CITY OF ANNA, TEXAS

ANNUAL BUDGET FOR FISCAL YEAR 2014

This budget will raise more revenue from property taxes than last year's budget by an amount of $357,069, which is a 14.61% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is $195,839.

City Council Record Vote

The members of the governing body voted on the adoption of the budget as follows:

FOR: Mayor Mike Crist, James T. Cook, Lauren Lovato, John Hopewell, Chad Barnes, Nathan Bryan, Dick Dowd
AGAINST:
PRESENT and not voting:
ABSENT:

Tax Rate	FY 2012-13	FY 2013-14
Property Tax Rate	0.650332	0.650332
Effective Rate	0.646813	0.606872
Effective M&O Tax Rate	0.556187	0.521986
Rollback Tax Rate	0.691646	0.654708
Debt Rate	0.090965	0.090965

The total amount of municipal debt obligation for the City of Anna is $12,548,373. Of that amount $4,239,115 is secured by property taxes through the I&S rate, the remaining $8,309,258 is supported by water and sewer revenues.
An additional $14,708,750 in revenue and contractual debt obligations to the Greater Texoma Utility Authority is also supported by water and sewer revenues.

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September 10, 2013

Honorable Mayor and Council Members:

In accordance with the City Charter and the laws of the state of Texas governing home rule cities, please accept this letter as my budget transmittal and executive summary of the fiscal year 2013-14 budget. The Annual Budget and Plan of Municipal Services is the most important document that is adopted by the City Council each year. In developing this document, as always, a significant amount of time is devoted by City Council Members and City Staff. An Annual Budget is developed through an extensive process of reviewing requests received from various City departments then prioritizing those requests in a manner that utilizes resources effectively, within fiscal constraints, while working to achieve the City's strategic goals.

STRATEGIC OBJECTIVES AND GOALS

After reviewing the City's mission and strategic vision earlier this year, the City Council identified seven (7) strategic objectives that are incorporated into the City's budget and will help frame the City's financial and work plans for the next five years. Below are the Councils strategic objectives and the specific goals associated with each objective.

Attract Professional Jobs

1. Develop and implement strategies for providing access to broadband fiber that will support the needs of residents and technology based businesses.
2. Develop and implement strategies for attracting jobs in the medical industry (medical plaza, minor emergency care).
3. Identify skill sets/degrees/ experience that are needed to build the professional workforce in Anna.
4. Develop a high tech business park in Anna.

Improve Curb/Aesthetic Appeal

1. Facilitate reconstruction of the FM 455/US 75 Interchange.
2. Develop plans for improving the SH 5 and 4th Street streetscapes in the Downtown District.
3. Improve and expand the City's parks and opens spaces.
4. Promote community functions that foster civic pride.
5. Develop a community signage program that promotes the "Anna brand".

Promote Downtown Redevelopment

1. Adopt development/redevelopment regulations for the Downtown District.
2. Develop an incentive program for development/redevelopment in the Downtown District.
3. Promote a "park and play" atmosphere in the Downtown District.
4. Develop and begin implementation of plan to improve drainage in the Downtown District.

Encourage Retail Development

1. Review Comprehensive Plan as it relates to retail development in the City; Develop and adopt development regulations for "small area plans" for the major retail districts (US 75 and FM 455).

2. Develop standards and guidelines for retail incentive programs.
3. Develop and implement strategies for recruiting retail development consistent with the Buxton report.

Create a Brand Identity for the City of Anna

1. Create comprehensive brand and brand implementation plan for the City.

Diversify the City's Housing Stock

1. Promote the development of residential neighborhoods that include a range of housing types and options.
2. Promote the construction of mid-range priced or "move-up" residential homes.

Upgrade City Offices and Facilities

1. Construct or lease interim (short-term) office space for Finance and Planning personnel.
2. Develop options for the construction of a new City Hall and remodel/expansion of the existing Fire Station (focus on options within the Downtown District); and acquire land for new facilities.

VALUE OF TAXABLE PROPERTY

From 2008 to 2011 the taxable value of existing properties in Anna declined an average of 3% per year. This equates to a loss of over $42 million in taxable value based on a year to year comparison. The value of existing properties stabilized in 2012, and valuation reports for the 2013 tax year show that the value of existing properties have increased for the first time since 2008. In addition to a modest 6% increase in existing property values, approximately $30,000,000 in new construction was added to the tax role last year.

This growth in taxable value corresponds to a significant increase in population over the past 12 months. According to the most recent population estimates published by the North Central Texas Council of Governments, the City of Anna population as of January 1, 2013 was 9,360. In 2012 alone the City issued 333 single family building permits which equates to approximately 1,000 new city residents. Through the end of August 2013, the City has received 250 building permit applications for single family homes. We forecast a similar growth pattern at least for the next 12 months. Of course with the growth in population comes a proportional increase in demand for municipal services that are funded primarily by property taxes.

EMPLOYEE PAY AND BENEFITS

The City of Anna has historically tried to adjust civilian employee wages based on changes in the Consumer Price Index for the Dallas/Fort Worth region. In fiscal year 2009-10 civilian employees earning less than $40,000 per year received a 2% merit increase. Eligible police officers received their scheduled step pay increase. No merit or cost of living increases were included for civilian employees earning more than $40k per year. In fiscal year 2010-11, a 2% merit increase was approved for all civilian employees, and eligible police officers received their scheduled step pay increase. In fiscal year 2011-12, civilian employees received a one-time, non-recurring payment equal to 2% of the employee's base annual pay, and eligible police officers re-

ceived their scheduled step pay increase. In fiscal year 2012-13 civilian employees received a 3% cost of living increase and eligible police officers received their scheduled step pay increase.

Over the last 12 months (May 2012 - May 2013), the CPI for Dallas/Fort Worth rose 1.6 percent. The proposed fiscal year 2013-14 budget includes funding for merit based salary increases (average 3%) for eligible civilian employees. Funding is also included for eligible police officers to receive their scheduled step pay increase. Salary increases are based on each employee's annual review and will be awarded on each eligible employee's hire anniversary date.

It has been five years since the city updated its pay classification plan. Since that time, we are aware of employees and employee groups whose salary schedules have fallen behind the market for this region. In an effort to hire and retain qualified and trained employees, the fiscal year 2013-14 budget includes funding to review and update our pay classification plan based on a comparison of similar positions in this market area. Funds have been allocated in the budget to make some market adjustments as warranted.

The City pays for health insurance for all City employees through a plan provided by the Texas Municipal League Intergovernmental Employee Benefit Pool (TMLIEBP). In fiscal year 2012-2013, the City transitioned from a defined benefit health plan (where the city paid for a uniform health plan for all employees) to defined contribution health plan (where the city provided each employee a fixed monthly stipend from which they could select one of eight different Consumer Centered Pool Plans (CCPP) offered by TMLIEBP). The CCPP plans include an option for each employee to buy additional health coverage for spouse or dependents. Any positive difference between the city's contribution and the cost of the plan selected by the employee is deposited into an employee Health Reimbursement Account (HRA) or Health Savings Account (HSA). This new approach gives employees greater control over and more responsibility for their health insurance choices. The cost of the two most popular CCPP plans selected by City employees will increase next year by five to seven percent. In order to help employees cover increases in health insurance premiums, the fiscal year 2013-14 budget includes a 7% increase the city's monthly contribution for employee health insurance.

GENERAL FUND

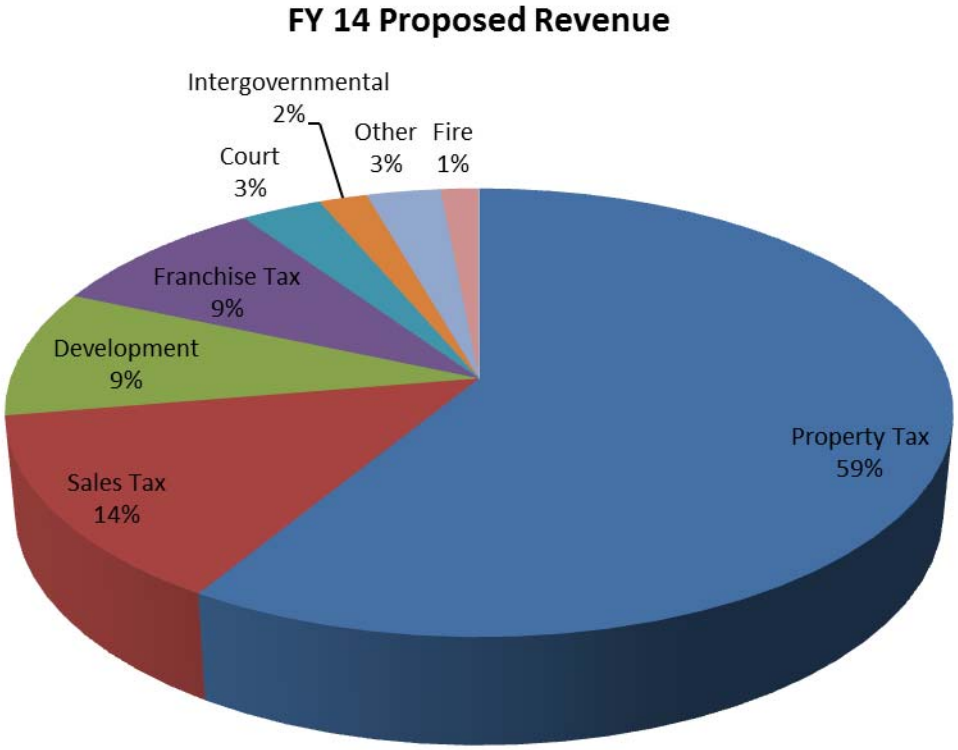
The General Fund is the City's main operating fund, which is used to account for all financial resources except those required to be reported in another fund. The General Fund receives revenues from property taxes, permits, franchise taxes, sales tax, fines, fees for services, interest income, and several other miscellaneous general revenue sources. The General Fund includes the following departments:

- Administration
- City Council
- City Manager
- City Secretary
- City Attorney
- Finance
- Development
- Ambulance
- Fire
- Animal Control
- Police
- Municipal Court
- Parks
- Streets

Revenue

Revenues in the General Fund consist of a number of sources. As can be seen in the table below, the bulk of revenue (59%) is derived from property taxes. The significant increase in property tax revenue is primarily attributable to the growth that occurred during the 2012 calendar year. Intergovernmental revenue is derived from allocations from the EDC and CDC to pay a portion of the Assistant to the City Manager's salary, Parks department employee salaries; and from the Anna ISD to pay for a portion of the maintenance costs of the ball fields at Slayter Creek Park. The increase in intergovernmental revenue is a result of an anticipated contribution from the CDC to fund salaries for seasonal employees in the Parks department.

TYPE	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
Property Tax	$ 2,049,994	$ 2,106,203	$ 2,103,017	$ 2,409,947	14.4%
Sales Tax	$ 522,840	$ 500,000	$ 560,000	$ 560,000	12.0%
Development	$ 539,326	$ 373,100	$ 545,825	$ 376,600	0.9%
Franchise Tax	$ 363,970	$ 340,000	$ 360,000	$ 365,000	7.4%
Court	$ 83,688	$ 130,050	$ 112,300	$ 131,600	1.2%
Fire	$ 50,935	$ 78,000	$ 55,821	$ 78,406	0.5%
Intergovernmental	$ 113,600	$ 96,450	$ 88,450	$ 120,310	24.7%
Other	$ 109,037	$ 82,459	$ 67,930	$ 62,394	-24.3%
Total	**$ 3,833,390**	**$ 3,706,262**	**$ 3,893,343**	**$ 4,104,257**	**11%**



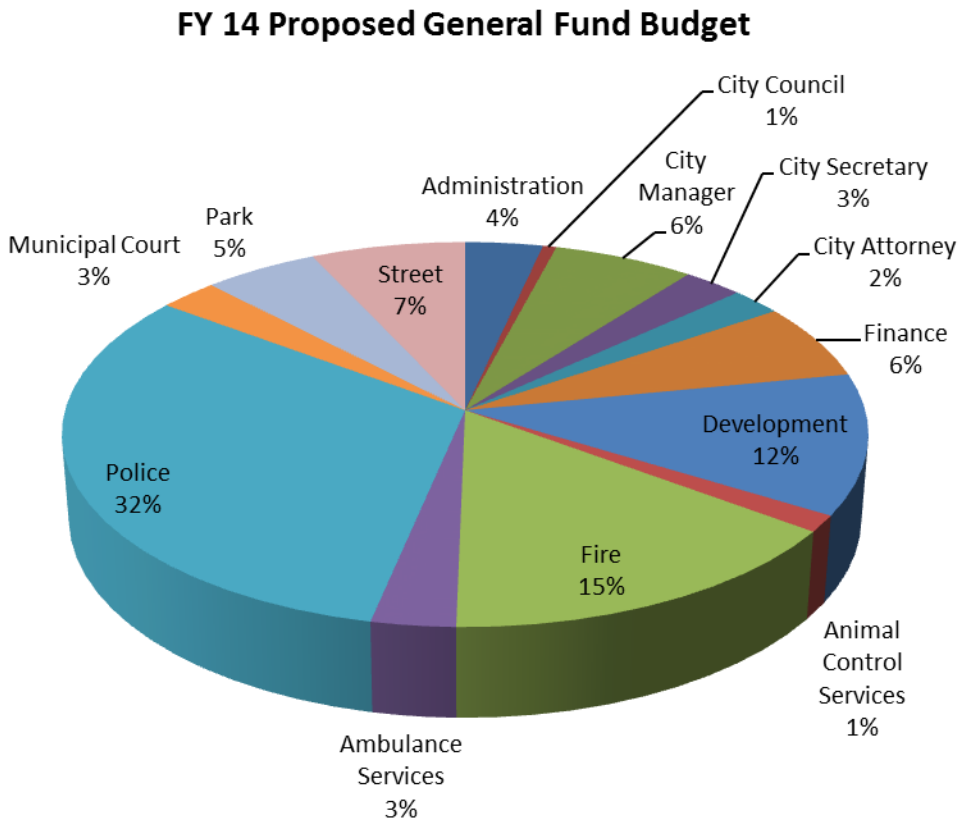
The City receives the certified tax roll from Collin Central Appraisal District County. The certified taxable value for 2013 is $430,834,574. The current property tax rate of $0.650332 cents per $100 of taxable assessed valuation is to remain the same. The total tax rate is divided between the General Fund Operation and the Interest and Sinking, or Debt Service Fund. The total tax rate is comprised of $0.559367 cents being utilized by the General Fund and $0.090965 cents being utilized by the Debt Service Fund.

	Total Tax Rate	M&O Rate	I&S Rate	Average Taxable Value of a Residence Homestead	Annual Tax Imposed on the Average Homestead
FY 2013 Adopted Budget	0.650332	0.559367	0.090965	$112,269	$730.12
FY 2014 Proposed Budget	0.650332	0.559367	0.090965	$116,500	$757.64
Effective Tax Rate	0.606872	0.521986	0.090965	$116,500	$707.01
Roll Back Rate	0.654708	0.563744	0.090965	$116,500	$762.73

Expenditures

Expenditures in the Budget for the General Fund amount to $4,064,813. This represents a 10% increase compared to the amount budgeted in FY 2012-13. The budgeted expenditures will fund some enhancements to existing services, and are a response to our continued growth and development. I have included a discussion of the significant budgetary issues affecting the various departments.

DEPARTMENT	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/ Proposed
ADMINISTRATION	$128,872	$112,706	$108,450	$144,108	28%
CITY COUNCIL	$12,962	$39,998	$41,109	$25,210	-37%
CITY MANAGER	$235,181	$243,484	$253,401	$262,397	8%
CITY SECRETARY	$93,810	$106,340	$113,474	$111,079	4%
CITY ATTORNEY	$162,494	$87,000	$105,000	$95,000	9%
FINANCE	$215,631	$243,891	$245,038	$260,736	7%
DEVELOPMENT	$477,742	$380,438	$454,710	$485,102	28%
ANIMAL CONTROL SERVICES	$51,338	$56,643	$57,263	$57,263	1%
FIRE	$539,277	$598,250	$556,962	$624,016	4%
AMBULANCE	$114,782	$114,800	$110,450	$123,683	8%
POLICE	$1,168,659	$1,241,956	$1,295,993	$1,306,493	5%
MUNICIPAL COURT	$80,106	$104,147	$105,775	$109,044	5%
PARK	$134,354	$135,291	$140,652	$213,495	58%
STREET	$261,959	$261,237	$262,863	$286,631	10%
Total	**$3,677,167**	**$3,726,181**	**$3,851,140**	**$4,104,257**	**10%**



Significant Budgetary Issues

Property Tax Revenue. The net taxable value of property within the city has increased by approximately 14.4%. As a result, we have budgeted for a corresponding increase in revenue derived from property taxes using the same tax rate the Council adopted for the 2012-13 fiscal year.

Sale Tax Revenue. Sales tax collections for the 2012-13 fiscal year are expected to exceed the budget estimates by nearly 11%. While we expect retail sales to continue to perform well, we do not know what impact of the 2013 liquor election in Plano will have on the total annual retail sales in Anna. As a result, we are budgeting for sales tax revenue to equal but not exceed the estimated revenue for the 2012-13 fiscal year.

Facilities Study: One of the City's strategic goals is to develop options for the construction of a new City Hall. $13,000 has been allocated in the budget to perform a space needs assessment for future city facilities. This study will determine the amount of building space and land area future city facilities will need. It will also provide general design options for the city to consider.

Ambulance Contract: The City participates in a multi-jurisdictional ambulance contract through Collin County and AMR. The current contract with AMR expires at the end of the 2012-13 fiscal year and is being renegotiated. The new ambulance contract will increase costs to the City by 8% ($8,883).

New Planning Personnel: Several of the strategic goals identified by the City Council involve developing plans

and studies for new development and redevelopment. We have also seen a significant increase in development activity and interest which has increased the workload on our Planning department staff. In order to accommodate the increased workload, the Planning Department budget includes funding for one additional Planner position.

New Parks Personnel: With the new additions to Slayter Creek Park, we have significantly increased the amount of park land and park facilities that need regular maintenance. Prior to this year, we have assigned Public Works department employees to assist with some parks maintenance. The 2013-14 budget includes funding for one additional full-time parks department employee. Funding is also included for two seasonal parks employees to assist with maintenance during the summer. The seasonal employees have previously been included in the Public Works Utility Fund budget. We have also increased the Park maintenance budget by 27%

Street Maintenance: The Street Department Budget includes a 13% increase in the funding available for our annual street rehabilitation project.

DEBT SERVICE FUND

The Debt Service Fund is established to account for the accumulation and expenditure of resources for payment of principal and interest on tax supported bond debt. Bonded debt includes general obligation bonds, certificates of obligations and combination tax and revenue certificates of obligation. The principal sources of revenue are assessed property taxes as established by ordinance, and transfers from other funds.

Revenue

Revenues required to pay the City's outstanding debt are transferred to this fund and all monies are restricted to debt payments only. The revenue generated from the interest and sinking (I&S) portion of the tax rate (0.090965 cents per $100 valuation) is used to fund the majority of our debt service obligations. Total revenue from the debt service tax rate is budgeted at $391,909.

In order to further reduce the debt service tax rate, this fund is being subsidized with unspent revenue from the 2005 Certificates of Obligation bond issue. The payment this year is expected to be $26,500. In addition to the subsidy from the 2005 CO, debt service in FY 2014 will also be supplemented by a $48,128 allocation of fund balance in the Debt Service Fund. The subsidy to the debt service fund from the 2005 CO bond issue will end after the 2013-14 fiscal year. In 2014, the City will need to initiate a series of planned refundings of existing debt to stabilize the debt service portion of the City's tax rate consistent with our debt management strategy.

Expenditures

Total expenditures in the Debt Service fund are $466,536. The budget pays for the principle and interest payments on one vehicle note and five bond issues.

CAPTIAL PROJECTS FUND

Revenue

Total new revenue in the Capital Project Fund budget for 2013-14 fiscal year is estimated at $3,000,000.

2014 CO for construction of a new water tower - $3,000,000 This project will be funded with bond proceeds

Expenditures

Total expenditures in the Capital Projects fund for FY 14 are $5,388,000.

Water Tower Construction - $750,000. This will be for professional fees and land/ROW acquisition.

South Well Ground Storage Rehab - $250,000. This project is to rehab the ground storage tank at the South Well Site.

Surface Water Blending - $2,225,000. This is to prepare our water system to blend surface water with our existing ground water supplies.

Slayter Creek Sewer Interceptor - $908,000. This is to construct a wastewater bypass line to new wastewater flows directly into the North Texas Municipal Water District's wastewater system.

Regulatory Upgrades to the WWTP - $820,000. This is to upgrade the existing wastewater treatment facility to meet TCEQ regulatory guidelines and replace necessary equipment and fixtures.

Facility Remodel - $435,000. The current accommodations for planning and finance staff are unsuitable and for employees and for the public. This project will provide funds from the General Fund's fund balance to remodel a portion of the Public Works building and the Police/Customer Service building.

In addition, $26,500 from the 2005 CO issue is being transferred to the Debt Service fund to help defease those bonds. All unspent revenue from the 2005 CO bond will be used during the 2013-14 fiscal year to reduce the overall debt service obligations consistent with the city's debt management strategy.

UTILITY FUND

The Utility Fund in an enterprise fund that accounts for the water, sewer and refuse services that are provided to city residents and a few customers located outside the city limits. All activities to maintain these services are accounted for in this fund, including but not limited to; operations, maintenance, billing and collections, administration, financing, and related debt service. The Utility Fund includes the following departments:

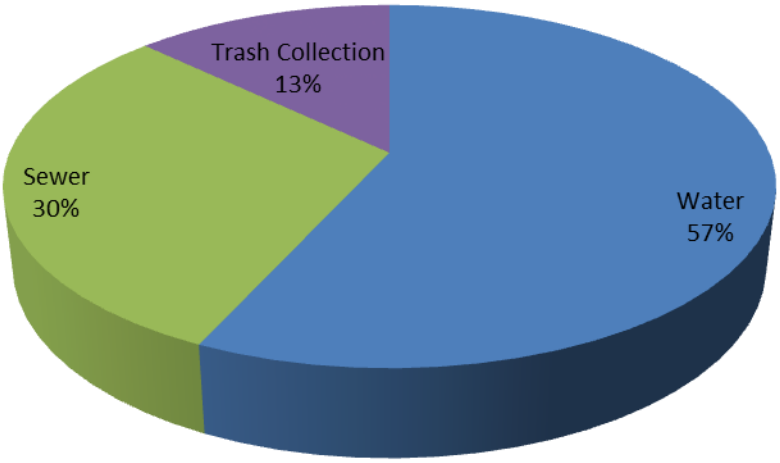
- Water
- Sewer
- Utility Billing

Revenue

The Water & Sewer Fund's principle source of revenues are charges to customers for water consumption, wastewater collection, refuse collection, and fees related to providing consumers with water and wastewater services. Water and wastewater impact fees and capital improvements fees are collected whenever new homes are constructed in the City of Anna. These fees may only be used to pay for specific water and sewer projects listed in a capital improvement program or related development facilities agreements. The fees collected by the City are listed among the restricted assets on our audit report. The fiscal year 2013 budget used $350,000 of the restricted water capital improvement fees previously collected to make debt payments on previously constructed water projects listed in our capital improvement program and related development facilities agreements. As a result of this payment the Water & Sewer Fund budget is expected to have a surplus in the 2012-13 fiscal year. The surplus funds will be unrestricted assets and will help the city meet its goal of building a 90-day operating reserve.

TYPE	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/ Proposed
WATER	$2,545,150	$2,604,991	$2,707,750	$2,860,007	9%
RESTRICTED NET ASSET ALLOCATION	$0	$350,000	$350,000	$0	-100%
SEWER	$1,356,675	$1,424,821	$1,460,930	$1,521,450	7%
TRASH COLLECTION	$585,428	$497,789	$640,000	$650,000	24%
TOTAL	**$4,487,253**	**$4,877,601**	**$5,158,680**	**$5,031,457**	**3%**

FY 14 Utility Fund Revenue

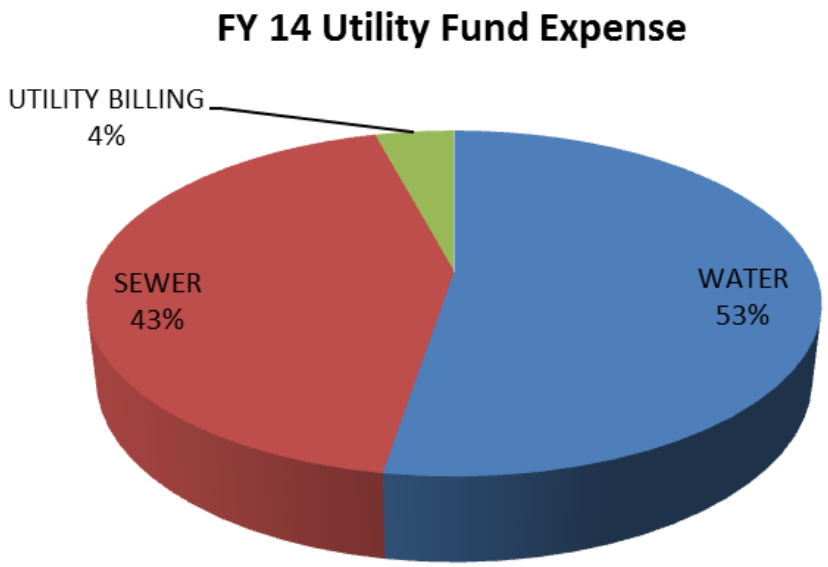


In order to ensure that our utility rates will continue to support our operating costs and debt obligations, Staff asked our rate consultant to update the 2012 rate. The rate model has been updated and proposes a 4% across the board increase to the current water and sewer rates.

Expenditures

Expenditures in the Budget for the Water & Sewer Fund amount to $5,031,457. This represents a 10% increase compared to the amount budgeted in fiscal year 2012-13. The budgeted expenses will fund 3 additional maintenance laborer positions and provide for funds for vehicle replacement and equipment purchases. I have included a discussion of the significant budgetary issues affecting the various departments.

DEPARTMENT	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/ Proposed
WATER	$2,600,440	$2,495,518	$2,695,031	$2,645,838	5%
SEWER	$2,030,390	$1,833,276	$1,892,016	$2,175,996	19%
UTILITY BILLING	$188,866	$246,299	$237,425	$209,623	-15%
TOTAL	**$4,819,696**	**$4,575,093**	**$4,824,472**	**$5,031,457**	**10%**



Significant Budgetary Issues

Utility Rates: for the past two years, the City has hired a consultant to evaluate our utility system operation costs and debt payments, and recommend any rate adjustments that would be necessary fully fund the cost of operating our system while maintaining an adequate financial reserve. Based on the most recent rate study, we are recommending that water and sewer rates increase by 4 percent on December 1, 2013. The typical residential water customer uses about 7,000 gallons of water in an average month. The proposed rate adjustment would increase the average monthly utility bill (combined water and sewer) by $3.68. The last utility rate increase occurred in 2010 when the base rates for water and sewer were both increased by $4.00 per month. The NTGCD water production fee was established in January of 2012.

New Personnel: As our city grows, the amount of work required to properly maintain our infrastructure system has increased. In order to more effectively perform necessary routine and preventative maintenance, the 2013-14 budget includes the addition of three (3) laborer positions in the Public Works department.

Vehicle Replacement: The 2013-14 budget includes approximately $50,000 to replace two Public Works department trucks that are over 10 years old and have been recommended for replacement

Greater Texoma Utility Authority (GTUA) Administrative Charges: In 2012, GTUA began charging the City of Anna an administrative payment for the cost of carrying certain water and sewer bonds issued by GTUA on behalf of the City. GTUA's charges to its client cities are based on a share of the Authority's total expenses that are not directly attributable to a specific business activity or project. This amount is charged to various client cities that are making bond payments to GTUA. GTUA calculates the administrative payment based on the percentage of outstanding bonds held by the Authority on behalf of each client city. The 2013-14 budget includes $67,000 to make this payment.

NTMWD Wastewater Transport and Treatment Charges: The cost of passing wastewater through to the NTMWD wastewater system is expected to increase as a result of the increase in single family home construction, and an expected increase in the NTMWD wastewater fees. The estimated cost for fiscal year 2013 has increased to approximately $408,000.

NTMWD Treated Water Charges: We anticipate that the City will begin using treated surface water from the NTMWD during the 2012-13 fiscal year and that the amount of water required to serve our growing city will increase during the 2013-14 fiscal year. In addition to an increase in the amount of water the City will need, the unit cost per 1,000 gallons of treated surface water is also increasing. The estimated cost of buying treated surface water during the 2013-14 fiscal year has increased to $150,000.

Water & Sewer Fund Debt Obligations: The City's total water and sewer debt service obligations increase gradually until FY 2015 at which time they increase dramatically unless the City initiates a series of refundings to restructure our existing debt. These restructurings are described in the debt management strategy prepared by First Southwest, the City's financial advisor and presented to the City Council in July of this year.

This budget does not include utility system depreciation costs which ideally we would fund on an annual basis to pay for system replacement. The city's auditor will make adjustments for depreciation expense in the city's annual audit.

TRUST FUNDS

The City has established a number of Trust Funds, the uses of which are restricted to certain pre-determined expense categories. The following is a summary of the revenue and expenditures that will be budgeted in the various Trust Funds.

Revenue

DEPARTMENT	FY 2014 PROJECTED REVENUE
WEST CROSSING WATER TRUST	$100,000
WEST CROSSING SEWER TRUST	$100,000
MISC. IMPACT FEE TRUST	$70,000
NORTHPOINTE WATER TRUST	$160,000
NORTHPOINTE SEWER TRUST	$160,000
NORTHPOINTE PARK TRUST	$60,000
PARK TRUST	$52,300
ROAD CAPITAL IMPROVEMENT	$29,000
FIRE DEPARTMENT TRUST	$16,200
COURT BUILDING SECURITY FUND	$2,055
COURT TECHNOLOGY FUND	$3,010
CHILD SAFETY FUND	$9,010

Expenditures

DEPARTMENT	FY 14 EXPENDITURES	DESCRIPTION
COURT BUILDING SECURITY FUND	$1,800	Police overtime for court security
COURT TECHNOLOGY FUND	$2,150	Brazos ticket writer software licensing and support
CHILD SAFETY FUND	$7,500	Dues for the Child Advocacy Center
FIRE DEPARTMENT TRUST	$61,100	Fire Department command vehicle, gear and training (gear and training are largely grant funded)

CLOSING

While budgets are always a challenge, we have worked diligently to propose a budget that is both balanced and sufficient to meet the needs of the coming fiscal year. The staff of the Finance department has put tremendous effort into the development of this document, and I would like to thank them and each department director for their hard work during this process. We express our appreciation to the City Council for your diligent efforts throughout the year in providing guidance, direction and support for our efforts to serve the citizens of Anna.

As Anna continues to grow, the city remains committed to the Hometown ideal outlined in its Strategic Vision. The FY 2014 budget is designed to preserve and enhance the quality of existing services and respond appropriately to our city's continuing growth and development.

Respectfully Submitted,

Philip Sanders
City Manager

City Organization

Elected Officials

Michael Crist
Mayor

James T. Cook
Place 1, Deputy Mayor Pro-Tem

Lauren Lovato
Place 2

John Hopewell
Place 3, Mayor Pro Tem

Chad Barnes
Place 4

Nathan Bryan
Place 5

Dick Dowd
Place 6

Administrative Officials

Philip Sanders
City Manager

Kenneth Jenks
Chief of Police/Deputy City Manager

Clayton Fulton
Director of Finance

Natha Wilkison
City Secretary

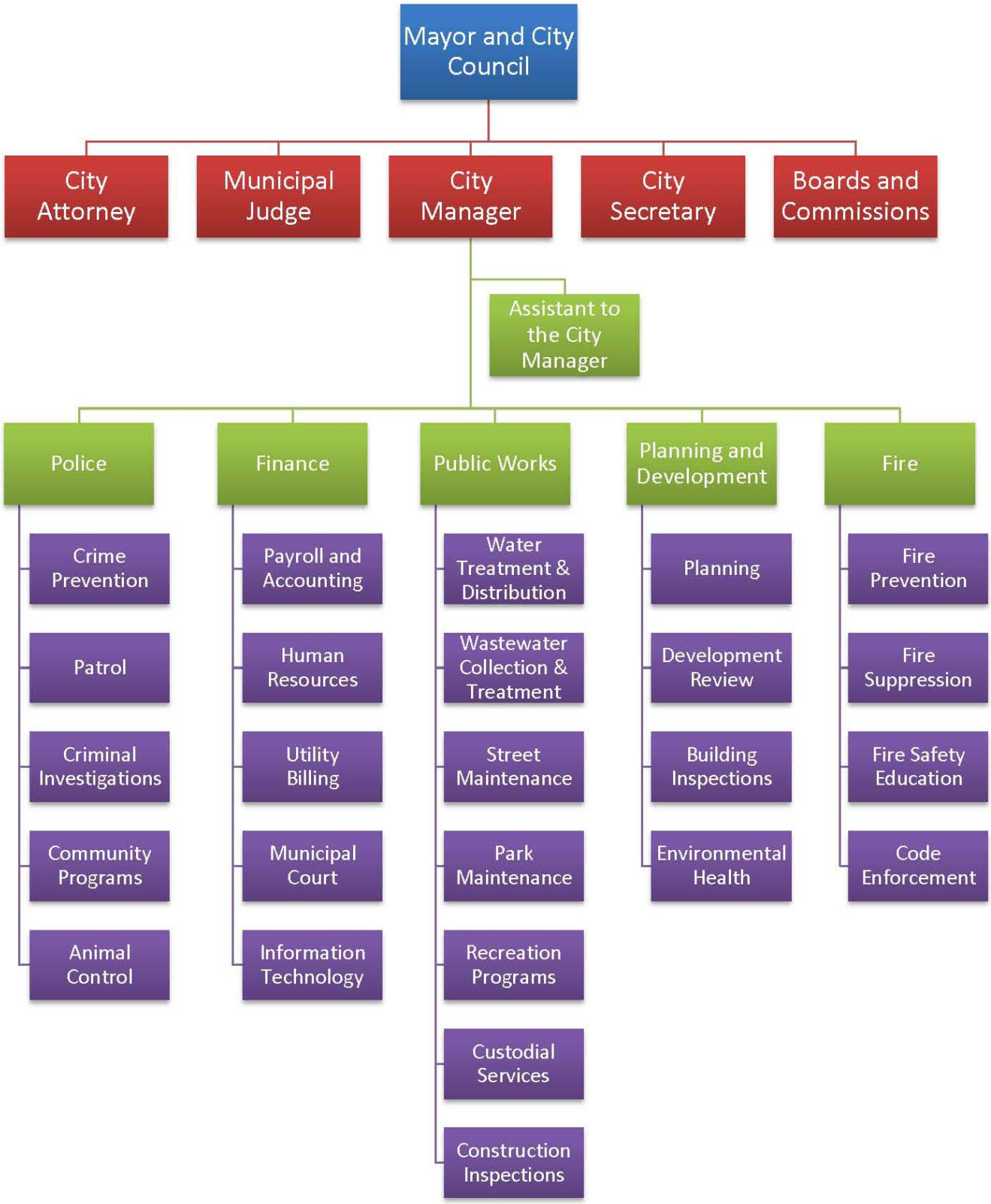
Maurice Schwanke
Director of Planning and Development

Robert Woods
Director of Public Works

Tim Gothard
Fire Chief

City Organization

Organization Chart



Our Commitment

In order to enhance the quality of our community, the City of Anna is committed to principles of open and fair government and progressive planning that honor the public trust, protect our common resources, and promote a safe, sustainable, and connected community.

WHO ARE WE?
The City of Anna is a municipal organization that includes the City Council, Staff, Boards and Commissions, and any other entities who act on their behalf.

WHY DO WE SERVE?
We exist to act on behalf of the citizens in a way that enhances the quality of our community.

WHOM DO WE SERVE?
We serve ALL members of the community including current and future citizens, businesses, property owners, and any other individuals or organizations who comprise "the community of Anna".

WHAT IS OUR COMMITMENT?
Our decisions and actions will be consistent with principles of open and fair government and progressive planning.

HOW DO WE HONOR OUR COMMITMENT?
We will honor the public trust and will be open, fair, consistent, and professional in all our dealings.

We will protect the resources that have been entrusted to us, and will be prudent in the expenditure of public funds and the exercise of regulatory powers.

