fees and PID fees. The following graph shows the governmental function expenses of the City:

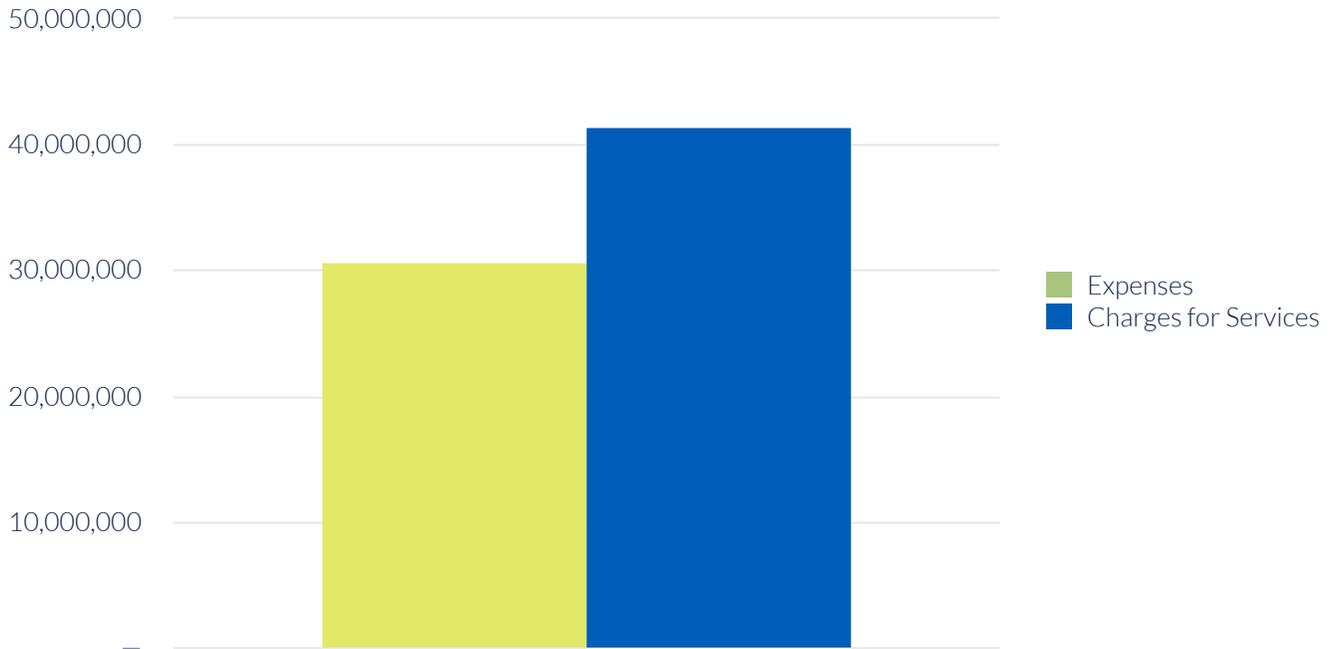
Governmental Activities - Expenses



For the year ended September 30, 2024, expenses for governmental activities totaled \$38,673,430. This represents an increase of \$6,169,903 or 19% from the prior year. The City's largest increases were in public safety of \$3,198,949 or 32%, due to increases in full time employees for the fire department to staff and operate Fire Station No. 2, as well as adding additional officers for police. An increase in interest expense of \$1,958,504 or 48% due to higher interest payments on the city's outstanding debt.

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

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2024, charges for services by business-type activities totaled \$41,482,710. This is an increase of \$10,094,105 or 32% from the previous year. This increase in revenues is related to an increase in water and sewer rates and an increase of new customers due to population growth within the City. Expenses totaled \$30,654,405, which was an increase of \$4,300,068, or 16% due to an increase in purchases of sewer services from North Texas Municipal Water District (NTMWD), water purchases from Greater Texoma Utility Authority (GTUA), and sanitation services from Cards Dallas, Inc..

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, 2024, the General Fund reflected a total fund balance of \$17,681,023. Of this, \$14,357 is considered restricted for parks and \$21,237 is nonspendable prepaids. Unassigned fund balance totaled \$17,645,429 as of year-end. The General Fund saw a significant increase in property taxes and investment income when compared to the prior year. The increase in property taxes directly relates to the addition of new properties to the tax roll, as well as an increase in property values. The increase in investment income is due to improved market conditions.

The Capital Projects Fund had an ending fund balance of \$46,114,122 at year-end, or a decrease of \$553,738, due to bond proceeds of \$10,835,000 and related premiums of \$725,831 offset by capital outlay of \$14,911,389.

The Debt Service Fund had an ending fund balance of \$455,746 at year-end, or an increase of \$121,208, due primarily to an increase in property values.

The PID Capital Projects Fund had an ending fund balance of \$10,643,545 at year-end, or an increase of \$4,021,808, due to contributions of \$34,731,102 offset by expenditures for capital improvements in the current year of \$29,241,744.

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

CAPITAL ASSETS

As of the end of the year, the City's governmental activities had invested \$207,295,349 in a variety of capital assets and infrastructure, net of accumulated depreciation and amortization. The City's business-type activities had invested \$183,134,957 in a variety of capital assets and infrastructure, net of accumulated depreciation and amortization. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

At September 30, 2024, the City had total bonds and certificates, lease and subscription liabilities, and financed purchases outstanding of \$193,280,464. During the year, the City made payments on long-term debt totaling \$3,747,591. 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. Collin County is the 3rd fastest growing county in the United States and Anna has become one of the fastest growing communities in the county. 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. Over the past several years, Anna has added more than 85 new businesses and has completed agreements for both commercial and residential projects that have invested over \$3 billion in the community. In addition, the City continues to conservatively manage its budget.

The fiscal year 2024-2025 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, development and infrastructure needs, while maintaining a strong financial position.

The City has continued to see healthy growth in the value of existing properties as well as increases in new value. For the tax year 2023, the City saw existing property values increase just over 16% and \$384,719,195 in new value was added to the tax roll. For the 2024 tax year, the City saw existing property values increase just over 7% and \$397,919,741 in value was added to the tax roll. The City should continue to see appreciation in the value of existing properties and additional value will continue to be added to the tax roll, because of new residential and commercial construction in the near term. There are currently seven multifamily developments under construction in Anna representing over 2,000 units and over \$400 million in capital investment. In 2024, the city completed several developer agreements that will bring an estimated 5,000 single family homes to the area. This will provide the Anna community a more thoughtfully crafted home offering with elevated living options and community amenities.

The City Council decreased the FY2024 tax rate from the FY2023 rate of \$0.539750 per \$100 in valuation to \$0.510717 per \$100 in valuation, above the “no-new-revenue-rate” (\$0.464353) as well as the “voter-approval-rate” (\$0.507024), but below the “de minimis rate” (\$0.510717). The Texas Property Tax Reform and Transparency Act of 2019, also known as Senate Bill 2, compresses the capability of a local government to generate revenue and provide services by lowering the tax rate a city can adopt without a mandatory election. SB 2 also changed the way property tax rates are calculated, made changes to the appraisal process, and reduced the previously called “rollback rate” of 8% to 3.5% and renamed it the “voter-approval rate”. This change capped the amount of increase in property tax revenue that a city can collect from year to year without voter approval at an election. This bill will continue to 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 24% in FY 2024 due to the continued growth of retail commercial establishment and population growth in the city. Sales tax is budgeted at \$8.22 million for FY2024-2025. FY2022-2023, saw the addition of retail establishments Texas Roadhouse, Chipotle, Scooter’s Coffee, and Eistein Bros. Bagels come to the city. Several medical offices opened in Anna as well including Baylor Scott & White Outpatient Physical Therapy and Dallas Pain Institute. Home Depot is slated for completion in 2025 bringing additional retail opportunity to the city.

The growth in both sales tax and taxable value of real property corresponds to a significant increase in residential growth and population over the last several years. According to the most recent population estimates published by the North Central Texas Council of Governments, the City of Anna’s population as of January 1, 2024 was 27,823. This is an increase of 65% from the 2020 US Census of 16,896.

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, to fund the FY2024 budget, the City adopted a tax rate of \$0.510717 per \$100 valuation which is lower than the tax rate adopted in FY2023.

Rapid population growth has also resulted in significant infrastructure investment in the City’s water and sewer system. The City works closely with its financial advisor, Hilltop Securities, to develop and manage a thorough debt management plan for the Water and Sewer Fund.

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 CGMA 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 continue to exceed the MT/P allocation as the area continues to grow. When this happens, the MT/P amount will reset at new consumption levels, 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 continued increase in water costs, treatment, transportation costs, and the growing needs for infrastructure improvements and additions, as well as staffing needs, the city utilizes NewGen Strategies & Solutions, a water rate consultant. As a result, the City Council has adopted a rate model and approved rate increases for FY2021, 2022 and 2023 as well as a long-range rate plan and capital improvement model. Actual increases will have to be approved each year by City Council as part of the annual budget process.

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 Director of Finance, 120 W. 7th Street, Anna, Texas 75409.

THE CITY OF
Anna

This Page Left Intentionally Blank

Basic Financial Statements

THE CITY OF
Anna

This Page Left Intentionally Blank

Government-Wide Financial Statements

THE CITY OF
Anna

This Page Left Intentionally Blank

Statement of Net Position

September 30, 2024

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Community Development Corporation	Economic Development Corporation	Housing Finance Corporation
ASSETS						
Cash and cash equivalents	\$ 30,687,770	\$ 13,127,021	\$ 43,814,791	\$ 10,087,199	\$ 5,905,813	\$ 652,702
Receivables, net	2,045,066	5,160,201	7,205,267	614,829	250,000	915
Due from other governments	302,652	—	302,652	—	—	—
Inventories	—	587,679	587,679	—	—	—
Prepays	72,624	24,383	97,007	14,480	—	—
Restricted assets:						
Restricted cash and cash equivalents	56,645,989	88,584,054	145,230,043	—	—	—
Restricted investments	9,251,587	—	9,251,587	—	—	—
Capital assets:						
Non-depreciable	82,189,115	44,035,781	126,224,896	3,955,385	—	—
Net depreciable capital assets	125,106,234	139,099,176	264,205,410	—	174,523	1,443,404
Total assets	306,301,037	290,618,296	596,919,333	14,671,893	6,330,336	2,097,021
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refunding	—	55,306	55,306	—	—	—
Deferred outflows - pension	2,006,648	382,065	2,388,713	57,636	—	—
Deferred outflows - OPEB	44,187	8,409	52,596	1,269	—	—
Total deferred outflows of resources	2,050,835	445,780	2,496,615	58,905	—	—
LIABILITIES						
Accounts payable and other liabilities	9,730,104	5,810,273	15,540,377	266,344	2,256	12,930
Accrued liabilities	—	—	—	11,502	—	—
Accrued salaries	502,509	79,384	581,893	—	—	—
Customer deposits	—	1,866,645	1,866,645	—	—	—
Unearned revenue	—	374,667	374,667	—	—	—
Due to other governments	—	23,992	23,992	—	—	—
Accrued interest payable	509,847	463,429	973,276	45,056	—	—
Noncurrent liabilities:						
Due within one year	2,286,801	2,337,292	4,624,093	419,293	—	—
Due in more than one year	104,689,530	88,285,015	192,974,545	5,752,218	—	—
Total liabilities	117,718,791	99,240,696	216,959,487	6,494,414	2,256	12,930
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - leases	380,215	—	380,215	—	—	—
Deferred inflows - land agreements	—	1,582,327	1,582,327	—	—	1,404,524
Deferred inflows - pension	28,253	5,379	33,632	811	—	—
Deferred inflows - OPEB	69,261	13,180	82,441	1,989	—	—
Total deferred inflows of resources	477,729	1,600,886	2,078,615	2,800	—	1,404,524
NET POSITION						
Net investment in capital assets	164,115,311	150,095,510	314,210,821	137,380	174,523	1,443,404
Restricted for:						
Water and sewer improvements	—	25,893,045	25,893,045	—	—	—
Debt service	455,746	—	455,746	417,329	—	—
Capital projects	5,320,534	—	5,320,534	—	—	—
Culture and recreation	14,357	—	14,357	—	—	—
Public safety	536,002	—	536,002	—	—	—
Community and economic development	—	—	—	7,678,875	6,153,557	—
Unrestricted	19,713,402	14,233,939	33,947,341	—	—	(763,837)
TOTAL NET POSITION	\$ 190,155,352	\$ 190,222,494	\$ 380,377,846	\$ 8,233,584	\$ 6,328,080	\$ 679,567

The Notes to the Financial Statements are an integral part of these statements

Statement of Activities

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 7,229,346	\$ 8,952,357	\$ 186,855	\$ 34,734,380
Culture and recreation	3,396,741	1,724,616	—	—
Community services	1,019,920	201,027	—	—
Public safety	13,092,102	62,664	—	6,269
Public works	7,968,688	5,751,509	—	21,091,860
Interest expense	5,966,633	—	—	—
Total governmental activities	\$ 38,673,430	\$ 16,692,173	\$ 186,855	\$ 55,832,509
Business-type activities:				
Water and sewer	\$ 30,640,255	\$ 41,482,710	\$ —	\$ 28,909,202
Public Facility Corporation	14,150	—	—	—
Total business-type activities	30,654,405	41,482,710	—	28,909,202
TOTAL PRIMARY GOVERNMENT	\$ 69,327,835	\$ 58,174,883	\$ 186,855	\$ 84,741,711
Component units				
Governmental activities:				
Community Development Corporation	\$ 2,280,138	\$ —	\$ —	\$ —
Economic Development Corporation	61,367	84,645	60,000	—
Total Governmental activities	\$ 2,341,505	\$ 84,645	\$ 60,000	\$ —
Business-type activities:				
Housing Finance Corporation	\$ 22,285	\$ 18,330	\$ —	\$ —
Total component units	\$ 2,363,790	\$ 102,975	\$ 60,000	\$ —
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Franchise and local taxes				
Grants not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of assets				
Miscellaneous revenue				
Transfers				
Total general revenues				
Change in net position				
NET POSITION, BEGINNING				
NET POSITION, ENDING				

Statement of Activities (Continued)

For the Year Ended September 30, 2024

Net (Expense) Revenue and Changes in Net Position			Component Units		
Primary Government			Community Development Corporation	Economic Development Corporation	Housing Finance Corporation
Governmental Activities	Business-type Activities	Total			
PRIMARY GOVERNMENT					
Governmental activities:					
\$ 36,644,246	\$ —	\$ 36,644,246			
(1,672,125)	—	(1,672,125)			
(818,893)	—	(818,893)			
(13,023,169)	—	(13,023,169)			
18,874,681	—	18,874,681			
(5,966,633)	—	(5,966,633)			
\$ 34,038,107	\$ —	\$ 34,038,107			
Business-type activities:					
\$ —	\$ 39,751,657	\$ 39,751,657			
—	(14,150)	(14,150)			
—	39,737,507	39,737,507			
\$ 34,038,107	\$ 39,737,507	\$ 73,775,614			
Component units					
			(2,280,138)	—	—
			—	83,278	—
			(2,280,138)	83,278	—
			—	—	(3,955)
			(2,280,138)	83,278	(3,955)
General revenues:					
16,663,266	—	16,663,266	—	—	—
5,382,238	—	5,382,238	3,229,343	—	—
1,315,462	—	1,315,462	—	—	—
3,373,552	—	3,373,552	—	—	—
5,470,612	5,017,120	10,487,732	528,406	325,604	35,404
72,730	—	72,730	—	42,079	—
2,854,738	1,145,998	4,000,736	21,861	8	—
(20,573,336)	20,573,336	—	—	—	—
14,559,262	26,736,454	41,295,716	3,779,610	367,691	35,404
48,597,369	66,473,961	115,071,330	1,499,472	450,969	31,449
141,557,983	123,748,533	265,306,516	6,734,112	5,877,111	648,118
\$ 190,155,352	\$ 190,222,494	\$ 380,377,846	\$ 8,233,584	\$ 6,328,080	\$ 679,567