We will promote a safe, sustainable, and connected community consistent with the model to which we aspire.

Our Strategic Vision

Anna is our hometown. In order to protect and promote our community vision, we will implement policies that:

- ★ Promote the development of a full service community
- ★ Encourage small business development
- ★ Foster an environment that encourages multi-generational living
- ★ Exercise responsible stewardship over natural resources, and promote sustainable development
- ★ Promote a strong sense of community pride
- ★ Facilitate access to state-of-the-art technology
- ★ Support the growth of a high quality education system
- ★ Enhance the safety and security of our citizens

Strategic Goals and Objectives

- ★ Attract Professional Jobs
- ★ Improve Curb/Aesthetic Appeal
- ★ Promote Downtown Redevelopment
- ★ Encourage Retail Development
- ★ Create a Brand Identity for the City of Anna
- ★ Diversify the City's Housing Stock
- ★ Upgrade City Offices and Facilities

Statistics

Date of Incorporation	1913
Date of Home Rule Charter Adoption	May 7, 2005
Form of Government	Council/Manager
Estimated Population January 1, 2013	9,360
Area in Square Miles	15
Planning Area in Square Miles (includes ETJ)	62
Fire Protection	
Number of Full Time Employees	5
Number of Volunteers	30
Number of Calls for Service – entire fire district (CY 2012)	1,021
Police Protection	
Sworn Police Officers	12
Civilian Employees	1
Calls for Service (2012)	9,959
Arrests (2012)	283
Water and Sewer Utility	
Active Residential Accounts	3564
Active Non-Residential Accounts	156
Average Daily Water Consumption (2012)	1,200,000 gallons
Ground Storage	1,000,000 gallons
Elevated Storage	600,000 gallons
Production Capacity	2,500,000 gallons per day
Pump Capacity	3,500 gallons per minute
Waste Water Treatment Capacity	750,000 gallons per day
Building Permits	
Residential Building Permits (2012)	351
Residential Market Value (2013 Certified Tax Roll)	$330,238,433
Non-residential Building Permits (2012)	13
Non-residential Market Value (2013 Certified Tax Roll)	$203,172,744
Parkland Acreage	
Acres of Developed Parkland	63
Acres of Undeveloped Parkland	88

Budget Process

Introduction:

The annual budget is the single most important financial responsibility of a local government. Citizens are able to see how city officials and staff plan to spend taxpayer dollars. Once the budget is adopted, funds may only be spent in a manner consistent with the stated plans, objectives, and policies outlined in the budget unless amended in accordance with the City Charter and approval of the City Council.

The budget begins with a transmittal letter written by the City Manager to the City Council. This letter is to officially present the budget to the City Council and provide a general overview of budget conditions and trends for the City of Anna.

The budget is divided into four specific sections: introduction, financial/operational summaries by fund, component units, and supplemental information. The introduction contains the transmittal letter, policy statements to guide City officials and staff, and an overview of budget practices and administration within the City of Anna. The financial/operational section of the budget will contain specific information on each fund and subsequent departments the city operates. Activities, services, goals, and objectives will be outlined for each department. Comparisons on revenue and expenditures will be presented for the previous FY actual, the current FY budget, current FY estimate, and proposed for the upcoming FY.

General Budget process, practice, and administration:

The budget follows the fiscal year (FY) of October 1 through September 30. Each year the budget is adopted by the council and sets the legal spending limits for the government during the upcoming FY. In order the prepare for and adopt the budget on time the city must follow a schedule allowing for sufficient time to adequately evaluate current and past budgets, current economic conditions, and project revenues and expenditures for the upcoming budget. The budget is developed at the department level and adopted at the fund level.

Many individuals are involved in the budget process. City officials, department directors and the public are all involved; however, the primary responsibility to assemble and create the document falls upon the City Manager and Finance Director. There is also a schedule the city follows for the budget process. Following you will see a budget calendar the city follows(ed) for the preparation and adoption of this document.

Throughout the year the finance department provides periodic and regular reports to department directors. These reports are used to analyze current and projected revenues expenditures. In this way, department heads are able to control their expenditures, maintain their budgets, and project future expenditures throughout the year. This is crucial to the budget process as conditions and situations may change throughout the year. Once the budget is adopted, it can only be amended under certain provisions established through the City's charter. If amendments are required it is imperative that budget amendments be accurate and only occurs when absolutely necessary. In this way, the budget process occurs throughout the year; first to ensure that budgets are maintained, second to prepare for any amendments that may be necessary due to unforeseen circumstances, and third to evaluate trends in preparation for the upcoming budget.

While the budget is ongoing, the bulk of the work occurs begins in the 3rd quarter of each fiscal year. By the end of April, department directors update their five year capital improvements plan with any projects and estimated costs. By mid May all projected revenues and expenditures for the subsequent fiscal year are due. Throughout the month of

Budget Process

June, the City Manager and Finance Director will meet jointly with each department head to review the department's budget proposal, including line item detail for each department's budget. The City Council will also meet in workshop session in June to discuss budget priorities. The meeting with the Council is a public meeting where citizens can come to participate and hear each department director review their department's current accomplishments and goals and discuss priorities for the subsequent year's budget goals and priorities

Upon a review of budget priorities with the Council and once all each department's budget proposals have been discussed with the City Manager and Finance Director, the budget will enter the balancing stage. During the month of July the City Manager and the Finance Department work in concert to ensure that revenues and expenditures are projected appropriately and create a balanced budget. Budget requests and priorities are carefully weighed to ensure that city functions and services will be maintained while allowing for increased services where necessary.

As will be discussed later, property taxes are a major driver of the City's Budget. The Collin Central Appraisal District (CAD) provides the tax roll with information on the taxable value within the City of Anna. Staff receives periodic reports from the CAD to evaluate trends in the taxable value in order to gauge taxable value for the purpose of estimating revenue. Once certified tax rolls are available from Collin County, the City will finalize the proposed budget including a recommended property tax rate that will allow the city to meet its budgetary obligations. The certified tax rolls are typically available in late July and the proposed budget will be presented to the council in late July as well.

Budget meetings and hearings occur throughout the month of August with formal adoption of the budget scheduled for early September.

For more information on the budget process and administration, please refer to Article 7 of the City of Anna Charter included in the supplemental section of the budget.

Budget Calendar

May 2013

S	M	T	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	*28*	29	30	31	

June 2013

S	M	T	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

July 2013

S	M	T	W	Th	F	Sa
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August 2013

S	M	T	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September 2013

S	M	T	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

BUDGET/TAX RATE CALENDAR—FY 14

May

01-*Deadline to activate budgeting program for department directors and submit updated 5 year CIP to City Manager*
28-*Budget Priorities workshop with City Council*
31-*Deadline to submit FY 14 revenue and expenditure budgets*

June

03-21-*City Manager/Finance Department meets with Department Directors to discuss Budget Proposals*
25-*City Council Workshop on Long Term Debt*
28-*Deadline for five-year operating budget projections*

July

23-*Present Budget to City Council; name date & time for public hearing*
25-*Deadline for chief appraiser to certify appraisal rolls to taxing units*
25-*Publish 1st public notice for public hearing on the Budget*
30-*Budget Workshop with Council*

August

01-*Publish 2nd public notice for public hearing on the Budget*
02-*Submit effective and rollback tax rates to the City Council*
07-*Deliver Budget to City Secretary for Public Review; post on website*
08-*Publish effective and rollback tax rates*
09-*72 hour open meetings notice for public hearing on the Budget*
13-*Public Hearing on the Budget*
13-*Council to discuss the Tax Rate and votes on proposed rate; name date & time for Public Hearing on the Tax Rate*
15-*Publish "Notice of Public Hearing on Tax Increase" per Texas Tax Code and post on website*
23-*72 hour open meetings notice for 1st hearing on Tax Rate*
27-*1st Public Hearing on Tax Rate*
29-*Publish "Notice of Tax Revenue Increase" per Texas Tax Code and post on website*
30-*72 hour open meetings notice for 2nd hearing on Tax Rate*

September

03-*2nd Public Hearing on Tax Rate*
03-*Schedule and announce meeting to adopt tax rate in 3-14 days*
05-*Publish "Notice of Tax Revenue Increase" per Texas Tax Code*
06-*72 hour open meetings notice to adopt the Budget and Tax Rate*
10-*Meeting to adopt the Budget and Tax Rate*

*Dates may be subject to change
Staff dates are in **Blue; Holidays are in **Red**; Council dates are in **Gray**

Fund Structure

Description of Fund Structure

The budget is organized by funds with departments and line items all rolling up to the fund level. A fund is generally defined as a fiscal/accounting entity with its own set of self-balancing accounts. Each fund can be presented independent of the other funds to illustrate that funds' purpose for specific activities.

The City of Anna deploys Governmental and Proprietary Funds. Governmental funds are used for the bulk of the activities carried out by the City. The focus of Governmental funds is the flow of current financial resources. The Governmental funds account for services like Police and Fire in the General Fund, as well as debt in the Debt Service Fund, capital projects in the Capital Improvements Fund, and restricted/special revenues. Propriety or Enterprise funds focus is that of a business which charges a fee to cover the cost of providing goods or services. The Utility Fund, which accounts for water, sewer, and trash services provided to the citizens of Anna, is an Enterprise Fund.

Governmental Fund Types

General Fund – This is the primary operating fund for the City. The General Fund revenue is from taxes, fees, fines, licenses etc. General Fund expenditures are for typical municipal services such as Police, Fire, Ambulance, Parks, Streets, and Administration.

Debt Service Fund – This fund accounts for all the long term debt supported by taxes and issued to support governmental fund type activities. A portion of the property tax levy (Interest and Sinking Rate) is dedicated to support this fund. Principal and interest payments on long term debt are found in the Debt Service Fund.

Capital Improvements Fund – This fund accounts for major capital projects and improvements such as streets, sidewalks, park projects etc. Revenues for this fund are restricted for the project. Revenue sources include bond proceeds, fund transfers, grants, and intergovernmental revenue from other governmental units like TxDOT and Collin County.

Restricted Revenue Trusts Funds– With the exception of capital projects, this accounts for revenue sources that are legally restricted to expenditures for a specific purpose and in accordance with the enabling legislation. Currently these trusts are accounted for in the general fund and reported in the audited as restricted fund balance.

Proprietary/Enterprise Fund Types

Utility Fund – This fund accounts for the operation and maintenance of the City's water and waste water utility system as well and for contracting refuse collection services. This fund is financially supported solely by user charges for utility and trash service.

The typical measure of financial health for each fund is the fund balance at year end. The fiscal policies which will follow this section will discuss those measures in more detail. A schedule of estimated and projected fund is below:

FY 14 Consolidated Financial Schedule

As discussed above, City resources are accounted for by fund. The following sections will review each fund and subsequent department in detail. The following table illustrates sources and uses of funds by the entire City. You will see all funds are either balance or have excess revenue of expenditures/expenses. The Capital Improvements Fund in particular will have excess revenue that is due to a bond issue planned for FY 14 that will not be fully expended until late FY 16.

	General	Debt Service	Restricted	Capital Improvements	Utility	Component Units	Combined Totals
Revenues							
Property Tax	$2,409,947	$391,908					**$2,801,855**
Other Taxes (Sales and other)	$925,000					$560,000	**$1,485,000**
Development	$376,600						**$376,600**
Fines	$131,600		$14,000				**$145,600**
Intergovernmental	$120,310						**$120,310**
Water Sales and Fees					$2,860,007		**$2,860,007**
Sewer Sales and Fees					$1,521,450		**$1,521,450**
Trash sales and Fees					$650,000		**$650,000**
Transfer In		$26,500		$435,000			**$494,206**
Fund Balance Allocation		$48,128		$4,703,000			**$4,718,422**
Bond Proceeds				$3,000,000			**$3,000,000**
Grant Revenue			$15,000				**$15,000**
Impact/Developer Fees			$142,500		$590,000		**$732,500**
Other	$140,800		$940			$84,450	**$226,190**
Total Revenues	**$4,104,257**	**$466,536**	**$172,440**	**$8,138,000**	**$5,621,457**	**$644,450**	**$19,147,140**
Expenditure/Expense							
Payroll	$2,590,115				$959,158		**$3,549,273**
Supplies	$213,454		$4,900		$118,075	$6,075	**$342,504**
Maintenance	$128,845				$326,350		**$455,195**
Services	$1,041,064		$38,450	$482,104	$1,973,220	$427,648	**$3,962,486**
Capital Expenditures	$130,779		$49,200	$4,905,896	$70,600	$71,500	**$5,187,975**
Other Uses of Funds							**$0**
Transfer Out							**$0**
Debt Service		$466,536			$1,584,054		**$2,050,590**
Total Expenditure/Expense	**$4,104,257**	**$466,536**	**$92,550**	**$5,388,000**	**$5,031,457**	**$505,223**	**$15,588,023**

Three Year (FY 12 - FY 14) Consolidated Financial Schedule

The following schedule illustrates the total financial sources and uses for the City of Anna since FY 12. The FY 12 amounts are the actual financial results while the FY 13 amounts represent the budgeted amounts. The FY 14 amounts are those proposed in this budget.

	General			Debt Service			Restriced Revenue			Capital Improvements			Utility			Component Units			Combined Totals		
	FY 12 Actual	FY 13 Budget	FY 14 Proposed	FY 12 Actual	FY 13 Budget	FY 14 Proposed	FY 12 Actual	FY 13 Budget	FY 14 Proposed	FY 12 Actual	FY 13 Budget	FY 14 Proposed	FY 12 Actual	FY 13 Budget	FY 14 Proposed	FY 12 Actual	FY 13 Budget	FY 14 Proposed	FY 12 Actual	FY 13 Budget	FY 14 Proposed
Revenues																					
Property Tax	$2,049,994	$2,106,203	$2,409,947	$336,871	$342,513	$391,908													**$2,386,865**	**$2,448,716**	**$2,801,855**
Other Taxes (Sales and other)	$886,810	$840,000	$925,000													$522,840	$500,000	$560,000	**$1,409,650**	**$1,340,000**	**$1,485,000**
Development	$539,326	$373,100	$376,600																**$539,326**	**$373,100**	**$376,600**
Fines	$83,688	$130,050	$131,600				$13,924	$14,000	$14,000										**$97,612**	**$144,050**	**$145,600**
Intergovernmental	$113,600	$96,450	$120,310								$3,200,000								**$113,600**	**$3,296,450**	**$120,310**
Water Sales and Fees													$2,545,150	$2,604,991	$2,860,007				**$2,545,150**	**$2,604,991**	**$2,860,007**
Sewer Sales and Fees													$1,356,675	$1,424,821	$1,521,450				**$1,356,675**	**$1,424,821**	**$1,521,450**
Trash sales and Fees													$585,428	$497,789	$650,000				**$585,428**	**$497,789**	**$650,000**
Transfer In				$357,868	$114,281	$26,500				$58,025		$435,000		$350,000					**$415,893**	**$464,281**	**$461,500**
Fund Balance Allocation						$48,128						$4,703,000							**$0**	**$0**	**$4,751,128**
Bond Proceeds											$4,176,366	$3,000,000				$2,051,000			**$2,051,000**	**$4,176,366**	**$3,000,000**
Grant Revenue							$14,918	$25,000	$15,000	$443,814	$801,560								**$458,732**	**$826,560**	**$15,000**
Impact/Developer Fees							$206,080	$159,000	$142,500				$420,000	$466,000	$590,000				**$626,080**	**$625,000**	**$732,500**
Other	$159,972	$160,459	$140,800				$1,340	$1,145	$940	$1,995	$75,136		$13,343			$15,814	$30,445	$84,450	**$192,465**	**$267,185**	**$226,190**
Total Revenues	**$3,833,390**	**$3,706,262**	**$4,104,257**	**$694,739**	**$456,794**	**$466,536**	**$236,262**	**$199,145**	**$172,440**	**$503,834**	**$8,253,062**	**$8,138,000**	**$4,920,596**	**$5,343,601**	**$5,621,457**	**$2,589,654**	**$530,445**	**$644,450**	**$12,778,476**	**$18,489,309**	**$19,147,140**
Expenditure/Expense																					
Payroll	$2,079,377	$2,311,108	$2,590,115										$793,331	$814,700	$959,158				**$2,872,708**	**$3,125,808**	**$3,549,273**
Supplies	$131,859	$204,085	$213,454				$11,341	$15,000	$4,900	$22,903			$120,650	$119,525	$118,075	$6,126	$4,625	$6,075	**$292,879**	**$343,235**	**$342,504**
Maintenance	$137,508	$120,050	$128,845										$208,218	$529,650	$326,350				**$345,726**	**$649,700**	**$455,195**
Services	$1,099,482	$979,641	$1,041,064				$6,984	$12,665	$38,450	$7,719	$67,487	$482,104	$1,359,021	$1,652,834	$1,973,220	$389,355	$442,912	$427,648	**$2,862,561**	**$3,155,539**	**$3,962,486**
Capital Expenditures	$228,941	$111,297	$130,779				$21,514	$21,000	$49,200	$74,529	$4,312,396	$4,905,896	$1,128,132	$113,600	$70,600	$266,127	$54,000	$71,500	**$1,719,243**	**$4,612,293**	**$5,227,975**
Other Uses of Funds													$279,103						**$279,103**	**$0**	**$0**
Transfer Out										$578,325	$115,369						$1,600,000		**$578,325**	**$1,715,369**	**$0**
Debt Service				$691,757	$456,794	$466,536							$931,241	$1,344,784	$1,584,054				**$1,622,998**	**$1,801,578**	**$2,050,590**
Total Expenditure/Expense	**$3,677,167**	**$3,726,181**	**$4,104,257**	**$691,757**	**$456,794**	**$466,536**	**$39,839**	**$48,665**	**$92,550**	**$683,477**	**$4,495,252**	**$5,388,000**	**$4,819,696**	**$4,575,093**	**$5,031,457**	**$661,608**	**$2,101,537**	**$505,223**	**$10,573,543**	**$15,403,522**	**$15,588,023**

Fund Structure

Schedule of Fund Balance

	2012 Audited Fund Balance	2013 Projected Fund Balance	2014 Proposed Fund Balance	% CHANGE FY 13 to FY 14
General Fund	**$2,646,250**	**$2,315,534**	**$1,979,883**	**-14%**
Restricted	*$356,686*	*$216,344*	*$303,444*	*40%*
Committed	*$110,894*	*$556,944*	*$134,193*	*-76%*
Assigned	*$0*	*$0*	*$0*	*N/A*
Unassigned	*$2,178,670*	*$1,542,246*	*$1,542,246*	*0%*
Debt Service Fund	**$55,189**	**$179,918**	**$131,790**	**-27%**
Restricted	*$55,189*	*$179,918*	*$131,790*	**-27%**
Assigned	*$0*	*$0*	*$0*	*N/A*
Unassigned	*$0*	*$0*	*$0*	*N/A*
Capital Improvements Fund	**$32,465**	**$3,953,000**	**$2,750,000**	**-30%**
Restricted	*$32,465*	*$3,953,000*	*$2,750,000*	**-30%**
Assigned	*$0*	*$0*	*$0*	*N/A*
Unassigned	*$0*	*$0*	*$0*	*N/A*
Utility Fund	**$2,994,719**	**$3,666,427**	**$4,306,827**	**17%**
Restricted Net Assets	*$1,761,600*	*$2,099,100*	*$2,681,100*	*28%*
Unrestricted Net Assets	*$1,233,119*	*$1,567,327*	*$1,625,727*	*4%*

The Governmental Accounting Standards Board (GASB) has issued a statement regarding the classification of fund balance. Fund balance in the Governmental Funds is classified as nonspendable, restricted, committed, assigned, and unassigned. The City currently has no fund balance classified as nonspendable.

Restricted funds include those restricted to a specific purpose such as park trust fees. Committed funds are those committed by council action as contingency appropriation performed by ordinance. Assigned are funds allocated to specific project like the proposed building remodel.

The Utility Fund does not report fund balance, but reports net assets. For the purposes of this schedule, net assets reported in the Utility Fund as restricted includes impact fees and other assets restricted for a specific use purpose and unrestricted net assets includes assets which hold no restriction upon their use.

Staffing Schedule by Fund

The schedule on the right includes the staffing levels for the entire City since FY 10. Each number represents and Full Time Equivalent (FTE) rather than an actual individual or person. For example, the seasonal laborer position is actually 2 people employed for only a portion of the year. The two individuals would equate to one full time equivalent.

The General Fund is adding a full time planner and full time maintenance laborer. The seasonal laborer has been funded by the General Fund for park maintenance. This FTE was previously funded in the Utility Fund for various Public Works maintenance. The net gain in the General Fund is 3 FTE's

The Utility Fund is adding 3 maintenance laborers. As a result, the seasonal laborers will no longer be funded by the Utility Fund for Public Works related labor. One change in position classification will occur in the Utility Fund regarding the Wastewater Operators. The net gain in the Utility Fund is 2 FTE's

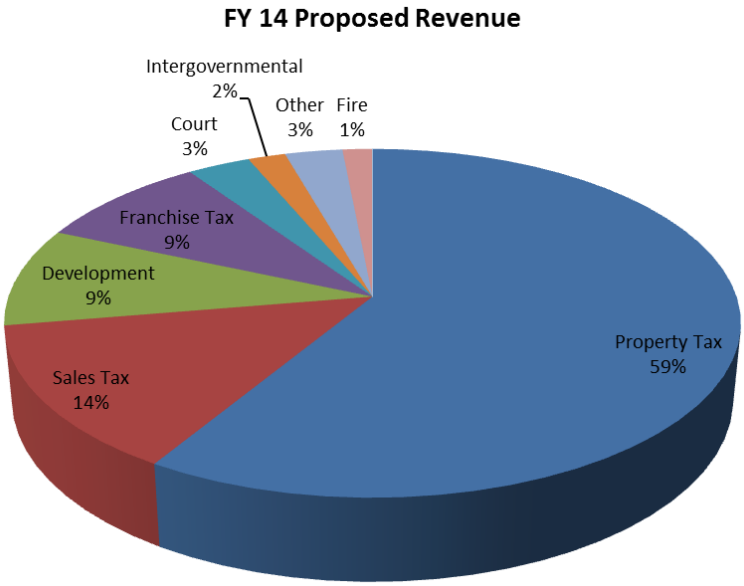
General Fund	FY 10	FY 11	FY 12	FY 13	FY 14
City Manager	1	1	1	1	1
EDC/CDC Director	0.5	0.5	0.5	0.5	0.5
Assistant to the City Manager	0.5	0.5	0.5	0.5	0.5
Receptionist	0.5	0.5	0.5	0.5	0.5
City Secretary	1	1	1	1	1
Finance Director	1	1	1	1	1
Finance/HR Supervisor	1	1	1	1	1
Payroll/Accounting Assistant	1	1	1	0	0
HR Coordinator/Finance Assistant	0	0	0	1	1
Director of Planning	1	1	1	1	1
Planner	0	0	0	0	1
Planning Assistant	1	1	1	1	1
Code Enforcement Officer	1	1	1	0	0
Administrative Assistance	0	0	0	1	1
Fire Chief	1	1	1	1	1
Fire Marshal	1	1	1	1	1
Fire Captain	0	0	0	3	3
Fire Fighter	2	2	2	1	1
Police Chief	1	1	1	1	1
Evidence Technician	1	1	1	0	0
Records Manager	1	1	1	1	1
Police Sergeant	1	1	1	1	1
Police Officer	9	9	9	10	10
Municipal Court Clerk	1	1	1	1	1
Park Superintendent	1	1	1	1	1
Maintenance Laborer	0	0	0	0	1
Seasonal Laborer	0	0	0	0	1
Total General Fund	**28.5**	**28.5**	**28.5**	**30.5**	**33.5**

Utility Fund	FY 10	FY 11	FY 12	FY 13	FY 14
Director of Public Works	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Field Supervisor	1	1	1	1	1
Crew Leader	1	1	1	1	1
Equipment Operator	1	1	1	0	0
Water Operator	0	0	0	1	1
Maintenance Laborer	4	4	4	5	8
Seasonal Laborer	1	1	1	1	0
Senior Wastewater Operator	0	0	0	0	1
Wastewater Operator	2	2	2	2	1
Customer Service Supervisor	1	1	1	1	1
Senior Customer Service Rep.	1	1	1	1	1
Customer Service Rep.	1	1	1	0	0
Receptionist	0.5	0.5	0.5	0.5	0.5
Total Utility Fund	**15.5**	**15.5**	**15.5**	**15.5**	**17.5**
Total City Operations	**44**	**44**	**44**	**46**	**51**

General Fund Revenue

Revenue Mix

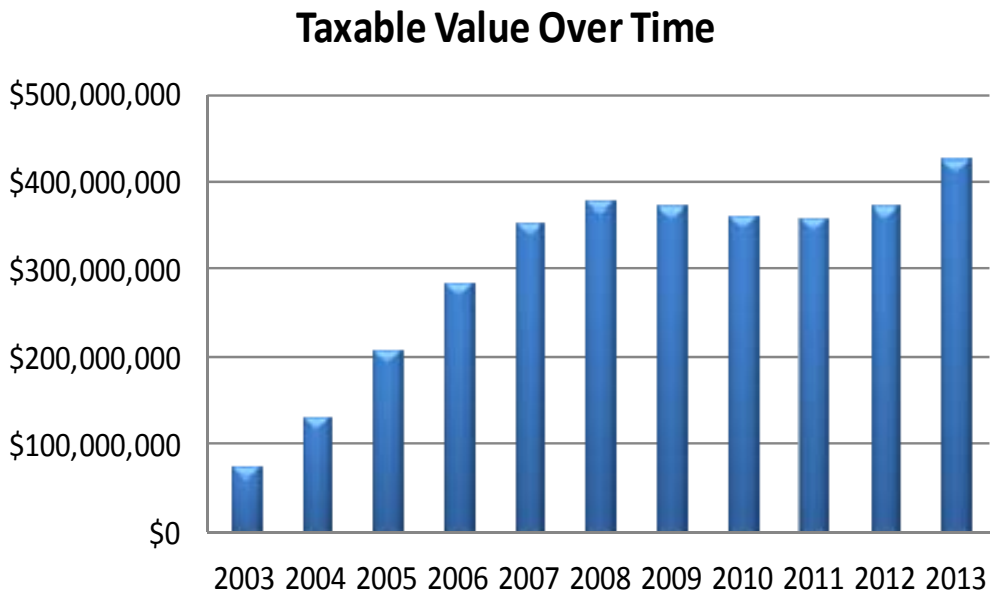
The City of Anna finances its general fund activities from 3 types of revenue; taxes, fines & fees, and user charges. These include property and sales taxes, licenses and permits, fines. Beneficiaries of General Fund Services are not generally required to pay a fee commensurate with the value of those services. The top 3 revenue sources are (1) property taxes, (2) sales tax, and (3) development fees. The 3 sources comprise over 80% of FY 14 revenue.



Property Tax:

The Ad Valorem Property Tax (59%) is a function of the tax rate the City formally adopts each year. The Collin Central Appraisal District (CCAD) establishes the value of each property with the City of Anna and the City applies the maintenance and operations portion of the rate to the certified value provided by CCAD. For FY 14 the certified taxable value is $430,834,574. This represents an increase of 14.95% and is due to the addition of new value as the result of increased building activity and a modest increase in the value of existing properties over their 2012 taxable value.

With the exception of 2012 and 2013, the taxable value of existing properties has declined an average of over 3% per year since 2008. Based upon the certified taxable values from the CCAD, taxable value has finally eclipsed the peak value experienced in 2008. However, this includes the addition of nearly $60 million in new value since 2008. Existing properties have still not regained the value seen in 2008. The average value of a residential homestead in Anna has declined by 6% since 2008.



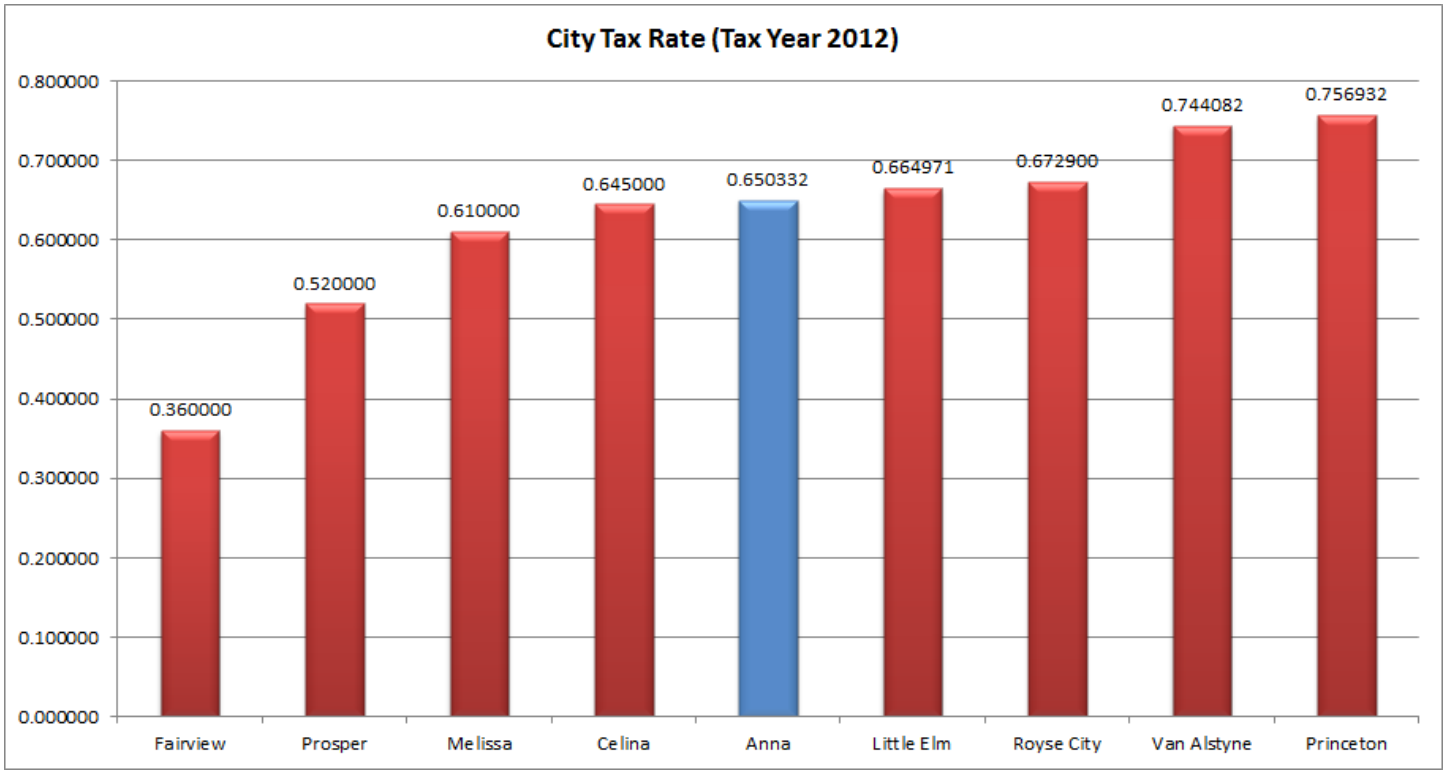
Based on the most recent 2013 property appraisals, it appears that existing properties have retained their value since 2011, and we are guardedly optimistic this marks the be-

ginning of a trend toward market appreciation. We have also seen an increase in the number of single family homes building permits issued since the beginning of the year. The growth in the city's tax base also increases the demand for municipal services primarily funded by property taxes.

The following table illustrates the change in assessed value, tax rate(s), and property tax revenue since tax year 2000.

Tax Year	Assessed Value	Total Tax Rate	M&O Rate	Debt Service Rate	Total Property Tax Revenue
2000	$29,991,809	0.5299	0.2563	0.2735	$150,809
2001	$35,320,292	0.5799	0.1511	0.4288	$182,838
2002	$52,462,163	0.4997	0.4997	0	$288,103
2003	$79,351,888	0.4997	0.4997	0	$407,430
2004	$136,234,607	0.4997	0.4997	0	$693,504
2005	$211,508,957	0.525	0.525	0	$1,148,140
2006	$288,590,455	0.525	0.4386	0.0863	$1,541,817
2007	$356,238,071	0.575	0.4667	0.1082	$2,015,950
2008	$383,961,925	0.575	0.4794	0.0955	$2,207,626
2009	$378,153,710	0.622733	0.529939	0.0928	$2,354,888
2010	$365,119,804	0.650332	0.554225	0.096107	$2,374,491
2011	$362,969,678	0.650332	0.559367	0.090965	$2,360,508
2012	$376,578,308	0.650332	0.559367	0.090965	$2,449,009
2013	$430,834,574	0.650332	0.559367	0.090965	$2,801,855

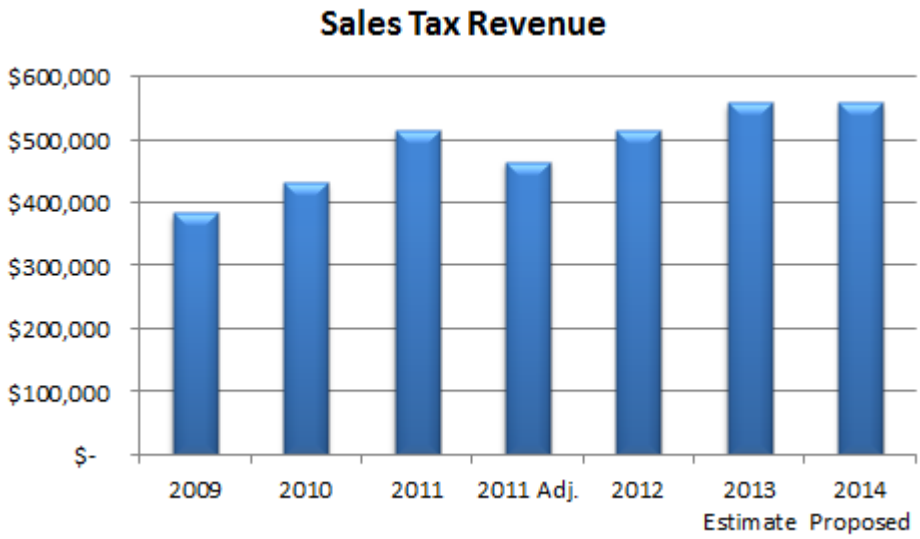
Below is a summary of the FY 13 adopted tax rates of our comparison cities



General Fund Revenue

Sales Tax:

Sales tax accounts for 14% of General Fund Revenue. The City currently levies a 2% sales tax. This 2% is in addition to the 6.25% the state levies. Of the 2% City levy , 1% is allocated to the general fund while the remaining 1% funds the Economic and Community Development Corporations. As the City has grown, so has the sales tax base. Since 2008 the City has seen average annual sales tax growth of just under 14%. The forecast for FY 2014 is conservative based upon the economic climate nationally and that fact that sales tax growth appears to be slowing down based upon the most recent years.



FY 2011 sales tax revenue was adjusted down to account and an economic develop incentive between the City of Anna and a local home builder. The incentive expired in late 2011 and the numbers are adjusted to account for actual sales tax revenue in the General Fund. The City continues to partner with its Economic Development Corporation to recruit business to Anna that will be successful and contribute to our sense of community.