The Notes to the Financial Statements are an integral part of these statements

THE CITY OF
Anna

This Page Left Intentionally Blank

Fund Financial Statements

Balance Sheet - Governmental Funds

September 30, 2024

	General Fund	Capital Projects	Debt Service Fund	PID Capital Projects
ASSETS				
Cash and cash equivalents	\$ 14,299,656	\$ —	\$ 451,785	\$ —
Receivables, net	1,903,396	37,564	31,265	—
Due from other funds	3,003,305	—	—	—
Due from other governments	—	302,652	—	—
Prepays	21,237	669,464	—	—
Restricted cash	14,357	44,537,327	—	10,499,393
Restricted investments	—	7,000,000	—	2,251,587
TOTAL ASSETS	\$ 19,241,951	\$ 52,547,007	\$ 483,050	\$ 12,750,980
LIABILITIES				
Accounts payable and other liabilities	\$ 588,981	\$ 3,429,580	\$ —	\$ 2,107,435
Accrued salaries	502,509	—	—	—
Due to other funds	—	3,003,305	—	—
Total liabilities	1,091,490	6,432,885	—	2,107,435
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	89,223	—	27,304	—
Deferred inflows - leases	380,215	—	—	—
Total deferred inflows of resources	469,438	—	27,304	—
FUND BALANCES				
Nonspendable				
Prepays	21,237	669,464	—	—
Restricted for:				
Culture and recreation	14,357	—	—	—
Debt service	—	—	455,746	—
Public safety	—	—	—	—
Capital projects	—	45,444,658	—	10,643,545
Unassigned	17,645,429	—	—	—
Total fund balances	17,681,023	46,114,122	455,746	10,643,545
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 19,241,951	\$ 52,547,007	\$ 483,050	\$ 12,750,980

Balance Sheet - Governmental Funds (Continued)

September 30, 2024

	Nonmajor Governmental	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 16,048,561	\$ 30,800,002
Receivables, net	72,841	2,045,066
Due from other funds	—	3,003,305
Due from other governments	—	302,652
Prepays	51,387	742,088
Restricted cash	1,594,912	56,645,989
Restricted investments	—	9,251,587
TOTAL ASSETS	\$ 17,767,701	\$ 102,790,689
LIABILITIES		
Accounts payable and other liabilities	\$ 3,716,340	\$ 9,842,336
Accrued salaries	—	502,509
Due to other funds	—	3,003,305
Total liabilities	3,716,340	13,348,150
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	—	116,527
Deferred inflows - leases	—	380,215
Total deferred inflows of resources	—	496,742
FUND BALANCES		
Nonspendable		
Prepays	51,387	742,088
Restricted for:		
Culture and recreation	—	14,357
Debt service	—	455,746
Public safety	536,002	536,002
Capital projects	13,520,638	69,608,841
Unassigned	(56,666)	17,588,763
Total fund balances	14,051,361	88,945,797
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 17,767,701	\$ 102,790,689

The Notes to the Financial Statements are an integral part of these statements

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2024

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ **88,945,797**

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	82,189,115
Capital assets - net depreciable, less subscription asset recognized as prepaid asset in the fund financial statements of \$669,464	124,436,770

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

116,527

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

Deferred outflows - pension	2,006,648
Deferred outflows - OPEB	44,187

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

Deferred inflows - pension	(28,253)
Deferred inflows - OPEB	(69,261)

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

Accrued interest payable	(509,847)
General obligation refunding bonds	(8,478,000)
General obligation bonds	(47,190,000)
Combination tax and revenue refunding certificates of obligation	(40,595,000)
Combination tax and revenue refunding bonds	(265,000)
Unamortized premiums	(4,731,604)
Financed purchases	(413,561)
Lease liability	(1,607,426)
Subscription liability	(26,306)
Net pension liability	(2,122,439)
Total OPEB liability	(101,174)
Compensated absences	(1,445,821)

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 190,155,352**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2024

	General	Capital Projects	Debt Service Fund	PID Capital Projects
REVENUES				
Property taxes	\$ 11,396,738	\$ —	\$ 4,708,781	\$ —
Sales taxes	5,382,238	—	—	—
Charges for services	1,592,244	—	—	—
License and permits	5,944,535	—	—	—
Fines and forfeitures	456,859	—	—	—
Franchise and local taxes	1,315,462	—	—	—
Investment income	1,286,598	2,354,202	86,660	862,203
Other revenues	335,294	3	—	—
Intergovernmental	57,070	662,889	—	—
Contributions and donations	670	—	—	34,731,102
Total revenues	27,767,708	3,017,094	4,795,441	35,593,305
EXPENDITURES				
Current:				
General government	6,406,352	53,336	—	—
Culture and recreation	2,082,329	15,969	—	—
Community services	1,004,656	—	—	—
Public safety	12,020,576	—	—	—
Public works	1,123,907	90,138	—	41,875
Debt service:				
Principal	550,974	—	968,000	—
Interest and fiscal charges	109,206	—	3,706,233	—
Debt issuance costs	—	60,831	—	2,287,878
Capital outlay	1,946,595	14,911,389	—	29,241,744
Total expenditures	25,244,595	15,131,663	4,674,233	31,571,497
Excess (deficiency) of revenues over (under) expenditures	2,523,113	(12,114,569)	121,208	4,021,808
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Issuance of leases and subscriptions	1,231,949	—	—	—
Issuance of debt	—	10,835,000	—	—
Issuance of bond premiums	—	725,831	—	—
Proceeds from sale of capital assets	72,730	—	—	—
Total other financing sources (uses)	1,304,679	11,560,831	—	—
Net change in fund balances	3,827,792	(553,738)	121,208	4,021,808
FUND BALANCES, BEGINNING OF YEAR	13,853,231	46,667,860	334,538	6,621,737
FUND BALANCES, END OF YEAR	\$ 17,681,023	\$ 46,114,122	\$ 455,746	\$ 10,643,545

The Notes to the Financial Statements are an integral part of these statements

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Continued)

For the Year Ended September 30, 2024

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES		
Property taxes	\$ 559,424	\$ 16,664,943
Sales taxes	—	5,382,238
Charges for services	6,095,684	7,687,928
License and permits	—	5,944,535
Fines and forfeitures	12,851	469,710
Franchise and local taxes	—	1,315,462
Investment income	880,949	5,470,612
Other revenues	2,519,441	2,854,738
Intergovernmental	6,102,214	6,822,173
Contributions and donations	—	34,731,772
Total revenues	16,170,563	87,344,111
EXPENDITURES		
Current:		
General government	10,544	6,470,232
Culture and recreation	590,210	2,688,508
Community services	—	1,004,656
Public safety	11,687	12,032,263
Public works	1,311,624	2,567,544
Debt service:		
Principal	—	1,518,974
Interest and fiscal charges	—	3,815,439
Debt issuance costs	—	2,348,709
Capital outlay	15,400,857	61,500,585
Total expenditures	17,324,922	93,946,910
Excess (deficiency) of revenues over (under) expenditures	(1,154,359)	(6,602,799)
OTHER FINANCING SOURCES (USES)		
Transfers in	3,095	3,095
Transfers out	(3,095)	(3,095)
Issuance of leases and subscriptions	—	1,231,949
Issuance of debt	—	10,835,000
Issuance of bond premiums	—	725,831
Proceeds from sale of capital assets	—	72,730
Total other financing sources (uses)	—	12,865,510
Net change in fund balances	(1,154,359)	6,262,711
FUND BALANCES, BEGINNING OF YEAR	15,205,720	82,683,086
FUND BALANCES, END OF YEAR	\$ 14,051,361	\$ 88,945,797

The Notes to the Financial Statements are an integral part of these statements

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

For the Year Ended September 30, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 6,262,711**

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

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

Capital outlay	61,500,585
Depreciation and amortization expense	(7,527,728)
Capital contributions	20,424,449

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) and the transfer of capital assets from governmental activities to business-type activities to decrease net position (20,568,816)

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	(326,479)
Increase in accrued interest	(40,560)

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. (88,981)

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. (405)

Various other reclassification and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes the change in unavailable revenues from the prior year. (1,676)

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.

Lease proceeds	(981,949)
Subscription proceeds	(250,000)
Issuance of general obligation bonds	(10,835,000)
Premium on issuance of bonds	(725,831)
Amortization of debt premium	238,075
General, certificate of obligation, and revenue bond principal payments	968,000
Lease principal payments	432,730
Subscription principal payments	25,446
Financed purchase payments	92,798

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 48,597,369**

THE CITY OF
Anna

This Page Left Intentionally Blank

Proprietary Fund Financial Statements

Statement of Net Position

Proprietary Funds
September 30, 2024

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 11,148,295	\$ 1,978,726	\$ 13,127,021
Receivables, net	4,902,477	257,724	5,160,201
Inventories	587,679	—	587,679
Total current assets	16,638,451	2,236,450	18,874,901
Noncurrent assets			
Restricted cash and pooled investments	88,584,054	—	88,584,054
Prepaid	24,383	—	24,383
Capital assets			
Non-depreciable	38,191,656	5,844,125	44,035,781
Net depreciable capital assets	139,099,176	—	139,099,176
Total noncurrent assets	265,899,270	5,844,125	271,743,395
Total assets	282,537,721	8,080,575	290,618,296
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on bond refunding	55,306	—	55,306
Deferred outflows - pension	382,065	—	382,065
Deferred outflows - OPEB	8,409	—	8,409
Total deferred outflows of resources	445,780	—	445,780

Statement of Net Position (Continued)

Proprietary Funds
September 30, 2024

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
LIABILITIES			
Current liabilities			
Accounts payable	\$ 5,779,495	\$ 12,015	\$ 5,791,510
Salaries payable	79,384	—	79,384
Other liabilities	18,763	—	18,763
Bond interest payable	463,429	—	463,429
Due to other governments	23,992	—	23,992
Customer deposits	1,866,645	—	1,866,645
Unearned revenue	—	374,667	374,667
Compensated absences	22,538	—	22,538
Lease liability	131,255	—	131,255
Subscription liability	26,306	—	26,306
Revenue bonds payable - current	1,975,000	—	1,975,000
Financed purchases - current	182,193	—	182,193
Total current liabilities	10,569,000	386,682	10,955,681
Noncurrent liabilities			
Revenue bonds payable	86,681,870	—	86,681,870
Financed purchases	522,709	—	522,709
Compensated absences	202,839	—	202,839
Lease liability	454,234	—	454,234
Net pension liability	404,111	—	404,111
Total OPEB liability	19,252	—	19,252
Total noncurrent liabilities	88,285,015	—	88,285,015
Total liabilities	98,854,014	386,682	99,240,696
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	5,379	—	5,379
Deferred inflows - OPEB	13,180	—	13,180
Deferred inflows - land agreement	—	1,582,327	1,582,327
Total deferred inflows of resources	18,559	1,582,327	1,600,886
NET POSITION			
Net investment in capital assets	144,251,385	5,844,125	150,095,510
Restricted for:			
Water and sewer improvements	25,893,045	—	25,893,045
Unrestricted	13,966,498	267,441	14,233,939
TOTAL NET POSITION	\$ 184,110,928	\$ 6,111,566	\$ 190,222,494

The Notes to the Financial Statements are an integral part of these statements

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended September 30, 2024

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
OPERATING REVENUES			
Water	\$ 12,526,076	\$ —	\$ 12,526,076
Sewer	9,093,985	—	9,093,985
Sanitation	3,710,194	—	3,710,194
Stormwater	400,829	—	400,829
Service charges	227,418	—	227,418
Connection fees	667,360	—	667,360
Developer fees	14,697,332	—	14,697,332
Miscellaneous	406,675	739,322	1,145,997
Total operating revenues	41,729,869	739,322	42,469,191
OPERATING EXPENSES			
Personnel services	2,779,734	—	2,779,734
Contracted services	15,693,108	14,150	15,707,258
Repairs and maintenance	1,009,176	—	1,009,176
Supplies	279,809	—	279,809
Utilities	780,445	—	780,445
Depreciation	5,884,514	—	5,884,514
Other expenses	471,443	—	471,443
Total operating expenses	26,898,226	14,150	26,912,376
Operating income	14,831,643	725,172	15,556,815
NONOPERATING REVENUES (EXPENSES)			
Investment income	4,911,139	105,981	5,017,120
Intergovernmental revenue	159,516	—	159,516
Interest expense	(3,742,025)	—	(3,742,025)
Total nonoperating revenues (expenses)	1,328,630	105,981	1,434,611
Income before transfers and capital contributions	16,160,273	831,153	16,991,426
Contributed capital	49,482,538	—	49,482,538
Change in net position	65,642,811	831,153	66,473,963
NET POSITION, BEGINNING OF YEAR	\$ 118,468,118	\$ 5,280,413	\$ 123,748,531
NET POSITION, END OF YEAR	\$ 184,110,928	\$ 6,111,566	\$ 190,222,494

The Notes to the Financial Statements are an integral part of these statements

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2024

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 40,097,628	\$ 481,598	\$ 40,579,226
Payments to suppliers	(21,181,992)	(506,083)	(21,688,075)
Payments to employees	(2,829,860)	—	(2,829,860)
Net cash provided by (used for) operating activities	16,085,776	(24,485)	16,061,291
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(21,453,604)	—	(21,453,604)
Proceeds from bond issuance	11,575,000	—	11,575,000
Principal payments bond payable	(1,894,001)	—	(1,894,001)
Principal payments on financed purchases	(177,947)	—	(177,947)
Principal payments on leases	(131,224)	—	(131,224)
Principal payments on subscriptions	(25,446)	—	(25,446)
Bond issuance cost	(161,989)	—	(161,989)
Interest paid	(2,919,564)	—	(2,919,564)
Intergovernmental receipts	159,516	—	159,516
Net cash used for capital and related financing activities	(15,029,259)	—	(15,029,259)
INVESTING ACTIVITIES			
Investment earnings	4,911,139	105,980	5,017,119
Net cash provided by investing activities	4,911,139	105,980	5,017,119
Net increase in cash and cash equivalents	5,967,656	81,495	6,049,151
CASH AND CASH EQUIVALENTS, beginning of year	93,764,693	1,897,231	95,661,924
CASH AND CASH EQUIVALENTS, end of year	\$ 99,732,349	\$ 1,978,726	\$ 101,711,075
RECONCILIATION TO STATEMENT OF NET POSITION			
Cash and cash equivalents	\$ 11,148,295	\$ 1,978,726	\$ 13,127,021
Restricted cash and cash equivalents	88,584,054	—	88,584,054
	\$ 99,732,349	\$ 1,978,726	\$ 101,711,075

The Notes to the Financial Statements are an integral part of these statements

Statement of Cash Flows (Continued)

Proprietary Funds
For the Year Ended September 30, 2024

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 14,831,643	\$ 725,172	\$ 15,556,815
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation expense	5,884,514	—	5,884,514
Changes in assets and deferred outflows			
Accounts receivable	(1,632,241)	(257,724)	(1,889,965)
Inventories	(287,162)	—	(287,162)
Prepays	(21,023)	—	(21,023)
Deferred outflows - pension	100,759	—	100,759
Deferred outflows - OPEB	(2,157)	—	(2,157)
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	(2,907,075)	(10,336)	(2,917,411)
Accrued expenses	224,355	—	224,355
Total pension liability	(88,858)	—	(88,858)
Total OPEB liability	2,672	—	2,672
Compensated absences	(24,239)	—	(24,239)
Unearned revenue	—	(465,242)	(465,242)
Deferred inflows - pension	5,040	—	5,040
Deferred inflows - OPEB	(452)	—	(452)
Deferred inflows - land lease	—	(16,355)	(16,355)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 16,085,776	\$ (24,485)	\$ 16,061,291
NON-CASH CAPITAL ACTIVITIES			
Issuance of leases	\$ 369,377	\$ —	\$ 369,377
Capital assets in accounts payable	\$ 3,728,470	\$ —	\$ 3,728,470
Contributions of capital assets	\$ 49,482,538	\$ —	\$ 49,482,538

The Notes to the Financial Statements are an integral part of these statements

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position

Custodial Funds
September 30, 2024

	PID Custodial Fund
ASSETS	
Cash and cash equivalents - restricted	\$ 9,274,829
Receivables, net	67,719
TOTAL ASSETS	9,342,548
LIABILITIES	
Accounts payable and accrued liabilities	12,609
TOTAL LIABILITIES	12,609
NET POSITION	
Restricted for PID debt service	9,329,939
TOTAL NET POSITION	\$ 9,329,939

Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended September 30, 2024

	PID Custodial Fund
ADDITIONS	
Special assessments	\$ 6,156,740
Bond proceeds	4,122,101
Investment earnings	452,513
Other income	214,959
Total additions	10,946,313
DEDUCTIONS	
Contract services	516,734
Principal	1,064,000
Interest and fiscal charges	3,513,111
Total deductions	5,093,845
CHANGE IN NET POSITION	5,852,468
NET POSITION - beginning	3,477,471
NET POSITION - ending	\$ 9,329,939

The Notes to the Financial Statements are an integral part of these statements

THE CITY OF
Anna

This Page Left Intentionally Blank

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

Blended Component Units

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

Discretely Presented Component Units

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

Anna Economic Development Corporation

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

Anna Community Development Corporation

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

Anna Housing Finance Corporation

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

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

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

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

Additionally, the City reports the following nonmajor governmental funds:

The City accounts for resources restricted to, or designated for, specific purposes in Special Revenue Funds. These funds consist of the Roadway Impact Fee Service Area One and Two, State Police Seizure Fund, Federal Police Seizure Fund, Fire Department Capital Improvement Fund, Park Development Fund, Grant Fund, Roadway Capital Development Agreement Fund, Tax Increment Zone Number's 2, 3, 4, 5, 6, PID Fee Fund and Other Special Revenue Fund.