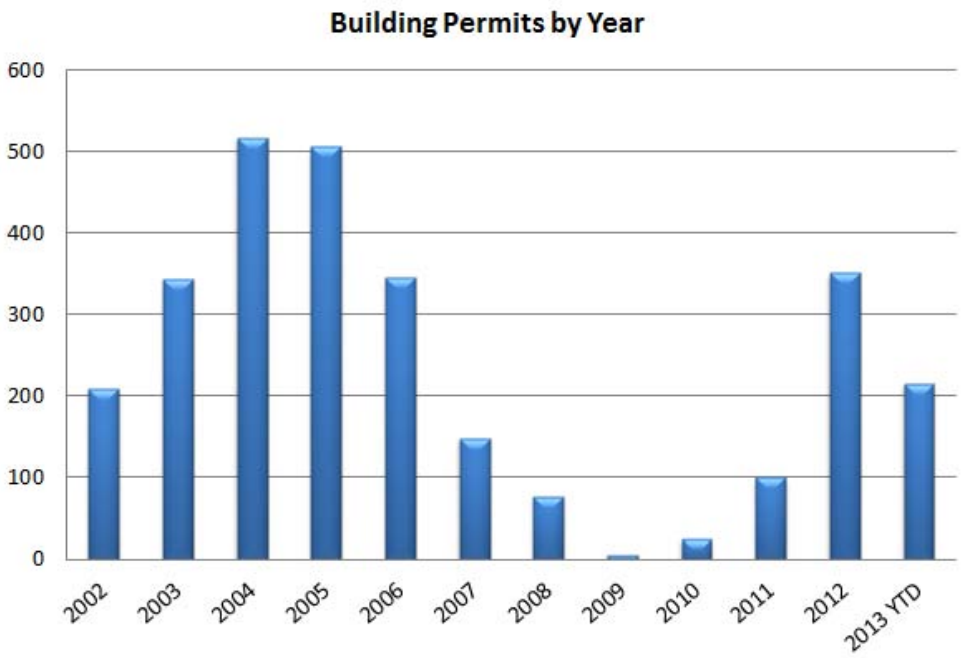
General Fund Sales Tax Revenue

Fiscal Year	Sales Tax Revenue	% Change
1997	$32,332	10.92%
1998	$41,271	27.65%
1999	$42,743	3.57%
2000	$37,586	-12.06%
2001	$43,827	16.60%
2002	$61,160	39.55%
2003	$79,132	29.38%
2004	$115,843	46.39%
2005	$155,399	34.15%
2006	$225,886	45.36%
2007	$293,934	30.12%
2008	$336,730	14.56%
2009	$384,642	14.23%
2010	$433,375	12.67%
2011	$515,381	18.92%
2011 Adjusted	$458,432	5.78%
2012	$524,015	14.31%
2013 Estimate	$560,000	6.87%
2014 Projection	$560,000	0.00%

General Fund Revenue

Development:

Development revenue is driven by building activity in the City. The revenue amount is a combination of building permits, zoning fees, plat fees, contractor registration fees, and all other fees related to the permitting and approval of construction activity in the City. As you can see by the charge on the right, the City experienced a sharp decline in building permits that coincided with the recession. However, as the economy has seen signs of improvement nationally and locally, we are seeing increased building activity. Much of the increase is attributable by a large inventory of available single family lots. As that inventory diminishes we expect to see a light drop in building activity until more developments are platted and approved.



Illustrated below is a brief history of revenue sources for the City of Anna. Proposed revenue for FY 14 is up 11% over the budgeted amount for FY 13. The estimate for FY 13 is based upon performance over the first 3 quarters of the fiscal year including historical and seasonal trends. Of note is the significant increase in building activity. As discussed above, the City saw an unexpected increase in building activity and expect to see similar level of activity through FY 14. The increase in intergovernmental revenue is to offset personnel costs in the Parks Department and is supported by the Community Development Corporation.

The decline in other revenue is due in part one time payments from insurance claims and gain on sale of assets such as retired vehicles etc.

General Fund Revenue Summary

TYPE	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
Property Tax	$ 2,049,994	$ 2,106,203	$ 2,103,017	$ 2,409,947	14.4%
Sales Tax	$ 522,840	$ 500,000	$ 560,000	$ 560,000	12.0%
Development	$ 539,326	$ 373,100	$ 545,825	$ 376,600	0.9%
Franchise Tax	$ 363,970	$ 340,000	$ 360,000	$ 365,000	7.4%
Court	$ 83,688	$ 130,050	$ 112,300	$ 131,600	1.2%
Fire	$ 50,935	$ 78,000	$ 55,821	$ 78,406	0.5%
Intergovernmental	$ 113,600	$ 96,450	$ 88,450	$ 120,310	24.7%
Other	$ 109,037	$ 82,459	$ 67,930	$ 62,394	-24.3%
Total	**$ 3,833,390**	**$ 3,706,262**	**$ 3,893,343**	**$ 4,104,257**	**11%**

General Fund Expenditure Summary

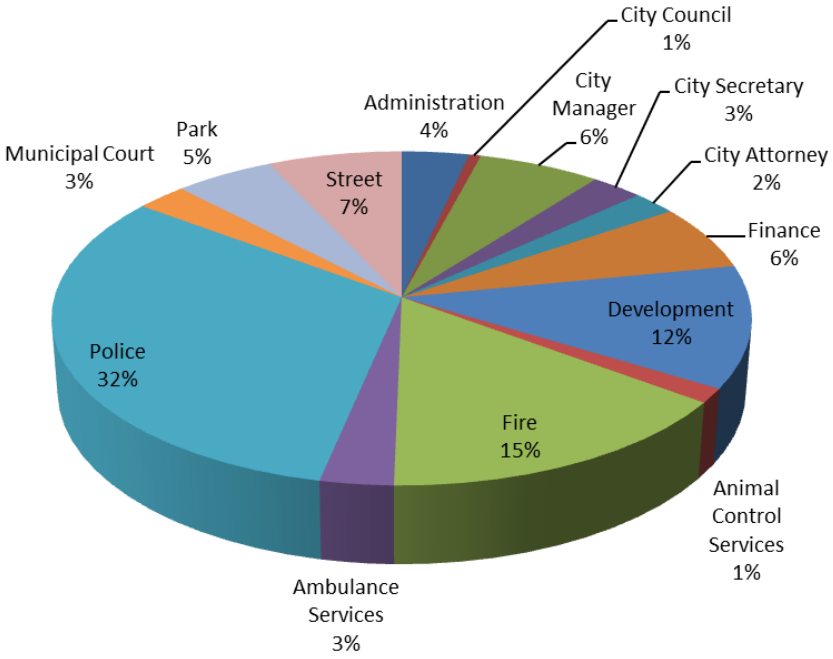
The General Fund Accounts for the expenditures associated with operating the general government services one typically expects from their municipal government. These services include public safety, parks, streets, planning, and the general administrative support for these services and the city council.

The chart on the right illustrates the percentage of the budget attributed to each department. For FY 14 public safety will account for 51% of the budget. This includes police, fire, ambulance services, and animal control.

The table below illustrates each department for FY 12 through FY 14. The table includes actual costs from FY 12, budgeted and estimated costs for FY 13, proposed budget for FY 14, and the percent change from the FY 13 budget.

The proposed FY 14 budget has an increase of 10% over the FY 13 budget. The departmental summaries demonstrate details on the increase. The 10% increase can be attributed to (1) costs associated with increased development activity, (2) new programs in various departments, (3) additional employees in the Development and Parks Departments, and (4) increases in personnel costs. These changes will all be discussed in the departmental summaries that follow.

FY 14 Proposed General Fund Budget



General Fund Expenditure Summary

TYPE	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
ADMINISTRATION	$128,872	$112,706	$108,450	$144,108	28%
CITY COUNCIL	$12,962	$39,998	$41,109	$25,210	-37%
CITY MANAGER	$235,181	$243,484	$253,401	$262,397	8%
CITY SECRETARY	$93,810	$106,340	$113,474	$111,079	4%
CITY ATTORNEY	$162,494	$87,000	$105,000	$95,000	9%
FINANCE	$215,631	$243,891	$245,038	$260,736	7%
DEVELOPMENT	$477,742	$380,438	$454,710	$485,102	28%
ANIMAL CONTROL	$51,338	$56,643	$57,263	$57,263	1%
FIRE	$539,277	$598,250	$556,962	$624,016	4%
AMBULANCE	$114,782	$114,800	$110,450	$123,683	8%
POLICE	$1,168,659	$1,241,956	$1,295,993	$1,306,493	5%
MUNICIPAL COURT	$80,106	$104,147	$105,775	$109,044	5%
PARK	$134,354	$135,291	$140,652	$213,495	58%
STREET	$261,959	$261,237	$262,863	$286,631	10%
Total	**$3,677,167**	**$3,726,181**	**$3,851,140**	**$4,104,257**	**10%**

Departmental Summaries

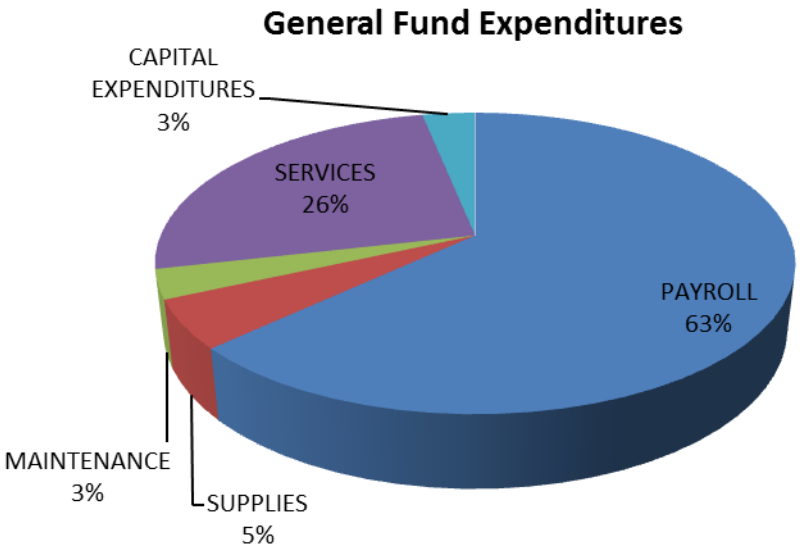
Each departmental summary will include its purpose, FY 13 accomplishments, and FY 14 goals. Additionally a summary of expenses will be illustrated as well as new programs or noteworthy changes from the FY 13 budget. Expenditures will be summarized into the following categories:

Payroll:

Payroll expense includes all the costs associated with the employees in that department. The payroll category includes the following: salaries and wages, overtime, payroll taxes, health insurance, retirement, unemployment, workers compensation, and other miscellaneous payroll costs.

Supplies:

Supply expense includes office supplies, vehicle supplies, fuel, postage, medical supplies, clothing supplies, chemical supplies, protective gear and other miscellaneous items.



Maintenance:

Maintenance expense includes maintenance and repair costs for all city assets, equipment, and other city owned property. Items would include buildings, water and sewer system in the Utility Fund, vehicles, equipment, etc.

Services:

Service expense includes services the city pays for. Items such as utility costs, telephones, liability and property insurance, employee travel and education, advertising for public notices, etc. This category also includes contracted services such as the solid waste contract, IT services, dispatch services etc.

Capital Expenditures:

Capital expenditures includes items such as machinery and equipment, motor vehicles, building renovations, etc.

The table below illustrates how departments will be summarized. The 10% increase is discussed above; however, illustrated below is a 12% increase in payroll. This is due to requests for new employees in the Development and Parks Departments to support the increase in development and activity and increase in park maintenance.

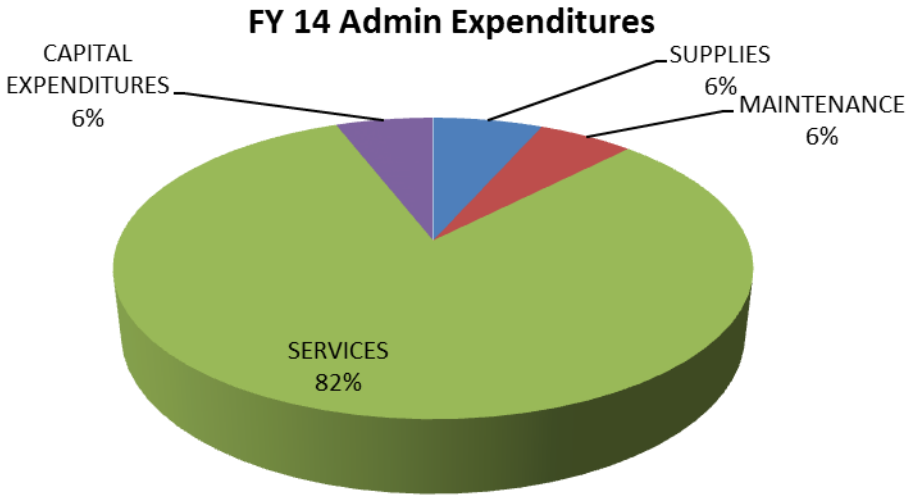
General Fund Expenditure Summary by Category

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$2,079,377	$2,311,108	$2,267,259	$2,590,115	12%
SUPPLIES	$131,859	$204,085	$194,920	$213,454	5%
MAINTENANCE	$137,508	$120,050	$97,400	$128,845	7%
SERVICES	$1,099,482	$979,641	$1,073,429	$1,041,064	6%
CAPITAL EXPENDITURES	$228,941	$111,297	$218,132	$130,779	18%
TOTAL GENERAL FUND	**$3,677,167**	**$3,726,181**	$3,851,140	**$4,104,257**	**10%**

10-400 Administration

Purpose/Description

To provide general administrative support to all the functions, programs, activities, and projects in the General Fund. These activities have costs not readily assignable to any specific department. Administration covers a number of shared expenses at City Hall (utilities, supplies, etc.) as well as other General Fund expenses (IT services).



New and Noteworthy for FY 14

- Space needs assessment study to determine space needs for future City Hall and other municipal facilities
- Human Resources study on classification and pay plan for City employees

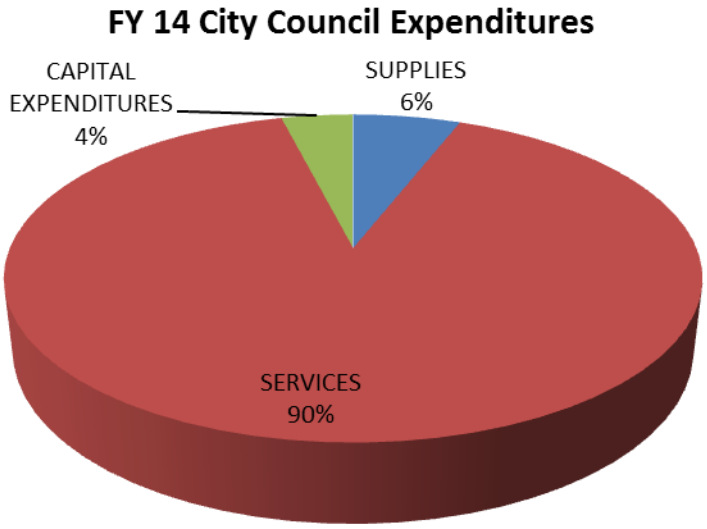
Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
SUPPLIES	$8,346	$10,080	$8,950	$9,550	-5%
MAINTENANCE	$2,465	$3,250	$2,300	$8,300	155%
SERVICES	$115,798	$98,376	$96,700	$117,758	20%
CAPITAL EXPENDITURES	$2,263	$1,000	$500	$8,500	750%
TOTAL 10-400E	**$128,872**	**$112,706**	**$108,450**	**$144,108**	**28%**

10-403 City Council

Purpose/Description

In order to enhance the quality of our community, the City Council is committed to principles of open and fair government and progressive planning that honor the public trust, protect our common resources, and promote a safe, sustainable, and connected community. The City Council is the legislative body of the city functioning under a Home Rule Charter adopted May 7, 2005. This department is designed to provide funding related to administration of legislative matters including, professional development of Council members.



New and Noteworthy for FY 14

- Decreased travel costs due the cost of the strategic retreat
- Reserved funds for annual update and evaluation of strategic plan

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
SUPPLIES	$1,543	$1,500	$1,500	$1,500	0%
SERVICES	$11,419	$38,048	$39,164	$22,710	-40%
CAPITAL EXPENDITURES	$0	$450	$445	$1,000	122%
TOTAL 10-403E	**$12,962**	**$39,998**	**$41,109**	**$25,210**	**-37%**

10-406 City Manager

Purpose/Description

The City Manager's Office oversees implementation of City Council policies and directives, manages the day-to-day operations of the city, responds to concerns and inquiries, and promotes the overall interest of the community. The City Manager advises the City Council on policy decisions and provides leadership to the departments as they implement City policies. The City Manager's assistant also serves as the public relations manager and provides administrative support to the City's Economic and Community Development Corporations.

The list below represents some of the major accomplishments achieved by the City through the cooperative efforts of the department directors and employees of the City of Anna. It is the privilege of the City Manager to partner with these outstanding individuals in moving the City forward.

FY 13 Accomplishments

- Worked with the City Council to conduct a comprehensive review and update of the City's strategic vision, objectives and goals.
- Managed the implementation of programs and projects approved in the FY 2013 Budget
- Maintained the State Comptroller's Gold Leadership recognition for transparency
- Improved citizen communication through expanded use of social media
- Coordinated the timely development of the fiscal year 2014 budget.
- Partnered with the Economic Development Corporation on activities and projects that promote business and the job growth within the city of Anna
- Negotiated new five year solid waste collection and disposal contract with enhanced services
- Performed ISO evaluation that resulted in lowering the City's ISO rating from a 4 to a 2
- Completed construction of Slayter Creek Park, Phase 2*
- Commenced construction of Slayter Creek Trail, Phase 2
- Installed expanded canopy at Slayter Creek Park playground
- Completed Hwy. 5 ground storage renovation project
- Completed FM 455 water and sewer relocation project*
- Completed Phase I of the Surface Water Blending project*
- Commence construction on Phase II of the Surface Water Blending project
- Updated the City's water and sewer rate model
- Commenced wastewater Capital Improvements Plan study
- Commenced update of the impact fee Capital Improvements Plan
- Obtained customer status in the NTMWD Upper East Fork Wastewater System
- Commenced construction of the Slayter Creek Wastewater Interceptor project
- Completed construction of the 2013 street rehabilitation project*
- Developed options for constructing interim office space for Planning and Finance personnel
- Implemented 24/7 shift fire protection program
- Updated the Personnel Policy Manual*
- Completed revisions and adopted a new Standard Design Manual

** expected to be complete by the close of the 2013 fiscal year*

10-406 City Manager

FY 14 Objectives

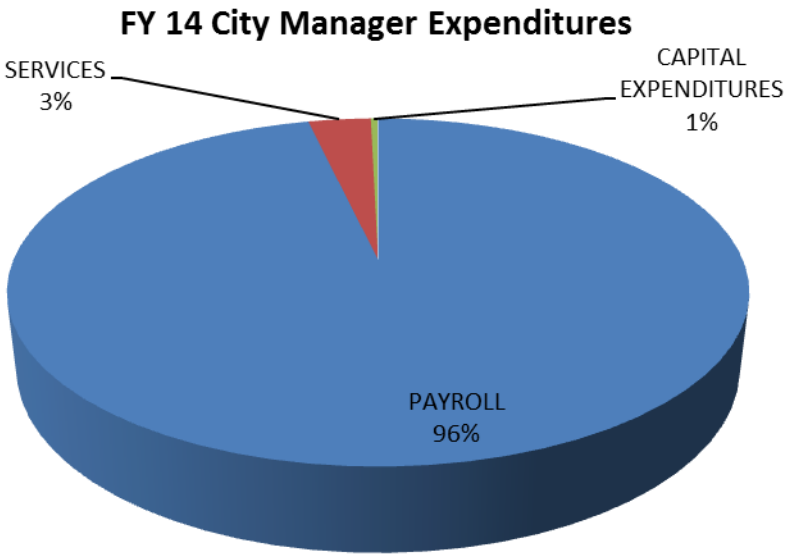
- Apply for and receive the GFOA budget presentation recognition
- Managed the implementation of programs and projects approved in the FY 2014 Budget
- Maintain the State Comptroller's Gold Leadership recognition for transparency
- Continue to promote fiscally responsible practices in the management of city operations
- Continue to improve citizen communication
- Ensure quality and timeliness of website and social media content
- Oversee the timely development of the fiscal year 2015 budget
- Pursue grant opportunities that improve City facilities, fund necessary staffing and build new facilities that improve the quality of life for Anna's residents and businesses.
- Partner with the Economic Development Corporation and pursue activities and projects that promote business and the job growth within the city of Anna
- Effectively manage all media events and matters
- Develop and send timely notification to City Council of significant events
- Apply for and receive the GFOA budget presentation recognition
- Complete construction of Slayter Creek Trail, Phase 2
- Negotiate land acquisition for Slayter Creek Trail, Phases 3 & 4
- Complete wastewater Capital Improvements Plan study
- Complete update of the Impact Fee Capital Improvements Plan
- Complete Phase II of the Surface Water Blending project
- Commence Phase III of the Surface Water Blending project
- Pursue membership status in the NTMWD Upper East Fork Wastewater System
- Complete construction of the Slayter Creek Wastewater Interceptor project
- Complete design and construction of the 2014 street rehabilitation project
- Complete construction of interim office space for Planning and Finance personnel
- Work with TxDOT to begin construction on the FM 455 highway expansion project
- Continue to work with TxDOT and other county, state and federal agencies to secure funding for U.S. 75 through Anna.
- Continue to work with TxDOT on the planning and design schematic for the future Highway 5 expansion program.
- Submit application for storm water discharge general permit
- Close and/or obtain releases on inactive Facilities Agreements

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$230,580	$235,784	$247,361	$252,877	7%
SERVICES	$4,601	$7,100	$6,040	$8,520	20%
CAPITAL EXPENDITURES	$0	$600	$0	$1,000	67%
TOTAL 10-406E	**$235,181**	**$243,484**	**$253,401**	**$262,397**	**8%**

10-406 City Manager

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%

City Manager FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
City Manager	1	1	1	1	1
EDC/CDC Director	0.5	0.5	0.5	0.5	0.5
Assistant to the City Manager	0.5	0.5	0.5	0.5	0.5
Receptionist	0.5	0.5	0.5	0.5	0.5
Administrative Assistant	0	0	0	0	0
Total	2.5	2.5	2.5	2.5	2.5

10-409 City Secretary

Purpose/Description

The City Secretary's office provides administrative support to the City Council and City Manager, maintains records, administers elections, and responds to Public Information Act Requests. The City Secretary attends all the City Council meetings and keeps minutes of the proceedings; works with the City Manager to prepare agendas and support materials for City Council meetings; coordinates City elections; works with other departments and the City Attorney to ensure Public Information Requests are handled in compliance with the Public Information Act; oversees the Records Management Program for the City; serves as custodian of all official City records .

FY 13 Accomplishments

- Called May 11, 2013 General Election and Cancelled (candidates unopposed)
- Held a June 15, 2013 Special Election to Fill a Vacancy
- Held a July 20, 2013 Run-off Election
- Worked on Records Management Program – working to scan, index and make available to staff old City documents such as ordinances, resolutions, etc. and scan and index new City documents as produced
- Work with staff and City Attorney's Office on over 140 Public Information Requests

FY 14 Objectives

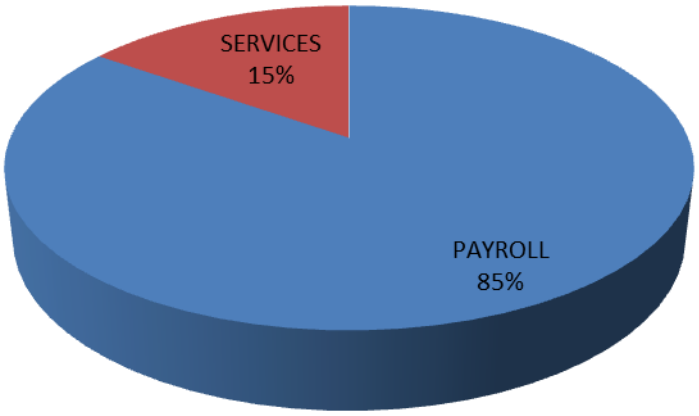
- To hold a May 10, 2014 General Election
- To work on City Secretary certification and keep up with other continuing education requirements for Code Enforcement and Records Management
- To continue to work on Administration Document Management and start Planning and Development Document Management program using SharePoint with RICOH

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$74,927	$90,085	$92,239	$94,164	5%
SERVICES	$18,290	$16,255	$21,235	$16,915	4%
CAPITAL EXPENDITURES	$593	$0	$0	$0	0%
TOTAL 10-409E	**$93,810**	**$106,340**	**$113,474**	**$111,079**	**4%**

10-409 City Secretary

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%

City Secretary FTE Schedule

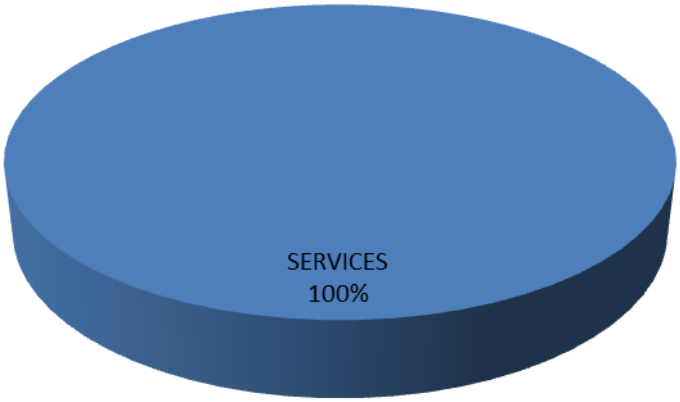
Description	FY 10	FY 11	FY 12	FY 13	FY 14
City Secretary	1	1	1	1	1
Total	1	1	1	1	1

10-411 City Attorney

Purpose/Description

Provide professional legal assistance and advice to the City Council, City Manager, and each department. The City Attorney serves as the legal advisor to the City Council and City Manager; represents the City in litigation and proceedings as directed by the City Council and City Manager; reviews and provides legal opinions as requested; serves as the prosecutor in municipal court. The City Attorney is appointed by the City Council and is a contracted service. The City Attorney does not include any personnel costs.

FY City Attorney Budget



New and Noteworthy for FY 14

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
SERVICES	$162,494	$87,000	$105,000	$95,000	9%
TOTAL 10-411E	**$162,494**	**$87,000**	**$105,000**	**$95,000**	**9%**

10-414 Finance

Purpose/Description

The Finance Department maintains the financial integrity of the city provides comprehensive and integrated financial management of the day-to-day financial operations of the city. The Finance Department is responsible to keep and maintain financial records; provide accurate financial reporting; invest public funds in compliance with applicable laws, ordinances, and policies; procurement; basic human resource activities; and information technology operations of the city.

FY 13 Accomplishments

- Maintained Anna's Gold Leadership Circle award for financial transparency
- Applied for the GFOA Distinguished Budget Presentation Award
- Conducted an audit of developer fee revenue
- Increased fund balance in the General Fund and working capital in the Utility Fund
- Bid new primary depository services contract
- Developed cash flow analysis for investment purposes
- Moved database onto different server improving the speed of Finance and Accounting Software
- Began Utility Audit

FY 14 Objectives

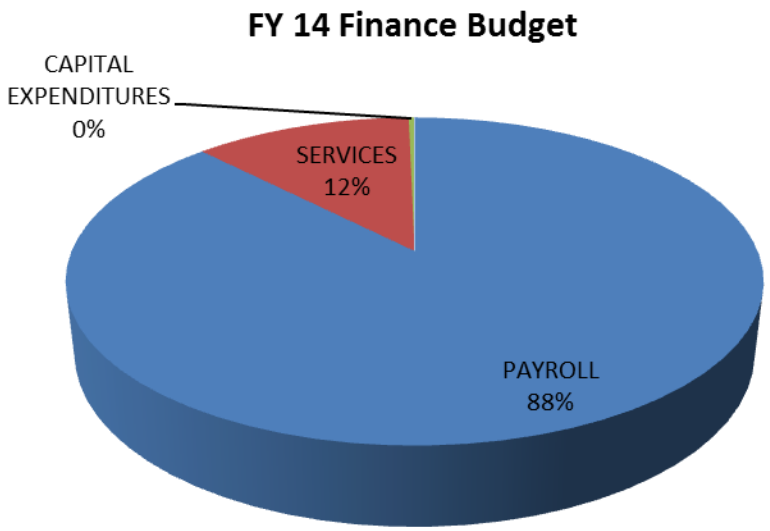
- Receive the GFOA Distinguished Budget Presentation Award
- Complete franchise fee audit
- Diversify into more PFIA eligible investment vehicles for increased interest earnings
- Strengthen Human Resource operations
- Manage the pay plan and classification study
- Complete job description revisions
- Complete asset inventory

Expenditure Summary

	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
PAYROLL	$198,259	$209,203	$210,655	$228,478	9%
SERVICES	$16,682	$33,988	$33,233	$31,408	-8%
CAPITAL EXPENDITURES	$690	$700	$1,150	$850	21%
TOTAL 10-414E	**$215,631**	**$243,891**	**$245,038**	**$260,736**	**7%**

10-414 Finance

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Increase in payroll due to 3% merit increase payable upon employee review date
- Increase in Health Plan contribution of 7%
- Move staff into remodeled customer service facility

Finance FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
Finance Director	1	1	1	1	1
Finance/HR Supervisor	1	1	1	1	1
Payroll/Accounting Assistant	1	1	1	1	1
Total	3	3	3	3	3

10-420 Development

Purpose/Description

The Development Department's mission is to promote sustainable development consistent with our Strategic Vision through the fair, consistent and ethical enforcement of the City's land development regulations. The Development Department ensures that new development occurring within the City and its extra-territorial jurisdiction is consistent and in compliance with the City's comprehensive plan, zoning ordinance, subdivision ordinance, building codes, and other development regulations.

FY 13 Accomplishments

- Oversee construction and inspection of anticipated 350 single family homes
- Administered the construction of Slayter Creek Park
- Created and adopted sustainable land use controls
- Created and adopted residential building standards
- Co-developed Design Standards for Development
- Developed a record management System
- Oversee the platting and the Development of phase two and three of West Crossing
- Oversee the platting and development of Oak Hollow Phase 6

FY 14 Objectives

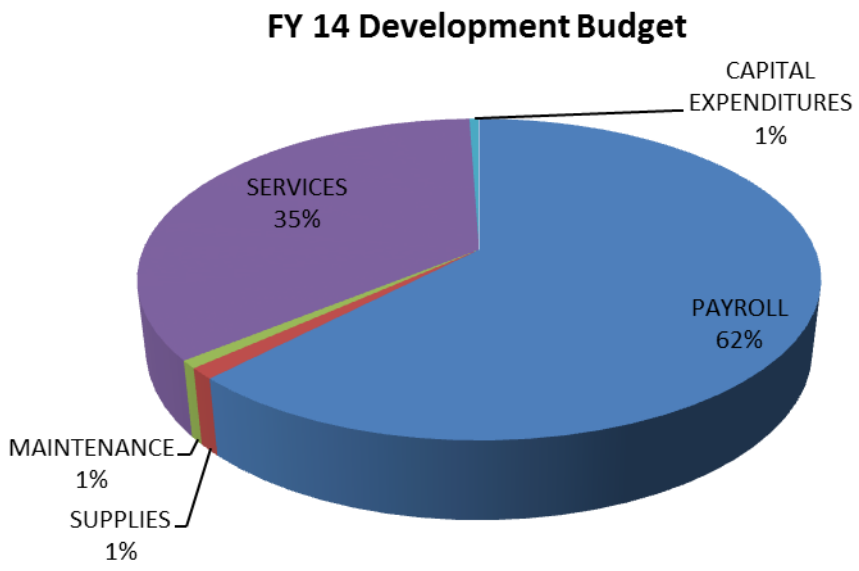
- Oversee an estimated 250 single family building permits and potential new subdivisions
- Continue Developing a record management system
- Update impact fees
- Continue work on facilities inventory
- Develop downtown implementation plan
- Create and adopted sustainable land use controls

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$218,203	$221,038	$219,936	$302,099	37%
SUPPLIES	$6,069	$4,350	$4,350	$5,450	25%
MAINTENANCE	$5,167	$3,800	$3,620	$3,800	0%
SERVICES	$248,303	$150,250	$225,804	$171,028	14%
CAPITAL EXPENDITURES	$0	$1,000	$1,000	$2,725	173%
TOTAL 10-420E	**$477,742**	**$380,438**	**$454,710**	**$485,102**	**28%**

10-420 Development

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Hire and equip a full-time Planner
- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%
- Move to new space in the Public Works building

Planning FTE Schedule

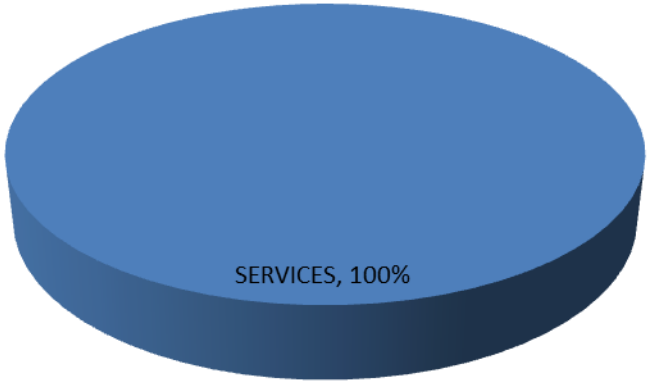
Description	FY 10	FY 11	FY 12	FY 13	FY 14
Director of Planning	1	1	1	1	1
Planner	0	0	0	0	1
Planning Assistant	1	1	1	1	1
Code Enforcement Officer	1	1	1	0	0
Administrative Assistance	0	0	0	1	1
Total	3	3	3	3	4

10-525 Animal Control

Purpose/Description

Animal control and animal shelter services are currently provided through a contract with Collin County. Services include responding to citizen complaints regarding animal control issues. The contract also allows animals captured within the City of Anna to be housed at the Collin County animal shelter. Animal Control does not have any personnel related costs as it is a contracted service.

The contract does not provide pro-active or routine patrols and enforcement of animal control ordinances.



New and Noteworthy for FY 14

- Increase passed down from Collin County to pay for additional patrol officers and expanded shelter services

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
SERVICES	$51,338	$56,643	$57,263	$57,263	1%
TOTAL 10-525E	**$51,338**	**$56,643**	**$57,263**	**$57,263**	**1%**

10-543 Fire

Purpose/Description

The Fire Department provides professional fire suppression, first responder, rescue, fire prevention, fire education, and emergency medical response services to the community of Anna.

FY 13 Accomplishments

- Moved to 24 hour staffing and shift coverage for fire and first responder level service with adding paid staff.
- Upgraded and improved availability of PPE by assigning Quartermaster to oversee supply & demand
- Combined code enforcement and fire inspections with in the fire Marshal's Division
- Appointed a training Officer to oversee the Department's training needs
- Appointed a EMS Officer to oversee ALS First Responder program & supply ordering
- Received two grants for a Thermal Imaging Camera & 4 gas detector and over $4000 for training
- Began new community programs with the I.S.D. on a Fire Prevention Poster Contest and Operation Santa
- Completed remodel of Day room & Training room
- Completed a I.S.O. survey
- Developed entry level process for new members (interview panel, agility test, orientation program)

FY 14 Objectives

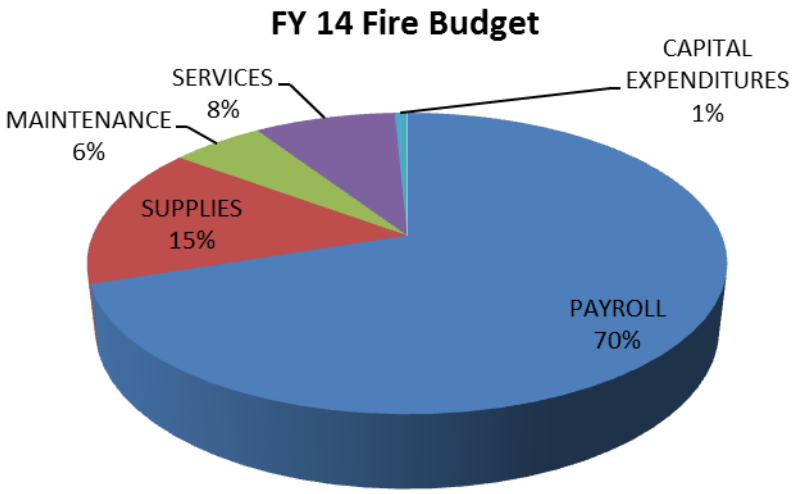
- Develop a training needs assessment plan
- Upgrade & increase fire prevention activities & programs
- Recruit & Retain new and active members
- Develop and maintain a Fire Hydrant maintenance program
- Develop and maintain training and training records for all city staff regarding emergency management
- Establish a Department Honor Guard Program

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$244,114	$412,007	$356,843	$436,086	6%
SUPPLIES	$41,069	$94,035	$88,735	$95,405	1%
MAINTENANCE	$35,634	$38,000	$36,500	$35,045	-8%
SERVICES	$96,722	$52,208	$42,384	$52,930	1%
CAPITAL EXPENDITURES	$121,738	$2,000	$32,500	$4,550	128%
TOTAL 10-543E	**$539,277**	**$598,250**	**$556,962**	**$624,016**	**4%**

10-543 Fire

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Full year of activity under 24 hour coverage
- Full year of operating the volunteer stipend
- Assumption of more responsibilities in the schools for fire prevention and education activities previously performed by the County Fire Marshal
- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%

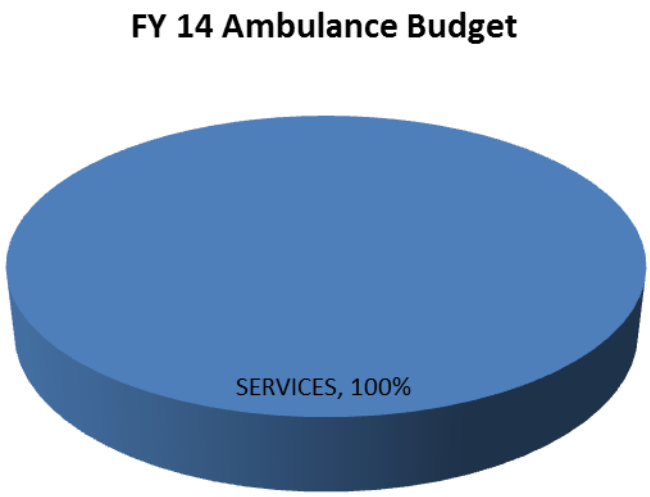
Fire FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
Fire Chief	1	1	1	1	1
Fire Marshal	1	1	1	1	1
Fire Captain	0	0	0	3	3
Fire Fighter	2	2	2	1	1
Total	4	4	4	6	6

10-544 Ambulance

Purpose/Description

Ambulance service is currently provided by AMR through a contract with Collin County. The Ambulance Department does not have any personnel costs as it is a contracted service.