The City reports the following major enterprise fund:

The Utility Fund is used to account for the provision of water, sewer, storm water, 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.

Additionally, the City reports the Public Facility Corporation, a blended component unit, as a nonmajor enterprise fund.

The City reports the following fiduciary fund:

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

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 funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

E. Measurement Focus and Basis of Accounting

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

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

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

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.

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

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

6. Deferred Outflows/Inflows of Resources

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

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

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

In addition to liabilities, the statement of financial position (or balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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 are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Related to lessor arrangements under GASB 87, lease revenue is deferred and recognized as revenue over the life of the lease term. This deferred inflow is recorded at both the fund level and government-wide financial statements.

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

- Deferred inflows related to net pension and total other postemployment benefit liabilities results from 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 and OPEB plan, except for projected and actual earnings differences on investments, which are amortized on a closed basis over a 5-year period.
- Related to lessor arrangements under GASB 87, lease revenue is deferred and recognized as revenue over the life of the lease term. This deferred inflow is recorded at both the fund level and government-wide financial statements.

7. Compensated Absences

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

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

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

8. Leases

Lessee

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

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lessor

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

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

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

- The City uses the interest rate charged by the lessor as the discount rate when the interest rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee and any lease incentives that are payable to the lessee.

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

9. Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (subscription asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

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

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

10. 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. Bonds payable are reported net of the applicable bond premiums or discounts.

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

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

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

11. 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.

12. Other Postemployment Benefits (OPEB)

The City offers one OPEB plan, a single-employer 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. Future Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

GASB Statement No. 101, Compensated Absences (GASB 101)

GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized for leave for which employees may receive one or more: cash payments when the leave is used for time off; other cash payments, such as payment for unused leave upon termination of employment which includes voluntary resignation or retirement; or noncash settlements, such as conversion to defined benefit postemployment benefits. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The City expects to first apply GASB 101 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

GASB Statement No. 102, Certain Risk Disclosures (GASB 102)

GASB 102 requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The City expects to first apply GASB 102 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

GASB Statement No. 103, Financial Reporting Model Improvements (GASB 103)

GASB 103 seeks to improve the financial reporting model by standardizing the presentation for various matters within the governmental financial statements. The purpose is to eliminate diversity practice and improve comparability. The City expects to first apply GASB 103 during the year ending September 30, 2026. The impact of applying the Statement has not been determined.

GASB Statement No. 104, Disclosure of Certain Capital Assets (GASB 104)

GASB 104 seeks to improve disclosures related to certain types of capital assets. The purpose is to provide users of government financial statements with essential information about certain types of capital assets. The City expects to first apply GASB 104 during the year ending September 30, 2026. The impact of applying this Statement has not been determined.

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.

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/amortization 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, Grant, CDC and EDC. 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.

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, 2024, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits (including component units and fiduciary funds) was \$140,549,557 and the bank balance was \$140,493,998. 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, cash equivalents, and investments as of September 30, 2024 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position

Primary government:

Cash and cash equivalents	\$	43,814,791
Restricted cash and cash equivalents		145,230,043
Restricted investments		9,251,587
Total primary government		198,296,421

Fiduciary Fund:

Cash and cash equivalents		9,274,829
---------------------------	--	-----------

Component units:

Cash and cash equivalents		16,645,714
---------------------------	--	------------

Total cash, cash equivalents, and investments	\$	224,216,964
Cash on hand	\$	2,100
Deposits with financial institution		140,549,557
Investment pools / money market		83,665,307
Total cash, cash equivalents, and investments	\$	224,216,964

As of September 30, 2024, the City had the following investments:

	Value	Weighted Average Maturity (Days)
Texas CLASS	\$ 3,563,285	29
TexPool	56,990,930	36
Certificates of deposit	21,850,147	
Money market accounts	1,260,945	
Total	\$ 83,665,307	

Interest rate risk

Interest rate risk is the risk that changes in interest rates that 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, 2024, the City's investment in TexPool and Texas CLASS 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, 2024, the combined values of pledged securities and FDIC coverage exceeded bank balances for the City.

Custodial credit risk – investments

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

Concentration of credit risk

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

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

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

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

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, investment in the Texas CLASS investment pool, which is measured at net asset value, and its investments in money markets and certificates of deposit, which are measured based on cost. These instruments are exempt from categorization within the fair value hierarchy.

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.

Texas CLASS Government is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS Government portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

Note 4: Receivables

Amounts recorded as receivable for the primary government as of September 30, 2024 are as follows:

	General	Capital Projects	Debt Service Fund	Nonmajor Governmental	Utility Fund	Nonmajor Proprietary	Total
Property taxes	\$ 99,234	\$ —	\$ 31,265	\$ —	\$ —	\$ —	\$ 130,499
Sales taxes	1,008,048	—	—	—	—	—	1,008,048
Accounts	384,004	37,564	—	72,841	5,483,089	257,724	6,235,222
Interest	—	—	—	—	14,379	—	14,379
Due from other governments	—	302,652	—	—	—	—	302,652
Lease receivable	412,110	—	—	—	—	—	412,110
Less: Allowance	—	—	—	—	(594,991)	—	(594,991)
Totals	\$ 1,903,396	\$ 340,216	\$ 31,265	\$ 72,841	\$ 4,902,477	\$ 257,724	\$ 7,507,919

The utility fund accounts receivable include unbilled charges for services rendered at September 30, 2024.

Note 5. Capital, Lease and Subscription Assets

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2024:

Governmental activities:

	Beginning Balance	Additions	Dispositions	Adjustments/ Transfers	Ending Balance
Capital, lease and subscription assets, not being depreciated/amortized:					
Land	\$ 5,185,089	\$ —	\$ —	\$ —	\$ 5,185,089
Construction in progress	43,205,160	59,671,539	—	(25,872,673)	77,004,026
Total capital assets, not being depreciated/amortized	48,390,249	59,671,539	—	(25,872,673)	82,189,115
Capital assets, being depreciated/ amortized:					
Park improvements	9,240,025	—	—	7,837,279	17,077,304
Buildings	30,149,469	30,845	—	10,951,863	41,132,177
Furniture and fixtures	1,142,410	19,950	—	13,871	1,176,231
Streets and drainage	88,518,880	20,209,562	—	(19,285,181)	89,443,261
Machinery and equipment	5,643,924	1,011,189	—	971,320	7,626,433
Lease assets - vehicles	1,988,053	981,949	—	—	2,970,002
Subscription assets - software subscriptions	78,947	669,464	—	—	748,411
Total capital, lease and subscription assets being depreciated/amortized	136,761,708	22,922,959	—	489,152	160,173,819
Less accumulated depreciation/ amortization for:					
Park improvements	3,498,278	632,872	—	—	4,131,150
Buildings	342,988	1,561,818	—	—	1,904,806
Furniture and fixtures	9,521	116,796	—	9,348	135,665
Streets and drainage	24,726,101	3,780,910	—	(4,824,055)	23,682,956
Machinery and equipment	2,788,750	853,490	—	—	3,642,240
Lease assets - vehicles	962,610	544,368	—	—	1,506,978
Subscription assets - software subscriptions	26,316	37,474	—	—	63,790
Total accumulated depreciation/ amortization	32,354,564	7,527,728	—	(4,814,707)	35,067,585
Total capital assets being depreciated/amortized, net	104,407,144	15,395,231	—	5,303,859	125,106,234
Governmental activities capital, lease and subscription assets, net	\$ 152,797,393	\$ 75,066,770	\$ —	\$ (20,568,814)	\$ 207,295,349

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental activities:

General government	\$	77,020
Culture and recreation		767,558
Community services		16,543
Public safety		813,023
Public works		5,853,584
Total depreciation and amortization expense - governmental activities	\$	7,527,728

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2024:

	Beginning Balance	Additions	Dispositions	Adjustments/ Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 10,196,772	\$ 96,072	\$ —	\$ —	\$ 10,292,844
Construction in progress	20,949,427	23,535,171	—	(10,741,661)	33,742,937
Total capital assets, not being depreciated/amortized	31,146,199	23,631,243	—	(10,741,661)	44,035,781
Capital, lease and subscription assets, being depreciated/amortized:					
Furniture and fixtures	5,620	—	—	—	5,620
Buildings and improvements	650,597	250,000	—	—	900,597
Machinery and equipment	2,063,893	918,284	—	175,572	3,157,749
Lease assets - vehicles	722,977	369,377	—	—	1,092,354
Subscription assets - software subscriptions	78,947	—	—	—	78,947
Water treatment system	30,619,276	8,954,032	—	4,823,107	44,396,415
Stormwater drainage system	9,650,093	10,711,328	—	25,397,392	45,758,813
GTUA water improvements	17,189,179	—	—	—	17,189,179
GTUA sewer improvements	939,796	—	—	—	939,796
Water and sewer system	46,912,949	9,626,389	—	5,742,982	62,282,320
Total capital, lease and subscription assets being depreciated/amortized	108,833,327	30,829,410	—	36,139,053	175,801,790

	Beginning Balance	Additions	Dispositions	Adjustments/ Transfers	Ending Balance
Less accumulated depreciation/amortization for:					
Furniture and fixtures	5,620	—	—	—	5,620
Buildings and improvements	566,226	345,479	—	—	911,705
Machinery and equipment	1,008,385	137,459	—	—	1,145,844
Lease assets - vehicles	383,551	167,640	—	—	551,191
Subscription assets - software subscriptions	26,316	26,316	—	—	52,632
Water treatment system	6,374,907	1,995,822	—	—	8,370,729
Stormwater drainage system	171,970	1,714,390	—	4,824,056	6,710,416
GTUA water improvements	6,370,085	249,500	—	—	6,619,585
GTUA sewer improvements	854,480	25,728	—	—	880,208
Water and sewer system	10,232,504	1,222,180	—	—	11,454,684
Total accumulated depreciation/amortization	<u>25,994,044</u>	<u>5,884,514</u>	—	<u>4,824,056</u>	<u>36,702,614</u>
Total capital, lease and subscription assets being depreciated/amortized, net	<u>82,839,283</u>	<u>24,944,896</u>	—	<u>31,314,997</u>	<u>139,099,176</u>
Business-type activities capital, lease and subscription assets, net	<u>\$ 113,985,482</u>	<u>\$ 48,576,139</u>	<u>\$ —</u>	<u>\$ 20,573,336</u>	<u>\$ 183,134,957</u>

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

Water and sewer	<u>\$ 5,884,514</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 5,884,514</u>

The following is a summary of changes in capital assets for the discretely presented component units for the year ended September 30, 2024:

	Beginning Balance	Additions	Dispositions	Adjustments/ Transfers	Ending Balance
Community Development Corporation:					
Capital assets, not being depreciated/amortized:					
Land	\$ 40,346	\$ 3,915,039	\$ —	\$ —	\$ 3,955,385
Total capital assets, not being depreciated/amortized	40,346	3,915,039	—	—	3,955,385
Community Development Corporation capital assets, net	\$ 40,346	\$ 3,915,039	\$ —	\$ —	\$ 3,955,385
Economic Development Corporation:					
Capital assets, being depreciated/amortized:					
Buildings and improvements	\$ 1,028,417	\$ —	\$ (366,589)	\$ —	\$ 661,828
Furniture and fixtures	13,871	—	—	(13,871)	—
Total depreciable assets	1,042,288	—	(366,589)	(13,871)	661,828
Less accumulated depreciation for:					
Buildings and improvements	657,390	33,454	(203,539)	—	487,305
Furniture and fixtures	9,348	—	—	(9,348)	—
Total accumulated depreciation	666,738	33,454	(203,539)	(9,348)	487,305
Economic Development Corporation capital assets, net	\$ 375,550	\$ (33,454)	\$ (163,050)	\$ (4,523)	\$ 174,523
Housing Finance Corporation:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,443,304	\$ —	\$ —	\$ —	\$ 1,443,304
Total capital assets, not being depreciated/amortized	1,443,304	—	—	—	1,443,304
Housing Finance Corporation capital assets, net	\$ 1,443,304	\$ —	\$ —	\$ —	\$ 1,443,304

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

Projects	Activity Type	Approved Construction Budget	Stored and Completed to Date	Remaining Commitment
CP - Ferguson Parkway	General Government	\$ 2,092,188	\$ 1,862,139	\$ 230,049
Fire Engine No.3	General Government	1,500,000	—	1,500,000
Community Library	General Government	22,000,000	7,926,009	14,073,991
Municipal Complex Plaza	General Government	3,800,000	279,229	3,520,771
Bryant Park Improvements	General Government	928,000	180,326	747,674
Slayter Creek Park - Irrigation	General Government	500,000	40,400	459,600
Trails - Pecan Grove Trail	General Government	1,462,165	199,601	1,262,564
Natural Springs Park Playground	General Government	469,438	399,729	69,709
Anna Crossing Park	General Government	5,256,440	123,822	5,132,618
Natural Springs Park - Dog Park Irrigation	General Government	175,000	4,800	170,200
Wayfinding Signs	General Government	79,290	24,185	55,105
Hurricane Creek Wastewater Treatment Plant	Utility	65,000,000	26,938,656	38,061,344
Hurricane Creek Line Interceptor North	Utility	18,522,594	1,212,174	17,310,420
Leonard Avenue	General Government	3,900,200	3,207,814	692,386
Finley Blvd. Expansion	General Government	1,025,282	633,508	391,774
Gateway Signs on US 75	General Government	54,970	8,729	46,241
SH 5 Utility Relocation - Project A	Utility	3,489,023	1,568,519	1,920,504
FM455 Water Line	Utility	4,727,100	1,055,554	3,671,546
SH 5 Utility Relocation - Project B	Utility	1,500,000	191,271	1,308,729
Risk and Resilience Infrastructure Improvements	Utility	500,000	161,895	338,105
Collin Pump Station Ground Storage Tank No. 2	Utility	12,079,888	3,152,503	8,927,385
CR 286 Water Line Improvement	Utility	900,000	525,093	374,907
Downtown Utility Rehab-- SLFRF ARPA Funding	General Government	5,957,454	1,664,649	4,292,805
Total		\$ 155,919,032	\$ 51,360,604	\$ 104,558,428

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.

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, 2024. 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 refunding bonds	\$ 8,971,000	\$ —	\$ (493,000)	\$ 8,478,000	\$ 529,000
General obligation bonds	47,395,000	—	(205,000)	47,190,000	780,000
Combination tax and revenue refunding certificates of obligation	29,995,000	10,835,000	(235,000)	40,595,000	240,000
Combination tax and revenue refunding bonds	300,000	—	(35,000)	265,000	25,000
Financed purchases	256,359	250,000	(92,798)	413,561	96,852
Lease liability	1,058,207	981,949	(432,730)	1,607,426	445,061
Subscription liability	51,752	—	(25,446)	26,306	26,306
Unamortized premiums	4,243,848	725,831	(238,075)	4,731,604	—
Total bonds, notes and other payables, net	92,271,166	12,792,780	(1,757,049)	103,306,897	2,142,219
Other liabilities:					
Compensated absences	1,119,342	383,673	(57,194)	1,445,821	144,582
Net pension liability	2,589,129	—	(466,690)	2,122,439	—
Total other postemployment benefit liability	87,080	14,094	—	101,174	—
Total governmental activities	\$ 96,066,717	\$ 13,190,547	\$ (2,280,933)	\$ 106,976,331	\$ 2,286,801

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	2.23 - 2.40%	\$ 423,000
Series 2021	2.00-5.00%	8,055,000
Total general obligation refunding bonds		<u>8,478,000</u>
General obligation bonds		
Series 2022	4.00-5.00%	32,260,000
Series 2023	4.00-5.00%	14,930,000
Total general obligation bonds		<u>47,190,000</u>
Combination tax and revenue certificates of obligation		
Series 2018	3.00-4.00 %	29,760,000
Series 2024	4.00-6.00%	10,835,000
Total combination tax and revenue certificates of obligation		<u>40,595,000</u>
Combination tax and revenue refunding bonds		
Series 2017	2.00 - 4.00 %	265,000
Total combination tax and revenue refunding bonds		<u>265,000</u>
Financed purchases		
2018 Pierce Enforcer Fire Apparatus	3.86%	208,895
2024 Servers	4.90%	204,666
Total financed purchases		<u>413,561</u>
Total governmental activities long-term debt		<u><u>\$ 96,941,561</u></u>

Description	Interest Rates	Balance
Business-type activities:		
Combination tax & revenue certificates of obligation		
Series 2014	2.00 - 3.65 %	\$ 3,460,000
Series 2022	4.00 - 5.00 %	63,735,000
Series 2024	4.00 - 6.00 %	11,575,000
Total combination tax & revenue certificates of obligation		<u>78,770,000</u>
Combination tax and revenue refunding bonds		
Series 2014A	3.15 - 3.60%	652,000
Series 2017	2.00 - 4.00 %	4,335,000
Total combination tax and revenue refunding bonds		<u>4,987,000</u>
General obligation refunding bonds		
Series 2021	2.00-5.00 %	2,820,000
Total general obligation refunding bonds		<u>2,820,000</u>
Financed purchases		
2017 AMI Meters	2.00%	430,214
2021 Sewer Cleaner Truck	3.73%	274,688
Total financed purchases		<u>704,902</u>
Total business-type activities long-term debt		<u><u>\$ 87,281,902</u></u>

Description	Interest Rates	Balance
Component units:		
Sales Tax Revenue Bonds		
CDC - Sales Tax Revenue Bonds - Series 2012B	3.30%	\$ 980,000
CDC - Sales Tax Revenue Bonds - Series 2016	1.90% - 4.50%	1,290,000
Total sales tax revenue bonds		2,270,000
Notes payable		
CDC - Notes Payable	5.50%	2,105,650
CDC - Sales Tax Notes Payable	6.25%	1,712,354
Total notes payable		3,818,004
Total CDC long-term debt		\$ 6,088,004

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					
	General Obligation Refunding Bonds & General Obligation Bonds		Combination Tax and Revenue Certificates of Obligation		Combination Tax and Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,309,000	\$ 2,374,261	\$ 240,000	\$ 1,698,428	\$ 25,000	\$ 10,100
2026	1,789,000	2,306,263	250,000	1,724,000	25,000	9,100
2027	2,035,000	2,219,925	435,000	1,708,125	75,000	7,100
2028	2,025,000	2,131,650	565,000	1,683,125	75,000	4,100
2029	2,125,000	2,034,650	610,000	1,653,750	65,000	1,300
2030-2034	12,370,000	8,430,775	7,865,000	7,261,475	-	-
2035-2039	15,630,000	5,166,325	9,785,000	5,344,125	-	-
2040-2044	13,605,000	1,891,156	13,780,000	2,874,700	-	-
2045-2049	4,780,000	338,763	7,065,000	579,500	-	-
Total	\$ 55,668,000	\$ 26,893,768	\$ 40,595,000	\$ 24,527,228	\$ 265,000	\$ 31,700

Year Ending September 30,	Business-type Activities					
	Combination Tax and Revenue Certificates of Obligation		Combination Tax and Revenue Refunding Certificates of Obligation		General Obligation Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,310,000	\$ 2,944,650	\$ 645,000	\$ 184,452	\$ 20,000	\$ 135,850
2026	1,660,000	2,889,825	492,000	163,176	25,000	134,725
2027	1,740,000	2,836,213	370,000	146,600	330,000	125,850
2028	1,805,000	2,777,400	380,000	131,600	355,000	108,725
2029	1,895,000	2,715,000	565,000	112,700	375,000	90,475
2030-2034	11,665,000	12,325,025	2,535,000	205,900	1,715,000	161,100
2035-2039	17,530,000	9,437,469	-	-	-	-
2040-2044	23,010,000	6,000,206	-	-	-	-
2045-2049	18,155,000	1,616,381	-	-	-	-
Total	\$ 78,770,000	\$ 43,542,169	\$ 4,987,000	\$ 944,428	\$ 2,820,000	\$ 756,725

Year Ending September 30,	CDC					
	Sales Tax Revenue Bonds		Sales Tax Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 135,000	\$ 86,013	\$ 75,564	\$ 109,924	\$ 206,765	\$ 103,041
2026	150,000	81,050	80,617	104,871	215,691	94,115
2027	170,000	75,390	86,008	99,479	225,125	84,680
2028	190,000	68,950	91,760	93,728	234,893	74,912
2029	210,000	61,730	97,896	87,591	195,625	64,180
2030-2034	1,015,000	178,515	596,891	330,547	1,027,551	141,574
2035-2039	400,000	27,675	683,618	104,706	—	—
Total	\$ 2,270,000	\$ 579,323	\$ 1,712,354	\$ 930,846	\$ 2,105,650	\$ 562,502

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are \$60,894,000 at September 30, 2024. The City acts as an agent for the property owners in collecting special assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, when appropriate. The City is not liable for repayment of the special district bonds, and accordingly, they are not reflected in accompanying basic financial statements. Cash held on deposit and corresponding amounts payable for the districts are reported in the Public Improvement District Custodial Fund.

In fiscal year 2024, the City issued \$22,410,000 of Combination Tax and Revenue Certificates of Obligation bonds, Series 2024 dated August 15, 2024 with a premium of approximately \$1.5 million bearing interest rates ranging from 4.0% to 6.0%. The Bonds will be used for the purpose of acquiring land for future municipal buildings, including a police station and administrative office buildings, housing the public works department; acquiring, constructing, installing, and equipping additions, improvements, extensions and equipment for the City's sewer system, including a wastewater interceptor line to the new wastewater treatment plant, related infrastructure improvements, and the acquisition of land and interest in land as necessary; and legal, fiscal and engineering fees in connection with such projects.

Financed Purchases

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

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

On October 13, 2020, the City entered into a finance agreement for the acquisition of a Vector Combination Sewer Cleaner Truck. The financed purchase is payable from the Utility Fund.

On February 3, 2023, the City entered into a financed purchase to finance the acquisition of servers which is payable from the General Fund.

The assets acquired through financed purchases as of September 30, 2024 are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Fire apparatus	\$ 485,068	\$ —
Servers	250,000	—
Water meters	—	1,340,010
Sewer cleaner truck	—	441,360
Less: Accumulated depreciation	(233,174)	(865,377)
Total	\$ 501,894	\$ 915,993

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2024 are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2025	\$ 114,933	\$ 201,214
2026	114,933	201,214
2027	114,933	201,214
2028	114,933	52,035
2029	—	52,035
2030-2032	—	52,035
Total minimum future lease payments	459,732	759,747
Less: amount representing interest	(46,171)	(54,845)
Present value of minimum lease payments	\$ 413,561	\$ 704,902

Lease Liability

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

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

	Interest Rate	Lease Term in Years	Ending Balance
Governmental activities			
Vehicles	Various	5	\$ 1,607,426
Total governmental activities			\$ 1,607,426
Business-type activities			
Vehicles	Various	5	\$ 585,489
Total business-type activities			\$ 585,489

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
2025	\$	546,228	\$	131,255
2026		492,348		155,096
2027		423,881		149,195
2028		304,527		119,620
2029		107,718		129,487
Total minimum future lease payments		1,874,702		684,653
Less: amount representing interest		(267,276)		(99,164)
Present value of minimum lease payments	\$	1,607,426	\$	585,489

The value of the lease assets as of the end of the current fiscal year was \$2,970,002 with accumulated amortization of \$1,506,978 for the governmental activities, and \$1,092,354 with accumulated amortization of \$551,191 for the business-type activities.

Subscription Based Information Technology Arrangements (SBITA)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate	Liability at Commencement	SBITA Term in Years	Ending Balance
Governmental activities				
Software subscription	3.38%	\$ 78,947	3	\$ 26,306
Total governmental activities				\$ 26,306
Business-type activities				
Software subscription	3.38%	\$ 78,947	3	\$ 26,306
Total business-type activities				\$ 26,306

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

Year Ending September 30,	Principal	Interest	Total
2025	\$ 26,306	\$ 889	\$ 27,195
Total governmental activities	\$ 26,306	\$ 889	\$ 27,195
Year Ending September 30,	Principal	Interest	Total
2025	\$ 26,306	\$ 889	\$ 27,195
Total business-type activities	\$ 26,306	\$ 889	\$ 27,195

The value of the subscription assets as of the end of the current fiscal year was \$748,411 with accumulated amortization of \$63,790 for governmental activities, and \$78,947 with accumulated amortization of \$52,632 for both business-type activities.

Note 7. Interfund Balances and Activity

Interfund balances during the year were as follows:

Receivable Fund	Payable Fund	Amounts
General Fund	Capital Projects Fund	\$ 3,003,305
Total		<u>\$ 3,003,305</u>

Interfund balances for the Capital Projects Fund is created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid in one year or less.

Transfers between funds during the year were as follows:

Transfers Out	Transfers In	Amounts	Reason
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 3,095	Contribute to operating costs
Total		<u>\$ 3,095</u>	

Note 8. Defined Benefit Pension Plan

Plan Description

The City and one of its component units participate as one of over 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at 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 member's benefit is calculated based on the sum of the member's contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and with the actuarial constraints also in the statutes.

The plan provisions are adopted by City were as follows:

	<u>2024</u>
Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	92
Active employees	<u>176</u>
Total	<u><u>289</u></u>

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, 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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.07% and 14.25% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$2,030,652, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees for Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0 %	6.70 %
Core Fixed Income	6.0 %	4.70 %
Non-Core Fixed Income	20.0 %	8.00 %
Other public and private markets	12.0 %	8.00 %
Real Estate	12.0 %	7.60 %
Hedge funds	5.0 %	6.40 %
Private Equity	10.0 %	11.60 %
Total	100.0 %	

Discount Rate

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

Changes in Net Pension Liability

At September 30, 2024, the City reported the following changes in net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2022	\$ 16,486,266	\$ 13,404,168	\$ 3,082,098
Changes for the year:			
Service cost	2,514,806	—	2,514,806
Interest	1,188,409	—	1,188,409
Difference between expected and actual experience	(40,051)	—	(40,051)
Changes of assumptions	27,727	—	27,727
Contributions - employer	—	1,792,469	(1,792,469)
Contributions - employee	—	891,775	(891,775)
Net investment income (loss)	—	1,572,188	(1,572,188)
Benefit payments, including refunds of employee contributions	(421,967)	(421,967)	—
Administrative expense	—	(9,924)	9,924
Other changes	—	(69)	69
Net changes	3,268,924	3,824,472	(555,548)
Balance at December 31, 2023	\$ 19,755,190	\$ 17,228,640	\$ 2,526,550

At September 30, 2024, the component unit reported the following changes in net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2022	\$ 472,921	\$ 398,555	\$ 74,366
Changes for the year:			
Service cost	60,678	—	60,678
Interest	28,674	—	28,674
Difference between expected and actual experience	(966)	—	(966)
Changes of assumptions	669	—	669
Contributions - employer	—	43,249	(43,249)
Contributions - employee	—	21,517	(21,517)
Net investment income (loss)	—	37,934	(37,934)
Benefit payments, including refunds of employee contributions	(10,181)	(10,181)	—
Administrative expense	—	(239)	239
Other changes	—	(2)	2
Net changes	78,874	92,278	(13,404)
Balance at December 31, 2023	\$ 551,795	\$ 490,833	\$ 60,962

Of the ending net pension liability balance, \$2,526,550 and \$60,962 was allocated to the primary government and discretely presented component unit, respectively.

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 6,221,786	\$ 2,526,550	\$ (415,000)
Component unit's net pension liability	150,122	60,962	(10,013)
Total	\$ 6,371,908	\$ 2,587,512	\$ (425,013)

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.tmrs.com.

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

For the year ended September 30, 2024, the City recognized pension expense of \$2,094,044 and the component unit recognized pension expense of \$50,526.

At September 30, 2024, 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	\$ 619,470	\$ 33,632
Changes in actuarial assumptions	31,578	—
Difference between projected and actual investment earnings	264,871	—
Contributions subsequent to the measurement date	1,472,794	—
Total	\$ 2,388,713	\$ 33,632

At September 30, 2024, the component unit 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	\$ 14,947	\$ 811
Changes in actuarial assumptions	762	—
Difference between projected and actual investment earnings	6,391	—
Contributions subsequent to the measurement date	35,536	—
Total	\$ 57,636	\$ 811

\$1,508,330 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, 2025. Of the deferred outflows of resources total, \$2,388,713 and \$57,636 was allocated to the primary government and discretely presented component unit, respectively. Of the deferred inflows of resources total, \$33,632 and \$811 was allocated to the primary government and discretely presented component unit, respectively. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	City	Component Unit
2025	\$ 291,822	\$ 7,041
2026	254,616	6,143
2027	352,184	8,498
2028	(34,812)	(840)
2029	18,950	457
Thereafter	(473)	(10)
Total	\$ 882,287	\$ 21,289

Note 9. Other Postemployment Benefits Plan

Plan Description

The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the SDBF. This is a voluntary program administered by the Texas Municipal Retirement System (TMRS) in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75).

Benefits Provided

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

Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workplace of the City. 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. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the City's yearly contributions for retirees.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>176</u>
Total	<u><u>202</u></u>

Accounting Policy

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

Actuarial Assumptions

Significant methods and assumptions used in the December 31, 2023 actuarial valuation are as follows:

Inflation	2.5% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	3.77% as of December 31, 2023 (4.05% as of December 31, 2022)
Retirees' share of benefit related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Rates - services retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2022.

Total OPEB Liability

The City and component unit's total OPEB liability of \$123,332 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date. The total OPEB liability and related information are as follows for the City at September 30, 2024:

	Total OPEB Liability - City	Total OPEB Liability - Component Unit	Total
Balance at December 31, 2022	\$ 103,660	\$ 2,501	\$ 106,161
Changes for the year:			
Service cost	17,835	431	18,266
Interest on Total OPEB Liability	4,533	110	4,643
Difference between expected and actual experience	(10,326)	(250)	(10,576)
Changes of assumptions or other inputs	5,998	145	6,143
Benefit payments	(1,274)	(31)	(1,305)
Net changes	16,766	405	17,171
Balance at December 31, 2023	\$ 120,426	\$ 2,906	\$ 123,332

Of the ending total OPEB liability, \$120,426 and \$2,906 was allocated to the primary government and discretely presented component unit, respectively.

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$17,367 and the component unit recognized OPEB expense of \$420.

At September 30, 2024, 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	\$ 5,769	\$ 29,230
Changes in actuarial assumptions and other inputs	30,291	53,211
Contributions made subsequent to the measurement date	16,536	—
Total	\$ 52,596	\$ 82,441

At September 30, 2024, the component unit 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	\$ 139	\$ 705
Changes in actuarial assumptions and other inputs	731	1,284
Contributions made subsequent to the measurement date	399	—
Total	\$ 1,269	\$ 1,989

Benefit payments subsequent to the measurement date and before fiscal year-end of \$16,935 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2025. Of the deferred outflows of resources total, \$52,596 and \$1,269 was allocated to the primary government and discretely presented component unit, respectively. Of the deferred inflows of resources total, \$82,441 and \$1,989 was allocated to the primary government and discretely presented component unit, respectively.

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

Fiscal Year	City	Component Unit
2025	\$ (5,001)	\$ (121)
2026	(5,127)	(124)
2027	(5,382)	(130)
2028	(4,982)	(120)
2029	(8,613)	(208)
Thereafter	(17,276)	(416)
Total	\$ (46,381)	\$ (1,119)

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, 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 (2.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City	\$ 149,677	\$ 120,426	\$ 97,807
Component Unit	3,618	2,906	2,364
	\$ 153,295	\$ 123,332	\$ 100,171

Note 10. 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.