New and Noteworthy for FY 14

- American Medical Response awarded new contract for Collin County that resulted in an increase in ambulance service.

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
SERVICES	$114,782	$114,800	$110,450	$123,683	8%
TOTAL 10-544E	**$114,782**	**$114,800**	**$110,450**	**$123,683**	**8%**

10-550 Police

Purpose/Description

The mission of the Anna Police Department is to work to enhance the quality of life for residents that make up our hometown. Our commitment to excellence in the professional and courteous delivery of police services while operating under the framework of the U.S. Constitution in enforcing laws, reducing fear, and preserving human life is the core of our "Community First" philosophy. The department responds to all calls for service, investigates criminal complaints, assists with the prosecution of suspects, and provides 24 hours a day, 365 days per year patrol coverage.

FY 13 Accomplishments

- Obtained grant funding for the Active Shooter Response Program
- Held the third annual Child ID fair issuing nearly 150 child ID's
- Participated in National Night Out with 375-400 attendees
- Supported several community meetings regarding neighborhood watch programs
- Supported local ISD with 4 book readings and safety training
- Received a $3,000 traffic safety grant to purchase radar and other traffic safety equipment

FY 14 Objectives

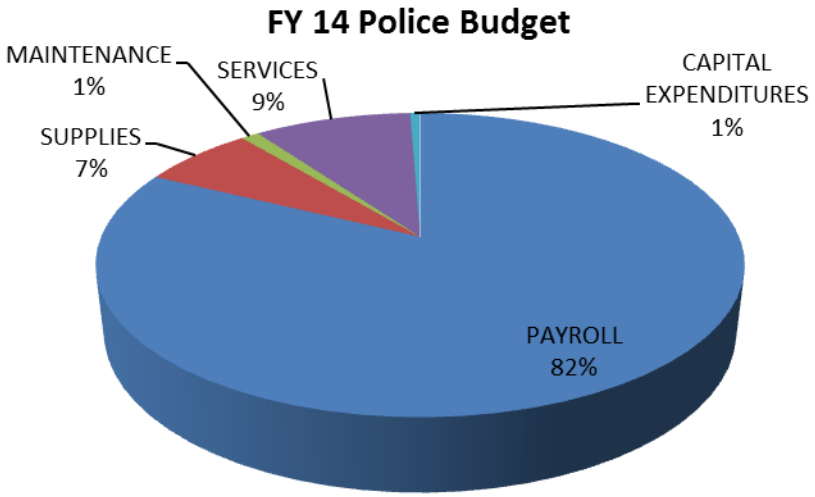
- Continue to host the National Night Out event in October
- Conduct the Annual Children's ID Fair.
- Support local ISD with an anti-bullying program
- Participate in the Click-it or Ticket campaign
- Participate in the Labor Day DWI enforcement campaign

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$974,867	$1,010,515	$1,007,080	$1,073,149	6%
SUPPLIES	$65,301	$80,270	$78,910	$87,099	9%
MAINTENANCE	$30,304	$14,000	$13,800	$14,000	0%
SERVICES	$93,250	$121,361	$115,403	$122,091	1%
CAPITAL EXPENDITURES	$4,937	$15,810	$80,800	$10,154	-36%
TOTAL 10-550E	**$1,168,659**	**$1,241,956**	**$1,295,993**	**$1,306,493**	**5%**

10-550 Police

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Assignment of Child Advocacy Center costs to the Child Safety Fund
- Increase in payroll due to planned step and merit increases upon employee review date
- Increase in Health Plan contribution of 7%
- Certain contracted services have increased over FY 13
- Change in uniform style for better use with bullet proof vests

Police FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
Police Chief	1	1	1	1	1
Executive Assistant	0	0	0	0	0
Crime Scene Technician	1	1	1	1	1
Records Manager	1	1	1	1	1
Police Sergeant	1	1	1	1	1
Police Officer	9	9	9	9	9
Total	13	13	13	13	13

10-552 Municipal Court

Purpose/Description

Provide the public a fair, impartial and unbiased court system for the person charged with the offenses, in accordance with the Code of Criminal Procedures and the Rules of Criminal Evidence. The Anna Municipal Court has jurisdiction over all fine-only offenses that have been committed within the Anna city limits. These offenses include Class C misdemeanors, traffic offenses and City ordinance violations. The court collects fines, conducts trials, and issues warrants of arrest.

FY 13 Accomplishments

- Integration of online payment services
- Better coordination with Finance department
- Improved collections with support of Police Department regarding tickets in warrant status

FY 14 Objectives

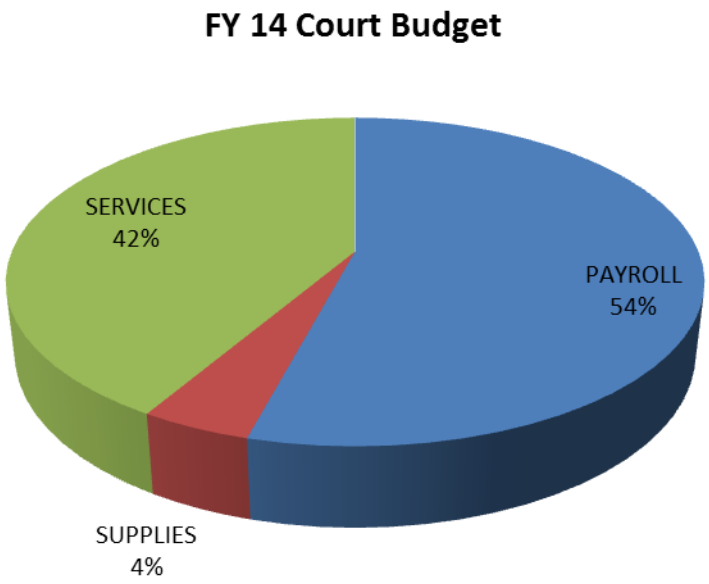
- Continue to improve collections
- Increased cross training with Utility Billing office
- Develop plan for level III court clerk certification

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$55,872	$57,489	$57,000	$59,054	3%
SUPPLIES	$4,140	$3,850	$4,875	$4,750	23%
SERVICES	$20,094	$42,808	$43,900	$45,240	6%
TOTAL 10-552E	**$80,106**	**$104,147**	**$105,775**	**$109,044**	**5%**

10-552 Municipal Court

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%

Municipal Court FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
Municipal Court Clerk	1	1	1	1	1
Total	1	1	1	1	1

10-555 Parks

Purpose/Description

The Parks department oversees the development and maintenance of parks and recreation facilities for the citizens of Anna. The department also supports community organizations that provide sports and recreation opportunities for the youth of our community.

FY 13 Accomplishments

- Completion of Slayter Creek Park

FY 14 Objectives

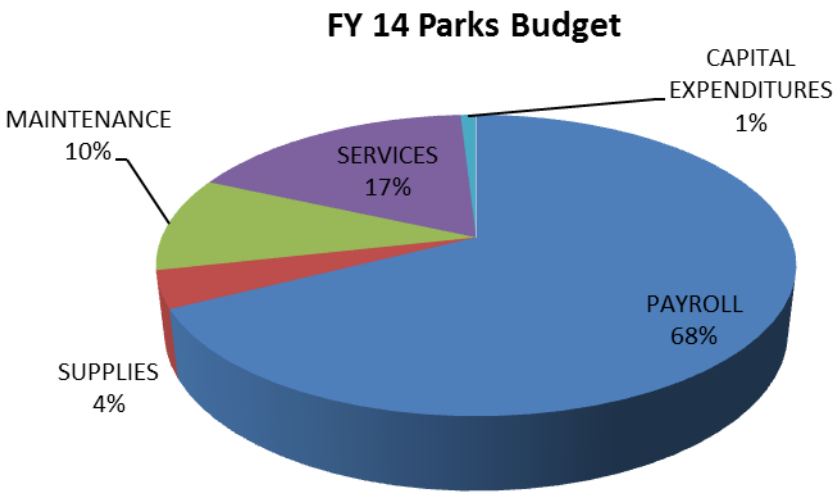
- Integrate new parks into park maintenance schedule

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$82,555	$74,987	$76,145	$144,208	92%
SUPPLIES	$3,921	$8,500	$6,500	$8,500	0%
MAINTENANCE	$15,331	$16,500	$11,000	$21,700	32%
SERVICES	$32,267	$33,804	$33,507	$37,087	10%
CAPITAL EXPENDITURES	$280	$1,500	$13,500	$2,000	33%
TOTAL 10-555E	**$134,354**	**$135,291**	**$140,652**	**$213,495**	**58%**

10-555 Parks

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Addition of 1 full time maintenance laborer
- Addition of 2 seasonal maintenance laborers
- Lease on new mower
- Increase in maintenance due to additional park space coming on line in FY 14
- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%

Parks FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
Park Superintendent	1	1	1	1	1
Maintenance Laborer	0	0	0	0	1
Seasonal Laborers	0	0	0	0	1
Total	1	1	1	1	3

10-580 Street

Purpose/Description

Provide the citizens of Anna a street and drainage system that will allow efficient operations on a daily basis while planning for future growth. The Street Department performs maintenance on 68 miles of streets within the city limits. Services include: cleaning streets, clearing rights of way, mowing rights of way, routine maintenance and repair, and street sign installation and maintenance. The Street Department also performs maintenance on the storm drainage system within the city limits.

FY 13 Accomplishments

- Complete rehab on Second Street and Interurban projects
- Complete other various street repairs throughout the City

FY 14 Objectives

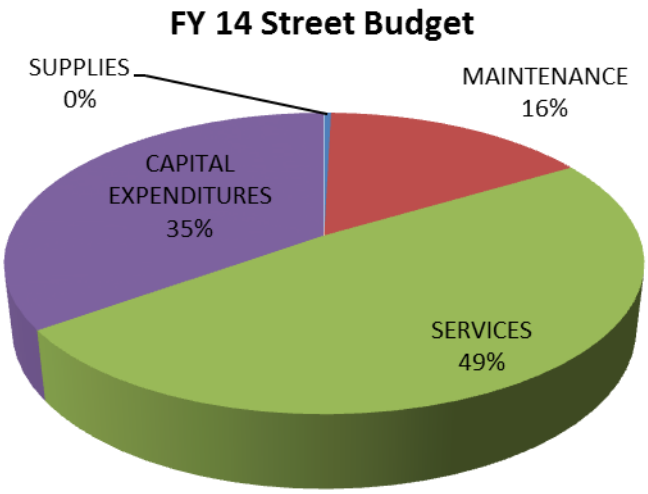
- Complete annual street rehabilitation project

Expenditure Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
SUPPLIES	$1,470	$1,500	$1,100	$1,200	-20%
MAINTENANCE	$48,607	$44,500	$30,180	$46,000	3%
SERVICES	$113,442	$127,000	$143,346	$139,431	10%
CAPITAL EXPENDITURES	$98,440	$88,237	$88,237	$100,000	13%
TOTAL 10-580E	**$261,959**	**$261,237**	**$262,863**	**$286,631**	**10%**

10-580 Street

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Increased funding for annual street rehab program
- Increased funding for general street maintenance and repair

Street FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
N/A					
Total	0	0	0	0	0

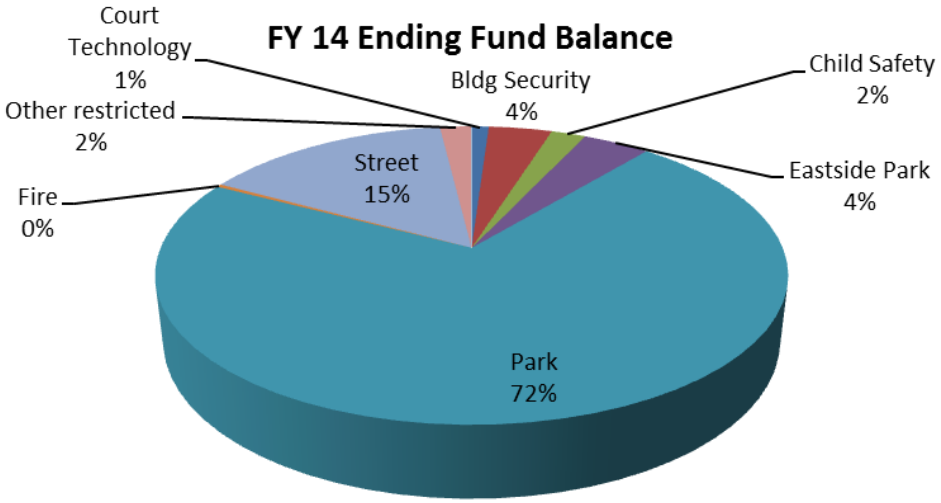
Restricted Revenue Trusts

Incorporated within the General Fund are some restricted revenue trusts. These trusts are a Governmental Fund type. When monies in the restricted revenue trusts are received, their uses are restricted based upon the circumstances of their receipt. Restrictions are placed on the spending of the revenue for a number of reasons including, but not limited to laws, ordinances, grant contracts, donations etc.

For example, the City of Anna manages a Court Technology Fund. The revenues in the Court Technology Fund are the result of a local ordinance that dedicates a portion of court fines for court related technology purposes. The revenue in this fund can only be spent in accordance with the ordinance.

The primary Restricted Revenue Trusts the City currently manages are outlined below:

- Park Trust
- Eastside Park Trust
- Fire Trust
- Court Technology Fund
- Court Building Security Fund
- Child Safety Fund
- Street Capital Improvements



Park Trust

The Park Trust is funded by park development fees as stipulated in either developer agreements or the subdivision ordinance and are used to serve the City's master parks plan through development, improvement, or maintenance to the City's parks. Park Trust revenues and expenses are illustrated below. Estimated and proposed revenues are the result of building activity in the City. In FY 13 the Park Trust was used to secure additional park land and support the Slayter Creek Park expansion.

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
INTERGOVERNMENTAL REVENUE	$0	$0	$0	$0	N/A
DEVELOPER FEES	$181,850	$132,800	$225,000	$112,300	-15%
DONATIONS	$0	$0	$0	$0	N/A
MISCELLANEOUS REVENUE	$0	$0	$0	$0	N/A
INTEREST REVENUE	$967	$1000	$800	$800	-20%
TOTAL REVENUES	**$182,817**	**$132,800**	**$225,800**	**$113,100**	**-15%**

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
LAND & IMPROVEMENTS	$0	$0	$268,103	$0	N/A
OTHER CAPITAL EXPENDITURES	$2,434	$25,000	$99,000	$0	-100%
TOTAL EXPENSE	**$2,434**	**$25,000**	**$367,103**	**$0**	**-100%**

Restricted Revenue Trusts

Eastside Park Trust

The Eastside Park Trust was created from a private donation for improvements to the Eastside Park, otherwise known as Geer Park. The entire trust fund was anticipated to be expended in FY 12 for parking improvements at the park. The improvements were not completed until early in FY 13 and cost less than anticipated. The trust still have a small amount in fund balance that is reserved for improvements at Geer Park. The funds will be held in reserve until a project is selected for funding. The trust has had minimal interest earnings from the donation; all interest earnings and the donation will be used for future Geer Park projects.

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
OTHER CAPITAL EXPENDITURES	$0	$0	$16,660	$0	0%
TOTAL EXPENSE	**$0**	**$0**	**$16,660**	**$0**	**0%**

Fire Trust

The Fire Trust accounts for voluntary fees negotiated with developers for support of the Anna Fire Department. Additionally, grant projects typically funded through the Texas Forest Service, The Federal Emergency Management Agency, and other grantors are accounted for in the Fire Trust. In FY 13, the Fire Trust supported the Fire Department with training and education and machinery and equipment including the purchase of a new command vehicle. Fire Trust revenues and expenses are illustrated below. You can see that developer fee revenue is dropping drastically. The Fire Trust will continue to report grant activities. Funds committed in the FY 13 budget will also be used for the purchase and up fit of a command vehicle in FY 14.

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
DEVELOPER FEES	$10,730	$12,200	$13,900	$1,200	-90%
GRANT REVENUE	$14,918	$25,000	$15,000	$15,000	-40%
TRANSFERS IN	$0	$0	$15,000	$0	0%
INTEREST REVENUE	$193	$0	$65	$0	0%
TOTAL REVENUES	**$25,840**	**$37,200**	**$43,965**	**$16,200**	**-56%**

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE
PROTECTIVE GEAR	$11,341	$15,000	$0	$4,900	-67%
EDUCATION & TRAINING	$6,984	$7000	$475	$7,000	0%
MACHINERY & EQUIPMENT	$469	$3000	$20,550	$1,200	-60%
OTHER CAPITAL EXPENDITURES	$16,661	$18,000	$0	$48,000	167%
TOTAL EXPENSE	**$35,455**	**$43,000**	**$21,025**	**$61,100**	**42%**

Municipal Court Technology Fund

The Court Technology Fund accounts for portion of court fines to support the use of technology in the court room. In FY 12 the Court Technology Fund purchasing a laptop and other equipment allowing the court to operate more efficiently when in session. In FY 13 this fund will begin to support the annual software costs of the electronic ticket writers that will interface with existing court software. Court Technology Fund revenues and expenses are illustrated below.

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
MUNICIPAL COURT TECHNOLOGY FUND	$2,422	$3,000	$2,800	$3,000	0%
INTEREST REVENUE	$17	$15	$10	$10	-33%
TOTAL REVENUES	**$2,438**	**$3,015**	**$2,810**	**$3,010**	**0%**

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
CONTRACT SERVICES	$0	$2,665	$2,050	$2,150	-19%
MACHINERY & EQUIPMENT	$1,950	$0	$0	$0	0%
TOTAL EXPENSE	**$1,950**	**$2,665**	**$2,050**	**$2,150**	**-19%**

Municipal Court Building Security Fund

The Building Security Fund is also funded like the Court Technology Fund by accounting for portion of court fines. This revenue is used to maintain security in the court room and is budgeted for overtime pay to officers to act as a bailiff when necessary. Building Security Fund revenues and expenses are illustrated below.

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
MUNICIPAL COURT BUILDING SECURITY	$1,816	$2,000	$1,900	$2,000	0%
INTEREST REVENUE	$85	$85	$40	$55	-35%
TOTAL REVENUES	**$1,901**	**$2,085**	**$1,940**	**$2,055**	**-1%**

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
OTHER SERVICES - MISC.	$0	$3,000	$0	$1,800	-40%
MACHINERY & EQUIPMENT	$0	$0	$0	$0	N/A
TOTAL EXPENSE	**$0**	**$3,000**	**$0**	**$1,800**	**-40%**

Restricted Revenue Trusts

Child Safety Fund

The Child Safety Fund accounts for a portion of court fees that can be used to fund various programs designed to enhance child safety as outlined in State Code. As the City does not operate a school crossing guard program the funds will be used on other public safety programs in accordance with State Code.

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
CHILD SAFETY FUND	$9,686	$9,000	$9,000	$9,000	0%
INTEREST REVENUE	$47	$30	$40	$10	-67%
TOTAL REVENUES	**$9,733**	**$9,030**	**$9,040**	**$9,010**	**0%**

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
Contract Services	$0	$0	$0	$7,500	0%
Machinery & Equipment	$0	$0	$14,000	$0	0%
TOTAL EXPENSE	**$0**	**$0**	**$14,000**	**$7,500**	**0%**

Street Capital Improvement Fund

The Street Capital Improvement Fund accounts for fees negotiated with developers for the improvements of streets. No expenditures were planned in FY 13; however, in FY 14 a proposed impact fee study is included for $20,000.

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
ROAD CAPITAL IMPROV. IMPACT FEE	$13,500	$14,000	$2,000	$29,000	107%
INTEREST REVENUE	$31	$15	$50	$65	N/A
TOTAL REVENUE	**$13,531**	**$14,015**	**$2,050**	**$29,065**	**107%**

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
Contract Services	$0	$0	$0	$20,000	0%
Machinery & Equipment	$0	$0	$0	$0	0%
TOTAL EXPENSE	**$0**	**$0**	**$0**	**$20,000**	**0%**

Changes in Fund Balance

All restricted revenues trusts are reported in the annual audit under the general fund as restricted fund balance. The schedule below illustrates the projected changes in fund balance at year end.

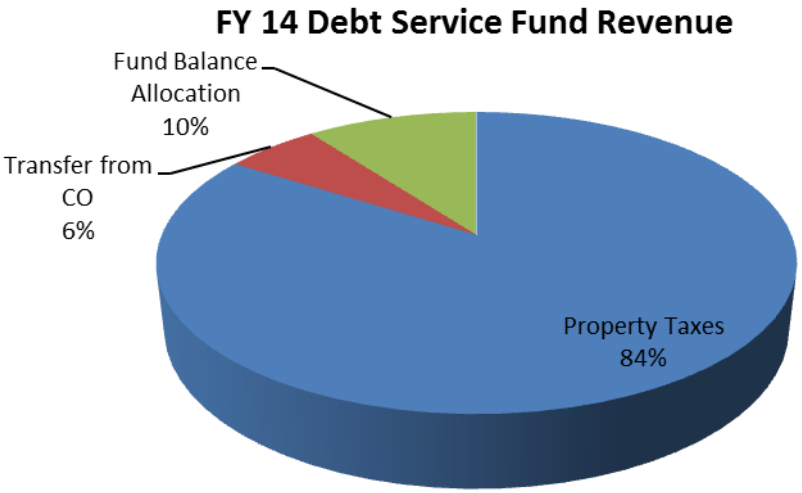
Restricted Revenue Trusts

Changes in Fund Balance

	2012 Audited Fund Balance	2013 Projected Fund Balance	2014 Proposed Fund Balance
Court Technology	$1,556	$2,316	$3,176
Building Security	$9,574	$11,514	$11,769
Child Safety	$9,808	$4,848	$6,388
Eastside Park	$29,095	$12,435	$12,450
Park	$246,478	$105,175	$217,475
Fire	$22,931	$45,871	$971
Street	$15,031	$17,031	$46,031
Other restricted	$22,213	$20,144	$5,144
Total Restricted	**$356,686**	**$219,334**	**$303,404**

Debt Service Fund Revenue

The Debt Service Fund is a special revenue fund used to account for a portion of the ad valorem property tax dedicated to support the principal and interest payments on debt issued for General Fund Purposes. Unlike Enterprise Funds, which are intended to operate like a business enterprise, the General Fund's intent is to focus on the flow of current financial resources. Therefore, the Debt Service Fund is a self balancing set of accounts intended to account only for General Fund Debt.



All debt accounted for in the Debt Service Fund is bonded debt supported by taxes. Bonded debt includes general obligation bonds, certificates of obligations and combination tax and revenue certificates of obligation.

Revenues required to pay the City's outstanding debt are transferred to this fund and all monies are restricted to debt payments only. The revenue generated from the interest and sinking (I&S) portion of the tax rate (0.090965 cents per $100 valuation) is used to fund 84% of our debt service obligations. The remaining 16% needed is a transfer from excess bond proceeds and an allocation of Fund Balance. The excess proceeds are the result of a certificate of obligation issued to refinance debt in 2005 held in a reserve trust fund with the intent to support the I&S fund and keep the I&S rate steady.

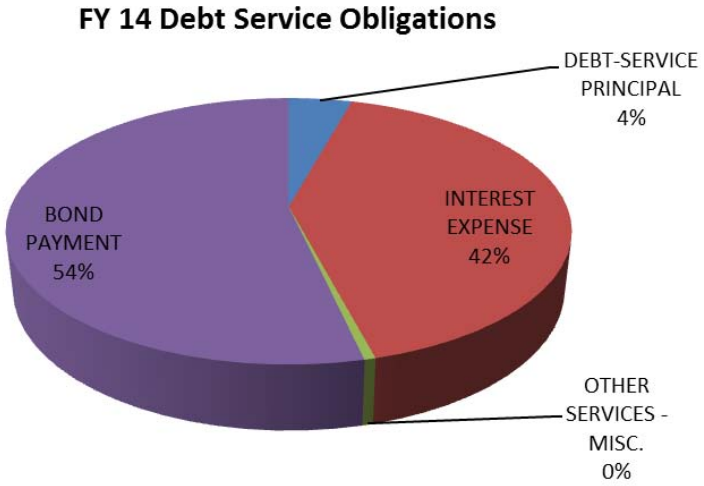
Of particular note for FY 13 was the absence of "transfer in - water fund" revenue. Previously the transfer was to cover debt service associated with debt issued for water and sewer projects. At the recommendation of our auditor and to show the Utility Fund's true annual debt obligation, this transfer ceased in FY 13 and will no longer occur.

Debt Service Revenue Detail

LINE ITEMS	ACTUAL	BUDGET	ESTIMATE	PROPOSED	% CHANGE
LINE ITEMS	**2011-2012**	**2012-2013**	**2012-2013**	**2013-2014**	**Budget/Proposed**
PROPERTY TAX REVENUE - I&S FUNDS	$323,782	$332,238	$334,818	$380,151	14%
PROPERTY TAX REVENUE - DELINQUENT	$8,107	$7,364	$7,227	$8,426	14%
PROPERTY TAX PENALTY & INTEREST	$3,837	$2,911	$1,784	$3,331	14%
INTEREST REVENUE	$1,145	$0	$340	$0	0%
REVENUES	**$336,871**	**$342,513**	**$343,829**	**$391,908**	**14%**
TRANSFERS IN - WATER FUND	$221,078	$0	$0	$0	0%
TRANSFERS IN - TRUST FUNDS	$136,790	$114,281	$114,281	$26,500	-77%
FUND BALANCE ALLOCATION	$0	$0	$0	$48,128	0%
OTHER SOURCES OF FUNDS	**$357,838**	**$114,281**	**$114,281**	**$74,628**	**-35%**
TOTAL DEBT SERVICE REVENUE	**$694,709**	**$456,794**	**$458,110**	**$466,536**	**2%**

Debt Service Obligations

The City of Anna currently holds just over $4.2 million in outstanding I&S/tax supported debt. An additional $8.3 million in outstanding debt has a tax pledge but it supported by water and sewer revenues. This $8.3 million in debt was issued for specific water and sewer related projects.



The FY 14 debt service obligations are $270,115 in principal payments ($250,000 in bonds and $20,115 in notes), $193,922 in interest payments, and $2,500 in paying agent fees. The total debt service for FY 14 is $466,536.

Of particular note is an overall decline in expenditures from FY 12 to FY 13. This decline is due to Utility Fund debt obligations previously accounted for in the Debt Service Fund that are now fully accounted for in the Utility Fund. This was done to show the Utility Fund's true annual debt obligation, these water and sewer debt instruments will no longer be accounted for in the Debt Service Fund and are fully accounted for in the Utility Fund for FY 13 and FY 14.

Debt Service Expenditure Detail

LINE ITEMS	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
DEBT-SERVICE PRINCIPAL	$53,228	$19,527	$19,524	$20,115	3%
INTEREST EXPENSE	$322,797	$184,767	$184,770	$193,922	5%
OTHER SERVICES - MISC.	$50,732	$2,500	$2,500	$2,500	0%
SERVICES	**$426,757**	**$206,794**	**$206,794**	**$216,536**	**5%**
BOND PAYMENT	$265,000	$250,000	$250,000	$250,000	0%
OTHER USES OF FUNDS	**$265,000**	**$250,000**	**$250,000**	**$250,000**	**0%**
TOTAL DEBT SERVICE OBLIGATIONS	**$691,757**	**$456,794**	**$456,794**	**$466,536**	**2%**

Debt Service Obligations

Debt Management Plan

The City has worked closely with our financial advisors, First Southwest to develop a sound debt management plan. Looking to the future, the City anticipates a spike in our debt service in 2015, 2018, and 2019. Left unaddressed, this could lead to a spike in I&S tax rates as well.

The table below illustrates the total annual debt service supported by the I&S tax rate through FY 2029.

Outstanding Debt Schedule

PERIOD ENDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	% CHANGE
9/30/2014	$270,115	$193,922	$464,036	2%
9/30/2015	$273,000	$202,286	$475,286	2%
9/30/2016	$289,000	$190,065	$479,065	1%
9/30/2017	$249,000	$222,728	$471,728	-2%
9/30/2018	$220,000	$286,646	$506,646	7%
9/30/2019	$258,000	$299,675	$557,675	10%
9/30/2020	$269,000	$275,275	$544,275	-2%
9/30/2021	$286,000	$248,781	$534,781	-2%
9/30/2022	$313,000	$219,231	$532,231	0%
9/30/2023	$324,000	$187,400	$511,400	-4%
9/30/2024	$361,000	$152,525	$513,525	0%
9/30/2025	$378,000	$114,131	$492,131	-4%
9/30/2026	$414,000	$72,281	$486,281	-1%
9/30/2027	$205,000	$34,875	$239,875	-51%
9/30/2028	$65,000	$14,625	$79,625	-67%
9/30/2029	$65,000	$4,875	$69,875	-12%
TOTAL	**$4,239,115**	**$2,719,321**	**$6,958,435**	

In order to keep the I&S rate stable, the City of Anna and First Southwest have developed a series of planned refundings of existing debt to maintain the current I&S rate through 2026. This plan is based upon very conservative assumptions in growth of the property tax base and interest rates. Additionally, the planned refundings are scheduled to coincide with interest rate resets and, where possible, refunding bonds that are callable and advance refundable. In this way the plan will minimize the present value cost to the city. Refunding and restructuring of debt is scheduled to occur in 2014, 2016 and 2017.

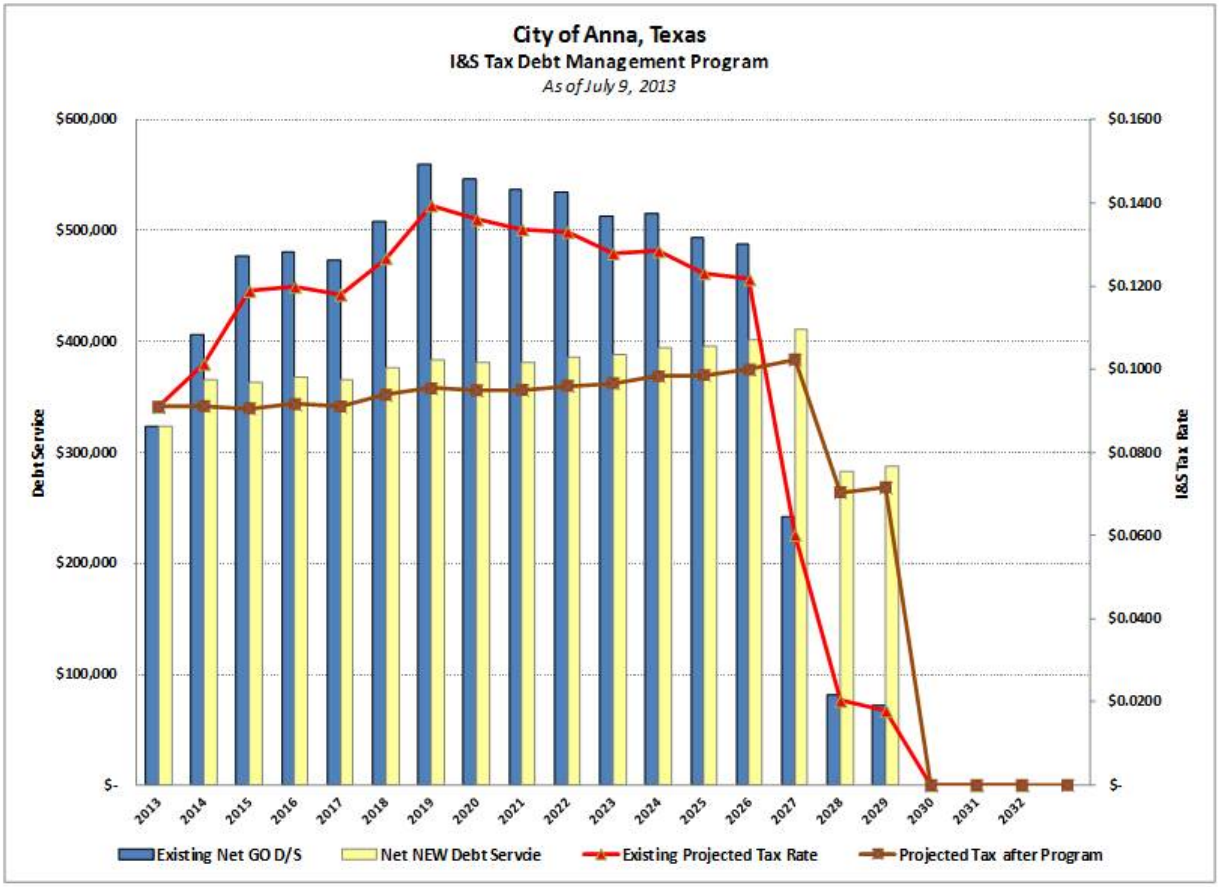
The following chart illustrates current and future debt obligations based upon (1) existing debt obligations and (2) projected new debt obligations after the planned refunding/restructuring.

You will notice a planned drop in the FY 14 debt service. The budget presented here does not include the planned savings as the refunding will not occur until early in calendar year 2014. Additionally, taxable value has increased over the original assumption. The City, along with our financial advisors, will evaluate market and budgetary conditions and pursue refunding in 14, or waiting until 16 based upon the result that yields the greatest economic benefit to the City.

Debt Service Obligations

Interest and Sinking Fund Debt Management Program (Part 5 of 6)

City of Anna, Texas



FirstSouthwest

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Member FINRA & SIPC © 2013
First Southwest Company

*This chart is provided by First Southwest and is for discussion purposes only. Actual results may vary based upon future economic conditions.

Capital Improvements Fund

The Capital Improvement Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. Capital Improvements Fund projects are the result of long term planning that occurs in the Capital Projects Plan. Each year projects are updated and projected across a 5 year time horizon and beyond. These projects are given priority based upon a combination of factors including community needs /interests and available funding.

In FY 13, the Capital Improvements Fund began work on a number of projects including water and sewer infrastructure and park improvements. The Slayter Creek Park Ph. II project was partially grant funded. The City of Anna has been successful at obtaining grants to fund various capital projects and continues to pursue them where possible. It is expected that the following projects will be completed by the end of FY 13:

- Slayter Creek Park Ph. II
- Collin County Park Trails Grant
- FM 455 Utility Relocation
- FM 455 PID
- Highway 5 Ground Storage Tank Rehab
- 2007 Bond Project

In FY 14, the Capital Improvements Fund will work on the following projects:

- 2014 CO for construction of a new water tower
- Surface Water Blending
- Slayter Creek Sewer Interceptor
- Wastewater Treatment Plant—Regulatory Upgrades
- Remodel to PW and PD/Customer Service buildings
- Ground Storage Rehab
- 2005 CO

2014 CO New Water Tower

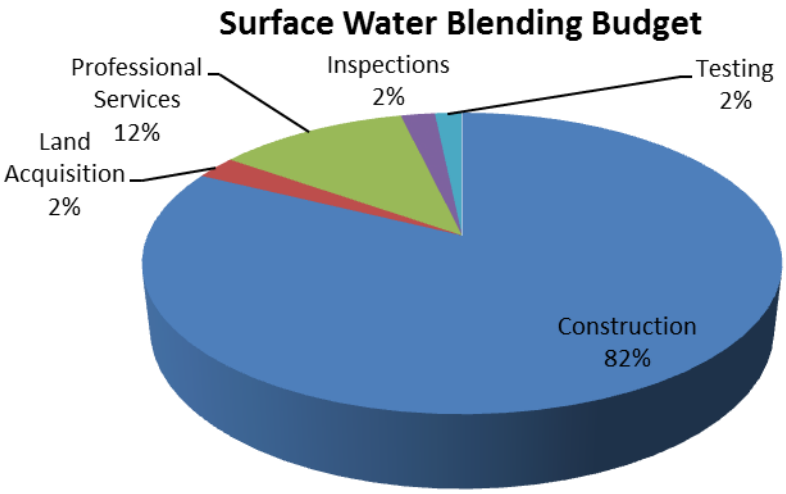
When the City began evaluating the need for mix surface water with ground water, it was determined the City would need to construct a new water tower to meet TCEQ requirements for water storage. Originally, it was expected the water tower would not be necessary until 2018; however, growth within the City's water customer base has driven the need for the water tower up to early 2016.