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

Note 11. Sherley Tract Public Improvement District

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

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

Note 12. AnaCapri Public Improvement District

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

On September 12, 2023, the City of Anna City Council approved the issuance and sale of Special Assessment Revenue Bonds in the amount of \$20,343,000 known as AnaCapri Public Improvement District Improvement Area #1 Project. These bonds were authorized to finance the projects benefiting Improvement Area #1 of the AnaCapri Public Improvement District including certain roadway, water, sewer, and drainage improvements.

Note 13. The Woods at Lindsey Place Public Improvement District

On February 14, 2023, the City of Anna City Council approved Resolution No. 2023-02-1378 authorizing the creation of a Public Improvement District. The Woods at Lindsey Place Public Improvement District consists of approximately 198.006 acres located within the corporate limits of the city. This district was created in accordance with Chapter 372.003 of the Texas Local Government Code, as amended.

On September 12, 2023, the City of Anna City Council approved the issuance and sale of Special Assessment Revenue Bonds in the amount of \$7,419,000 known as The Woods at Lindsey Place Public Improvement District Improvement Area #1 Project. These bonds were authorized to finance the projects benefiting Improvement Area #1 of The Woods at Lindsey Place Public Improvement District including certain roadway, water, sewer, and drainage improvements.

Note 14. Meadow Vista Public Improvement District

On September 26, 2023, the City of Anna City Council approved Resolution No. 2023-09-1558 authorizing the creation of a Public Improvement District. The Meadow Vista Public Improvement District consists of approximately 223.154 acres located within the corporate limits of the city. This district was created in accordance with Chapter 372.003 of the Texas Local Government Code, as amended.

On June 9, 2024, the City of Anna City Council approved the issuance and sale of Special Assessment Revenue Bonds in the amount of \$12,806,000 known as the Meadow Vista Public Improvement District Improvement Area #1 Project. These bonds were authorized to finance the projects benefiting Improvement Area #1 of the Meadow Vista Public Improvement District including certain roadway, water, sewer, and drainage improvements.

Note 15. 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.

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund

General Fund

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 11,191,000	\$ 11,191,000	\$ 11,396,738	\$ 205,738
Sales taxes	4,293,000	4,293,000	5,382,238	1,089,238
Charges for services	730,000	730,000	1,592,244	862,244
License and permits	4,330,000	4,330,000	5,944,535	1,614,535
Intergovernmental	23,000	23,000	57,070	34,070
Fines and forfeitures	300,000	300,000	456,859	156,859
Franchise and local taxes	850,000	825,000	1,315,462	490,462
Investment Income	500,000	500,000	1,286,598	786,598
Other revenues	14,000	14,000	335,294	321,294
Contributions and donations	—	—	670	670
Total revenues	22,231,000	22,206,000	27,767,708	5,561,708
EXPENDITURES				
Current:				
General government	6,128,603	6,128,603	6,406,352	(277,749)
Culture and recreation	2,134,279	2,134,279	2,082,329	51,950
Community services	1,201,235	1,201,235	1,004,656	196,579
Public safety	11,646,627	11,646,627	12,020,576	(373,949)
Public works	1,033,352	1,033,352	1,123,907	(90,555)
Debt service:				
Principal	—	—	550,974	(550,974)
Interest and fiscal charges	—	—	109,206	(109,206)
Capital outlay	6,000	6,000	1,946,595	(1,940,595)
Total expenditures	22,150,096	22,150,096	25,244,595	(3,094,499)
Excess (deficiency) of revenues over (under) expenditures	80,904	55,904	2,523,113	2,467,209
OTHER FINANCING SOURCES (USES)				
Issuance of lease	—	—	1,231,949	1,231,949
Proceeds from sale of capital assets	—	—	72,730	72,730
Total other financing sources (uses)	—	—	1,304,679	1,304,679
Net change in fund balance	80,904	55,904	3,827,792	3,771,888
BEGINNING FUND BALANCE	13,853,231	13,853,231	13,853,231	—
ENDING FUND BALANCE	\$ 13,934,135	\$ 13,909,135	\$ 17,681,023	\$ 3,771,888

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

Schedule of Changes in the Net Pension Liability and Related Ratios - TMRS

Last Ten Measurement Periods

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	\$ 2,575,484	\$ 2,179,066	\$ 2,179,066	\$ 1,689,215	\$ 1,282,488	\$ 1,008,055	\$ 860,365	\$ 698,771	\$ 608,067	\$ 527,867
Interest	1,217,083	973,142	789,622	789,622	665,239	546,834	464,692	398,225	343,924	309,015
Changes of benefit terms	—	—	—	—	—	—	—	—	—	—
Differences between expected and actual experience	(41,017)	633,772	301,846	301,846	31,578	294,521	13,331	(9,109)	(60,518)	(110,141)
Change of assumptions	28,396	—	—	—	—	47,825	—	—	—	19,349
Benefit payments, including refunds of employee contributions	(432,148)	(308,348)	(305,245)	(305,245)	(374,666)	(185,961)	(204,657)	(163,326)	(101,394)	(109,637)
Net change in total pension liability	\$ 3,347,798	\$ 3,477,632	\$ 2,965,289	\$ 2,475,438	\$ 1,604,639	\$ 1,711,274	\$ 1,133,731	\$ 924,561	\$ 790,079	\$ 636,453
Total pension liability - beginning	\$ 16,959,187	\$ 13,481,555	\$ 11,006,117	\$ 11,006,117	\$ 9,401,478	\$ 7,690,204	\$ 6,556,473	\$ 5,631,912	\$ 4,841,833	\$ 4,205,380
TOTAL PENSION LIABILITY - ENDING (a)	\$ 20,306,985	\$ 16,959,187	\$ 13,971,406	\$ 13,481,555	\$ 11,006,117	\$ 9,401,478	\$ 7,690,204	\$ 6,556,473	\$ 5,631,912	\$ 4,841,833
PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 1,835,718	\$ 1,497,200	\$ 1,240,283	\$ 1,240,283	\$ 927,155	\$ 747,632	\$ 618,080	\$ 516,066	\$ 442,230	\$ 386,733
Contributions - employee	913,292	772,327	616,181	616,181	460,616	356,743	298,589	249,306	217,388	194,478
Net investment income (loss)	1,610,122	(938,459)	1,300,777	1,300,777	631,955	991,697	(175,951)	641,130	257,535	4,915
Benefit payments, including refunds of employee contributions	(432,148)	(308,348)	(305,245)	(305,245)	(374,666)	(185,961)	(204,657)	(163,326)	(101,394)	(109,637)
Administrative expense	(10,163)	(8,072)	(5,991)	(5,991)	(4,073)	(5,580)	(3,389)	(3,315)	(2,902)	(2,992)
Other	(71)	9,632	41	41	(158)	(168)	(176)	(169)	(156)	(148)
Net change in plan fiduciary net position	3,916,750	1,024,280	2,846,046	2,846,046	1,640,829	1,904,363	532,496	1,239,692	812,701	473,349
Plan fiduciary net position - beginning	13,802,723	12,778,443	9,932,397	9,932,397	8,291,568	6,387,205	5,854,709	4,615,017	3,802,316	—
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 17,719,473	\$ 13,802,723	\$ 12,778,443	\$ 12,778,443	\$ 9,932,397	\$ 8,291,568	\$ 6,387,205	\$ 3,802,316	\$ 3,802,316	\$ 3,802,316
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 2,587,512	\$ 3,156,464	\$ 1,192,963	\$ 703,112	\$ 1,073,720	\$ 1,109,910	\$ 1,302,999	\$ 2,754,157	\$ 1,829,596	\$ 1,039,517
Plan fiduciary net position as a percentage of total pension liability	87.26%	81.39%	94.78%	94.78%	90.24%	88.19%	83.06%	89.30%	81.94%	78.53%
Covered payroll	\$ 13,047,032	\$ 11,033,246	\$ 8,802,581	\$ 8,802,581	\$ 6,580,234	\$ 5,096,334	\$ 4,265,561	\$ 3,561,515	\$ 1,194,348	\$ 2,778,260
Net pension liability as a percentage of covered payroll	19.83%	28.61%	7.99%	7.99%	16.32%	21.78%	30.55%	19.70%	85.14%	37.42%

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.

Schedule of Employer Contributions to Pension Plan - TMRS

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,030,652	\$ 1,772,903	\$ 1,434,265	\$ 1,094,001	\$ 906,255	\$ 701,932	\$ 592,188	\$ 490,248	\$ 444,631	\$ 353,170
Contributions in relation to the actuarially determined contribution	2,030,652	1,772,903	1,434,265	1,094,001	906,255	701,932	592,188	490,248	444,631	353,170
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$14,297,097	\$12,629,182	\$10,388,515	\$ 7,764,378	\$ 6,373,692	\$ 4,798,511	\$ 4,086,822	\$ 3,396,686	\$ 3,140,567	\$ 2,881,090
Contributions as a percentage of covered payroll	14.20%	14.04%	13.81%	14.09%	14.22%	14.63%	14.49%	14.43%	14.16%	12.26%

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.

Schedule of Changes in Total OPEB Liability and Related Ratios - TMRS

Last Seven Measurement Periods

	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY							
Service cost	\$ 18,266	\$ 28,686	\$ 24,647	\$ 16,451	\$ 9,173	\$ 8,958	\$ 6,767
Interest (on the Total OPEB Liability)	4,643	3,205	3,019	2,584	2,306	1,996	1,716
Change of benefit terms	—	—	—	—	—	—	—
Differences between expected and actual experience	(10,576)	(15,859)	(10,814)	11,180	(964)	(3,622)	—
Changes in assumptions or other inputs	6,143	(68,636)	6,365	23,878	18,247	(5,341)	5,334
Benefit payments	(1,305)	(2,207)	(1,761)	(658)	(510)	—	—
Net change in total OPEB liability	17,171	(54,811)	21,456	53,435	28,252	1,991	13,817
Total OPEB liability - beginning	\$ 106,161	\$ 160,972	\$ 139,516	\$ 86,081	\$ 57,829	\$ 55,838	\$ 42,021
TOTAL OPEB LIABILITY - ENDING (a)							
	\$ 123,332	\$ 106,161	\$ 160,972	\$ 139,516	\$ 86,081	\$ 57,829	\$ 55,838
Covered-employee payroll	\$13,047,032	\$11,033,246	\$ 8,802,581	\$ 6,580,234	\$ 5,096,334	\$ 4,265,563	\$ 3,561,515
Total OPEB liability as a percentage of covered-employee payroll	0.95%	0.96%	1.83%	2.12%	1.69%	1.36%	1.57%

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 standard of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented have been shown and ultimately ten years will be presented.

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

Schedule of OPEB Contributions - TMRS

Last Seven Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 22,874	\$ 1,592	\$ 2,078	\$ 7,636	\$ 8,286	\$ 6,238	\$ 4,496
Contributions in relation to the actuarially determined contribution	22,874	1,592	2,078	7,636	8,286	6,238	4,496
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered-employee payroll	\$14,297,097	\$12,629,182	\$10,388,515	\$ 7,764,378	\$ 6,373,692	\$ 4,798,511	\$ 4,086,822
Contributions as a percentage of covered-employee payroll	0.16%	0.01%	0.02%	0.10%	0.13%	0.13%	0.11%

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 standard of GASB 74/75 and should not be shown here. Therefore, only years for which the new GASB statements have been implemented have been shown and ultimately ten years will be presented.

² 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 standard 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.

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds Descriptions

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.

State Police Seizure Fund

Accounts for state 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 laws.

Federal Police Seizure Fund

Accounts for federal 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 federal laws.

Fire Department Capital Improvement Fund

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

Park Development Fund

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

Grant Fund

Accounts for the proceeds and expenditures relating to all grants. Road Capital Development Agreement Fund
Accounts for negotiated developer agreements for road and street impact fees.

Tax Increment Reinvestment Zone Numbers 2, 3, 4, 5, and 6

Accounts for financing resources to pay for infrastructure costs to facilitate the mixed-use development projects.

PID Fee Fund

Accounts for the proceeds and expenditures relating to various PID agreements.

Other Special Revenue Fund

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

Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2024

	Roadway Impact Fee SVC Area 1	Roadway Impact Fee SVC Area 2	State Police Seizure Fund	Federal Police Seizure Fund	Fire Dept. Capital Impr. Fund	Park Development Fund	Grant Fund	Road Capital Development Agreement Fund
ASSETS								
Cash and cash equivalents	\$ 5,366,462	\$ 2,093,153	\$ 16,658	\$ —	\$ 236,245	\$ 4,453,523	\$ —	\$ 2,433,970
Receivables, net	—	—	—	—	—	10,437	55,566	—
Prepays	—	—	—	—	—	51,387	—	—
Restricted cash	—	—	—	—	—	—	—	—
Total assets	\$ 5,366,462	\$ 2,093,153	\$ 16,658	\$ —	\$ 236,245	\$ 4,515,347	\$ 55,566	\$ 2,433,970
LIABILITIES								
Accounts payable and other liabilities	\$ —	\$ 898,743	\$ —	\$ —	\$ 1	\$ 450,336	\$ 112,232	\$ 2,038,872
Accrued salaries	—	—	—	—	—	—	—	—
Unearned revenue	—	—	—	—	—	—	—	—
Total liabilities	\$ —	\$ 898,743	\$ —	\$ —	\$ 1	\$ 450,336	\$ 112,232	\$ 2,038,872
FUND BALANCES								
Nonspendable								
Prepays	—	—	—	—	—	51,387	—	—
Restricted for:								
Public safety	—	—	16,658	—	236,244	—	—	—
Capital projects	5,366,462	1,194,410	—	—	—	4,013,624	—	395,098
Unassigned	—	—	—	—	—	—	(56,666)	—
Total fund balances	\$ 5,366,462	\$ 1,194,410	\$ 16,658	\$ —	\$ 236,244	\$ 4,065,011	\$ (56,666)	\$ 395,098
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,366,462	\$ 2,093,153	\$ 16,658	\$ —	\$ 236,245	\$ 4,515,347	\$ 55,566	\$ 2,433,970

Combining Balance Sheet - Nonmajor Governmental Funds (Continued)

September 30, 2024

	TIRZ #2	TIRZ #3	TIRZ #4	TIRZ #5	TIRZ #6	PID Fee Fund	Other Special Revenue Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,172,285	\$ 276,265	\$ 16,048,561
Receivables, net	—	—	—	—	—	—	6,838	72,841
Prepays	—	—	—	—	—	—	—	51,387
Restricted cash	430,488	66,227	14,399	15,535	133,263	935,000	—	1,594,912
Total assets	\$ 430,488	\$ 66,227	\$ 14,399	\$ 15,535	\$ 133,263	\$ 2,107,285	\$ 283,103	\$ 17,767,701
LIABILITIES								
Accounts payable and other liabilities	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77	\$ 215,768	\$ 3	\$ 3,716,340
Accrued salaries	—	—	—	—	—	—	—	—
Unearned revenue	—	—	—	—	—	—	—	—
Total liabilities	77	77	77	77	77	215,768	3	3,716,340
FUND BALANCES								
Nonspendable								
Prepays	—	—	—	—	—	—	—	51,387
Restricted for:								
Public safety	—	—	—	—	—	—	283,100	536,002
Capital projects	430,411	66,150	14,322	15,458	133,186	1,891,517	—	13,520,638
Unassigned	—	—	—	—	—	—	—	(56,666)
Total fund balances	\$ 430,411	\$ 66,150	\$ 14,322	\$ 15,458	\$ 133,186	\$ 1,891,517	\$ 283,100	\$ 14,051,361
TOTAL LIABILITIES AND FUND BALANCES	\$ 430,488	\$ 66,227	\$ 14,399	\$ 15,535	\$ 133,263	\$ 2,107,285	\$ 283,103	\$ 17,767,701

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended September 30, 2024

	Roadway Impact Fee SVC Area 1	Roadway Impact Fee SVC Area 2	State Police Seizure Fund	Federal Police Seizure Fund	Fire Dept. Capital Impr. Fund	Park Development Fund	Grant Fund	Road Capital Development Agreement Fund
REVENUES								
Property taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Charges for services	2,987,941	553,264	—	—	27,800	2,526,679	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—
Investment income	175,408	119,264	519	—	10,304	164,117	149,174	107,601
Other revenues	—	—	5,152	—	—	6,895	—	—
Intergovernmental	—	2,590,000	—	—	—	—	3,512,214	—
Total revenues	3,163,349	3,262,528	5,671	—	38,104	2,697,691	3,661,388	107,601
EXPENDITURES								
Current:								
General government	—	—	—	—	—	—	9,500	—
Culture and recreation	—	—	—	—	—	576,299	—	—
Public safety	—	—	1,743	—	1,801	—	8,143	—
Public works	1,046,781	26,474	—	—	—	—	70,782	—
Capital outlay	660,604	4,183,722	—	—	35,975	2,101,044	3,806,703	—
Total expenditures	1,707,385	4,210,196	1,743	—	37,776	2,677,343	3,895,128	—
Excess (deficiency) of revenues over (under) expenditures	1,455,964	(947,668)	3,928	—	328	20,348	(233,740)	107,601
OTHER FINANCING SOURCES (USES)								
Transfers in	—	—	3,095	—	—	—	—	—
Transfers out	—	—	—	(3,095)	—	—	—	—
Total other financing (uses)	—	—	3,095	(3,095)	—	—	—	—
Net change in fund balances	1,455,964	(947,668)	7,023	(3,095)	328	20,348	(233,740)	107,601
Fund balances, beginning of year	3,910,498	2,142,078	9,635	3,095	235,916	4,044,663	177,074	287,497
FUND BALANCES, END OF YEAR	\$ 5,366,462	\$ 1,194,410	\$ 16,658	\$ —	\$ 236,244	\$ 4,065,011	\$ (56,666)	\$ 395,098

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued)

For the Year Ended September 30, 2024

	TIRZ #2	TIRZ #3	TIRZ #4	TIRZ #5	TIRZ #6	PID Fee Fund	Other Special Revenue Fund	Total Nonmajor Governmental Funds
REVENUES								
Property taxes	\$ 380,164	\$ 53,477	\$ 14,500	\$ 15,535	\$ 95,748	\$ —	\$ —	559,424
Charges for services	—	—	—	—	—	—	—	6,095,684
Fines and forfeitures	—	—	—	—	—	—	12,851	12,851
Investment income	—	—	—	—	—	144,937	9,625	880,949
Other revenues	—	—	—	—	—	2,453,100	54,294	2,519,441
Intergovernmental	—	—	—	—	—	—	—	6,102,214
Total revenues	380,164	53,477	14,500	15,535	95,748	2,598,037	76,770	16,170,563
EXPENDITURES								
Current:								
General government	—	—	—	—	—	—	1,044	10,544
Culture and recreation	—	—	—	—	—	13,911	—	590,210
Public safety	—	—	—	—	—	—	—	11,687
Public works	166,720	535	178	77	77	—	—	1,311,624
Capital outlay	—	—	—	—	—	4,612,809	—	15,400,857
Total expenditures	166,720	535	178	77	77	4,626,720	1,044	17,324,922
Excess (deficiency) of revenues over (under) expenditures	213,444	52,942	14,322	15,458	95,671	(2,028,683)	75,726	(1,154,359)
OTHER FINANCING SOURCES (USES)								
Transfers in	—	—	—	—	—	—	—	3,095
Transfers out	—	—	—	—	—	—	—	(3,095)
Total other financing (uses)	—	—	—	—	—	—	—	—
Net change in fund balances	213,444	52,942	14,322	15,458	95,671	(2,028,683)	75,726	(1,154,359)
Fund balances, beginning of year	216,967	13,208	—	—	37,515	3,920,200	207,374	15,205,720
FUND BALANCES, END OF YEAR	\$ 430,411	\$ 66,150	\$ 14,322	\$ 15,458	\$ 133,186	\$ 1,891,517	\$ 283,100	\$ 14,051,361

Balance Sheet - CDC

Community Development Corporation
September 30, 2024

	Anna Community Development Corporation
ASSETS	
Cash and cash equivalents	\$ 10,087,199
Receivables, net	614,829
Prepaid expenses	14,480
Total Assets	\$ 10,716,508
LIABILITIES	
Accounts payable	\$ 266,345
Accrued liabilities	11,502
Total liabilities	277,847
FUND BALANCES	
Restricted for:	
Community Development	10,438,661
Total fund balances	10,438,661
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,716,508

Reconciliation of the Balance Sheet to the Statement of Net Position - CDC

Community Development Corporation
September 30, 2024

TOTAL FUND BALANCE	\$ 10,438,661
---------------------------	----------------------

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

Capital assets reported in the government-wide financials are not financial resources and, therefore, are not reported in the fund financial statements.	3,955,385
--	-----------

The following deferred outflows of resources and deferred inflows of resources are not reported in the fund financial statements:

Deferred outflows of resources - OPEB	1,269
Deferred outflows of resources - pension	57,636
Deferred inflows of resources - OPEB	(811)
Deferred inflows of resources - pension	(1,989)

Long-term liabilities, including bonds and notes 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	(2,270,000)
Notes payable	(2,105,650)
Sales tax note payable	(1,712,354)
Compensated absences	(19,639)
Accrued interest	(45,056)
Total OPEB liability	(2,906)
Net pension liability	(60,962)

TOTAL NET POSITION	\$ 8,233,584
---------------------------	---------------------

Statement of Revenues, Expenditures, and Changes in Fund Balance - CDC

Community Development Corporation
For the Year Ended September 30, 2024¹

	Anna Community Development Corporation
REVENUES	
Sales taxes	\$ 3,229,343
Contributions	51
Investment income	528,403
Other revenues	282
Miscellaneous	21,525
Total revenues	3,779,604
EXPENDITURES	
Current:	
Community and economic development	2,045,403
Debt service:	
Principal retirement	284,346
Interest and fiscal charges	241,275
Capital outlay	3,915,039
Total expenditures	6,486,063
Excess of revenues over expenditures	(2,706,459)
OTHER FINANCING SOURCES	
Issuance of notes payable	3,987,351
Net change in fund balances	1,280,892
Fund balance, beginning of year	9,157,769
Fund balance, end of year	\$ 10,438,662

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities - CDC

Community Development Corporation
For the Year Ended September 30, 2024

NET CHANGE IN FUND BALANCE	\$ 1,280,892
<i>Amounts reported in the statement of activities are different because:</i>	
Fund financial statements report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount of capital outlays in the current period.	3,915,039
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(31,326)
Current year long-term debt principal payments on bonds and notes payable are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	284,346
Debt proceeds provide current financial resources in the fund financial statements, but issuing debt increases long-term liabilities in the Statement of Net Position.	
Notes payable issued	(3,987,351)
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 the fund financial statements.	
Change in accrued interest	(33,529)
Change in accrued compensated absences	2,297
Change in net pension liability and related deferred inflows and outflows	70,229
Change in total OPEB liability and related deferred inflows and outflows	(1,125)
CHANGE IN NET POSITION	\$ 1,499,472

Balance Sheet - EDC

Economic Development Corporation
September 30, 2024

	Anna Economic Development Corporation
ASSETS	
Cash and cash equivalents	\$ 5,905,813
Receivables, net	250,000
Total Assets	\$ 6,155,813
LIABILITIES	
Accounts payable	\$ 2,256
Total liabilities	2,256
FUND BALANCES	
Restricted for:	
Economic Development	6,153,557
Total fund balances	6,153,557
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,155,813

Reconciliation of the Balance Sheet to the Statement of Net Position - EDC

Economic Development Corporation
September 30, 2024

TOTAL FUND BALANCES	\$ 6,153,557
----------------------------	---------------------

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

Capital assets used in and reflected in the government-wide financial statements are not financial resources and, therefore, are not reported in the fund financial statements.	174,523
---	---------

TOTAL NET POSITION	<u>\$ 6,328,080</u>
---------------------------	----------------------------

Statement of Revenues, Expenditures, and Changes in Fund Balances - EDC

Economic Development Corporation
For the Year Ended September 30, 2024¹

	Anna Economic Development Corporation
REVENUES	
Charges for services	\$ 84,645
Investment income	325,604
Contributions	60,000
Miscellaneous income	40,352
Total revenues	510,601
EXPENDITURES	
Current:	
Community and economic development	27,913
Total expenditures	27,913
Excess of revenues over expenditures	482,688
OTHER FINANCING SOURCES	
Proceeds from sale of capital assets	209,654
Total other financing sources	209,654
Net change in fund balances	692,342
Fund balance, beginning of year	5,461,215
Fund balance, end of year	\$ 6,153,557

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - EDC

Economic Development Corporation
For the Year Ended September 30, 2024

TOTAL NET CHANGE IN FUND BALANCES	\$ 692,342
<i>Amounts reported in the statement of activities are different because:</i>	
Depreciation is not recognized as an expense in fund financial statements since it does not require the use of current financial resources	(33,454)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(207,919)
CHANGE IN NET POSITION	\$ 450,969

Balance Sheet - HFC

Housing Finance Corporation
September 30, 2024

	Anna Housing Finance Corporation
ASSETS	
Cash and cash equivalents	\$ 652,702
Receivables, net	915
Capital assets:	
Non-depreciable	1,443,404
Total Assets	\$ 2,097,021
LIABILITIES	
Accounts payable	\$ 12,930
Total liabilities	12,930
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - land lease	1,404,524
Total deferred inflows of resources	1,404,524
FUND BALANCE	
Unassigned	679,566
Total fund balance	679,566
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 2,097,020

Statement of Revenues, Expenditure, and Changes in Fund Balances - HFC

Housing Finance Corporation
For the Year Ended September 30, 2024

	Anna Housing Finance Corporation
REVENUES	
Charges for services	\$ 18,330
Investment income	35,403
Total revenues	53,733
EXPENSES	
Current:	
Community and economic development	22,285
Total expenditures	22,285
Net change in fund balances	31,448
Fund balance, beginning of year	648,118
Fund balance, end of year	\$ 679,566

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual - CDC

Community Development Corporation
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Sales and use tax	\$ 2,460,000	\$ 2,460,000	\$ 3,229,343	\$ 769,343
Contributions	—	—	51	51
Investment earnings	15,000	15,000	528,403	513,403
Other revenues	—	—	282	282
Miscellaneous	—	—	21,525	21,525
Total revenues	2,475,000	2,475,000	3,779,604	1,304,604
EXPENDITURES				
Current:				
Community and economic development	4,768,399	2,768,399	2,045,403	722,996
Debt Service:				
Principal retirement	465,000	3,165,000	284,346	2,880,654
Interest and fiscal charges	88,006	88,006	241,275	(153,269)
Capital outlay	—	—	3,915,039	(3,915,039)
Total expenditures	5,321,405	6,021,405	6,486,062	(464,657)
Excess (deficiency) of revenues over (under) expenditures	(2,846,405)	(3,546,405)	(2,706,458)	839,947
OTHER FINANCING SOURCES				
Issuance of notes payable	—	—	3,987,351	—
Total other financing sources (uses)	—	—	3,987,351	—
Net change in fund balance	(2,846,405)	(3,546,405)	1,280,893	4,827,298
Fund balances, beginning of year	9,157,772	9,157,772	9,157,772	—
FUND BALANCES, end of year	\$ 6,311,367	\$ 5,611,367	\$ 10,438,665	\$ 4,827,298

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual - EDC

Economic Development Corporation
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Charges for services - rentals	\$ 78,120	\$ 78,120	\$ 84,645	\$ 6,525
Investment income	25,000	25,000	325,604	300,604
Contributions	—	—	60,000	60,000
Other income	—	—	40,352	40,352
Total revenues	103,120	103,120	510,601	407,481
EXPENDITURES				
Current:				
Community and economic development	529,550	529,550	27,913	501,637
Total expenditures	529,550	529,550	27,913	501,637
Excess (deficiency) of revenues over (under) expenditures	(426,430)	(426,430)	482,688	909,118
OTHER FINANCING SOURCES				
Proceeds from sale of capital assts	—	—	209,654	209,654
Total other financing sources	—	—	209,654	209,654
Net change in fund balances	(426,430)	(426,430)	692,342	1,118,772
Fund balances, beginning of year	\$ 5,461,215	\$ 5,461,215	\$ 5,461,215	\$ —
FUND BALANCES, end of year	\$ 5,034,785	\$ 5,034,785	\$ 6,153,557	\$ 1,118,772

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual - Debt Service Fund

Debt Service Fund

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,665,234	\$ 4,665,234	\$ 4,708,781	\$ 43,547
Investment income	4,000	4,000	86,660	82,660
Total revenues	4,669,234	4,669,234	4,795,440	126,206
EXPENDITURES				
Debt Service:				
Principal retirement	968,000	968,000	968,000	—
Interest and fiscal charges	3,702,734	3,702,734	3,706,233	(3,499)
Total expenditures	4,670,734	4,670,734	4,674,233	(3,499)
Excess (deficiency) of revenues over (under) expenditures	(1,500)	(1,500)	121,207	122,707
Net change in fund balances	(1,500)	(1,500)	121,207	122,707
Fund balances, beginning of year	\$ 334,538	\$ 334,538	\$ 334,538	\$ —
FUND BALANCES, end of year	\$ 333,038	\$ 333,038	\$ 455,746	\$ 122,707

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual - Grant Fund

Grant Fund

For the year ended, September 30, 2024

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ —	\$ —	\$ 3,512,214	\$ 3,512,214
Investment income	35,000	35,000	149,174	114,174
Total revenues	35,000	35,000	3,661,388	3,626,388
EXPENDITURES				
General government	—	—	9,500	(9,500)
Public safety	—	—	8,143	(8,143)
Public works	—	—	70,782	(70,782)
Capital outlay	—	—	3,806,703	(3,806,703)
Total expenditures	—	—	3,895,128	(3,895,128)
Net change in fund balances	35,000	35,000	(233,740)	(268,740)
Fund balances, beginning of year	177,074	177,074	177,074	—
FUND BALANCES, end of year	\$ 212,074	\$ 212,074	\$ (56,666)	\$ (268,740)

Statistical Section (Unaudited)

THE CITY OF
Anna

This Page Left Intentionally Blank

Financial Trends

01 - Net Position by Component

Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	2024	2023	2022	2021	2019	2018	2017	2016	2015
GOVERNMENTAL ACTIVITIES									
Net investment in capital assets	\$ 164,115,311	\$ 111,235,486	\$ 81,252,418	\$ 65,539,991	\$ 33,525,898	\$ 29,892,142	\$ 20,398,968	\$ 13,466,866	\$ 13,288,789
Restricted	6,326,639	17,188,894	19,668,553	18,360,546	10,681,098	469,607	1,489,057	1,550,067	1,781,301
Unrestricted	19,713,402	13,133,603	11,163,470	13,904,713	6,211,056	5,793,809	3,844,285	3,052,331	2,073,139
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$ 190,155,352	\$ 141,557,983	\$ 112,084,441	\$ 97,805,250	\$ 50,418,052	\$ 36,155,558	\$ 25,732,310	\$ 18,069,264	\$ 17,143,229
BUSINESS-TYPE ACTIVITIES									
Net investment in capital assets	\$ 150,095,510	\$ 92,309,877	\$ 50,471,921	\$ 41,835,760	\$ 28,632,597	\$ 25,064,065	\$ 17,356,378	\$ 12,878,858	\$ 9,150,846
Restricted	25,893,045	24,635,697	31,677,216	23,680,099	9,638,637	6,761,991	6,407,402	7,349,941	10,029,856
Unrestricted (deficit)	14,233,939	6,802,959	5,672,694	5,757,394	3,364,464	2,855,207	2,930,232	762,189	595,738
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	\$ 190,222,494	\$ 123,748,533	\$ 87,821,831	\$ 71,273,253	\$ 41,635,698	\$ 34,681,263	\$ 26,694,012	\$ 20,990,988	\$ 19,776,440
PRIMARY GOVERNMENT									
Net investment in capital assets	\$ 314,210,821	\$ 203,545,363	\$ 131,724,339	\$ 107,375,751	\$ 62,158,495	\$ 54,956,207	\$ 37,755,346	\$ 26,345,724	\$ 22,439,635
Restricted	32,219,684	41,824,591	51,345,769	42,040,645	20,319,735	7,231,598	7,896,459	8,900,008	11,811,157
Unrestricted	33,947,341	19,936,562	16,836,164	19,662,107	9,575,520	8,649,016	6,774,517	3,814,520	2,668,877
TOTAL PRIMARY GOVERNMENT NET POSITION	\$ 380,377,846	\$ 265,306,516	\$ 199,906,272	\$ 169,078,503	\$ 92,053,750	\$ 70,836,821	\$ 52,426,322	\$ 39,060,252	\$ 36,919,669