While we have estimates of probable cost to be $3 million, the exact costs and the budget for various cost centers is unknown at this time. As plans are finalized and the City prepares to issue debt for the new water tower, City staff will work with our engineers to prepare a project budget.

The project will be funded 100% through bond proceeds. The estimate debt service has been factored into our current rate model. The proposed 5% rate increase for FY 14 contemplates future debt service; however, actual results will depend on growth in the customer base and market conditions at the time the 2014 CO is issued.

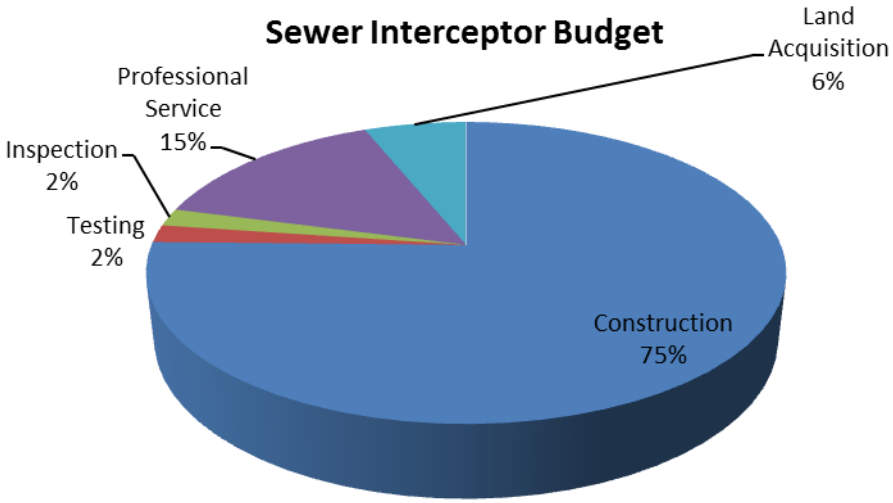
Surface Water Blending Project

This project was started in FY 13 in response to the increased demand for water driven by the increase in residential construction. The City of Anna is served 100% by ground water; however, our ground water sources and production capacity are somewhat limited. The City began preparations to receive North Texas Municipal Water District's treated surface water in the mid 2000's. In order to effectively mix and distribute this water and mitigate any problems encountered in the mixing process, the City issued debt to construct the necessary infrastructure to properly mix ground and surface water. The chart at the right illustrates the project budget, 100% of the project costs are funded through bond proceeds from the 2012 CO.



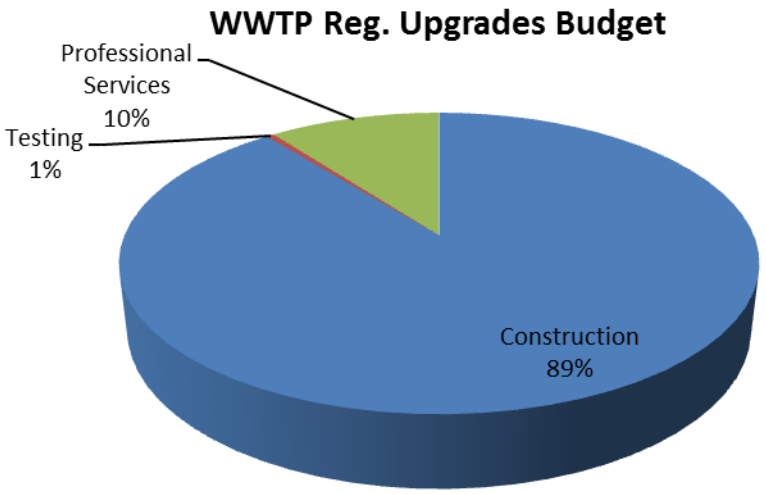
Slayter Creek Sewer Interceptor

As part of the 2012 CO, funds were also issued to construction a bypass line for wastewater flows. This line will bypass our existing wastewater treatment plant and divert flows directly into the North Texas Municipal Water District's wastewater system. This will allow the City to divert peak flows away from the existing plant and will allow the City to continue to grow without major expansions or renovations to the existing waste water treatment plant. The project began in FY 2013 and will continue into FY 14.



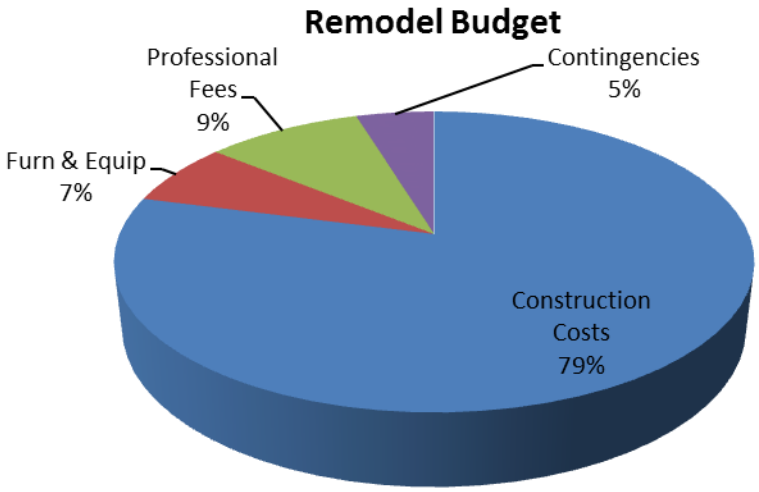
Wastewater Treatment Plant Regulatory Upgrades

The final piece to the 2012 CO debt issue to was to provide funds for certain regulatory upgrades to our existing WWTP. In an evaluation of our plant, it became apparent that the plant required various upgrades to equipment and fixtures. The upgrades will allow the plant to continue to operate at its most efficient and effective level, allowing the City to get maximum life and value out of the plant.



Remodel of PW and PD/Customer Service Buildings

The current planning/finance staff offices are in disrepair and present a future hazard for employees and the public. This project will remodel the PD/Customer Service building and the Public Works building to provide for new office space for the planning and finance staff. Funds will be provided through a fund balance allocation at the close of FY 13.



Ground Storage Rehab.

During FY 13 the City identified the need for additional ground storage tank rehabilitation. The tank at the south well site has been identified as a tank in need of repair. The anticipated costs are $250,000 and will likely be funded with the 2014 CO for the water tower

2005 CO

This project accounts for excess bond proceeds used to refinance existing General Fund Debt. A portion of the Debt Service Fund Revenue is a transfer from this project. No other expenses are accounted for in this project. The Debt Service Fund has an expected budgeted transfer of $59,206 to support the FY 14 debt service. That transfer will exhaust all remaining 2005 CO proceeds.

5 Year Summary of Capital Projects

FIVE YEAR CAPITAL IMPROVEMENTS PLAN							
Capital Projects	**Dept.**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**Future**
BUILDINGS							
Facility Remodel	Admin	$435,000					
Central Fire Station	Fire					$2,700,000	
Fire Station #2	Fire						$1,545,000
New City Hall	Admin						$10,000,000
WATER AND SEWER							
Blended Water System	Water	$2,225,000					
WWTP Upgrades	Sewer	$820,000					
Slayter Creek Sewer Relief Line	Sewer	$908,000					
Elevated Storage Tank	Water	$750,000	$2,250,000				
Ground Storage Rehab.	Water	$250,000					
Clemens Creek Sewer Extension	Sewer						$700,000
STREETS							
Annual Street Repair Program	Streets	$100,000	$100,000	$100,000	$100,000	$100,000	
Ferguson Pkwy. Bypass	Streets		$50,000				
Ferguson Pkwy. (FM 455 to Foster Crossing Rd.)	Streets						$9,862,950
FM 455 (U.S. 75 to East Fork Creek)	Streets						$18,341,800
Rosamond Pkwy. (Hwy 5 to U.S. 75)	Streets						$11,562,600
Reconstruct Hackberry (Hwy. 5 to Slayter Creek)	Streets						$423,000
Mantua Rd/CR 371 (Hwy. 5 to U.S. 75 – reconstruction)	Streets						$9,679,400

5 Year Summary of Capital Projects

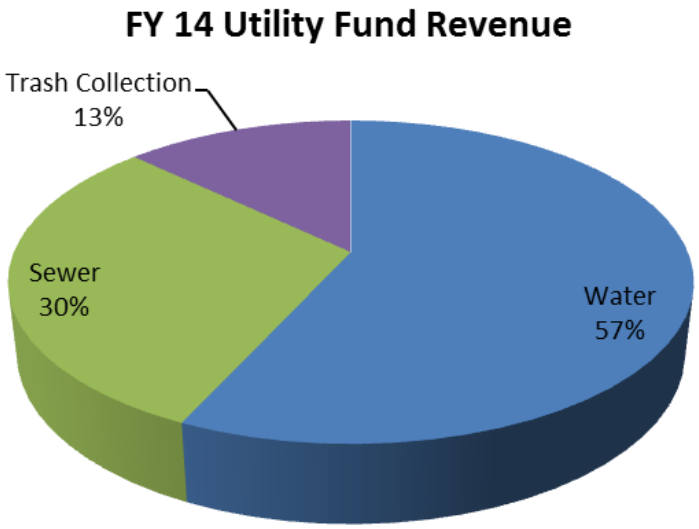
FIVE YEAR CAPITAL IMPROVEMENTS PLAN							
Capital Project	**Dept.**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**Future**
PARKS							
Geer Park Phase I - Ball Fields and soccer fields	Parks						$1,500,000
VEHICLES							
Public Works Vehicle Replacement	Public Works	$50,000	$30,000	$30,000	$30,000	$30,000	
Police Vehicle Replacement	Police		$64,000	$32,500	$32,500	$32,500	
Replace B901/Remount for Rehab	Fire		$110,000				
Replace R901	Fire					$550,000	
Replace B902	Fire				$75,000		
Quint Fire Engine	Fire						$1,000,000
MACHINERY & EQUIPMENT							
Backhoe Trailer	Public Works		$15,000				
Upgrade/Repair T901	Fire		$5,500				
Upgrade/Repair R901	Fire			$5,500			
FixedLinx Meter Reading System	Public Works		$135,750	$160,000	$210,000		
Replace HVAC equipment	Fire		$8,500				
Air-Pacs	Fire		$20,800	$20,800	$20,800		
Mobile Data Computers for Fire Apparatus	Fire		$7,500	$7,500	$7,500	$7,500	
Digital Radio Replacement	Fire					$18,000	$18,000
TOTAL		**$5,538,000**	**$2,797,050**	**$356,300**	**$475,800**	**$3,438,000**	**$64,632,750**
GRAND TOTAL	**$77,237,900**						

*All projects are subject to available funding resources in any given Fiscal Year; therefore, this CIP summary table does not represent a funding guarantee for any given project

Utility Fund Revenue

The Utility Fund in an enterprise fund that accounts for the water, sewer, and refuse services that are provided to the City's residents and few residents outside the City. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business. The intent is that the costs of providing goods or services are financed primarily through user charges.

All operations and maintenance activities related water, sewer, and refuse services are accounted for in the utility fund; including but not limited to; operations, maintenance, billing and collections, administration, financing, and related debt service.



The Utility Fund's principle source of revenues are charges to customers for water consumption, wastewater collection, refuse collection, and fees related to providing consumers with water and wastewater services. In FY 13 a transfer from water impact fee trusts was included with the intent to use a portion of water impact fee revenue to pay down existing long term debt associated with our water infrastructure. It appears this will not be necessary for FY 14.

The City of Anna utility rates include a base charge and a volumetric rate for water consumption beyond 2,000 gallons per month. The base rate was instituted to provide stability in our revenue as water sales are more volatile than other revenue sources and change based upon the climate, principally upon precipitation. As water sales can be volatile, we have been conservative in our approach to estimating water revenue so as not to overstate projected revenue. The increase in water revenue for FY 14 is based in large part upon growth in our customer base. Growth in our customer base is also driving our increase in sewer revenue and trash collection revenue.

Each year, the City engages a consultant to analyze growth and consumption patterns to determine projected revenue against projected costs. The results of his study indicate that our water rates can sustain the utility fund for only a short time; the updated utility rate model recommends adjusting utility rates gradually by 5 percent in FY14 with more modest increases in future years.

Utility Fund Revenue Summary

TYPE	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
WATER	$2,545,150	$2,604,991	$2,707,750	$2,860,007	9%
RESTRICTED NET ASSET ALLOCATION	$0	$350,000	$350,000	$0	-100%
SEWER	$1,356,675	$1,424,821	$1,460,930	$1,521,450	7%
TRASH COLLECTION	$585,428	$497,789	$640,000	$650,000	24%
TOTAL	**$4,487,253**	**$4,877,601**	**$5,158,680**	**$5,031,457**	**3%**

Utility Fund Revenue

In addition to regular operating revenue, the Utility Fund collected impact and developer fees. These fees are collected in connection with new development. Impact fees are charges or assessments imposed by the city on new development in order to recoup the costs of capital improvements or infrastructure facility expansions necessitated by the new development. Chapter 395 of the Texas Local Government Code regulates local government application of impact fee standards and requirements.

Prior to the City adopting a impact fees, certain developer fees were negotiated with land developers to accomplish the same end as impact fees.

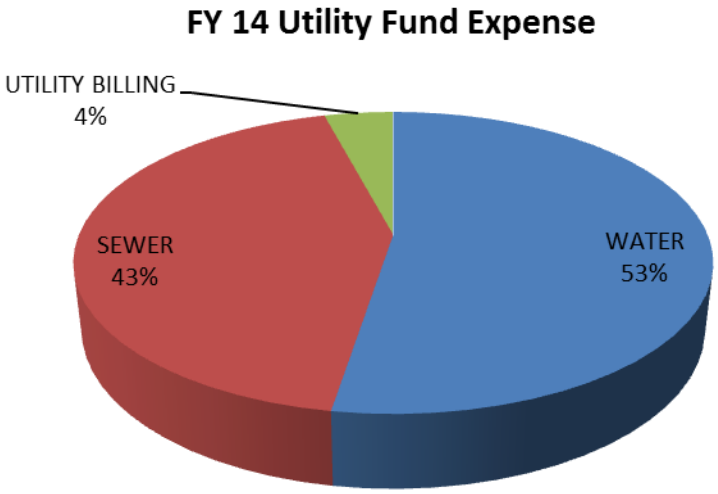
The following impact and developer fees are expected to be collected through out FY 14 in connection with development in the respective addition.

DEPARTMENT	FY 2014 PROJECTED REVENUE
WEST CROSSING WATER TRUST	$100,000
WEST CROSSING SEWER TRUST	$100,000
MISC. IMPACT FEE TRUST	$70,000
NORTHPOINTE WATER TRUST	$160,000
NORTHPOINTE SEWER TRUST	$160,000
TOTAL	$590,000

The fees collected are restricted based upon developer agreements of the City's Impact Fee Ordinance and are only to be used in accordance to the specified restrictions in the agreement/ordinance.

Utility Fund Expense

As discussed above, the Utility Fund accounts for all the costs associated with providing and maintaining utility services. These services are provided by three departments; Water, Sewer, and Utility Billing. Departmental summaries are provided similar to the General Fund with expenses categorized by type. These types are payroll, supplies, maintenance, and capital expenditures as discussed on page 32. In addition, the utility fund includes another type, "Other Uses of Funds". This expenses includes amounts transferred to the Debt Service Fund for utility fund debt that was previously accounted for in the Debt Service Fund. Utility Fund debt is now fully accounted for in the Utility Fund.



The chart on the right illustrates the percentage of costs associate with each of the three Utility Fund departments. Below, those departmental costs are broken down over FY 12, 13 and for the proposed FY 14 budget.

The departmental summaries will provide greater detail on increased expenses; however, much of the increase is due to an increase personnel costs and in debt service obligations.

Utility Fund Expense Summary by Department

DEPARTMENT	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
WATER	$2,600,440	$2,495,518	$2,695,031	$2,645,838	5%
SEWER	$2,030,390	$1,833,276	$1,892,016	$2,175,996	19%
UTILITY BILLING	$188,866	$246,299	$237,425	$209,623	-15%
TOTAL	**$4,819,696**	**$4,575,093**	**$4,824,472**	**$5,031,457**	**10%**

The table below illustrates the 10% increase is related exclusively to payroll and services. The increases will be discussed in the departmental summaries.

Utility Fund Expense Summary by Type

TYPE	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$793,331	$814,700	$801,411	$959,158	**18%**
SUPPLIES	$120,650	$119,525	$99,794	$118,075	**-1%**
MAINTENANCE	$208,218	$529,650	$572,800	$326,350	**-38%**
SERVICES	$2,290,262	$2,997,618	$3,105,667	$3,557,274	**19%**
CAPITAL EXPENDITURES	$1,128,132	$113,600	$244,800	$70,600	**-38%**
OTHER USES OF FUNDS	$279,103	$0	$0	$0	**N/A**
EXPENDITURES	**$4,819,696**	**$4,575,093**	**$4,824,472**	**$5,031,457**	**10%**

60-701 Water

Purpose/Description

To provide the City of Anna a quality potable water system that meets the demands of today and tomorrow. The water department is responsible for water production, operation, and maintenance of the City's entire water distribution system including 7 wells and the GTUA surface water connection which will provide treated surface water from the North Texas Municipal Water District.

FY 13 Accomplishments

- Purchase of large inventory of radio read meters in anticipation of meter install project
- Renovation of ground storage tank off Highway 5
- Relocation of water utilities along FM 455
- Completed Phase I of the water blending project

FY 14 Objectives

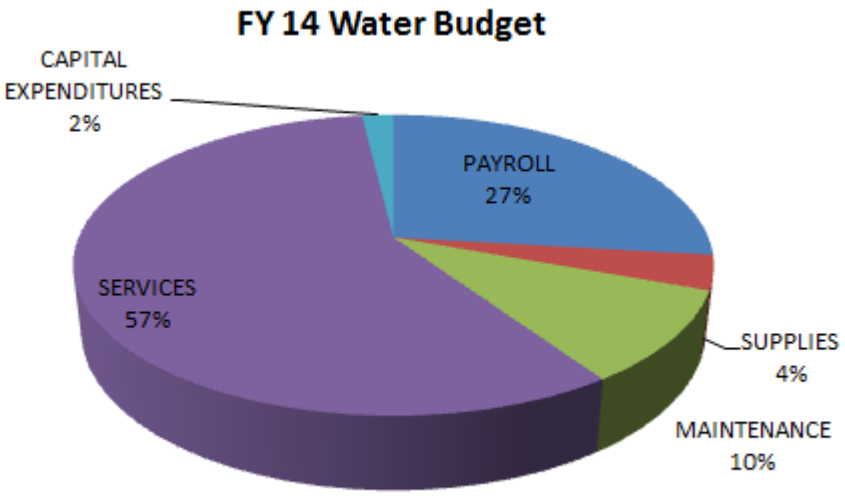
- Complete radio read meter install project
- Begin mixing ground and surface water supplies
- Complete Phase II of the water blending project

Expense Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	%CHANGE Budget/Proposed
PAYROLL	$544,413	$571,388	$557,069	$705,730	24%
SUPPLIES	$88,182	$86,950	$79,100	$97,000	12%
MAINTENANCE	$139,232	$448,000	$502,100	$260,500	-42%
SERVICES	$848,378	$1,325,780	$1,363,862	$1,512,608	14%
CAPITAL EXPENDITURES	$759,447	$63,400	$192,900	$70,000	10%
OTHER USES OF FUNDS	$220,788	$0	$0	$0	N/A
TOTAL 60-701E	**$2,600,440**	**$2,495,518**	**$2,695,031**	**$2,645,838**	**6%**

60-701 Water

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%
- Hire 3 new FTE maintenance laborers
- No longer budget for seasonal laborers

Water FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
Director of Public Works	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Field Supervisor	1	1	1	1	1
Crew Leader	1	1	1	1	1
Equipment Operator	1	1	1	0	0
Water Operator	0	0	0	1	1
Maintenance Laborer	4	4	4	5	8
Seasonal Laborer	1	1	1	1	0
Total	10	10	10	11	13

60-705 Sewer

Purpose/Description

Provide wastewater collection and treatment services to the citizens of Anna in strict compliance with the standards established by the Texas Commission on Environmental Quality and the Environmental Protection Agency. The department is responsible for the collection and treatment of wastewater from all the Anna utility customers.

FY 13 Accomplishments

- Relocated sewer utility lines along FM 455

FY 14 Objectives

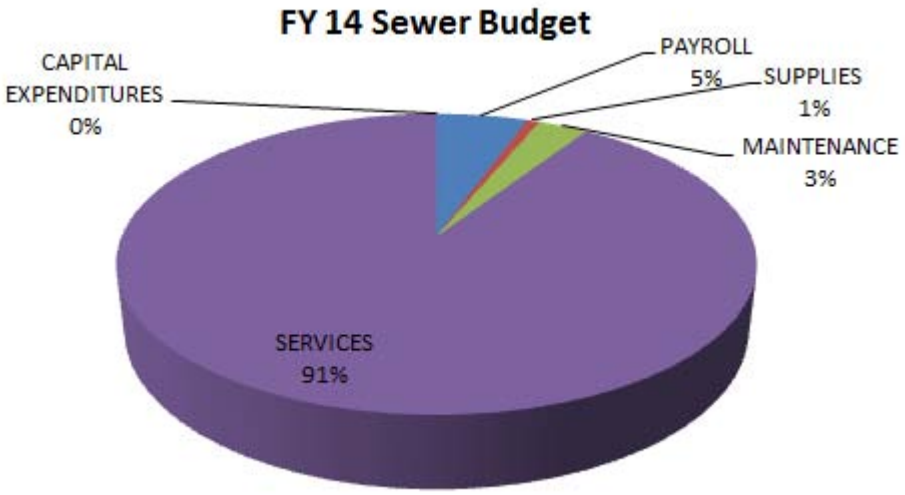
- Complete the interceptor line and connect to NTMWD system
- Complete regulatory upgrades at the WWTP

Expense Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$109,767	$113,018	$115,171	$120,445	7%
SUPPLIES	$16,937	$15,750	$15,000	$16,000	2%
MAINTENANCE	$68,877	$81,050	$70,250	$65,250	-19%
SERVICES	$1,408,147	$1,614,508	$1,681,695	$1,974,301	22%
CAPITAL EXPENDITURES	$368,347	$8,950	$9,900	$0	-100%
OTHER USES OF FUNDS	$58,315	$0	$0	$0	N/A
TOTAL 60-705E	**$2,030,390**	**$1,833,276**	**$1,892,016**	**$2,175,996**	**19%**

60-705 Sewer

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%

Sewer FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
Senior Wastewater Operator	0	0	0	0	1
Wastewater Operator	2	2	2	2	1
Total	2	2	2	2	2

60-710 Utility Billing

Purpose/Description

To ensure excellence in customer service through accuracy, efficiency, fairness, convenience, teamwork, leadership and integrity. Utility billing is responsible for the billing of water, sewer, and trash collection serviced provided to the citizens of Anna.

FY 13 Accomplishments

- Installation of payment kiosk (in progress)
- Posting of additional forms online
- Moved database onto different server improving the speed of Utility Billing Software

FY 14 Objectives

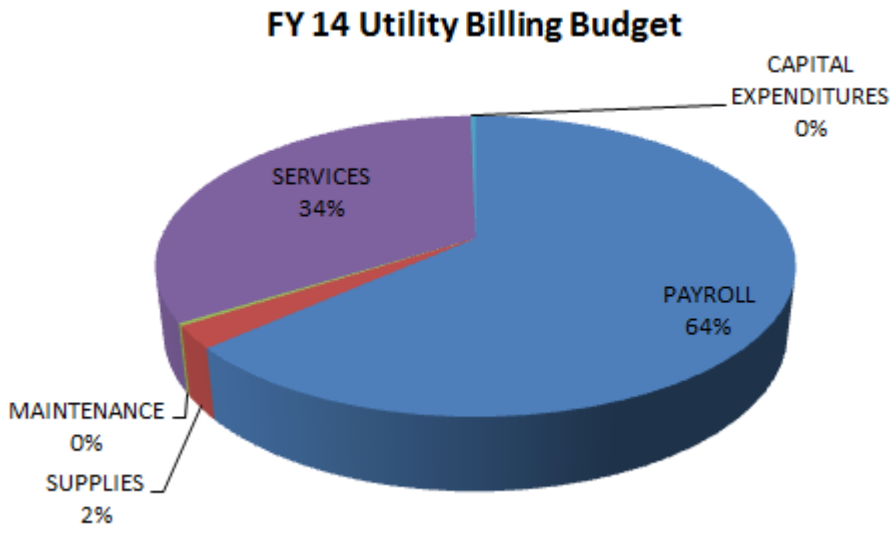
- Improve cross training with Municipal Court
- Hire and train temporary employee
- Increased training on customer service and Utility Billing Software

Expense Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
PAYROLL	$139,151	$130,294	$129,171	$132,983	2%
SUPPLIES	$15,531	$16,825	$5,694	$5,075	-70%
MAINTENANCE	$109	$600	$450	$600	0%
SERVICES	$33,737	$57,330	$60,110	$70,365	23%
CAPITAL EXPENDITURES	$338	$41,250	$42,000	$600	-99%
TOTAL 60-710E	**$188,866**	**$246,299**	**$237,425**	**$209,623**	**-15%**

60-710 Utility Billing

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Increase in payroll due to 3% merit increase upon employee review date
- Increase in Health Plan contribution of 7%
- Increase in contracted printing and mailing service as the number of water customers have grown

Utility Billing FTE Schedule

Description	FY 10	FY 11	FY 12	FY 13	FY 14
Customer Service Supervisor	1	1	1	1	1
Senior Customer Service Rep.	1	1	1	1	1
Customer Service Rep.	1	1	1	0	0
Receptionist	0.5	0.5	0.5	0.5	0.5
Total	3.5	3.5	3.5	2.5	2.5

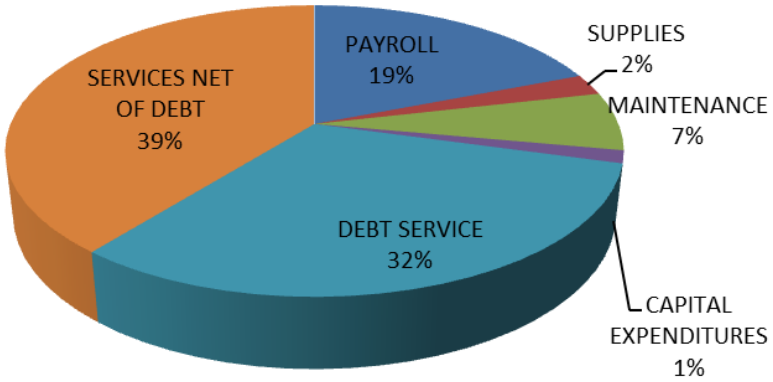
Utility Fund Debt

Unlike the General Fund, all Utility Fund debt is accounted for within the Utility Fund. An Enterprise Fund is focused upon the total cost of providing services. With that focus in mind the Utility Fund includes all costs including long term debt service.

All debt accounted for in the Utility Fund is supported by the revenues generated from the Utility Fund's operations. While some debt instruments have a tax pledge, no Utility Fund debt is supported by taxes.

In FY 14, debt service accounts for 32% of the total Utility Fund budget. On page 73 debt service is included with "Services" for purposes of grouping expense types. However, to clearly illustrate Utility Fund debt it is specifically highlighted here.

FY 14 UF Budget Showing Debt



Debt Management Plan

Not unlike the Debt Service Fund, the Utility Fund also faces challenges with its outstanding debt. Currently the Utility Fund holds just over $23 million in outstanding debt. The City has worked closely with our financial advisors, First Southwest, to develop a sound debt management plan for the Utility Fund as well. Looking to the future, the City anticipates a spike in debt service in 2014, 2015, 2018, and 2019. Left unaddressed, this could lead to significant spikes in utility rates to support the debt payments.

In order to appropriately manage Utility Fund debt, the City and First Southwest developed a plan to take advantage of call dates and advance refundings of debt the City is currently obligated to pay. All effort has been made to minimize the present value costs to the City. The current plan makes very conservative assumptions regarding interest rates and was reviewed and analyzed in conjunction with a water rate study to evaluate the current water rates. Currently, the City anticipates refunding debt in 2014 to take advantage of the current market conditions. This will ease some pressure upon future water rates; however, the current rate model proposed a 5% across the board increase to the water and sewer rates.

This plan also includes new debt issues the City will need to make in order for the water and sewer system capacity to keep pace with growth. The City issued new debt in FY 2013 to keep pace with growth; however, an additional debt issue of approximately $3 million is planned for FY 14 to construct a new water tower. The tower was originally expected to be completed in 2018; however growth has pushed the need up to 2016 necessitating a debt issue in 2014.

Utility Fund Debt

The table below summarizes the outstanding debt service obligations for the Utility Fund through 2040

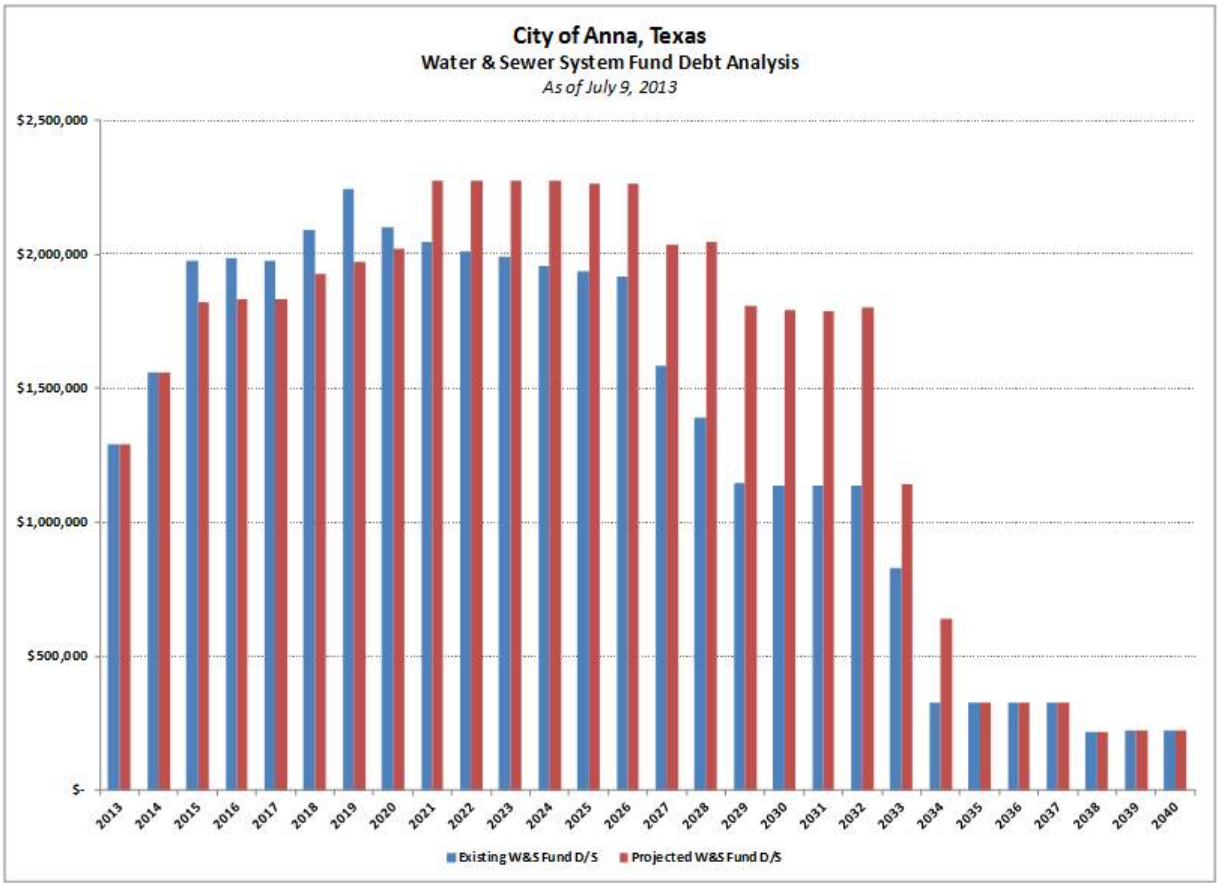
Utility Fund Outstanding Debt Schedule

PERIOD ENDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	% CHANGE
9/30/2014	$542,247	$1,017,386	$1,559,632	21%
9/30/2015	$1,036,250	$939,192	$1,975,442	27%
9/30/2016	$1,070,000	$916,183	$1,986,183	1%
9/30/2017	$1,103,750	$872,615	$1,976,365	0%
9/30/2018	$1,147,500	$945,113	$2,092,613	6%
9/30/2019	$1,151,250	$1,093,574	$2,244,824	7%
9/30/2020	$1,093,750	$1,005,750	$2,099,500	-6%
9/30/2021	$1,111,250	$933,848	$2,045,098	-3%
9/30/2022	$1,148,750	$863,217	$2,011,967	-2%
9/30/2023	$1,201,250	$789,313	$1,990,563	-1%
9/30/2024	$1,245,000	$711,708	$1,956,708	-2%
9/30/2025	$1,307,500	$630,525	$1,938,025	-1%
9/30/2026	$1,475,000	$441,005	$1,916,005	-1%
9/30/2027	$1,223,750	$361,507	$1,585,257	-17%
9/30/2028	$1,083,750	$308,529	$1,392,279	-12%
9/30/2029	$885,000	$263,755	$1,148,755	-17%
9/30/2030	$908,750	$227,624	$1,136,374	-1%
9/30/2031	$945,000	$190,214	$1,135,214	0%
9/30/2032	$987,500	$151,027	$1,138,527	0%
9/30/2033	$717,500	$109,847	$827,347	-27%
9/30/2034	$236,250	$90,790	$327,040	-60%
9/30/2035	$248,750	$77,134	$325,884	0%
9/30/2036	$263,750	$62,764	$326,514	0%
9/30/2037	$280,000	$47,500	$327,500	0%
9/30/2038	$185,000	$34,397	$219,397	-33%
9/30/2039	$197,500	$23,612	$221,112	1%
9/30/2040	$207,500	$12,097	$219,597	-1%
TOTAL	$23,003,497	$13,120,222	$36,123,719	

Utility Fund Debt

Water and Sewer Debt Management Program (Part 5 of 6)

City of Anna, Texas



CITY OF ANNA, TEXAS

FirstSouthwest

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First Southwest Company

*This chart is provided by First Southwest and is for discussion purposes only. Actual results may vary based upon future economic conditions.

Component Units

The City of Anna is closely involved with the Anna Economic Development Corporation (EDC) and the Anna Community Development Corporation (CDC). The corporations are sometimes referred to as 4A and 4B corporations. These corporations are presented in the annual budget as a component unit of the City of Anna.

Each corporation acts under the direction of a seven member board and has their own budget separate and distinct from the City of Anna budget. In addition to being managed by their boards, both the EDC and CDC must obtain approval from the City Council for all expenditures. As discussed previously in this budget, the city sales tax rate is 8.25%. The state takes 6.5% leaving 2% in the city. Of the remaining 2% the City of Anna receives 1%, the EDC and CDC each received .5%. Both corporations rely almost exclusively on sales tax for their revenue; however, the EDC has an agreement for lease revenue of $30,000 and the CDC now has a revolving loan fund with $54,000 in revenue (the revolving loan fund is restricted revenue) Each corporation has projected $280,000 in sales tax revenue and interest revenue of less than $230 per corporation.

EDC:

The EDC is charged to provide land, buildings, equipment, facilities, targeted infrastructure, and improvements that are for the creation/retention of primary jobs; and that are found by the board of directors to be required/suitable for the development, retention, or expansion of: Manufacturing and industrial facilities; Research and development facilities; Military facilities, including closed/realigned military bases; Recycling facilities; Distribution centers; Small warehouse facilities capable of serving as decentralized storage/distribution centers; Primary job training facilities for use by of higher education; and Regional or national corporate headquarters facilities.

CDC:

The CDC has a charge similar to the EDC. Additionally, the CDC can develop: water supply facilities; improvements to community quality of life, including parks, professional and amateur sport/athletic facilities, tourism/entertainment facilities, affordable housing, and other improvements or expenditures that promote business activities that create or retain primary jobs; projects designed to attract new military missions, prevent the closure of existing missions, and redevelop a closed or realigned military base; direct incentives for retail in communities with fewer than 20,000 residents and certain land-locked cities; hangers, airport maintenance and repair facilities, air cargo facilities, related infrastructure located on or adjacent to an airport facility, airport facilities provided that the eligible municipality enter into an approved development agreement with an entity that acquires a leasehold/possessory interest from the economic development corporation; and rail ports, rail switching facilities, marine ports, and inland ports.

Community Development Corporation

Purpose/Description

The Anna Community Development Corporation works to identify and fund community facilities and related projects to maintain and enhance the quality of life in Anna.

FY 13 Accomplishments

- Partnered with the EDC to support the Greater Anna Chamber of Commerce and their 5 annual community events
- Partnered with the EDC to execute an agreement with Buxton to provide professional consulting retail matching services
- Executed bonds for park improvement for Phase II of Slayter Creek Park
- Purchased a second canopy for additional shade at Slayter Creek Park

FY 14 Objectives

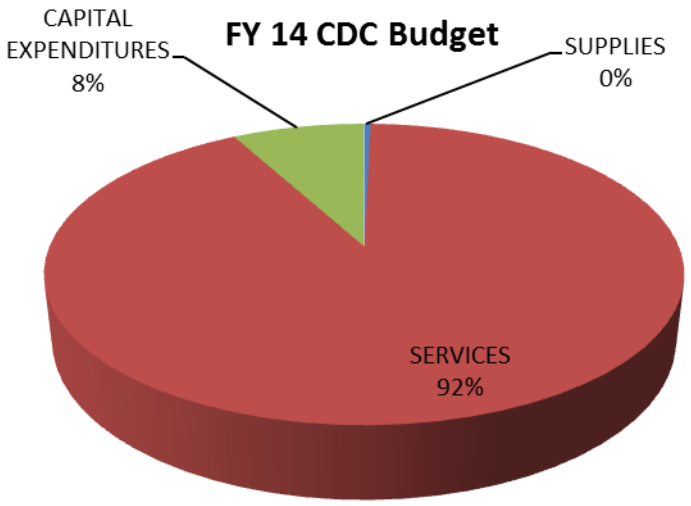
- Continue to support the Greater Anna Chamber of Commerce
- Collect and maintain payments from Image Vision for the RLF program
- Maintain appropriate cash flow and coverage for sound fiscal health and ratings
- Maintain debt payments

Expense Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
SUPPLIES	$864	$1,500	$1,500	$1,000	-33%
SERVICES	$210,566	$228,375	$228,375	$229,525	1%
CAPITAL EXPENDITURES	$13,300	$20,000	$20,000	$20,000	0%
TOTAL 89-825E	**$224,730**	**$249,875**	**$249,875**	**$250,525**	**0%**

Community Development Corporation

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Budgeted for increased debt payments for debt issues for the completion of Slayter Creek Park Phase II
- Inclusion of revenue from USDA revolving loan fund issued as part of a Community Development agreement in 2011
- Additional contribution to the City for park maintenance to hire additional maintenance laborer

Economic Development Corporation

Purpose/Description

The Anna Economic Development Corporation works to coordinate efforts to expand the city's business tax base with a focus on creating primary jobs within the City of Anna.

FY 13 Accomplishments

- Partnered with the CDC to support the Greater Anna Chamber of Commerce and their 5 annual community events
- Partnered with the CDC to execute an agreement with Buxton to provide professional consulting retail matching services
- Completed an Economic Development Incentive Agreement with Nimbix Inc.
- Attended the ICSC local and national conferences to advance the Anna name and build relationships with retailers and developers

FY 14 Objectives

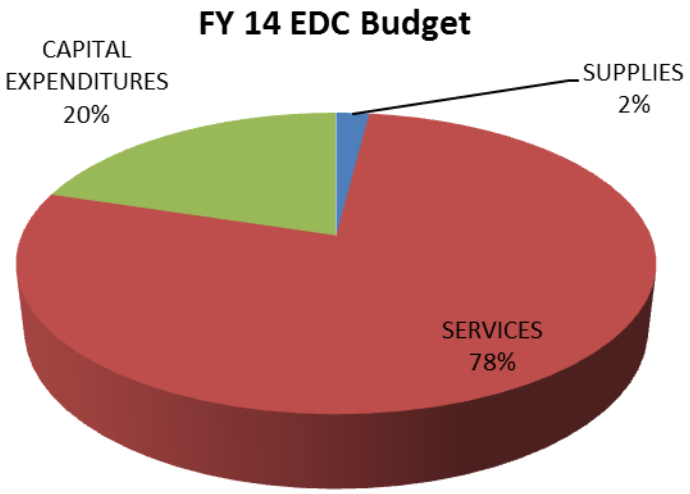
- Continue to support the Greater Anna Chamber of Commerce
- Execute strategies to attract retail business using the Buxton reports
- Market the EDC 48 acre property for sale
- Collect and maintain payments for the Old Post Office (312 North Powell Parkway)
- Maintain the structure at 312 North Powell Parkway
- Maintain appropriate cash flow and coverage for sound fiscal health and ratings
- Attend the ICSC local and national conferences to advance the Anna name and build relationships

Expense Summary

	ACTUAL 2011-2012	BUDGET 2012-2013	ESTIMATE 2012-2013	PROPOSED 2013-2014	% CHANGE Budget/Proposed
SUPPLIES	$5,262	$3,125	$3,125	$5,075	62%
SERVICES	$178,789	$214,537	$214,537	$198,123	-8%
CAPITAL EXPENDITURES	$252,827	$34,000	$34,000	$51,500	51%
TOTAL 89-825E	**$436,878**	**$251,662**	**$251,662**	**$254,698**	**1%**

Economic Development Corporation

Proposed Budget Breakdown



New and Noteworthy for FY 14

- Lease revenue from incentive agreement on EDC property
- Debt payments on rehabilitation of old post office
- Contract services no longer includes the one time cost of the Buxton agreements; however, the cost share for the EDC director has increased to include support from the City's Finance and IT functions

Supplemental Information

The Supplemental section contains the following information:

- Full Capital Improvements Plan
- Full report on debt management plan as presented by First Southwest to the City Council on July 9, 2013
- Bond ratings
- Fiscal and Investment Policies
- Budget information from the City of Anna Charter
- Budget ordinance (after budget adoption)

City of Anna

DRAFT of FY 2014

Capital Improvements Plan

*All projects are subject to available funding resources in any given Fiscal Year; therefore, this document does not represent a funding guarantee for any given project

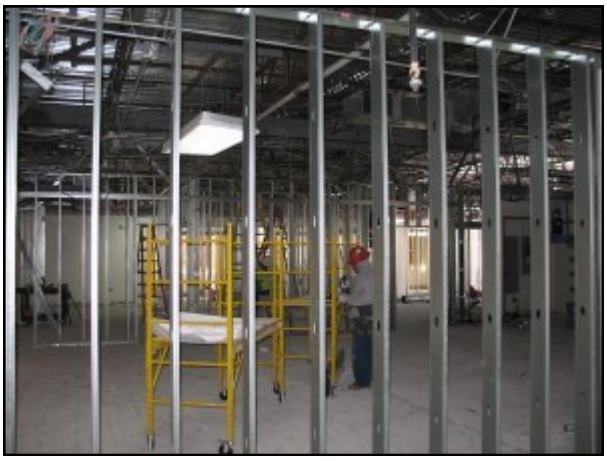
BUILDINGS

A relatively permanent enclosed construction over a plot of land, having a roof and usually windows and often more than one level, used for any of a wide variety of activities

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2014	Project Name: Facility Remodel	Department: Planning/Finance

Project Description:
The current planning/finance staff offices are in disrepair and present a future hazard for employees and the public. This project will remodel the PD/Customer Service building and the Public Works building to provide for new office space for the planning and finance staff.



Regulatory or Legal Mandates:
None

Operational Necessity/Justification:
Current accommodations are inadequate and unsafe.

City Sources of Funding:
Fund Balance

Non-City Sources of Funding:

Total Project Cost:	Project Year(s):	FY 14 Budget Commitment:
$435,000	2014	$435,000

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs	$344,000						
Const. Mgmt.							
Furn./Fixt./Equip.	$29,500						
Professional Fees	$41,000						
Contingencies	$20,500						
Total	$435,000						$435,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2018	Project Name: New Central Fire Station	Department: Fire

Project Description:

The current fire station was built in 1967. Since this time, it has had several additions and renovations added. It has served the community well. However, it is currently not efficient or effective in serving the community beyond 2016. A new facility that incorporates drive through apparatus bays, offices, storage and administrative areas as well as training and crew quarters and amenities is greatly needed. This facility would be designed to meet the needs of a growing city for the next thirty years or more and would provide a much greater level of enhanced customer service then the current facility. Additionally, it is expected that the design of this facility would serve as an anchor to future growth along the highway 5 corridor.

Regulatory or Legal Mandates:

None

Operational Necessity/Justification:

The current fire station is no longer able to support the effective and efficient operations of a growing Fire Department.

City Sources of Funding:

Bonds

Non-City Sources of Funding:

There may be some opportunity for limited grant funding assistance but it is not anticipated that this would provide full funding, if any, for this project.

Total Project Cost:	Project Year(s):	FY 14 Budget Commitment:
$2,700,000	2018	None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total			$2,700,000		$2,700,000		2,700,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: Fire Station # 2	Department: Fire

Project Description:

As the city of Anna grows and population densities, sub –divisions and commercial development increases so does the need to provide timely service to those portions of our community that exceed benchmark response times. A second station will facilitate efficient and effective response to areas that may be underserved.

Regulatory or Legal Mandates:
None

Operational Necessity/Justification:
To maintain effective response capabilities in new growth areas of the city.

City Sources of Funding:
Bonds

Non-City Sources of Funding:
None

Total Project Cost:	Project Year(s):	FY 14 Budget Commitment:
$1,545,000.00	Unknown	None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition						$450,000	
Design Costs						$95,000	
Construction Costs						$1,000,000	
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$1,545,000	1,545,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: New City Hall	Department: Administration

Project Description:
Consistent with the Downtown Revitalization Plan the City plans to build a new city hall. While conceptual at this point, the new space will provide a centralized location to interact with all city services except for public works and public safety

Regulatory or Legal Mandates:
ADA requirements, competitive bids

Operational Necessity/Justification:
With current and future growth projections for the city and the region, we will outgrow our facilities. We will need new and updated facilities to accommodate the corresponding growth in staff

City Sources of Funding:

Non-City Sources of Funding:
Bonds

Total Project Cost: $10,000,000	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$10,000,000	$10,000,000

WATER AND SEWER

A transparent, odorless, tasteless liquid, a compound of hydrogen and oxygen; Liquid and solid waste carried off in sewers or drains

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2014	Project Name: Water System Improvements - Blended System	Department: Water

Project Description:
Due to current system demands and expected growth over the next 10-years, the city has an immediate need to develop additional treated water sources. Through our existing contract with the Greater Texoma Utility Authority (GTUA), we can immediately receive as much as 0.1625 MGD of treated surface water. However, to mitigate problems with mixing ground water source with a treated surface water source within the distribution system, we propose to receive GTUA treated surface water at each of our 4 well sites, and blend the surface and ground water in existing and proposed ground storage reservoirs before delivery to the water distribution system.

Regulatory or Legal Mandates:
The city is approaching and may exceed the TCEQ mandated maximum daily capacity our water system. Upgrades are necessary to keep pace with growth

Operational Necessity/Justification:
The city is prepared to accommodate future growth with our south take point and other potential GTUA take points. Without taking water from these other supplies we cannot continue to adequately serve out

City Sources of Funding:

Non-City Sources of Funding:
Bonds

Total Project Cost: $2,359,582	Project Year(s): 2013-2014	FY 14 Budget Commitment: $2,225,000

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition	$58,540						$58,540
Design Costs							
Construction Costs	$1,940,331						$1,940,331
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees	$226,129						$226,129
Contingencies							
Total	$2,225,000						$2,225,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2014	Project Name: Slayter Creek WWTP Regulatory Upgrades	Department: Sewer

Project Description:
Upgrade to existing equipment and fixtures to meet TCEQ guidelines and allow for maximum useful life and efficient operations of the existing WWTP

Regulatory or Legal Mandates:
Texas Commission on Environmental Quality (TCEQ) requires certain standards be maintained in order to operate a WWTP. This project will allow to city to make the required upgrades to its WWTP

Operational Necessity/Justification:
In order to keep pace with growth and avoid costly and unnecessary TCEQ violations, the plant needs to be updated to meet TCEQ requirements

City Sources of Funding:

Non-City Sources of Funding:
Bonds

Total Project Cost: $820,000	Project Year(s): 2014	FY 14 Budget Commitment: $820,000

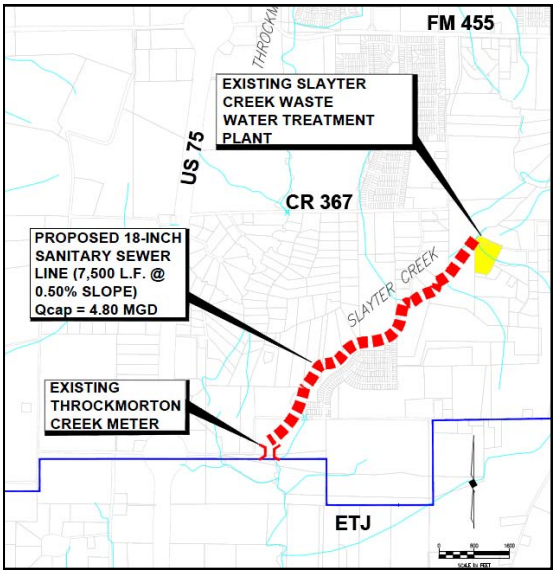
Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs	$731,500						$731,500
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees	$88,500						$88,500
Contingencies							
Total	$820,000						$820,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2014	Project Name: Slayter Creek Sewer Relief Line	Department: Sewer

Project Description:
Construct a relief line to enable our sewer flows to be directly diverted to the existing North Texas Municipal Water District's existing sewer lines at the Throckmorton Creek sewer meter. This allow the city to maintain compliance with TCEQ rules and regulations during periods of heavy waste water flow.



Regulatory or Legal Mandates:
In order to avoid costly TCEQ violations the city can build a relief line that will connect to the North Texas Municipal Water District's treatment facility

Operational Necessity/Justification:
The relief line will allow the city to continue to use the WWTP without undergoing an extremely expensive expansion to plant and more efficiently utilize regional resources.

City Sources of Funding:

Non-City Sources of Funding:
Bonds

Total Project Cost: $989,000	Project Year(s): 2014	FY 14 Budget Commitment: $950,000

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition	$61,000						$61,000
Design Costs							
Construction Costs	$745,525						$745,525
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees	$101,475						$101,475
Contingencies							
Total	$908,000						$908,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2014	Project Name: Ground Storage Rehab	Department: Water

Project Description:
During FY 13 the City identified the need to increased ground storage tank rehabilitation. The tank at the south well site has been identified as a tank in need of repair. The anticipated costs are $250,000

Regulatory or Legal Mandates: In order to maintain adequate safe drinking supply, tanks must be rehabilitated on a periodic basis	Operational Necessity/Justification: Protect and preserve public health
City Sources of Funding:	Non-City Sources of Funding: Bond

Total Project Cost: $250,000	Project Year(s): 2014	FY 14 Budget Commitment: $250,000

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs	$225,000						$225,000
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees	$25,000						$25,000
Contingencies							
Total	$250,000						$250,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2014	Project Name: Elevated Storage Tank	Department: Water

Project Description:
The city's growth patterns suggest that we will need an additional .75 million gallon elevated storage tank. It is anticipated this project will need to be done in 2018.

Regulatory or Legal Mandates:
In order to meet TCEQ mandated storage capacity levels , the city will be required to build another elevated storage tank

Operational Necessity/Justification:
Our current system is reaching its maximum capacity. The blended system project will add some capacity; however, an elevated storage tank will be required to keep pace with growth

City Sources of Funding:

Non-City Sources of Funding:
Bond

Total Project Cost: $3,000,000	Project Year(s): 2014-2015	FY 14 Budget Commitment: $750,000

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total	$750,000	$2,250,000					$3,000,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: Sewer Line Projects	Department: Sewer

Project Description:
Extend Clemens Creek Sewer Line as a Future Project as development occurs in the project area.

Regulatory or Legal Mandates: None	Operational Necessity/Justification: Projects will be dictated by population growth overall in the city as well as by population growth in certain areas.
City Sources of Funding: Sewer Impact Fee Revenue	Non-City Sources of Funding: Bonds

Total Project Cost: $700,000	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs						$700,000	$700,000
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$700,000	$700,000

STREETS

A public thoroughfare, usually paved, in a village, town, or city

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2014-2018	Project Name: Annual Street Repair Program	Department: Streets

Project Description:
Each year the city will reserve $100,000 of general fund revenues to repair a street. The particular street project each year will determined based upon the level of wear found upon city streets.

Regulatory or Legal Mandates: Competitive bids, safety of citizens	Operational Necessity/Justification: City streets have an anticipated life expectancy. As the city grows and the streets experience wear and tear roads will need to be repaired/replaced
City Sources of Funding: General Fund Revenues	Non-City Sources of Funding:

Total Project Cost: $500,000 ($100,000 annually)	Project Year(s): Annually FY 14-18	FY 14 Budget Commitment: $100,000

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs	$100,000	$100,000	$100,000	$100,000	$100,000		$500,000
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total	$100,000	$100,000	$100,000	$100,000	$100,000		$500,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015	Project Name: Fergusson Parkway By-pass	Department: Streets

Project Description:
Create a bypass lane to avoid school related traffic at Rattan Elementary. This will improve traffic flow and safety in the area as well as repair/replace a section of the street that is dilapidated.

Regulatory or Legal Mandates:

Operational Necessity/Justification:
Relieve traffic issues due to school drop off and pick up times. This project may be incorporated into the Fergusson Parkway reconstruction project.

City Sources of Funding:
General Fund Revenues

Non-City Sources of Funding:

Total Project Cost: $50,000	Project Year(s): 2015	FY 14 Budget Commitment: $0

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs		$50,000					$50,000
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total		$50,000					$50,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: Ferguson Parkway—FM 455 to Foster Crossing	Department: Streets

Project Description:
Obtain right of way and engineering costs to run Ferguson Parkway from FM 455 south to Ferguson Parkway. Ferguson Parkway currently terminates at CR 367. Estimated costs of $594,000

Reconstruct and improve the road from F.M. 455 to CR 367. The costs to reconstruct the road have not yet been determined. Estimated Costs of $1,000,000

Regulatory or Legal Mandates:

Operational Necessity/Justification:
In preparation for and response to growth, this is a future project the city anticipates to meet our transportation needs.

City Sources of Funding:
General Fund Revenues

Non-City Sources of Funding:
Bonds

Total Project Cost: $9,862,200	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$9,862,200	$9,862,200

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: FM 455—U.S. 75 to East Fork Creek	Department: Streets

Project Description:
Engineering costs to expand FM 455 west of highway 75 to East Fork Creek.

Regulatory or Legal Mandates:

Operational Necessity/Justification:
In preparation for and response to growth, this is a future project the city anticipates to meet our transportation needs.

City Sources of Funding:
General Fund Revenues

Non-City Sources of Funding:
Bonds

Total Project Cost: $18,341,800	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$18,341,800	$18,341,800

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: Rosamond Parkway—Hwy 5 to U.S. 75	Department: Streets

Project Description:
Engineering costs to run Rosamond Parkway from Highway 5 to U.S. 75. Rosamond Parkway currently terminates at the Anna High School.

Regulatory or Legal Mandates:

Operational Necessity/Justification:
In preparation for and response to growth, this is a future project the city anticipates to meet our transportation needs.

City Sources of Funding:
General Fund Revenues

Non-City Sources of Funding:
Bonds

Total Project Cost: $11,562,600	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$11,562,600	$11,562,600

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: Hackberry Lane—Hwy 5 to Slayter Creek	Department: Streets

Project Description:
Reconstruct Hackberry Lane from Highway 5 to Slayter Creek. Hackberry Lane transitions from a four lane divided road to a narrow two lane road. Project will improve the transition, install curb and gutter, and possibly create a turn lane.

Regulatory or Legal Mandates: Public Safety	Operational Necessity/Justification: With the growth in the West Crossing development, Hackberry lane is experiencing increased traffic. This particular section needs to be improved for safety reasons as well as road capacity.
City Sources of Funding: General Fund Revenues	Non-City Sources of Funding: Bonds

Total Project Cost: $423,000	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$423,000	$423,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: Mantua Rd./CR 371	Department: Streets

Project Description:
Reconstruct Mantua Rd./CR 371 from Highway 5 to U.S. 75

Regulatory or Legal Mandates:	Operational Necessity/Justification: In preparation for and response to growth, this is a future project the city anticipates to meet our transportation needs.
City Sources of Funding: General Fund Revenues	Non-City Sources of Funding:

Total Project Cost: $9,679,400	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$9,679,400	$9,679,400

PARKS

An area of land, usually in a largely natural state, for the enjoyment of the public, having facilities for rest and recreation, often owned, set apart, and managed by a city, state, or nation

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: Geer Park Phase I	Department: Parks

Project Description:
Geer park has been designed as a park geared towards middle school and younger. Fields for soccer, baseball, and other long muscle sports and planned as well as lights, parking, and other amenities.

Regulatory or Legal Mandates:

Operational Necessity/Justification:
Geer park is part of the City's master park plan. In order to provide the quality of life residents expect, this park is a priority for expansion.

City Sources of Funding:
Sewer Impact Fee Revenue

Non-City Sources of Funding:

Total Project Cost: $1,500,000	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs						$1,500,000	$1,500,000
Const. Mgmt.							
Furn./Fixt./Equip.							
Professional Fees							
Contingencies							
Total						$1,500,000	$1,500,000

VEHICLES

Any means in or by which someone travels or something is carried or conveyed

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2014—2018	Project Name: PW Vehicle Replacements	Department: Public Works

Project Description:
Vehicle replacement based upon mileage and years of service. Public Works plans to purchase two pick up trucks to replace vehicles in their existing fleet.

Regulatory or Legal Mandates:

Operational Necessity/Justification:
Existing fleet of work trucks is aging with high repair bills.

City Sources of Funding:
Utility Fund Revenues

Non-City Sources of Funding:

Total Project Cost: $50,000	Project Year(s): 2014 (annually)	FY 14 Budget Commitment: $50,000

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.	$50,000	$30,000	$30,000	$30,000	$30,000		$170,000
Professional Fees							
Contingencies							
Total	$50,000	$30,000	$30,000	$30,000	$30,000		$170,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015-2018	Project Name: Police Vehicle Replacement Program	Department: Police

Project Description:
Vehicle replacement schedule based on mileage and years of service. Police Equipment up-fits included for the appropriate patrol vehicles.

FY 14: No vehicles
FY 14: Two patrol vehicles
FY 16: One patrol vehicle
FY 17: One patrol vehicle
FY 18: One patrol vehicle

Regulatory or Legal Mandates:
If over $50k, bid proposals will be obtained. If not, three (3) quotes will be obtained

Operational Necessity/Justification:
All vehicles have a life expectancy. Patrol vehicles have a rough life and their lifespan is reduced accordingly.

City Sources of Funding:
General Fund Revenues

Non-City Sources of Funding:

Total Project Cost: $161,500	Project Year(s): Annually FY 14-Future	FY 14 Budget Commitment: $0

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.	$0	$64,000	$32,500	$32,500	$32,500		$161,500
Professional Fees							
Contingencies							
Total	$0	$64,000	$32,500	$32,500	$32,500		$161,500

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015	Project Name: Replace B901	Department: Fire

Project Description:
This project would allow for the purchase of a new cab & chassis to replace Brush 901 which is 10 years old. The firefighting bed, tank & pump would be remounted on a new chassis.

Regulatory or Legal Mandates:
None

Operational Necessity/Justification:
All vehicles have a life expectancy. Brush trucks have a rough life and their lifespan is reduced accordingly.

City Sources of Funding:
General

Non-City Sources of Funding:
Limited grant opportunities exist. Old Rehab unit can be sold at auction to assist with funds.

Total Project Cost: $75,000	Project Year(s): 2015	FY 14 Budget Commitment: None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.		$75,000					$75,000
Professional Fees							
Contingencies							
Total		$75,000					$75,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015	Project Name: Replace Rehab 901	Department: Fire

Project Description:
This project would allow for the sale of the current rehab unit. The new unit would be made using the old chassis of Br 901 & a new utility bed. The unit would be used for rehab, maintenance of fire hydrants, and manpower squad.

Regulatory or Legal Mandates:
None

Operational Necessity/Justification:
All vehicles have a life expectancy. The current rehab unit is in need of repair and this new unit would serve for many purposes.

City Sources of Funding:
General

Non-City Sources of Funding:
Limited grant opportunities exist. Old Rehab unit can be sold at auction to assist with funds.

Total Project Cost:	Project Year(s):	FY 14 Budget Commitment:
$35,000	2015	None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.		$35,000					$35,000
Professional Fees							
Contingencies							
Total		$35,000					$35,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2017	Project Name: New cab & chassis & re-mount of B-902	Department: Fire

Project Description:
This project would allow for the purchase of a new cab & chassis to replace Brush 902 which is currently ten years old. The firefighting bed, tank & pump would be remounted on a new chassis.

Regulatory or Legal Mandates:
None

Operational Necessity/Justification:
All vehicles have a life expectancy, brush trucks have a rough service life and their lifespan is reduced accordingly.

City Sources of Funding:
General Fund

Non-City Sources of Funding:
Limited grant opportunities exist . And once remounted the old cab & chassis could be sold at auction.

Total Project Cost: $75,000	Project Year(s): 2017	FY 14 Budget Commitment: none

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.				$75,000			$75,000
Professional Fees							
Contingencies							
Total				$75,000			$75,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2018	Project Name: Replace R901 & E902	Department: Fire

Project Description:
Replacement unit for Rescue 901 which is currently 17years old and Engine 902 which is currently 13 years old. These vehicles will continue to see increased operating expenses as well as frequent breakdowns due to age and extended service life. Service life for vehicles such as these are twenty years. A replacement unit would combine both functions of these vehicles into one unit. And would be more efficient while providing a greater level of service to the community.

Regulatory or Legal Mandates:
None

Operational Necessity/Justification:
Required to provide fire protection as the first out Engine with a CAFS system and would also serve as air, light and heavy rescue unit.

City Sources of Funding:
General

Non-City Sources of Funding:
Sale both E-902 & R-901 and utilize funds to assist with the purchase a Rescue Pumper.

Total Project Cost:	Project Year(s):	FY 14 Budget Commitment:
$550,000	2018	None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.					$550,000		$550,000
Professional Fees							
Contingencies							
Total					$550,000		$550,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: Future	Project Name: Quint Fire Engine	Department: Fire

Project Description:
The design and purchase of a Quint fire apparatus to better be able to serve the City of Anna with a multi role piece of fire apparatus. This unit would have an aerial ladder of at least 75', a pump of a capacity of at least 1500 gpm and a water tank of at least 300 gallon capacity in addition to carrying a compliment of ground ladders, hose , tolls and various other items of extrication and EMS equipment.

Regulatory or Legal Mandates:
None

Operational Necessity/Justification:
Will allow for an aerial device to better provide service to the community as well as receive ISO credit.

City Sources of Funding:

Non-City Sources of Funding:
Bonds

Total Project Cost: $1,000,000	Project Year(s): Future	FY 14 Budget Commitment: $0.00

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.						$1,000,000	$1,000,000
Professional Fees							
Contingencies							
Total						$1,000,000	$1,000,000

MACHINERY AND EQUIPMENT

An apparatus consisting of interrelated parts with separate functions, used in the performance of some kind of work; anything kept, furnished, or provided for a specific purpose

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015	Project Name: Backhoe Trailer	Department: Public Works

Project Description:
Acquire a trailer to transport the Public Works' backhoe

Regulatory or Legal Mandates:

Operational Necessity/Justification:
The City currently does not have a means to transport the backhoe other than simply driving the machine. This is expensive and dangerous. The trailer would provide a more efficient and safe means of transport around the city.

City Sources of Funding:
General and Utility Fund Revenues

Non-City Sources of Funding:

Total Project Cost: $15,000	Project Year(s): 2015	FY 14 Budget Commitment: $0

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.		$15,000					$15,000
Professional Fees							
Contingencies							
Total		$15,000					$15,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015-2016	Project Name: Upgrades and Repairs to T901 and R901	Department: Fire

Project Description:
Funds requested would be for normal repairs and upgrades to Tender 901 (Mfg. 2005)and Rescue 901 (Mfg. 1996) to allow for continued in-service status of both units. These vehicles are at the point in their service life where increasing annual maintenance and operating costs can be expected.

Regulatory or Legal Mandates:

None

Operational Necessity/Justification:
Necessary to maintain in-service status.

City Sources of Funding:
General

Non-City Sources of Funding:
None

Total Project Cost: $11,000	Project Year(s): 2015 and 2016	FY 14 Budget Commitment: $0

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.		$5,500	$5,500				$11,000
Legal Fees							
Engineering							
Contingencies							
Total		$5,500	$5,500				$11,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015-2017	Project Name: Master Meter FixedLinx Meter Reading System	Department: Public Works

Project Description:
The City currently uses technology for our radio read meters from Master Meter. Each meter can be read remotely via radio signal. This is currently done via drive-by in a PW vehicle. This project will enable all water meters to be read remotely without the need for drive-by or manual reads.

This project will be completed in phases based upon site surveys and determination of highest initial return on placement of the equipment.

Regulatory or Legal Mandates:

Operational Necessity/Justification:
Improve operational efficiency in the department/fund. Enable the more efficient use of personnel and delays any needs for new personnel.

City Sources of Funding:
Utility Fund Revenues

Non-City Sources of Funding:

Total Project Cost: $505,750	Project Year(s): 2015-2017	FY 14 Budget Commitment: $0

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.		$135,750	$160,000	$210,000			$505,750
Professional Fees							
Contingencies							
Total		$135,750	$160,000	$210,000			$505,750

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015	Project Name: Heater/AC Units	Department: Fire

Project Description:
A new heater/AC Unit may be required for the existing portion of the fire station. HVAC units are in excess 16 years old and have seen heavy service. This request does not include the recently renovated portion of the facility.

Regulatory or Legal Mandates: None	Operational Necessity/Justification: Critical to building operations.
City Sources of Funding: General Fund	Non-City Sources of Funding: None

Total Project Cost: $8,500.00	Project Year(s): 2015	FY 14 Budget Commitment: None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.		$8,500					$8,500
Professional Fees							
Contingencies							
Total		$8,500					$8,500

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015 - 2017	Project Name: Scott Air-Pacs	Department: Fire

Project Description:

The purchase of twelve new Scott Air-Pacs will allow for members involved in IDLH atmospheres and operations to have state of the art respiratory protection. Self contained Breathing Apparatus are one of the most critical elements in personal protective equipment utilized by our firefighters and keeping our SCBA at the state of the art of the industry is a critical standard.

Purchase of four units per budget year would allow for a increase of protection and also assist in budget ting.

Regulatory or Legal Mandates:

Required by OSHA and NFPA

Operational Necessity/Justification:

SCBA are CRITICAL to the safe operation and health of the members of the Anna Fire Department.

City Sources of Funding:

General fund

Non-City Sources of Funding:

Grant funds may be available

Total Project Cost:	Project Year(s):	FY 14 Budget Commitment:
$62,400.00	2015—2017	None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.		$20,800	$20,800	$20,800			$62,400
Legal Fees							
Engineering							
Contingencies							
Total		$20,800	$20,800	$20,800			$62,400

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2015-2018	Project Name: MDCs for Fire Apparatus	Department: Fire

Project Description:
The addition of fully functioning Mobile Data Computers in all first out units and command vehicles will allow for a greater availability of initial dispatch information as well as facilitate the ability to complete run reports . Firefighter safety is enhanced through the ability to access pre plan information and data as well as a variety of information on hazardous materials and other hazards and risks.

Regulatory or Legal Mandates:
None

Operational Necessity/Justification:
To reflect industry best practices , increase firefighter safety and operational effectiveness as well as increase effective operations and reports management.

City Sources of Funding:
General Fund

Non-City Sources of Funding:
None

Total Project Cost: $30,000.00	Project Year(s): 2015 - 2018	FY 14 Budget Commitment: None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.		$7,500	$7,500	$7,500	$7,500		$30,000
Legal Fees							
Engineering							
Contingencies							
Total		$7,500	$7,500	$7,500	$7,500		$30,000

City of Anna—Capital Projects Plan Detail Sheet

Budget Year: 2018—future	Project Name: Digital Radios (5)	Department: Fire

Project Description:
Purchase of five digital radios per year after 2018 will allow for the AFD to keep up with emerging technology as well as replace old radios that have reached the end of their service life. Portable radios are critical to firefighter safety and efficient and effective emergency operations .