¹ Source: Annual Comprehensive Financial Report

02 - Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
EXPENSES										
Governmental activities:										
General government	\$ 7,229,346	\$ 6,641,449	\$ 5,226,176	\$ 3,538,746	\$ 2,669,302	\$ 1,954,083	\$ 1,758,159	\$ 1,405,085	\$ 1,393,256	\$ 1,058,719
Culture and recreation	3,396,741	3,699,579	2,550,873	2,053,933	1,172,862	877,455	799,378	665,430	584,676	573,249
Community services	1,019,920	1,150,424	1,211,897	1,198,530	1,280,415	1,289,798	810,369	904,227	690,842	558,541
Public safety	13,092,102	9,893,153	9,915,219	6,221,473	5,074,735	3,972,445	3,730,871	3,062,333	2,727,997	2,511,931
Public works	7,968,688	7,110,793	3,303,741	4,169,132	3,176,361	4,113,592	2,013,096	1,502,775	1,261,514	1,053,123
Interest on long-term debt	5,966,633	4,008,129	1,483,176	2,212,316	1,258,204	2,420,375	670,789	132,433	174,446	316,079
Total governmental activities expenses	38,673,430	32,503,527	23,691,082	19,394,130	14,631,879	14,627,748	9,782,662	7,672,283	6,832,731	6,071,642
Business-type activities:										
Water and sewer	30,640,255	26,319,170	16,353,389	13,462,054	11,152,513	11,664,343	8,893,526	7,443,593	7,371,352	6,487,099
Public Facility Corporation	14,150	35,167	—	—	—	—	—	—	—	—
Total business-type activities expenses	30,654,405	26,354,337	16,353,389	13,462,054	11,152,513	11,664,343	8,893,526	7,443,593	7,371,352	6,487,099
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 69,327,835	\$ 58,857,864	\$ 40,044,471	\$ 32,856,184	\$ 25,784,392	\$ 26,292,091	\$ 18,676,188	\$ 15,115,876	\$ 14,204,083	\$ 12,558,741
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 8,952,357	\$ 6,888,879	\$ 6,708,288	\$ 4,281,147	\$ 304,993	\$ 236,673	\$ 90,890	\$ 136,465	\$ 48,181	\$ 30,000
Culture and recreation	1,724,616	1,327,100	2,835,400	1,689,000	1,404,600	900,150	315,933	553,511	117,990	63,265
Public safety	201,027	154,691	674,627	182,859	2,644,933	16,995	94,244	49,950	768,988	218,973
Public works	62,664	48,220	14,473	5,353	21,648	666,873	641,119	382,390	129,914	—
Community services	5,751,509	2,432,795	3,274,193	1,641,273	895,585	1,314,178	873,397	1,173,516	236,694	748,212
Operating grants and contributions	186,855	437,051	75,963	527,376	616,207	182,943	4,225	351,482	333,948	15,053
Capital grants and contributions	55,832,509	24,639,756	8,977,439	30,267,739	13,181,867	15,179,885	9,338,204	6,489,958	—	1,417,514
Total governmental activities program revenues	72,711,537	35,928,492	22,560,383	38,594,747	19,069,833	18,497,697	11,358,012	9,137,272	1,635,715	2,493,017
Business-type activities:										
Charges for services:										
Water and sewer	41,482,710	30,692,985	28,539,413	23,356,512	15,852,302	14,947,376	11,416,192	9,805,662	7,523,193	6,194,327
Public Facility Corporation	—	695,620	—	—	—	—	—	—	—	—
Capital grants and contributions:										
Water and sewer	28,909,202	21,782,213	4,125,890	7,732,066	6,716,462	3,346,660	5,348,481	3,298,737	776,416	755,508
Public Facility Corporation	—	4,225,000	—	—	—	—	—	—	—	—
Total business-type activities program revenues	70,391,912	57,395,818	32,665,303	31,088,578	22,568,764	18,294,036	16,764,673	13,104,399	8,299,609	6,949,835
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 143,103,449	\$ 93,324,310	\$ 55,225,686	\$ 69,683,325	\$ 41,638,597	\$ 36,791,733	\$ 28,122,685	\$ 22,241,671	\$ 9,935,324	\$ 9,442,852

02 - Changes in Net Position - Continued

Last Ten Fiscal Years
(accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NET (EXPENSE) REVENUE										
Governmental activities	\$ 34,038,107	\$ 3,424,965	\$ (1,130,699)	\$ 19,200,617	\$ 4,437,954	\$ 3,869,949	\$ 1,575,350	\$ 1,464,989	\$ (5,197,016)	\$ (3,578,625)
Business-type activities	39,737,507	31,041,481	16,311,914	17,626,524	11,416,251	6,629,693	7,871,147	5,660,806	928,257	462,736
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ 73,775,614	\$ 34,466,446	\$ 15,181,215	\$ 36,827,141	\$ 15,854,205	\$ 10,499,642	\$ 9,446,497	\$ 7,125,795	\$ (4,268,759)	\$ (3,115,889)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	\$ 16,663,266	\$ 13,553,404	\$ 10,239,322	\$ 8,714,860	\$ 7,929,530	\$ 6,728,848	\$ 5,579,490	\$ 4,619,461	\$ 3,973,028	\$ 3,322,054
Sales taxes	5,382,238	4,345,553	3,847,911	2,929,876	2,271,318	1,835,421	1,502,079	1,203,749	1,542,309	1,473,097
Franchise taxes	1,315,462	1,063,275	888,723	726,006	657,331	612,332	573,517	505,571	447,498	450,799
Grants not restricted for a specific purpose	3,373,552	—	—	—	—	—	—	—	—	—
Unrestricted investment earnings	5,470,612	3,444,880	244,855	123,643	568,920	1,044,444	327,200	26,199	31,816	23,685
Gain on sale of assets	72,730	—	—	—	20,111	135,910	276,970	—	—	39,160
Miscellaneous revenue	2,854,738	98,315	189,079	62,859	70,560	84,132	314,750	241,719	166,773	316,688
Intergovernmental	—	—	—	—	—	—	142,273	—	—	—
Transfers	(20,573,336)	3,920,200	—	—	(326,387)	(48,542)	159,500	—	108,556	(649)
Total governmental activities	14,559,262	26,425,627	15,409,890	12,557,244	11,191,383	10,392,545	8,875,779	6,596,699	6,269,980	5,624,834
Business-type activities:										
Unrestricted investment earnings	5,017,120	4,352,474	236,664	93,145	175,248	276,200	136,261	63,607	69,608	77,064
Gain on sale of assets	—	—	—	—	—	—	—	—	—	—
Miscellaneous revenue	1,145,998	173,910	—	—	—	—	148,148	69,610	29,193	—
Transfers	20,573,336	(3,920,200)	—	—	326,387	48,542	(159,500)	—	(108,556)	649
Total business-type activities	26,736,454	606,184	236,664	93,145	501,635	324,742	124,909	133,217	(9,755)	77,713
TOTAL PRIMARY GOVERNMENT	\$ 41,295,716	\$ 27,031,811	\$ 15,646,554	\$ 12,650,389	\$ 11,693,018	\$ 10,717,287	\$ 9,000,688	\$ 6,729,916	\$ 6,260,225	\$ 5,702,547
CHANGE IN NET POSITION										
Governmental activities	\$ 48,597,369	\$ 29,850,592	\$ 14,279,191	\$ 31,757,861	\$ 15,629,337	\$ 14,262,494	\$ 10,451,129	\$ 8,061,688	\$ 1,072,964	\$ 2,046,209
Business-type activities	66,473,961	31,647,665	16,548,578	17,719,669	11,917,886	6,954,435	7,996,056	5,794,023	918,502	540,449
TOTAL PRIMARY GOVERNMENT	\$ 115,071,330	\$ 61,498,257	\$ 30,827,769	\$ 49,477,530	\$ 27,547,223	\$ 21,216,929	\$ 18,447,185	\$ 13,855,711	\$ 1,991,466	\$ 2,586,658

03 - Fund Balances, Governmental Funds

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
GENERAL FUND										
Nonspendable	\$ 21,237	\$ 73,049	\$ —	\$ 12,961	\$ 10,630	\$ 7,242	\$ —	\$ —	\$ —	\$ —
Restricted	14,357	13,832	13,434	13,354	13,279	13,133	12,891	12,768	19,580	523,192
Committed	—	—	—	—	—	215,932	215,932	740,768	185,788	157,476
Assigned	—	—	—	—	—	—	—	—	—	—
Unassigned	17,645,429	13,766,350	9,949,599	6,545,930	6,421,607	5,705,117	4,484,943	3,741,504	3,114,627	2,617,940
TOTAL GENERAL FUND	\$ 17,681,023	\$ 13,853,231	\$ 9,963,033	\$ 6,572,245	\$ 6,445,516	\$ 5,941,424	\$ 4,713,766	\$ 4,495,040	\$ 3,319,995	\$ 3,298,608
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ 720,851	\$ 47,407	\$ —	\$ 559,947	\$ 3,000	\$ 1,000	\$ —	\$ —	\$ —	\$ —
Restricted	70,600,589	68,596,045	26,215,542	31,756,237	32,669,975	40,214,505	35,295,317	1,476,290	2,284,212	1,100,633
Committed	—	—	—	—	—	—	—	—	—	—
Assigned	—	186,405	2,538,722	5,537,514	—	—	—	—	—	—
Unassigned	(56,666)	—	—	—	(3,000)	(112,518)	—	(7,694)	(574,937)	(203,139)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 71,264,774	\$ 68,829,857	\$ 28,754,264	\$ 37,853,698	\$ 32,669,975	\$ 40,102,987	\$ 35,295,317	\$ 1,468,596	\$ 1,709,275	\$ 897,494

¹ Source: Annual Comprehensive Financial Report

04 - Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUES										
Taxes	\$ 23,362,643	\$ 18,952,228	\$ 14,867,757	\$ 12,363,699	\$ 10,898,111	\$ 9,166,995	\$ 7,592,708	\$ 6,338,940	\$ 5,965,724	\$ 5,241,413
Licenses, permits, and fees	5,944,535	5,782,000	5,752,179	4,159,517	2,683,906	1,331,173	824,186	1,115,294	711,462	748,212
Charges for services	7,687,928	4,989,037	7,504,874	3,514,109	2,488,443	1,716,265	1,113,856	1,106,620	—	158,491
Fines and forfeitures	469,710	445,357	249,928	129,265	97,374	87,431	77,541	73,918	84,360	115,027
Intergovernmental	6,822,173	71,767	72,913	526,766	123,195	93,190	142,273	185,392	287,614	114,200
Investment earnings	5,470,612	3,444,880	244,855	123,643	568,920	1,044,444	327,200	26,199	31,816	23,685
Other revenues	2,854,738	747,518	189,079	10,458,492	1,436,755	166,460	314,750	117,932	1,164,183	126,393
Contributions	34,731,772	12,005,222	3,050	4,330,711	475	9,823,637	4,225	351,482	—	135,949
Total revenues	\$ 87,344,111	\$ 46,438,009	\$ 28,884,635	\$ 35,606,202	\$ 18,297,179	\$ 23,429,595	\$ 10,396,739	\$ 9,315,777	\$ 8,245,159	\$ 6,663,370
EXPENDITURES										
Current:										
General government	\$ 6,470,232	\$ 6,190,616	\$ 5,033,727	\$ 3,388,774	\$ 2,759,964	\$ 1,918,254	\$ 1,553,102	\$ 1,339,668	\$ 1,507,324	\$ 1,181,679
Culture and recreation	2,688,508	3,135,470	1,984,511	1,677,459	815,030	518,696	473,477	332,249	268,538	246,808
Community development	1,004,656	1,132,073	1,145,841	1,198,963	1,113,095	1,286,794	809,682	902,552	689,308	896,419
Public safety	12,032,263	9,208,813	7,105,755	5,875,398	4,827,758	3,721,752	3,649,049	2,842,470	2,509,795	2,182,617
Public works	2,567,544	2,899,529	645,027	1,239,676	857,730	2,166,360	541,968	463,780	539,049	200,188
Principal retirement	1,518,974	878,037	1,196,705	546,366	537,791	426,851	342,000	328,000	779,842	466,776
Interest and fiscal changes	3,815,439	2,865,698	1,579,307	1,327,404	1,344,730	2,589,974	71,273	97,376	182,942	200,331
Bond issuance costs	2,348,709	1,078,957	—	739,177	—	—	443,009	—	—	38,350
Capital outlay	61,500,585	29,042,375	19,059,410	22,938,256	12,994,384	5,414,720	1,771,045	565,974	1,094,445	755,535
Total expenditures	\$ 93,946,910	\$ 56,431,568	\$ 37,750,283	\$ 38,931,473	\$ 25,250,482	\$ 18,043,401	\$ 9,654,605	\$ 6,872,069	\$ 7,571,243	\$ 6,168,703
Excess of revenues over (under) expenditures	\$ (6,602,799)	\$ (9,993,559)	\$ (8,865,648)	\$ (3,325,271)	\$ (6,953,303)	\$ 5,386,194	\$ 742,134	\$ 2,443,708	\$ 673,916	\$ 494,667
OTHER FINANCING SOURCES (USES)										
Transfers in	\$ 3,095	\$ 3,945,200	\$ 295,428	\$ 3,316,912	\$ 1,979,606	\$ 121,637	\$ 1,455,713	\$ 585,209	\$ 298,419	\$ 335,134
Transfers (out)	(3,095)	(25,000)	(295,428)	(3,316,912)	(1,976,401)	(170,179)	(1,296,213)	(585,209)	(189,863)	(335,783)
Sale of capital assets	72,730	21,070	1,615,036	61,619	21,178	212,608	700,082	34,974	17,054	65,000
Bond Proceeds	10,835,000	47,395,000	—	8,460,000	—	—	31,795,000	(23,350)	—	1,462,000
Premium on debt issuance	725,831	2,475,096	—	834,153	—	—	1,601,891	850,000	—	—
SBITA inception	—	78,947	—	—	—	—	—	—	—	—
Lease inception	—	446,087	1,541,966	—	—	—	—	—	—	—
Lease issuance	1,231,949	—	—	—	—	485,068	—	—	—	—
Payments to escrow agent	—	—	—	(720,049)	—	—	(953,160)	(820,899)	—	(1,411,398)
Total other financing sources (uses)	\$ 12,865,510	\$ 54,336,400	\$ 3,157,002	\$ 8,635,723	\$ 24,383	\$ 649,134	\$ 33,303,313	\$ 40,725	\$ 125,610	\$ 114,953
NET CHANGE IN FUND BALANCE	\$ 6,262,711	\$ 44,342,841	\$ (5,708,646)	\$ 5,310,452	\$ (6,928,920)	\$ 6,035,328	\$ 34,045,447	\$ 2,484,433	\$ 799,526	\$ 609,620
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	23.7%	13.7%	14.9%	11.7%	15.4%	23.9%	5.2%	6.7%	14.9%	12.3%

Revenue Capacity

05 - Assessed Value and Estimated Value of Taxable Property

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Estimated Market Value			Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property	Less: Tax Exempt Property		
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
2020	1,630,573,659	61,071,756	381,187,399	1,310,458,016	0.59129
2021	1,799,674,320	62,835,654	383,180,540	1,479,329,434	0.58300
2022	2,101,621,383	70,991,511	397,019,088	1,775,593,806	0.56950
2023	3,085,141,844	81,446,456	685,309,530	2,481,278,770	0.53975
2024	4,107,353,218	90,021,257	929,458,294	3,267,916,181	0.51072

¹ Source: Collin County Appraisal District

06 - Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (Unaudited)

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
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	0.079810	1.94206
2019	0.42812	0.16317	0.591288	1.670000	0.180785	0.081222	1.93201
2020	0.45154	0.13975	0.591288	1.568350	0.174951	0.081222	1.82452
2021	0.46705	0.11595	0.583000	1.474600	0.172531	0.081222	1.72835
2022	0.45263	0.11687	0.569500	1.460300	0.168087	0.081222	1.70961
2023	0.39653	0.14322	0.539750	1.442900	0.152443	0.081220	1.67656
2024	0.36593	0.14479	0.510717	1.257500	0.149343	0.081220	1.48806

¹ Source: Collin County Appraisal District

² The entire city is located in Collin County and within the Anna Independent School District.