Regulatory or Legal Mandates:	Operational Necessity/Justification:
None	Critical to firefighter safety and efficiency.
City Sources of Funding:	**Non-City Sources of Funding:**
General	None

Total Project Cost:	Project Year(s):	FY 14 Budget Commitment:
$36,000.00	2018—future	None

Proposed Budget Schedule

	FY 14	FY 15	FY 16	FY 17	FY 18	Future	Total
Land Acquisition							
Design Costs							
Construction Costs							
Const. Mgmt.							
Furn./Fixt./Equip.					$18,000	$18,000	$36,000
Legal Fees							
Engineering							
Contingencies							
Total					$18,000	$18,000	$36,000

TOTAL CAPITAL IMPROVEMENT PLAN

Total summary of economic costs of capital expenditures planned for the next 5 years and beyond

FIVE YEAR CAPITAL IMPROVEMENTS PLAN							
Capital Projects	**Dept.**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**Future**
BUILDINGS							
Facility Remodel	Admin	$435,000					
Central Fire Station	Fire			$2,700,000			
Fire Station #2	Fire						$1,545,000
New City Hall	Admin						$10,000,000
WATER AND SEWER							
Blended Water System	Water	$2,225,000					
WWTP Upgrades	Sewer	$820,000					
Slayter Creek Sewer Relief Line	Sewer	$908,000					
Elevated Storage Tank	Water	$750,000	$2,250,000			$2,800,000	
Ground Storage Rehab	Water	$250,000					
Clemens Creek Sewer Extension	Sewer						$700,000
STREETS							
Annual Street Repair Program	Streets	$100,000	$100,000	$100,000	$100,000	$100,000	
Ferguson Pkwy. Bypass	Streets		$50,000				
Construct Ferguson Pkwy. (FM 455 to CR 367)	Streets						$9,862,950
FM 455 (U.S. 75 to East Fork Creek)	Streets						$18,341,800
Rosamond Pkwy. (Hwy 5 to U.S. 75)	Streets						$11,562,600
Reconstruct Hackberry (Hwy. 5 to Slayter Creek)	Streets						$423,000
Mantua Rd/CR 371 (Hwy. 5 to U.S. 75 – reconstruction)	Streets						$9,679,400
PARKS							
Geer Park Phase I - Ball Fields and soccer fields	Parks						$1,500,000

FIVE YEAR CAPITAL IMPROVEMENTS PLAN							
Capital Project	**Dept.**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**	**Future**
VEHICLES							
Public Works Vehicle Replacement	Public Works	$50,000	$30,000	$30,000	$30,000	$30,000	
Police Vehicle Replacement	Police		$64,000	$32,500	$32,500	$32,500	
Replace B901/Remount for Rehab	Fire		$110,000				
Replace R901	Fire			$550,000			
Replace B902	Fire				$75,000		
Quint Fire Engine	Fire						$1,000,000
MACHINERY & EQUIPMENT							
Backhoe Trailer	Public Works		$15,000				
Upgrade/Repair T901	Fire		$5,500				
Upgrade/Repair R901	Fire			$5,500			
FixedLinx Meter Reading System	Public Works		$135,750	$160,000	$210,000		
Replace HVAC equipment	Fire		$8,500				
Air-Pacs	Fire		$20,800	$20,800	$20,800		
Mobile Data Computers for Fire Apparatus	Fire		$7,500	$7,500	$7,500	$7,500	
Digital Radio Replacement	Fire					$18,000	$18,000
TOTAL		**$5,538,000**	**$2,797,050**	**$356,300**	**$475,800**	**$3,438,000**	**$64,632,750**
GRAND TOTAL	**$77,237,900**						

FirstSouthwest

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Anna
CITY OF ANNA, TEXAS

Debt Management Analysis

For discussion purposes only, actual results may vary

City of Anna, Texas

July 9, 2013

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Outstanding General Obligation Debt as of July 9, 2013

City of Anna, Texas

Series	Name	Amount Outstanding	Interest Rates	Call Date	Final Maturity	Supported by:
1976	GO Water Bonds	$15,000	5.00%	Currently Callable	1/1/2016	Water & Sewer Revenues
2006	Comb Tax & Ltd Surplus Rev C/O	$1,865,000	4.00 – 5.25%	2/15/2016	2/15/2026	I&S Taxes
2007	Comb Tax & Rev C/O	$970,000	3.95% through 2/15/2017 *15% thereafter*	2/15/2017	2/15/2027	I&S Taxes
2007	GO Ref Bonds	$250,000	3.95% through 2/15/2017 *15% thereafter*	2/15/2017	2/15/2027	I&S Taxes
2009	Comb Tax & Rev C/O	$790,000	4.28% through 2/15/2018 *15% thereafter*	2/15/2018	2/15/2029	I&S Taxes
2009	Comb Tax & Rev Ref Bonds	$4,065,000	4.28% through 2/15/2018 *15% thereafter*	2/15/2018	2/15/2026	Water & Sewer Revenues
2011	PPFCOs	$352,000	3.34% through 2/15/2014 *Variable thereafter*	2/15/2014	2/15/2026	I&S Taxes
2012	Comb Tax & Rev C/O	$4,210,000	1.50 – 2.50%	2/15/2019	2/15/2033	Water & Sewer Revenues
	TOTAL	**$12,517,000**				

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Outstanding Notes Payable as of July 9, 2013

City of Anna, Texas

Series	Name	Amount Outstanding	Interest Rates	Call Date	Final Maturity	Supported by:
2009A	Finance Contract (Backhoe)	$19,258.48	5.00%	n/a	2/2/2014	W&S Revs
2009C	Finance Contract (Fire Truck)	$12,114.51	5.00%	n/a	2/3/2014	I&S Taxes
	TOTAL	**$31,372.99**				

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Breakdown of General Obligation Debt and Notes as of July 9, 2013

City of Anna, Texas

I&S Tax Supported Debt		
Series	**Name**	**Amount Outstanding**
2006	Comb Tax & Ltd Surplus Rev C/O	$1,865,000
2007	Comb Tax & Rev C/O	$970,000
2007	GO Ref Bonds	$250,000
2009	Comb Tax & Rev C/O	$790,000
2009C	Finance Contract (Fire Truck)	$12,115
2011	PPFCOs	$352,000
	TOTAL	**$4,239,115**

Water & Sewer Supported Debt		
Series	**Name**	**Amount Outstanding**
1976	GO Water Bonds	$15,000
2009	Comb Tax & Rev Ref Bonds	$4,065,000
2009A	Finance Contract (Backhoe)	$19,258
2012	Comb Tax & Rev C/O	$4,210,000
	TOTAL	**$8,309,258**

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Analysis of Existing General Obligation Debt (I&S Fund)

City of Anna, Texas

A	B	C	D	E	F	G	H	I	J	K	L	M
Fiscal Year Ending 9/30	Estimated Growth Factor[1]	Taxable Assessed Valuation[2]	Existing General Obligation Debt Service	Existing I&S Tax-Supp. Notes Debt Service[3]	Budgeted Paying Agent Fees[3]	Less: Self-Supporting Debt Service	Existing Net General Obligation Debt Service	Less: I&S Fund Drawdown[4]	**Net General Obligation Debt Service**	**Projected I&S Tax Rate[5]**	*I&S Tax Rate Variance from Fiscal '13*	*Variance from Fiscal '13 in Dollars*
2013		$ 376,578,308	$ 646,957	$ 12,729	$ 1,900	$ 205,392	$ 456,194	$ 132,500	**$ 323,694**	**$ 0.0910**		
2014	9.88%	413,800,000	822,475	12,729	1,900	371,168	465,936	59,206	**406,730**	**0.1013**	**0.0103**	**83,037**
2015	0.00%	413,800,000	1,249,978	-	1,900	774,692	477,186	-	**477,186**	**0.1189**	**0.0279**	**153,492**
2016	0.00%	413,800,000	1,258,582	-	1,900	779,517	480,965	-	**480,965**	**0.1198**	**0.0288**	**157,271**
2017	0.00%	413,800,000	1,245,032	-	1,900	773,304	473,628	-	**473,628**	**0.1180**	**0.0270**	**149,934**
2018	0.00%	413,800,000	1,395,994	-	1,900	889,348	508,546	-	**508,546**	**0.1267**	**0.0357**	**184,852**
2019	0.00%	413,800,000	1,530,575	-	1,900	972,900	559,575	-	**559,575**	**0.1394**	**0.0484**	**235,881**
2020	0.00%	413,800,000	1,273,975	-	1,900	729,700	546,175	-	**546,175**	**0.1361**	**0.0451**	**222,481**
2021	0.00%	413,800,000	1,113,356	-	1,900	578,575	536,681	-	**536,681**	**0.1337**	**0.0427**	**212,987**
2022	0.00%	413,800,000	1,092,131	-	1,900	559,900	534,131	-	**534,131**	**0.1331**	**0.0421**	**210,437**
2023	0.00%	413,800,000	1,045,838	-	1,900	534,438	513,300	-	**513,300**	**0.1279**	**0.0369**	**189,606**
2024	0.00%	413,800,000	1,021,088	-	1,900	507,563	515,425	-	**515,425**	**0.1284**	**0.0374**	**191,731**
2025	0.00%	413,800,000	976,256	-	1,900	484,125	494,031	-	**494,031**	**0.1231**	**0.0321**	**170,337**
2026	0.00%	413,800,000	945,344	-	1,900	459,063	488,181	-	**488,181**	**0.1216**	**0.0306**	**164,487**
2027	0.00%	413,800,000	718,438	-	1,900	478,563	241,775	-	**241,775**	**0.0602**	*(0.0308)*	*(81,919)*
2028	0.00%	413,800,000	567,813	-	1,900	488,188	81,525	-	**81,525**	**0.0203**	*(0.0707)*	*(242,169)*
2029	0.00%	413,800,000	557,313	-	1,900	487,438	71,775	-	**71,775**	**0.0179**	*(0.0731)*	*(251,919)*
2030	0.00%	413,800,000	491,375	-	-	491,375	-	-	**-**	**-**	*(0.0910)*	*(323,694)*
2031	0.00%	413,800,000	490,000	-	-	490,000	-	-	**-**	**-**	*(0.0910)*	*(323,694)*
2032	0.00%	413,800,000	493,313	-	-	493,313	-	-	**-**	**-**	*(0.0910)*	*(323,694)*
2033	0.00%	413,800,000	501,188	-	-	501,188	-	-	**-**	**-**	*(0.0910)*	*(323,694)*
			$ 19,437,019	**$ 25,457**	**$ 32,300**	**$ 12,049,746**	**$ 7,445,030**	**$ 191,706**	**$ 7,253,324**			

(1) For illustration purposes only.

(2) Fiscal Year 2013 value is as reported by the Collin Central Appraisal District. Fiscal Year 2014 Value is preliminary as reported by the Appraisal District.

(3) As reported by the City.

(4) As reported by the City of Anna. Represents remaining balance of Series 2006 Certificates of Obligation and other receivables. Amount shown for 2013 represents current budget.

(5) Tax Rate for 2013 is actual. Subsequent rates calculated at 97% tax collections.

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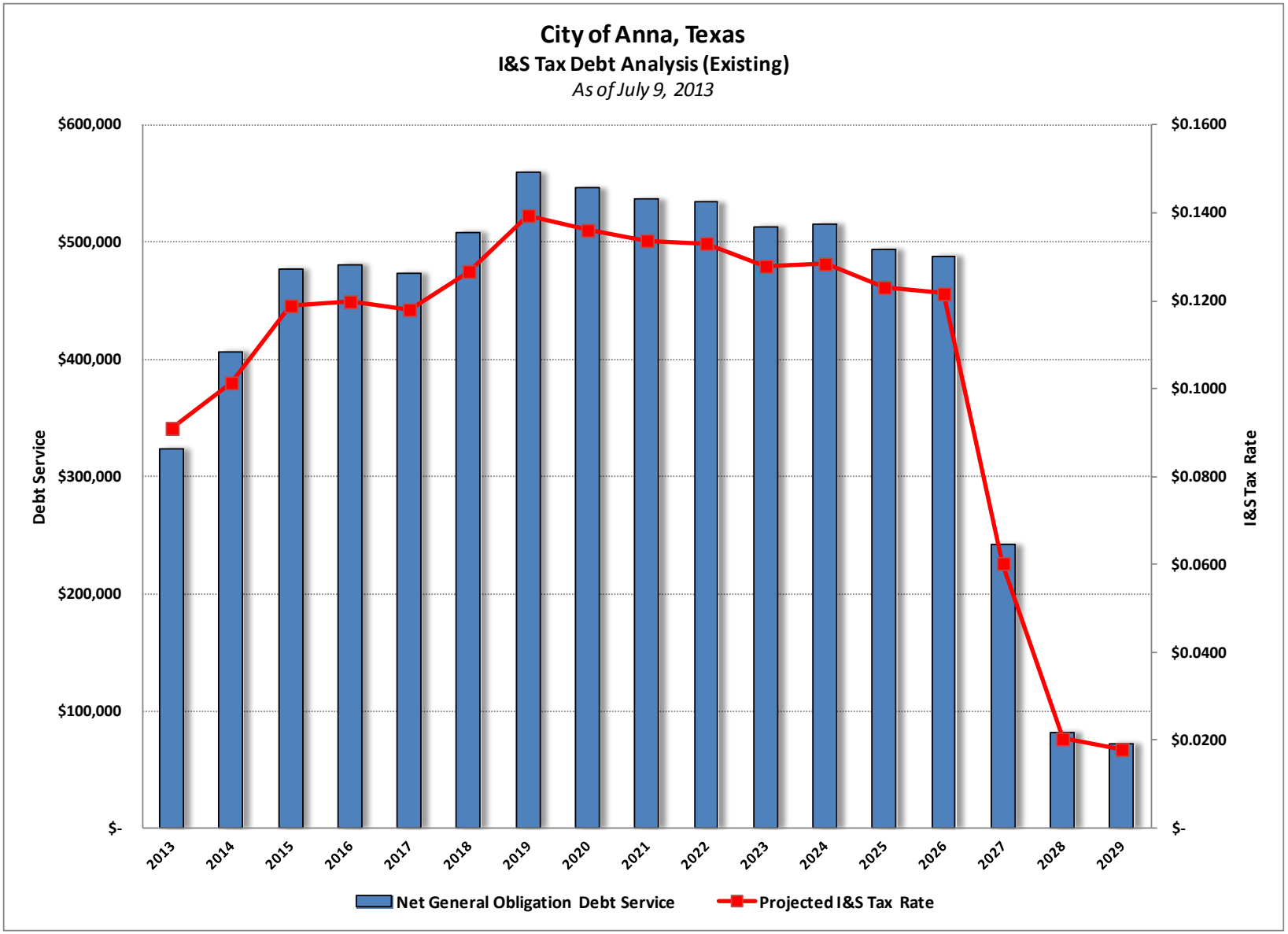
Analysis of Existing General Obligation Debt (I&S Fund)

City of Anna, Texas



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Interest and Sinking Fund Debt Management Program (Part 1 of 6)

City of Anna, Texas

- The City is currently subsidizing the Interest and Sinking ("I&S") Fund Tax Rate by utilizing excess bond proceeds from the Series 2006 Certificates of Obligation.

- It is expected the excess funds in the I&S Fund (currently approx. $60,000) will run out after the Fiscal 2014 tax rate mitigation drawdown.

- The objective of this analysis is to refund debt for savings (when possible) and restructure principal payments in order to maintain the existing I&S Tax Rate.

- The assumed Taxable Assessed Valuation of $413,800,000 (Tax Year 2013 / Fiscal Year 2014 as reported by the appraisal district) is not inflated over time.

- Extension of maturity may be required under this stress scenario of no growth and no tax increase for as long as possible.

- This proposed I&S Fund Debt Management program is expected to be implemented in 4 phases, the first one being in Fiscal Year 2014, when excess funds in the I&S Fund run out.

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Interest and Sinking Fund Debt Management Program (Part 2 of 6)

City of Anna, Texas

- PHASE 1 – January/February 2014 (subject to change)
  - Refunding of Series 2011 PPFCOs before interest rate reset in 2/15/2014
  - Present Value Savings of Phase 1 are expected to be at or above $0 - *Possible PV benefit*
  - Interest Rate of Refunding Bonds assumed at 3.50% for 12 years
  - No extension of original 2026 final maturity

- PHASE 2 – September 2014 (subject to change)
  - Refunding/escrowing of Series 2006 Certificates of Obligation
  - Present Value Cost of Phase 2 is expected to be approximately $30,000
  - Interest Rate of Refunding Bonds assumed at 3.55% for 12 years
  - ONE year extension of original 2026 final maturity

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Interest and Sinking Fund Debt Management Program (Part 3 of 6)

City of Anna, Texas

- PHASE 3 – February 2017 (subject to change)
  - Refunding of all outstanding Series 2007 Certificates of Obligation; maturities 2018 – 2027 ($640,000)
  - Refunding of all outstanding Series 2007 GO Refunding Bonds; maturities 2018 – 2027 ($165,000)
  - Present Value Savings of Phase 3 are expected to be at or above $0 – *Possible PV benefit*
  - Interest Rate of Refunding Bonds assumed at 3.75% for 11 years
  - No extension of original 2027 final maturity

- PHASE 4 – February 2018 (subject to change)
  - Refunding/escrowing of all outstanding Series 2009 Certificates of Obligation; maturities 2018 - 2029 ($640,000)
  - Present Value Savings of Phase 3 are expected to be at or above $0 – *Possible PV benefit*
  - Interest Rate of Refunding Bonds assumed at 3.825% for 12 years
  - No extension of original 2027 final maturity

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Interest and Sinking Fund Debt Management Program (Part 4 of 6)

City of Anna, Texas

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Fiscal Year Ending 9/30	Estimated Growth Factor[1]	Taxable Assessed Valuation[2]	Existing Net General Obligation Debt Service[3]	Less: I&S Fund Drawdown[4]	Net General Obligation Debt Service	Series 2014-A Refunding / Restructuring Savings	Less: FY 2014 Tax Rate Mmgt Transfer	Series 2014-B Refunding / Restructuring Savings	Series 2017 Refunding / Restructuring Savings	Series 2018 Refunding / Restructuring Savings	NET NEW General Obligation Debt Service	Projected I&S Tax Rate[5]	*I&S Tax Rate Variance from Fiscal '13*	*Variance from Fiscal '13 in Dollars*
2013		$ 376,578,308	$ 456,194	$ 132,500	$ 323,694	$ -	$ -	$ -	$ -	$ -	$ 323,694	$ 0.0910		
2014	9.88%	413,800,000	465,936	59,206	406,730	25,800	15,000	-	-	-	365,930	0.0912	*0.0002*	42,237
2015	0.00%	413,800,000	477,186	-	477,186	19,113	-	94,402	-	-	363,671	0.0906	*(0.0004)*	39,977
2016	0.00%	413,800,000	480,965	-	480,965	21,163	-	92,175	-	-	367,628	0.0916	*0.0006*	43,934
2017	0.00%	413,800,000	473,628	-	473,628	20,438	-	43,650	44,071	-	365,470	0.0911	*0.0001*	41,776
2018	0.00%	413,800,000	508,546	-	508,546	20,700	-	(18,638)	47,000	82,797	376,686	0.0938	0.0028	52,992
2019	0.00%	413,800,000	559,575	-	559,575	36,375	-	(19,875)	82,969	77,176	382,930	0.0954	0.0044	59,236
2020	0.00%	413,800,000	546,175	-	546,175	33,400	-	(15,500)	67,813	79,439	381,024	0.0949	0.0039	57,330
2021	0.00%	413,800,000	536,681	-	536,681	31,350	-	(21,319)	67,188	78,079	381,384	0.0950	0.0040	57,690
2022	0.00%	413,800,000	534,131	-	534,131	29,150	-	(16,931)	60,344	76,248	385,321	0.0960	0.0050	61,627
2023	0.00%	413,800,000	513,300	-	513,300	25,725	-	(17,075)	47,469	69,322	387,859	0.0966	0.0056	64,166
2024	0.00%	413,800,000	515,425	-	515,425	18,188	-	(17,450)	53,000	67,021	394,667	0.0983	0.0073	70,973
2025	0.00%	413,800,000	494,031	-	494,031	15,463	-	(22,969)	46,469	59,344	395,724	0.0986	0.0076	72,031
2026	0.00%	413,800,000	488,181	-	488,181	11,513	-	(18,756)	38,063	56,293	401,069	0.0999	0.0089	77,376
2027	0.00%	413,800,000	241,775	-	241,775	-	-	(209,613)	(7,125)	47,867	410,646	0.1023	0.0113	86,952
2028	0.00%	413,800,000	81,525	-	81,525	-	-	-	-	(201,153)	282,678	0.0704	*(0.0206)*	*(41,016)*
2029	0.00%	413,800,000	71,775	-	71,775	-	-	-	-	(215,480)	287,255	0.0716	*(0.0194)*	*(36,439)*
2030	0.00%	413,800,000	-	-	-	-	-	-	-	-	-	-	*(0.0910)*	*(323,694)*
2031	0.00%	413,800,000	-	-	-	-	-	-	-	-	-	-	*(0.0910)*	*(323,694)*
2032	0.00%	413,800,000	-	-	-	-	-	-	-	-	-	-	*(0.0910)*	*(323,694)*
2033	0.00%	413,800,000	-	-	-	-	-	-	-	-	-	-	*(0.0910)*	*(323,694)*
			$ 7,445,030	$ 191,706	$ 7,253,324	$ 308,376	$ 15,000	$ (147,898)	$ 547,258	$ 276,953	$ 6,253,635			

(1) For illustration purposes only.

(2) Fiscal Year 2012 value is as reported by the Collin Central Appraisal District. Fiscal Year 2013 Value is preliminary as reported by the Appraisal District.

(3) Includes the Notes payable from I&S tax revenue and the budgeted paying agent fees, but excludes GO debt supported by the water and sewer fund.

(4) Total Balance as reported by the City of Anna, Texas. Represents remaining balance of Series 2006 Certificates of Obligation and other receivables. Amount shown for 2012 represents current budget.

(5) Tax Rate for 2013 is actual. Subsequent rates calculated at 97% tax collections.

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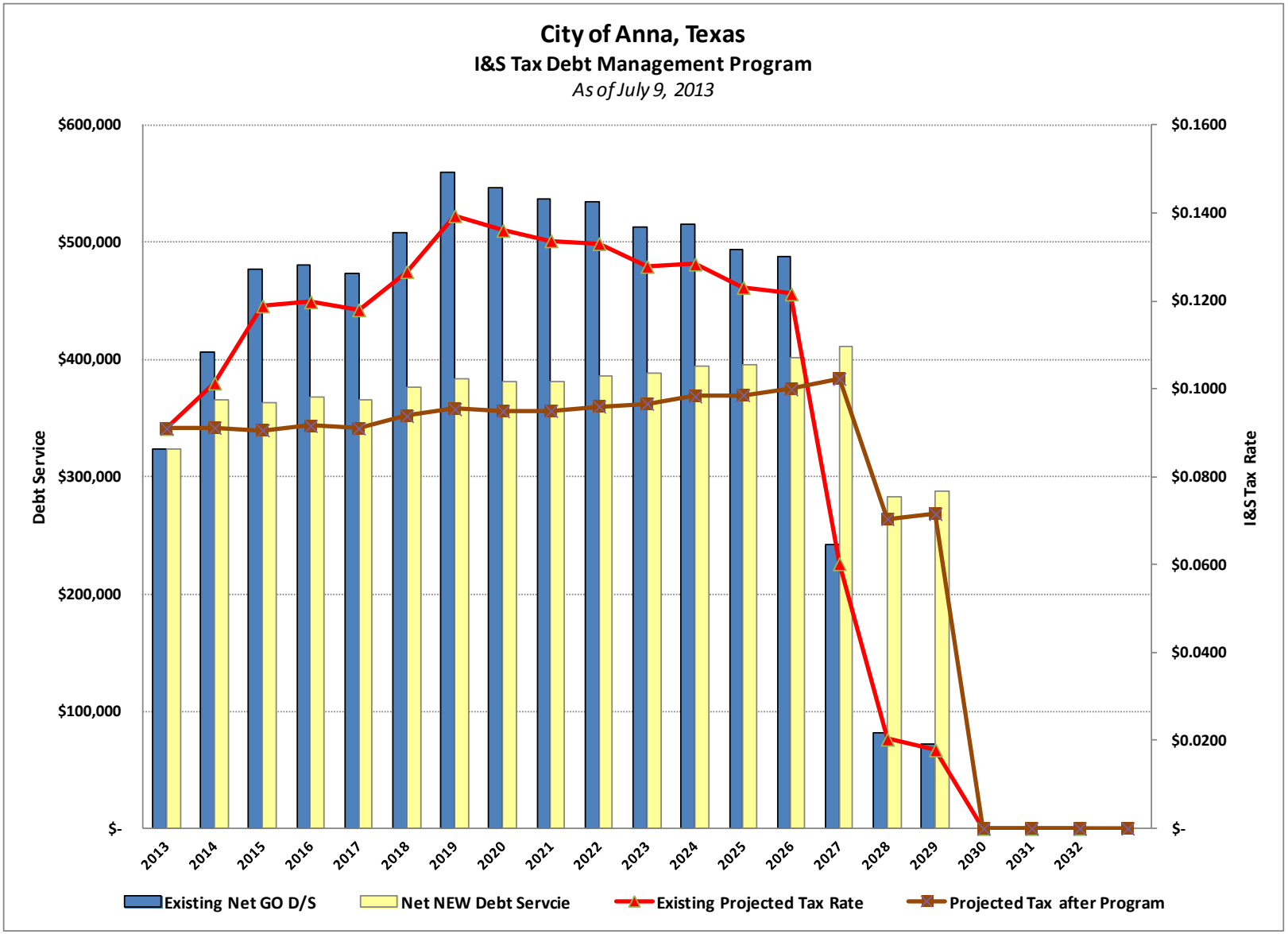
Interest and Sinking Fund Debt Management Program (Part 5 of 6)

City of Anna, Texas



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Interest and Sinking Fund Debt Management Program (Part 6 of 6)

City of Anna, Texas

- Sustainability and feasibility of Proposed Debt Management Program
  - If the tax base growth is 0% and the City does not issue additional tax supported debt, the 9 cent I&S tax rate can be maintained until Fiscal Year 2017.
  - A reduction of the current I&S tax rate will compromise the program.
  - This is a stress scenario of 0% growth, therefore the 9 cent tax rate would increase to 9.4 cents in Fiscal Year 2018. An average annual growth of 0.7% is necessary to avoid Debt Service Tax Rate increases assuming no additional debt is incurred between now and Fiscal Year 2028.

- Additional Debt Capacity - Driven by 3 factors:
  - City's willingness to pay
  - Growth in the tax base
  - City's willingness to increase the I&S property tax rate

- Credit Rating considerations
  - The City is currently rated "A1" by Moody's and "A" by Fitch Ratings, the outlook is stable.
  - Healthy General Fund balance as a percentage of revenues – Moody's 2012 Review
  - SOLID FINANCIAL POSITION despite growth pressures – Fitch 2013 Review
  - PRUDENT FISCAL MANAGEMENT – Moody's 2012 Review
  - Diverse revenue sources (sales taxes) – Fitch 2013 Review
  - NEW DEVELOPMENT GAINING MOMENTUM – Moody's 2012 Review
  - DEVELOPMENT RESUMES after a recessionary drop – Fitch 2013 Review

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Outstanding Water & Sewer System Debt as of July 9, 2013

City of Anna, Texas

Series	Name	Amount Outstanding	Interest Rates	Call Date	Final Maturity	Repayment Pledge
1976	WW&SS Rev Bonds	$10,000	5.00%	Currently Callable	9/1/2014	W&S Revenues
1976	GO Water Bonds	$15,000	5.00%	Currently Callable	1/1/2016	General Obligation
2005	Contract Rev Ref Bonds	$2,180,000	4.42%	Non Callable	5/1/2028	GTUA Contract
2005	Contract Rev Bonds	$560,000	4.54 – 5.74%	4/1/2015	10/1/2028	GTUA Contract
2006	Contract Rev Bonds	$1,550,000	3.25 – 3.75%	12/1/2016	6/1/2026	GTUA Contract
2006	TWDB State Participation	$2,168,750	5.68 – 5.83%	N/A	8/1/2040	GTUA Contract
2007	Contract Rev Bonds	$1,905,000	3.25 – 4.10%	12/1/2017	6/1/2028	GTUA Contract
2007-A	Contract Rev Bonds	$620,000	4.42 – 5.57%	5/1/2017	5/1/2027	GTUA Contract
2007-B	Contract Rev Bonds	$915,000	4.42 – 5.57%	11/1/2017	5/1/2027	GTUA Contract
2007-C	Contract Rev Bonds	$3,210,000	4.42 – 5.62%	11/1/2017	5/1/2032	GTUA Contract
2007	Contract Rev Bonds	$1,150,000	4.27 – 5.62%	4/1/2017	10/1/2036	GTUA Contract
2008	Contract Rev Bonds	$440,000	5.14%	Any date @ 101%	5/1/2027	GTUA Contract
2009A	Finance Contract (Backhoe)	$19,258	5.00%	N/A	2/2/2014	General Obligation
2009	Comb Tax & Rev Ref Bonds	$4,065,000	4.28% through 2/15/2018 *15% thereafter*	2/15/2018	2/15/2026	General Obligation
2012	Comb Tax & Rev C/O	$4,210,000	1.50 – 2.50%	2/15/2019	2/15/2033	General Obligation
	TOTAL	**$23,018,008**				

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Water and Sewer Debt Management Program (Part 1 of 6)

City of Anna, Texas

- The City's water and sewer system debt obligations are mostly obligations to the Greater Texoma Utility Authority ("GTUA") (64% of the total debt).
- The GTUA issues debt at higher interest rates and requires debt service reserve funds.
- The City has previously refunded GTUA obligations (Series 2009 Bonds) by issuing City general obligation bonds, thus allowing for lower borrowing costs and avoidance of debt service reserves.
- The debt burden on the water and sewer fund is above average in comparison to similar cities.
- This proposed Debt Management program is expected to be implemented in several phases, and also includes the capital improvement program available at this time.
- The model conservatively assumes refunding of City and GTUA obligations to achieve the debt management program goal of a gradual escalation/stabilization of debt payments.
- Extension of maturity is required under this stress scenario if the City wants to avoid sudden rate increases to pay debt.

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Water and Sewer Debt Management Program (Part 2 of 6)

City of Anna, Texas

- PHASE 1 – January/February 2014
  - Funding of new Water and Wastewater Projects through the sale of Certificates of Obligation
  - Approx. $3 million for Water Tower Project

- PHASE 2 – 3rd/4th Quarter 2014
  - Escrowing of maturities 2015 – 2018 ($1,835,000) of the Series 2009 Tax & Revenue Refunding Bonds
  - Taxable transaction for maximum structuring and term flexibility
  - Present Value Cost of Phase 2 is estimated at approx. $190,000
  - Interest Rate of Refunding Bonds assumed at 5.00% for 11 years
  - No extension of Bonds maturity, but rearrangement of principal payments toward the latter years 2020-2025.

- PHASE 3A – Year 2018
  - Refunding of all outstanding GTUA Anna Project Bonds except the Series 2005 which is Non Callable ($485,000 Series 2007-A; $715,000 Series 2007-B; $3,010,000 Series 2007-C and $345,000 Series 2008 Anna GTUA Contract Revenue Bonds)
  - Assumes the reserves associated with the Anna Project cannot be released since the 2005 series would remain outstanding
  - Present Value Savings of Phase 3A are expected to be at or above $0 – *Possible PV benefit*
  - Interest Rate of Refunding Bonds assumed at 4.125% for 14 years
  - 5-year extension of maturity through 2032 for all the Series 2007A,B&C bonds and no extension of maturity for the Series 2008 bonds

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Water and Sewer Debt Management Program (Part 3 of 6)

City of Anna, Texas

- PHASE 3B – Year 2018
  - Refunding of all outstanding Series 2009 bonds ($2,205,000) before the interest rate reset on February 15, 2018
  - Present Value Benefit of Phase 3C is estimated at approx. $800,000
  - Interest Rate of Refunding Bonds assumed at 3.5% for 9 years
  - NO extension of original 2026 maturity

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Water and Sewer Debt Management Program (Part 4 of 6)

City of Anna, Texas

A	B	C	D	E	F	G	H
		Plus:	*Less:*		*Less:*		
Fiscal Year Ending 30-Sep	**Existing W&S Fund Debt Service**	Series 2014-A C/Os $3mm Proj.	Series 2014-B Refunding Savings	**Debt Service after Series 2014**	Series 2018A Refunding Savings	Series 2018B Refunding Savings	**Debt Service after Series 2018**
2013	**$ 1,290,235**	$ -	$ -	**$ 1,290,235**	$ -	$ -	**$ 1,290,235**
2014	**1,559,632**	-	-	**1,559,632**	-	-	**1,559,632**
2015	**1,975,442**	198,677	350,474	**1,823,646**	-	-	**1,823,646**
2016	**1,986,183**	200,475	354,343	**1,832,315**	-	-	**1,832,315**
2017	**1,976,365**	197,500	342,280	**1,831,585**	-	-	**1,831,585**
2018	**2,092,613**	199,419	359,361	**1,932,670**	2,783	1,069	**1,928,819**
2019	**2,244,824**	201,125	(138,875)	**2,584,824**	237,249	373,250	**1,974,325**
2020	**2,099,500**	202,619	(282,875)	**2,584,994**	239,714	320,850	**2,024,430**
2021	**2,045,098**	203,900	(336,500)	**2,585,498**	243,788	64,350	**2,277,360**
2022	**2,011,967**	200,075	(372,250)	**2,584,292**	246,828	62,188	**2,275,276**
2023	**1,990,563**	201,144	(390,875)	**2,582,582**	253,810	53,263	**2,275,509**
2024	**1,956,708**	202,000	(393,125)	**2,551,833**	249,593	28,213	**2,274,027**
2025	**1,938,025**	202,644	(389,500)	**2,530,169**	264,529	2,013	**2,263,628**
2026	**1,916,005**	203,075	-	**2,119,080**	(138,851)	(5,688)	**2,263,619**
2027	**1,585,257**	315,850	-	**1,901,107**	(134,536)	-	**2,035,643**
2028	**1,392,279**	315,863	-	**1,708,141**	(340,843)	-	**2,048,984**
2029	**1,148,755**	315,450	-	**1,464,205**	(346,409)	-	**1,810,613**
2030	**1,136,374**	314,613	-	**1,450,987**	(341,608)	-	**1,792,595**
2031	**1,135,214**	313,350	-	**1,448,564**	(341,723)	-	**1,790,287**
2032	**1,138,527**	316,556	-	**1,455,083**	(346,546)	-	**1,801,629**
2033	**827,347**	314,231	-	**1,141,578**	-	-	**1,141,578**
2034	**327,040**	311,481	-	**638,521**	-	-	**638,521**
2035	**325,884**	-	-	**325,884**	-	-	**325,884**
2036	**326,514**	-	-	**326,514**	-	-	**326,514**
2037	**327,500**	-	-	**327,500**	-	-	**327,500**
2038	**219,397**	-	-	**219,397**	-	-	**219,397**
2039	**221,112**	-	-	**221,112**	-	-	**221,112**
2040	**219,597**	-	-	**219,597**	-	-	**219,597**
2041	**-**	-	-	**-**	-	-	**-**
2042	**-**	-	-	**-**	-	-	**-**
2043	**-**	-	-	**-**	-	-	**-**
	$37,413,954	**$ 4,930,046**	**$ (897,542)**	**$43,241,542**	**$ (252,223)**	**$ 899,506**	**$42,594,258**

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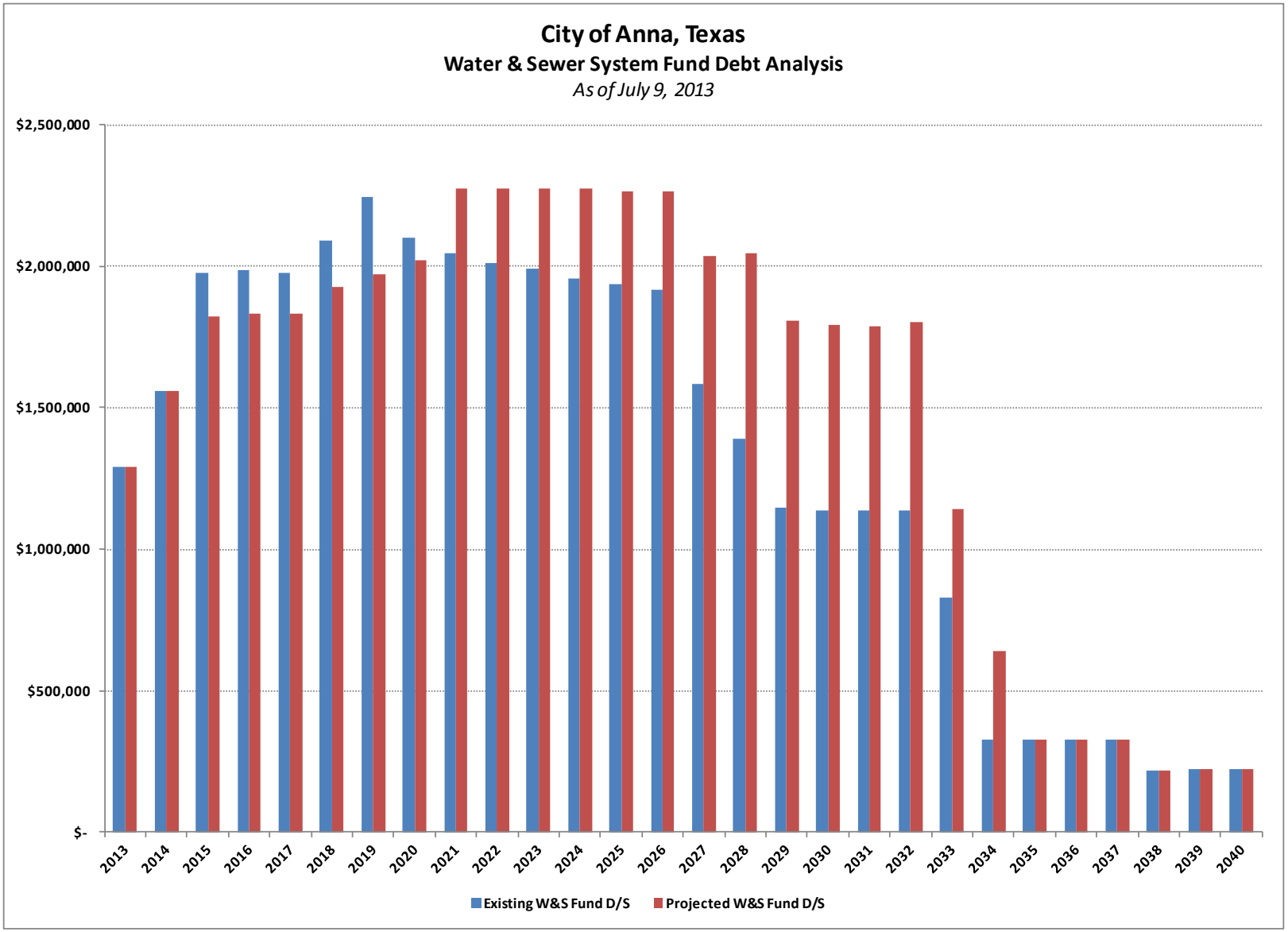
Water and Sewer Debt Management Program (Part 5 of 6)

City of Anna, Texas



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Water and Sewer Debt Management Program (Part 6 of 6)

City of Anna, Texas

- Sustainability and feasibility of Proposed Water & Sewer Fund Debt Management Program
  - Assumes additional capital needs ($3 million) are met using conservative assumptions of financed projects in January/February 2014.
  - The debt service will escalate a total of $700,000 from 2014 through 2021 in a gradual manner versus high one-time increases.
  - This is a stress scenario therefore assumed rates and terms of refundings are conservative.