07 - Principal Property Taxpayers

Current Year and Nine Years Ago (Unaudited)

Taxpayer	2024		Taxpayer	2015	
	Taxable Assessed Value ¹	Percentage of Total City Assessed Valuation		Taxable Assessed Value ²	Percentage of Total City Assessed Valuation
Parmore Anna Holdings, LLC	\$ 40,219,565	1.23%	Bloomfield Homes, LP	\$ 4,980,560	0.98%
Grand Anna Owner, LLC	30,155,973	0.92%	PTCAA Texas, LP	3,964,474	0.78%
Anna Village Residential, LTD	23,686,317	0.72%	Brookshire Grocery Company	3,882,746	0.76%
CZ GA I, LLC	22,483,397	0.69%	LGI Homes - Oak Hollow Ph 6, LLC	3,729,354	0.73%
Megatel AnaCapri, LLC	18,130,862	0.55%	Anna Eagle Retail, LP	3,705,247	0.73%
Wal-Mart Real Estate Business Trust	17,832,918	0.55%	ARCP CV Anna TX, LLC	3,595,881	0.70%
MM Hurricane Creek FL 1, LLC	13,930,000	0.43%	Hwy 75/Anna Property, LP	2,576,513	0.50%
DR Horton-Texas, LTD	11,969,945	0.37%	Windmill Self Storage, LP	2,438,688	0.48%
HPI Self Storage Anna, LLC	11,438,409	0.35%	Anna Market Center, LTD	2,308,699	0.45%
Oncor Electric Devliver Co, LLC	9,759,680	0.30%	Brookshire Grocery Company	2,178,518	0.43%
Total	199,607,066	6.11%		33,360,680	6.53%

¹ Source: Collin County Tax Collector

² Taxpayers are assessed on January 1, 2023 (2023 tax year) for the 2024 fiscal year.

³ Taxpayers are assessed on January 1, 2014 (2014 tax year) for the 2015 fiscal year.

08 - Property Tax Levies and Collections

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levies	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Adjustments		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2015	3,291,889	17,816	3,309,705	3,290,905	99.4%	102,670	3,393,575	102.5%
2016	3,861,771	42,805	3,904,576	3,881,905	99.4%	98,650	3,980,555	101.9%
2017	4,523,301	38,846	4,562,147	4,541,224	99.5%	93,185	4,634,409	101.6%
2018	5,257,566	111,610	5,369,176	5,348,790	99.6%	93,411	5,442,201	101.4%
2019	6,475,495	148,602	6,624,097	6,596,608	99.6%	101,795	6,698,403	101.1%
2020	7,543,539	218,798	7,762,337	7,721,972	99.5%	153,607	7,875,579	101.5%
2021	8,610,384	(5,193)	8,605,191	8,580,733	99.7%	126,247	8,706,980	101.2%
2022	10,000,568	74,505	10,075,073	10,051,504	99.8%	110,338	10,161,842	100.9%
2023	12,562,831	731,403	13,294,234	13,249,390	99.7%	33,196	13,282,586	99.9%
2024	16,689,803	(200,185)	16,489,618	16,440,075	99.7%	—	16,440,075	99.7%

¹ Source: Collin County Tax Assessor

THE CITY OF
Anna

This Page Left Intentionally Blank

Debt Capacity

09 - Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (Unaudited)

Governmental Activities						
Fiscal Year	General Obligation Refunding Bonds & General Obligation Bonds	Combination Tax and Revenue Certificates of Obligation	Combination Tax and Revenue Refunding Bonds	Financed Purchases	Right-to-Use Lease/ SBITA Liabilities	Unamortized Premiums (discounts)
2015	1,615,000	2,525,000	—	2,204,882	—	—
2016	1,563,000	2,270,000	—	1,732,000	—	—
2017	2,145,000	1,045,000	—	—	—	—
2018	2,018,000	30,910,000	800,000	—	—	1,517,551
2019	1,922,000	30,820,000	615,000	429,217	—	1,433,211
2020	1,815,000	30,620,000	425,000	388,426	—	1,348,872
2021	9,494,000	30,425,000	375,000	346,060	—	2,098,685
2022	9,243,000	30,210,000	335,000	302,059	895,262	1,980,979
2023	56,366,000	29,995,000	300,000	506,360	1,109,959	4,243,848
2024	55,668,000	40,595,000	265,000	413,562	1,633,732	4,731,604

Business-type Activities									
Fiscal Year	Combination Tax & Revenue Bonds & Certificates	Contract Revenue Bonds	General Obligation Bonds	Financed Purchases	Right-to-Use Lease/ SBITA Liabilities	Unamortized Premiums (Discounts)	Total Primary Government	Percentage of Personal Income	Per Capita
2015	12,561,000	13,675,000	5,000	—	—	—	32,585,882	11.90%	2,968
2016	12,359,000	13,140,000	—	—	—	—	31,064,000	10.99%	2,744
2017	14,312,750	10,335,000	—	1,340,010	—	68,619	29,246,379	8.63%	2,360
2018	16,552,000	5,892,500	—	1,217,631	—	643,354	59,551,036	16.54%	4,350
2019	15,817,000	5,615,417	—	1,094,571	—	571,023	58,317,439	14.97%	3,885
2020	15,067,000	5,325,833	—	967,248	—	498,692	56,456,071	11.33%	3,360
2021	13,530,000	5,027,083	2,870,000	1,228,121	—	1,159,439	66,553,388	12.60%	3,484
2022	12,805,000	4,727,500	2,860,000	1,056,631	129,642	1,021,176	65,566,249	10.61%	2,977
2023	76,896,000	—	2,840,000	882,849	399,088	1,473,546	175,012,650	20.10%	2,977
2024	83,757,000	—	2,820,000	704,902	611,795	2,079,870	186,468,991	17.69%	2,977

10 - Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Refunding Bonds & General Obligation Bonds	Combination Tax and Revenue Certificates of Obligation	Combination Tax and Revenue Refunding Bonds	Total ⁴	Percentage of Actual Taxable	Per Capita ³
					Value of Property ²	
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	30,910,000	800,000	33,728,000	0.0058%	2,464
2019	1,922,000	30,820,000	615,000	33,357,000	0.0045%	2,222
2020	1,815,000	30,620,000	425,000	32,860,000	0.0038%	1,965
2021	9,494,000	30,425,000	375,000	40,294,000	0.0035%	2,262
2022	9,243,000	30,210,000	335,000	39,788,000	0.0030%	1,966
2023	56,366,000	29,995,000	300,000	86,661,000	0.0035%	3,617
2024	55,668,000	40,595,000	265,000	96,528,000	0.0030%	3,469

¹ Details regarding the City's outstanding debt can be found in the [Notes to the Financial Statements](#).

² See the [Schedule of Assessed and Estimated Actual Value of Taxable Property](#) for property value data.

³ Population data can be found in the [Schedule of Demographic and Economic Statistics](#).

⁴ Bonds 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.

11 - Direct and Overlapping Governmental Activities Debt

As of September 30, 2024 (Unaudited)

	Debt Outstanding	Estimated Percentage Applicable ²	Estimated Share of Overlapping Debt
GOVERNMENTAL UNIT			
Debt repaid with property taxes:			
Collin County	\$ 841,715,000	1.23%	\$ 10,353,095
Collin College	459,865,000	1.23%	5,656,340
Anna ISD	316,064,090	96.49%	304,970,240
Subtotal, overlapping debt			320,979,674
City of Anna		100%	103,306,897
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 424,286,571

¹ 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 the City of Anna, TX. This process recognizes that, when considering the City's ability governments that is borne to issue and repay long-term 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.

² For 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.

³ Source: Net bonded debt and percentage of debt provided by Municipal Advisory of Texas

12 - Pledged-Revenue Coverage

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Water Revenue Bonds						Times Coverage
	Total Revenues ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2020	16,236,344	8,243,509	7,992,835	1,162,323	929,562	3.82	
2021	21,201,248	13,091,569	8,109,679	1,203,119	759,885	4.13	
2022	27,975,337	15,440,362	12,534,975	1,028,750	783,309	6.92	
2023	32,388,817	20,626,544	11,762,272	1,070,250	3,146,795	2.79	
2024	46,800,524	21,013,713	25,786,811	1,874,000	3,289,028	4.99	

¹ Includes both operating and non-operating revenues.

² Includes operating expenses minus depreciation.

³ Details regarding the City's outstanding debt can be found in the [notes to the financial statements](#).

THE CITY OF
Anna

This Page Left Intentionally Blank

Demographic and Economic Information

13 - Demographic and Economic Statistics

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ⁴	School Enrollment ³	Unemployment Rate ²
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	3,808	2.9%
2020	\$ 16,721	\$ 498,252,358	\$ 29,798	3,837	6.9%
2021	\$ 17,814	\$ 528,291,984	\$ 29,656	4,485	5.6%
2022	\$ 20,243	\$ 617,736,078	\$ 30,516	5,172	3.2%
2023	\$ 23,960	\$ 870,706,400	\$ 36,340	5,193	3.6%
2024	\$ 27,823	\$ 1,054,185,647	\$ 37,889	5,429	3.8%

¹ 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)

² 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.

14 - Principal Employers

Current Year and Nine Years Ago (Unaudited)

Employer	2024		Employer	2015	
	No. Employees	Percentage of Total City Employment		No. Employees	Percentage of Total City Employment
Anna ISD	856	43.43%	Anna ISD	N/A	N/A
Walmart	457	23.19%	Pate Rehab	N/A	N/A
Pate Rehab	168	8.52%	Brookshire's	N/A	N/A
City of Anna	191	9.69%	Bronco	N/A	N/A
Brookshire's	97	4.92%	Hurricane Creek Country Club	N/A	N/A
Bronco Manufacturing	37	1.88%	City of Anna	N/A	N/A
Hurricane Creek Country Club	48	2.44%	KFC/Taco Bell	N/A	N/A
Loves Travel Stop	56	2.84%	Crow's Country Café	N/A	N/A
McDonalds	49	2.49%	Mudpies and Lullabies	N/A	N/A
Tri-County Vet	12	0.61%	Highland Fire Protection	N/A	N/A
Total	1,971		Total	—	

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

² Data not available for 2015 at the time of this publication. The City will present this information for future years' as the information becomes available.

THE CITY OF
Anna

This Page Left Intentionally Blank

Operating Information

15 - Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years (Unaudited)

FUNCTION/PROGRAM	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government and										
Administration	26.0	26.0	23.0	21.0	23.5	23.5	15.5	12.5	13.5	13.5
Public Safety	83.5	68.5	59.0	51.0	37.0	33.0	28.0	24.0	22.0	21.0
Public Works	15.0	15.0	11.0	6.0	6.0	6.0	8.0	7.0	7.0	4.0
Culture and Recreation	20.5	21.0	17.5	17.9	8.4	7.0	10.0	4.0	4.0	2.0
Water and Sewer	31.0	31.0	27.0	24.0	16.0	16.0	13.0	11.0	8.0	10.0
Community Development	11.0	11.0	11.0	10.0	9.0	8.0	4.0	4.0	3.0	3.0
Economic Development	3.0	3.0	3.0	2.5	2.0	2.0	1.0	0.5	0.5	0.5
TOTAL ALL GOVERNMENT FUNDS	190.0	175.5	151.5	132.4	101.9	95.5	79.5	63.0	58.0	54.0

¹ Source: Finance and Human Resources Department

16 - Operating Indicators by Function/Program

Last Ten Fiscal Years

FUNCTION/PROGRAM	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government										
Building permits issued-residential	856	859	1,059	1,125	833	579	342	440	273	216
Building permits issued-commercial	33	30	16	12	11	12	11	11	4	1
Building inspections conducted	23,070	19,044	21,294	16,917	5,020	15,416	14,718	16,046	9,474	7,493
Public Safety										
Police:										
Physical arrests	441	364	428	325	253	357	428	337	311	309
Accident reports	310	307	305	363	265	323	336	265	261	231
Traffic stops	8,817	11,173	9,946	4,739	2,824	2,421	3,153	2,404	3,962	4,235
Fire:										
Emergency responses	2,733	2,468	2,284	2,286	1,851	1,783	1,703	1,502	1,234	1,256
Fires extinguished	51	84	120	100	74	81	59	19	79	62
Inspections	889	906	158	212	160	186	284	132	115	107
Highways and streets										
Street resurfacing (miles)	1.0	2.8	8.5	4.2	3	2.0	1	—	1	—
Potholes repaired	2,200	1,233	942	1,947	2,000	1,100	1,250	940	3,900	1,600
Recreation										
Reservations issued	175	112	111	162	376	156	164	92	53	59
Water and Sewer										
Number of Active Accounts	11,562	10,209	9,274	8,043	7,300	5,979	5,470	5,102	4,935	4,596
Average daily consumption (gallons) wells	1,521,000	1,179,364	789,054	1,029,423	1,009,523	1,122,943	1,097,062	1,018,025	1,007,258	1,115,682
Average daily consumption (gallons) GTUA/ NTMWD	1,749,000	1,990,603	1,983,782	2,428,800	1,169,030	1,025,503	679,857	679,857	355,970	—

¹ Source: City Departments

² 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.

17 - Capital Assets Statistics by Function/Program

Last Ten Fiscal Years (Unaudited)

FUNCTION	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	17	14	12	12	8	8	8	11	9	9
Number of fire stations	2	1	1	1	1	1	1	1	1	1
Streets and Grounds										
Streets (miles)	174.00	150.0	130.0	130.0	100	74	68	65	50	—
Streetlights	2,500	2,500	1,200	1,200	1,090	908	800	625	570	—
Traffic signals	10	9	6	6	5	4	4	3	1	—
Recreation										
Acreage	246.9	206.0	206.0	206.0	201	201	201	197	197	180
Playgrounds	6	5	5	5	4	3	2	2	2	2
Baseball/softball diamonds	6	6	6	6	6	6	6	6	7	7
Water and Sewer										
Water mains (miles)	187	188	163	82	82	75	69	55	55	—
Fire hydrants	1,452	1,476	1,175	925	925	862	804	570	570	—
Sanitary Sewer (miles)	137	126	115	75	75	68	62	50		
Storage capacity (millions of gallons)	4	3	3	3	3	3	3	3	3	—
Wastewater										
Treatment capacity	10	9	9	9	9	9	9	9	9	—
Sanitary sewer (miles)	137	126	115	75	75	68	62	60	50	—
Storm sewers (miles)	103	85	85	65	65	60	57	55	50	—

¹ Source: City Departments

² 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

Single Audit Reports

September 30, 2024



City of Anna, Texas
Contents
September 30, 2024

Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards	2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report	3
Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance – Independent Auditor’s Report	5
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings	10

City of Anna, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Direct Program:				
Bulletproof Vest Partnership Reimbursement Program	16.607		\$ -	\$ 6,269
Total Department of Justice			-	6,269
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
Highway Planning and Construction	20.205	0918-24-249	-	662,889
Total Department of Transportation			-	662,889
U.S. Department of the Treasury				
Direct Program:				
COVID - 19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		-	3,373,552
Total Department of Treasury			-	3,373,552
Total Federal Awards Expended			\$ -	\$ 4,042,710

City of Anna, Texas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Anna, Texas (City) under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Federal Loan Programs

The City did not have any federal loan programs during the year ended September 30, 2024.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anna, Texas (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and issued our report thereon dated June 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Dallas, Texas
June 24, 2025**

Report on Compliance for the Major Federal Program, Report on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Anna, Texas' (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated June 24, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Dallas, Texas
June 24, 2025**

City of Anna, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to the financial statements noted?

Yes No

Federal Awards

4. Internal control over the major federal award program:

Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None reported

5. Type of auditor’s report issued on compliance for the major federal program:

Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

7. Identification of the major federal program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

8. Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000.

9. Auditee qualified as a low-risk auditee?

Yes No

City of Anna, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2024

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

City of Anna, Texas
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

Reference Number	Summary of Finding	Status
2023-001	Year-End Close Process	Resolved.
2023-002	Timely Completion of Bank Reconciliations	Resolved.