- Additional Debt Capacity - Driven by 3 factors:
  - City's willingness to pay
  - Growth in water sales and water customers
  - Water/Sewer rates the City is willing to charge

- Credit Rating considerations
  - The City's GO rating applies to this Program.
  - The City would not issue publicly traded Water & Sewer Revenue Bonds under this Program, refunding bonds would be sold with a tax pledge.

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MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns initial A1 rating to City of Anna's (TX) $4.21 million Combination Tax and Revenue Certificates of Obligation, Series 2012

Global Credit Research - 19 Nov 2012

ANNA (CITY OF) TX
Cities (including Towns, Villages and Townships)
TX

Moody's Rating

ISSUE	RATING
Combination Tax and Revenue Certificates of Obligation, Series 2012	A1

Sale Amount	$4,210,000
Expected Sale Date	11/29/12
Rating Description	Revenue: Government Enterprise

Moody's Outlook NOO

Opinion

NEW YORK, November 19, 2012 --Moody's Investors Service has assigned an initial A1 rating to the City of Anna's (TX) $4,210,000 Combination Tax and Revenue Certificates of Obligation, Series 2012. The city has $4.1 million in outstanding parity debt not rated by Moody's.

SUMMARY RATINGS RATIONALE

The bonds are secured by an ad valorem tax levied within the limits prescribed by law on all taxable property within the city as well as a pledge of surplus revenues (not to exceed $1,000) of the city's waterworks and sewer system. Assignment of the A1 rating reflects the city's relatively small yet stable tax base that is positioned for significant growth over the long term. Additionally, the A1 rating reflects healthy and stable financial operations and a manageable debt burden.

STRENGTHS

Healthy General Fund balance as a percentage of revenues

Location in Collin County positioned for long term economic growth

CHALLENGES

Future population growth could drive need for significant debt issuance

DETAILED CREDIT DISCUSSION

NEW DEVELOPMENT GAINING MOMENTUM

The city is located in far northern Collin County (general obligation rated Aaa), approximately 40 miles north of Dallas (Aa1/stable outlook) along state highway 75. The population of the City of Anna increased a staggering 573.4% between the 2000 and 2010 Census years from 1,225 to 8,249. Population is currently estimated to be 9,226. Location and affordable pricing are two primary factors encouraging strong demand for housing in Anna. The city is conveniently located to employment centers in Plano (Aaa), Richardson (Aaa/stable outlook), and Sherman. After experiencing strong growth rates on the tax base prior to 2009, the full valuation declined by 1.5% in 2010, 3.5% in 2011 and 0.6% in 2012. New construction was not able to offset declines on existing values. However, fiscal 2013 existing values stabilized and the new construction expanded the tax base by 3.7% over the prior year yielding a total full valuation of $377 million. The largest taxpayers comprise a minor 7.6% of the total tax

base and are stable. According to the American Community Survey, the city's 2010 per capita income was equal to 86% of the US and 94% of the State. The A1 rating reflects the city's stable tax base the is likely to experience significant growth over the long term given its favorable location in the Dallas/Fort Worth Metroplex.

PRUDENT FISCAL MANAGEMENT SUPPORTS HEALTHY GENERAL FUND RESERVE

The city has a formally adopted policy to maintain 25% of appropriations in the General Fund reserve which is a credit strength. Management demonstrates conservative budgeting which has resulted in annual year end surpluses. Additionally, management has been able to accommodate population growth using technology and outsourcing to manage payroll and benefit costs. As a result, the General Fund has increased from $1.9 million in fiscal 2009 to $2.4 million in fiscal 2012 (unaudited) and it has remained over 64% of General Fund revenues during that time. General Fund operations are supported primarily by property taxes which comprised 54% of revenues in fiscal 2012. Sales taxes provided 14% of revenues. In fiscal 2012, officials budgeted $460,000 but actual sales tax revenues totaled $522,000 and they have again conservatively budgeted for $500,000 collection for fiscal 2013. The historical trend of conservative budgeting and the strong General Fund balances are key factors in the A1 rating assignment.

DEBT BURDENS MITIGATED BY WATER AND SEWER SYSTEM REVENUES

The city's debt burdens are 3.4% on a direct basis and 16.3% overall when including all outstanding debt. When excluding debt supported by the water and sewer system, the direct debt burden is a more manageable 1.2% on a fiscal year 2013 full valuation. However, the overall debt burden remains a high 14.1% given the large amount of overlapping debt from the Anna Independent School District (A1), which has issued significant debt amounts to keep up with enrollment growth. The city has no immediate plans for debt although they maintain a ten year CIP and update it frequently to keep pace with population growth. As growth continues and accelerates, debt issuance could be needed for the construction of larger road projects although for now, the city is able to maintain roads with a budget appropriation of approximately $100,000 annually.

WHAT COULD MAKE THIS RATING GO UP

Trend of significant new development

Improvement in socioeconomic profile

WHAT COULD MAKE THE RATING GO DOWN

Trend of tax base declines

Use of General Fund reserves and weakened liquidity position

KEY STATISTICS

2012 Estimated Population: 9,226

2013 full valuation: $377 million

2013 full value per capita: $40,817

Direct debt burden (net of self-supporting contributions): 1.2%

Direct debt burden (without self-supporting contributions): 14.1%

Rate of principal repayment (10 Years): 50.5%

FY 2012 General Fund balance (unaudited): $2.5 million (67.9% of General Fund revenues)

Post-sale parity debt outstanding: $12.8 million

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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FitchRatings

Fitch Affirms Anna, TX's LTGOs and COs at 'A'; Outlook Stable

Ratings Endorsement Policy
12 Apr 2013 11:24 AM (EDT)

Fitch Ratings-Austin-12 April 2013: Fitch Ratings has affirmed the 'A' rating on the following city of Anna, Texas (the city) obligations:

--$1.975 million combination tax and limited surplus revenue certificates of obligation (COs), series 2006;

--$15,000 general obligation (GO) water bonds, series 1976.

The Rating Outlook is Stable.

SECURITY

The GO bonds and COs are secured by a pledge of ad valorem taxes levied annually within the limits prescribed by law against all taxable property in the city. The COs are further secured and payable from a limited pledge (not to exceed $1,000) of surplus net waterworks and sewer system revenues.

KEY RATING DRIVERS

SOLID FINANCIAL POSITION: Despite growth pressures, Anna has maintained a sound financial position through conservative budgeting practices, as evidenced by regular operating surpluses and healthy fund balance levels.

GROWING BUT LIMITED ECONOMIC FOUNDATION: The local economy is primarily fueled by the housing industry, which has been impacted by the recession but is showing signs of recovery.

DEVELOPMENT RESUMES: After a recessionary drop development activity reportedly is accelerating. A return to the rapid growth pace of previous years would boost tax base growth but also present new service and infrastructure challenges.

HIGH OVERALL DEBT BURDEN: The city's overall debt burden is high, due primarily to the overlapping debt of the local school district. Fitch believes the debt load currently is manageable due to the reasonable prospects for continued expansion of the tax base.

RATING SENSITIVITIES

Maintenance of solid financial reserves, given Anna's sales tax exposure, is a key to maintaining credit quality.

CREDIT PROFILE

The city is located 40 miles north of Dallas in the relatively affluent Collin County (the county). Easy access to Dallas from U.S. Highway 75 and affordable land make this former farm community an attractive location for many first time homebuyers. Officials estimate that approximately 85% of the city's 9,200 residents commute outside the city for work.

RAPID GROWTH TEMPERED BY RECESSIONARY PRESSURES

The city experienced dramatic growth in its population base during the last decade, increasing at an average annual rate of 21% between 2000 and 2010 and making it one of the fastest growing cities in the region. Significant commercial and retail development followed.

With the onset of the recent recession, the city's expansion slowed down considerably. Single-family residential building permits, which annually exceeded 500 in 2003 and 2004, dropped precipitously to a low of 6 in 2009. Recent permits have improved dramatically, with 100 issued in 2011 and 350 in 2012 and expectations for continued growth in new single-family housing construction over the near to medium term.

Taxable assessed values (TAV) softened slightly since the recession, decreasing by an average annual rate of 1.4% since 2009. Positively, TAV registered a 3.7% increase for fiscal 2013, driven by renewed growth in the housing sector.
The city's top 10 taxpayers represent a modest 7.4% of total TAV and include a mix of retail and commercial concerns. Property tax rates are above average relative to other cities in the county. The city's current rate of $0.65 per $100 of TAV represents a 12% rate hike since fiscal 2009.

Wealth levels are mixed. Market value per capita is average at $51,000. Per capita money income is 90% of the Texas average and 82% of the U.S. average, but median household income is roughly 120% of the state and national averages. The unemployment rate in the county has trended downward after spiking in 2010. The county's January 2013 rate of 6% was well below both the Texas (6.9%) and U.S. averages (8.5%) for the month.

STABLE FINANCIAL PROFILE; HIGH RESERVE LEVELS

The city has managed to meet the service demands of a growing population while maintaining a sound financial profile. The city continues to maintain very high levels of general fund reserves, well above the council-adopted policy of maintaining 90 days operating reserves.

The city's revenue sources are diverse, with property taxes comprising 57% and economically sensitive sales taxes comprising 14% of total general fund revenues. Public safety constitutes the largest and fastest growing spending item. The city's 1% sales tax experienced rapid growth during the period of dramatic population growth, even showing double-digit annual growth throughout most of the recent recession.

Fiscals 2011 and 2012 each ended with a modest surplus, boosting the 2012 general fund balance to $2.6 million, or 71% of spending. The fiscal 2013 adopted budget was balanced, and another modest operating surplus is now anticipated due to better than expected sales tax collections. Given past practices and results, Fitch believes management will continue its proactive financial planning practices and budgetary oversight in order to maintain its sound financial position.

HIGH OVERALL DEBT LEVELS; LOW PENSION FUNDING

While the city's direct debt levels are modest, overall debt levels are very high at approximately $8,100 per capita and 15.8% of fiscal 2013 TAV. The high debt burden is mainly driven by substantial overlapping borrowing by the Anna Independent School District (not rated by Fitch). The pace of city debt retirement is average at 56% in 10 years.

Most of the city's outstanding debt consists of obligations issued for its waterworks and sewer system. The city plans to restructure both its tax-supported and water and sewer debt within the next few years in order to smooth out debt service requirements, which are scheduled to rise significantly in 2018. No additional tax-supported bonds are planned for the foreseeable future.

Anna's employees participate in an agent multiple employer defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). The city routinely funds 100% of its annual required contributions; however, funding levels are low at 59% assuming a 7% investment rate of return as of Dec. 31, 2011, up modestly from 53% the prior year. Other post-employment benefits (OPEB) are also provided by the city through TMRS, but limited to group-term life insurance benefits, which may be terminated by city council, resulting in no unfunded liability. Carrying costs related to long-term debt, pension and OPEB liabilities were manageable at 17.5% of fiscal 2012 governmental spending less capital outlays.

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In addition to the sources of information identified in Fitch's Tax-Supported Rating Criteria, this action was additionally informed by information from Creditscope, University Financial Associates, S&P/Case-Shiller Home Price Index, IHS Global Insight, National Association of Realtors, Underwriter, Bond Counsel, Underwriter Counsel, and the Municipal Advisory Council of Texas.

Applicable Criteria and Related Research:
--'Tax-Supported Rating Criteria' (Aug. 14, 2012);
--'U.S. Local Government Tax-Supported Rating Criteria' (Aug. 14, 2012).

Applicable Criteria and Related Research
Tax-Supported Rating Criteria
U.S. Local Government Tax-Supported Rating Criteria

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City of Anna, Texas
Financial Policies

BUDGET POLICY

Introduction:

The City of Anna, Texas financial policies set forth the basic framework for the fiscal management of the City. These policies are to ensure consistency in the City's financial processes related to revenue, expenditures, purchasing, accounting, investing, fiscal management and integrity, and fund balance. The City's financial policies are intended to assist the City council and City staff in evaluating current activities and proposals for future programs. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances and conditions. The City of Anna will ensure long-standing policies that provide guidelines for current decision-making processes and future plans.

Operating Budget Policies:

The fiscal year of the City of Anna shall begin on October 1 of each calendar year and end on September 30 of the following calendar year. The fiscal year will also be established as the accounting and budget year.

The operating budget will be balanced with current revenues and a portion of beginning resources or fund balances which will be greater than or equal to current expenditures or expenses. The City Manager's budget shall assume, for each fund, operating revenues that are equal to, or exceed operating expenditures.

Annual estimates of revenues in all funds will be based on historical trends, and reasonable expectations and assumptions regarding growth, the state of the economy, and other relevant factors. A conservative approach will be observed in estimating revenues.

Expenditures in all funds will be managed so as to ensure the fund's obligations are met when due. Throughout the year the Finance Department will provide regular budgetary comparisons reports to Department Directors and the City Manager. These reports will highlight Adopted Budget, Adjusted Budget, Current, Year to Date, and Previous Year expenditures and revenues. These periodic budgetary comparisons statements of revenue and expenditures will allow department directors to adequately manage their department's budget and anticipate revenues and expenditures.

Expenditures within the each Fund will remain within each department's original appropriation unless an intra-fund budget transfer is approved by the City Manager. The City Manager is authorized to approve intra-fund transfers. Only the City Council may approve inter-fund transfers. Budget amendments will occur when total actual expenditures exceed budgeted expenditures in any fund(s). Budget amendments are authorized only by the City Council approved by ordinance. If at any time during a fiscal year the City Manager estimates that current year expenditures in any fund will exceed available revenues, the City Manager will submit a plan to the City Council addressing the estimated deficit including a plan of action to overcome the estimated deficit.

Anna's budget is coordinated to identify major policy issues for the City Council to consider several months prior to the budget approval date. In this way, the Council has adequate time to

evaluate decisions and ensure proper decisions are made. The budget review process will include City Council, City staff, and citizen participation through public hearings.

Each department head is responsible for ensuring proper budgetary procedures are followed throughout his or her department.

Investments made by the City of Anna will be in compliance with policies contained in the City of Anna Investment Policy and the Public Funds Investment Act. All investments will be evaluated upon safety, liquidity, and yield. Interest earned from investment of available funds is based on departmental ownership of the invested dollars and will be booked to the appropriate department's fund when realized.

After City council adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the City council shall constitute the official appropriations for the current year and shall constitute the basis of the official levy of the property tax. Following the final adoption of the budget by ordinance, the City Council shall pass an ordinance levying property taxes for the current year.

Fund Balance:

A key element of the financial stability of the City is to establish guidelines or "safe harbors" for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the City maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the City's general operations.

For governmental funds, it is important to distinguish between fund equity and fund balance. A fund's equity is typically the difference between its assets and liabilities. Fund balance is an accounting distinction made between the portions of fund equity that are spendable and non-spendable. The Governmental Accounting Standards Board has established 5 classifications of fund balance:

1. **Nonspendable fund balance –** includes amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or permanent funds (i.e. endowment funds).

2. **Restricted fund balance –** includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and child safety fees.

3. **Committed fund balance –** includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

a. The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at the City's Council meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

4. **Assigned fund balance –** comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund (i.e. only funds in the capital projects fund may be used for capital projects).

    a. The City Council has authorized the City Manager to assign fund balance to a specific purpose as approved by this fund balance policy.

5. **Unassigned fund balance –** is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Minimum Unassigned Fund Balance
The City shall set aside resources during years of growth to fund a reserve for years of decline and/or to fund capital out of current funds for projects that would have otherwise been funded through debt financing. It shall be the goal of the City to maintain an unassigned fund balance in the General Fund of 25% of total appropriations.

Minimum Unrestricted Net Assets
The City shall set aside resources during years of growth to fund a reserve for years of decline and/or to fund capital out of current funds for projects that would have otherwise been funded through debt financing. It shall be the goal of the City to maintain unrestricted net assets in the Utility Fund (a non-governmental type fund) of 25% of total appropriations.

At the close of each fiscal year, the unencumbered balance of each appropriation shall revert to the fund from which it was appropriated.

If minimum fund balance falls below the goals stated above, the City Manager will develop a strategy to initially evaluate current government wide spending to determine areas where cost efficiencies may be realized and implement those efficiencies. Should the analysis prove insufficient to attain the goal, a multi-year strategy will be put in place to meet the goals through a combination of cost cutting, cost recovery, and revenue enhancing strategies.

Order of Expenditure of Funds
When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and

unassigned fund balance), the City will start with the most restrictive category and spend those funds first before moving down to the next category with available funds.

Financial Policies:

The accounts of the City are organized and operated on the basis of funds and account groups. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

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

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

Quarterly Reports:

Revenues actually received will be regularly compared to budgeted revenues and variances will be investigated. This process will be summarized in the quarterly budget reports prepared and submitted by the City Managers Office.

The City Manager shall submit to the City Council each quarterly financial report of the City. The report will compare budget estimates against the previous quarter's realized revenues including year to date realized revenues. The previous fiscal year's performance will also be included.

General Obligation Bonds/ Debt:

Anna shall have the power to borrow money on the full faith and credit of the City and to issue general obligation bonds for permanent public improvements. The City will also be allowed to borrow money for any other public purpose not prohibited by the Constitution and laws of the State of Texas, and to issue refunding bonds to refund outstanding bonds of the City previously issued. All such bonds shall be voted on and issued in conformity with the laws of the State of Texas.

Any and all bond funds approved by the vote of the Citizens of Anna will be expended only for the purposes stated in the bond issue.

The City shall also from time to time borrow money utilizing other available instruments including revenue bonds, certificates of obligation, et al.

In all cases, the City shall evaluate the following prior to incurring debt obligations:

- Ensure that the purpose of the debt is consistent with type of debt instrument
- Where possible, match the useful life of the asset with the maturity of the debt

- Review the maintenance & operations property tax rate against the debt service tax rate and ensure that no more than 35% of the total tax rate is used for debt obligations.

The City will manage the length and maturity of its long-term debt in order to lower net interest cost and to maintain future flexibility by paying off debt earlier.

Revenues:

The City of Anna strives to maintain and enhance a diversified and stable revenue system to shelter it from fluctuations in any single revenue source. The City also pursues an aggressive policy of collecting all money due to the City. The City will continue an aggressive policy to reduce the level of delinquent taxes.

For every annual budget, the City shall levy two property tax rates: maintenance/operations (M&O) and debt service (I&S). The debt service levy shall be sufficient for meeting all principal and interest obligations associated with the City's outstanding debt, less money transferred into the debt service fund from other funds and any self-sustaining debt such as revenue bonds, for the budget year. The operation and maintenance levy shall be accounted for in the General Fund.

The City is primarily a bedroom community with a heavy reliance upon property taxes. In order to supplement property taxes, the City has and will continue to support economic development and community development to create a vibrant community with a growing sales tax base to defray the reliance upon property taxes.

The City Manager shall project revenues from every source based on actual collections from the preceding years and estimated collections of the current fiscal year. There are a variety of factors that may impact revenues for an upcoming fiscal year, and the City Manager will take these into account when projecting collections. Sales tax revenue projections should be conservative due to the nature of this more volatile revenue source.

Types of City Funds:

- General Fund is the government's primary operating fund.
- Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds.
- Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by any other fund.
- Utility Fund is used to account for the City's water and wastewater operations and certain long-term debt.

Financial Statements:

An annual independent audit will be completed and filed with the City Secretary within one hundred eighty (180) days from the completion of each fiscal year, the results of which shall be presented to and approved by the City Council. The financial statements to the City are to be prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards

Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City shall contract with a qualified independent auditing firm on an annual basis, and shall use the same firm no more than five consecutive years.

PURCHASING POLICY

The City Manager is authorized to make purchases and enter into contracts on behalf of the City if the amount does not exceed $50,000. All purchases, transactions and contracts for expenditures involving more than $50,000 must be expressly approved in advance by the City Council during a duly noticed public meeting. Notwithstanding anything to the contrary in this Purchasing Policy or in any other City ordinance, rule, regulation or policy, all purchases, transactions and contracts for expenditures regardless of amount must be expressly approved in advance by the City Council during a duly noticed public meeting if—with respect to such purchase, transaction or contract for expenditure—any City Official (as defined in the Anna Code of Ethics) is: (1) required to file a Conflicts Disclosure Statement under Chapter 176 of the Texas Local Gov't Code or the Anna Code of Ethics, as amended; or (2) is a Vendor as that term is described under Section 176.002 of the Texas Local Gov't Code, which includes acting as an agent of a Vendor. Otherwise, the following purchasing procedure is outlined in accordance with the noted dollar thresholds of expenditures.

Petty Cash:

Any and all purchases under $15.00 should be paid from Petty Cash. This reduces paperwork and eliminates checks. Petty Cash may also be used for minor purchases of goods or services that are more than $15.00, where deemed appropriate. A receipt from the purchase is required at time of reimbursement and the employee requesting reimbursement will be required to sign a receipt for the cash.

Expenditures for Goods or Services $1-$500:

Department Directors are allowed to make purchases for goods or services under $500 without seeking bids.

Expenditures for Goods or Services $501-$2,999:

Expenditures for good or services over $500 but not exceeding $2,999 may be approved at the department level by the Department Director. Department directors should request and review at least three different quotes or bids unless the purchase is listed under the General Exemptions in Texas Local Government Code Chapter 252.022. This is an informal bid process and can be done via mail, e-mail, delivery service, telephone or facsimile. In lieu of providing three different quotes or bids, and when authorized by the City Manager, Department Directors may purchase goods or services in this category through a local government purchasing cooperative or interlocal purchasing agreement of which the City of Anna is a member or eligible to participate, where the products and services to be purchased have been submitted for competitive procurement as outlined by state statute.

Expenditures for Goods or Services $3000-$49,999:

Expenditures for good or services equal to $3,000 but not exceeding $49,999 are also bid on an informal basis. At least three written bids or quotes are required unless the purchase is listed under the General Exemptions in Texas Local Government Code Chapter 252.022. The City will contact Historically Underutilized Business as stipulated in Texas Local Government Code Chapter 252.0215 unless the purchase is listed under the General Exemptions in Texas Local

Government Code Chapter 252.022. In lieu of providing three different written quotes, goods or services in this category may be purchased through a local government purchasing cooperative or interlocal purchasing agreement of which the City of Anna is a member or eligible to participate, where the products and services to be purchased have been submitted for competitive procurement as outlined by state statute. All purchases in this category must be approved in advance by the City Manager.

Once the bids have been received and evaluated, the department collecting bids or quotes shall submit a requisition accompanied with a memorandum recommending a bidder. After authorization has been received from the City Manager, the purchase requisition is processed.

Expenditures for Goods or Services $50,000 and over:

All purchases above $50,000.00 must be purchased under formal competitive sealed bidding rules or as other wise permitted by the Local Government Code under Chapters 252 and 271. No bid process shall begin until approved by the City Council and City Manager. The City Council hereby selects as its designated representative the City Manager of the City of Anna, Texas to discharge on its behalf any duty it may have now or in the future with respect to any purchase or contract to determine the method(s) of purchase that will provide the best value to the City.

Professional Services:

Notwithstanding anything to the contrary in this Purchasing Policy or in any other City ordinance, rule, regulation or policy, purchases of professional services regulated by the Professional Services Procurement Act (PSPAP) shall be in accordance with the requirements outlined in the PSPA as amended.

Emergency Purchases:

Notwithstanding anything to the contrary in this Purchasing Policy or in any other City ordinance, rule, regulation or policy, the City Manager is authorized to make or approve any emergency purchase necessary to respond to a public calamity, or to preserve or protect the public health or safety of the municipality's residents in accordance with the General Exemptions authorized in Section 252.022 of the Texas Local Government Code without seeking bids or contacting Historically Underutilized Businesses. The City Manager shall advise the City Council of any such emergency purchase in excess of $50,000. When an emergency occurs during office hours and the expense exceeds the normal department approval amount, the department director shall contact the City Manager to receive authorization for the emergency purchase.

PURCHASING CARD POLICY

Purpose:

The purpose of the Purchasing Card Program is to provide the City with an efficient and controllable method of making small dollar commodity, service, and travel purchases. The City will issue cards from a company that has received the State of Texas purchasing card contract or under a Co-operative purchasing agreement with another municipality within the State of Texas. The card will be primarily used in place of petty cash, small regular purchase orders, blanket purchase orders (where sales are made over-the-counter), emergency purchase orders, and all other credit cards. This card policy is not intended to replace, but rather supplement existing purchasing, travel and other City policies. Participating in the purchasing card program will be the option of the employer. Employees that are not issued a card may obtain travel advances or reimbursements

Use:

The card will be used for the following:

1) Any transaction that does not exceed $1,500 or the cardholder's transaction limit, whichever is less.
2) Over-the-counter type retail purchases normally made using a charge account or discontinued credit cards.
3) Travel related purchases in compliance with the City of Anna Travel Policy.
4) Any other business related purchase as long as:
    a. The vendor accepts credit cards, and the goods/services purchases are not covered under a City supply contract. Accounting Department will periodically update staff via email of any commodities that cannot be purchased with the purchasing card.
    b. All other purchases are to be made using the standard purchasing process.

Transaction/Card Limits:

Each individual purchasing card will have transaction and/or spending limits. The Finance Director has the ability also to limit types of purchases, place of purchase and hours of day purchases can be made on individual cards. The total purchase price as printed on the individual credit card receipt is known as the "transaction amount". The purchasing card may be limited by the merchant type, transaction amount, and monthly transaction limit. The Department Director, Finance Director, and City Manager determine limits.

Cardholder Class	*Per Transaction	*Per Month
Management City Manager, Department Directors	$ 2,500	$ 5,000

Supervisory Division Heads, Supervisors	$ 1,500	$ 3,000
Intermediate Level Users	$ 500	$ 2,000

*The City Manager may set different limits for specific individuals as needed.

Restrictions:

Employees may NOT use the card for the following:

1. Any purchases of items for personal use
2. Cash refunds or advances
3. Any purchases of goods/services at a merchant type not considered prudent or of good judgment
4. Any transaction amount greater than the cardholder's transaction limit
5. Items under contract, unless an emergency exception is granted by the Finance Department
6. Alcohol, liquor, and tobacco products of any kind
7. Separate, sequential and component purchases or any transaction made with intent to circumvent City purchasing policy or state law
8. Any other purchase specifically excluded in the City purchasing policy

Receipts:

All purchases must be supported by a receipt for the purchaser. Any purchase without a receipt shall be the responsibility of the purchaser unless approved by the City Manager.

Audit review:

Purchases using the Anna Purchasing cards shall be reviewed for compliance with this policy by City Auditor during the annual audit process.

ETHICS POLICY

This Ethics Policy is cumulative of any provisions governing ethics or conflicts of interest under state law, the City of Anna's Home-Rule Charter, and the Anna Code of Ethics, all as amended, and in the event of any conflict between any such provisions, the most restrictive provision shall govern. This Ethics Policy will promote the objectives of protecting government integrity and facilitating the recruitment and retention of qualified ethical personnel needed by the City of Anna. Such policy is implemented by prescribing essential standards of ethical conduct without creating unnecessary obstacles to entering public service.

As a public entity, the City is expected to be able to demonstrate to the public that it has spent their tax dollars wisely. All participants in the City are responsible for insuring that money is spent in accordance with the terms and conditions of all the policies of the City of Anna. Public employees must discharge their duties impartially so as to assure fair competitive access to government procurement by responsible contractors. Public officials and employees must take precautions to avoid even the appearance of impropriety, self-dealing, favoritism, or undue influence.

Therefore, all persons with the responsibility of handling City of Anna monies must obtain and/or create as appropriate adequate documentation, including a clear explanation of exactly what each purchase is for.

General Ethical Standards:

1. It shall be a breach of ethics to attempt to realize personal gain through public employment with the City of Anna by any conduct inconsistent with the proper discharge of the employee's duties.
2. It shall be a breach of ethics to attempt to influence any public employee of the City of Anna to breach the standards of ethical conduct set forth in this code.
3. It shall be a breach of ethics for any employee of the City of Anna to participate directly or indirectly in a procurement when the employee knows that:
    a. The employee or any member of the employee's immediate family has a financial interest in the procurement;
    b. A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement;
    c. Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
4. It shall be a breach of ethics for any employee of the City of Anna to accept, receive, or arrange for any gratuity or any offer of employment in connection with any decision, approval, denial, recommendation, preparation of any part of a program requirement or purchase request, influencing the content or any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement of a contract or subcontract, or to any solicitation or proposal thereof, pending before this government.

5. It shall be a breach of ethics for any employee of the City of Anna to approve or allow any purchase, transaction or contract for expenditure regardless of the amount unless said employee has been expressly authorized to do so in advance by the City Council during a duly noticed public meeting if—with respect to such purchase, transaction or contract for expenditure—any City Official (as defined in the Anna Code of Ethics) is: (1) required to file a Conflicts Disclosure Statement under Chapter 176 of the Texas Local Gov't Code or the Anna Code of Ethics, as amended; or (2) is a Vendor as that term is described under Section 176.002 of the Texas Local Gov't Code, which includes acting as an agent of a Vendor.
6. It shall be a breach of ethics for any employee or former employee of the City of Anna knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

BANK DEPOSITORY

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

City of Anna, Texas
Investment Policy

February 26, 2013

INVESTMENT POLICY

A component part of the overall financial management of the City of Anna, Texas is an effective cash management plan. Many factors determine the amount of funds on hand during any fiscal year, but these funds are an important revenue source for the City budget. It is imperative that these funds be managed in such a way as to be responsive to the public need and consistent with a conservative cash management plan. To provide this framework for effective cash management, an Investment Policy and a Statement of Investment Strategy have been prepared.

Purpose:

The Investment Policy is authorized by the City Council of the City of Anna in accordance with Chapter 2256, Texas Government Code, also known as the Public Funds Investment Act (PFIA). The Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of City funds. All such funds will be managed within the guidelines of this Policy with the exception of pension and other deferred compensation plans that are separately managed. Bond funds, in addition to this Policy, shall be managed in accordance with their issuing documentation and all applicable state and federal law.

This Policy provides a separate written investment strategy for each of the City's funds. Each investment strategy describes the investment objectives for each particular fund according to the following priorities:

1) Investment Suitability
2) Preservation and Safety of Principal
3) Liquidity
4) Marketability Prior to Maturity of each Investment
5) Diversification
6) Yield

Annual Review:

The Investment Policy and the Statement of Investment Strategy will be reviewed on an annual basis by the City Council. Revisions and/or amendments will be approved and documented by the City Council. A written document shall attest to the annual review and amendment adoption.

Investment Objectives:

The investment of funds will be governed by the following investment objectives, in order of priority:

1. Preservation and Safety of Principal

   Preservation of capital is the foremost objective of the City. Each investment transaction shall seek first to ensure that capital losses are avoided, whether they are from issuer defaults, erosion of market value, or other risks.
2. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that can be reasonably anticipated. Liquidity will be achieved by matching investment maturities with forecasted cash flow requirements.

3. Public Trust

   All employees involved in the City's investment program shall seek to act responsibly as custodians of the public trust. All employees involved in the investment process shall avoid any transaction which might impair public confidence in the City's ability to govern effectively.

4. Yield

   The investment portfolio of the City shall be designed to attain a market rate of return throughout budgetary and economic cycles taking into account risk constraints and liquidity needs. Return on investment, while important, is of less importance than safety and liquidity.

Authorized Investments:

While the PFIA allows a wide range of eligible investments, the City has chosen to allow only the following, which are more restrictive than the PFIA:

1. Obligations of the United States government or its agencies and instrumentalities.

2. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

3. Direct obligations of this State or its agencies and instrumentalities.

4. Certificates of Deposit, and other forms of deposit, issued in compliance with the PFIA and insured by the FDIC, or when applicable, collateralized in accordance with this Policy and the Public Funds Collateral Act.

5. Repurchase agreements placed and secured in compliance with the PFIA and, collateralized with a minimum market value of 102 percent of the dollar value of the transaction plus accumulated accrued interest.

6. SEC-registered, AAAm, or its equivalent, (as rated by Fitch, Moody's or Standard & Poor's), no-load money market mutual funds. The investment objective of the fund must be to maintain a stable dollar net asset value of $1.00. The City may not invest funds under its control in an amount that exceeds 10% of total assets of any individual money market mutual fund. A fund prospectus shall be reviewed for compliance with this Policy prior to depositing monies.

7. State or local investment pools organized under the Interlocal Cooperation Act, operating in compliance with the PFIA and authorized by the City Council. The investment pool

must be rated AAAm, or its equivalent, (as rated by Fitch, Moody's or Standard & Poor's). The investment objective of the pool must be to maintain a stable dollar net asset value.

Prohibited Investments:

The City is expressly prohibited from entering into options trading or futures contracts, hedging or purchasing any security that is not authorized by Texas State law, or any direct investment in asset backed or mortgage-backed securities. The City expressly prohibits the acceptance of Interest-only (IO) and Principal-only (PO) Collateralized Mortgage Obligations (CMOs) as collateral for bank deposits or repurchase agreements. No transactions may be entered for speculation. No transaction may be entered using leverage.

Protection of Principal:

The City shall seek to control the risk of principal loss due to the failure of an issuer or grantor. Such default risk shall be controlled by investing only in the safest types of issuers as defined in the Policy and by collateralization as required by law.

The purchase of individual securities shall be executed by "delivery versus payment" (DVP) method through the City's safekeeping agent. By so doing, City funds are not released until the City has received, through the safekeeping agent, the securities purchased.

Diversification by Investment Type:

When appropriate and applicable, diversification by investment type shall be maintained by ensuring an active and efficient secondary market in portfolio investments, and by controlling the market and opportunity risks associated with specific investment types. Undue concentrations of assets in a specific maturity sector shall be avoided. Bond proceeds may be invested to comply with Federal arbitrage restrictions or to facilitate arbitrage record-keeping and calculation.

Diversification by Investment Maturity:

In order to minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Maturity guidelines by fund are as follows:

Operating Funds Strategy:

Suitability – Any investment eligible in the Investment Policy is suitable for Operating Funds.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations may occur. However, by managing the weighted average days to maturity for the Operating Fund’s portfolio to less than 270 days and restricting the maximum allowable maturity to two years, the price volatility of the overall portfolio will be minimized.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement.

Liquidity – The Operating Fund requires the greatest short-term liquidity of any of the Fund types. Cash equivalent investments will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Diversification – Investment maturities should be staggered throughout the budget cycle to provide cash flow based on the anticipated operating needs of the City. Market cycle risk will be reduced by diversifying the appropriate maturity structure out through two years.

Yield – Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio will be the minimum yield objective.

Construction and Capital Improvement Funds Strategy:

Suitability – Any investment eligible in the Investment Policy is suitable for Construction and Capital Improvement Funds.

Safety of Principal – All investments will be of high quality with no perceived default risk. Market fluctuations may occur. However, by restricting the maximum maturity to the lesser of the anticipated cash flow requirements or the IRS defined temporary period, the market risk of the portfolio will be minimized.

Marketability – The balancing of short-term and long-term cash flow needs requires the Construction and Capital Improvement Funds portfolio to have securities with active and efficient secondary markets.

Liquidity – Construction and Capital Improvement Funds used as part of a CIP plan or scheduled repair and replacement program are reasonably predictable. However unanticipated needs or emergencies may arise. Maintaining minimum cash equivalent investment amounts will reduce the liquidity risk of unanticipated expenditures. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any required expenditures. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification – Investment maturities should blend the short-term and long-term cash flow needs to provide adequate liquidity and yield enhancement and stability. A “barbell” maturity ladder may be appropriate.

Yield – Attaining a competitive market yield for comparable investment-types and portfolio structures is the desired objective. The yield of an equally weighted, rolling six-month Treasury Bill portfolio will be the minimum yield objective.

Debt Service Funds Strategy:

Suitability – Any investment eligible in the Investment Policy is suitable for the Debt Service Fund.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations may occur. However, by managing Debt Service Funds to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Marketability – Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Liquidity – Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Cash equivalent investments may provide a competitive yield alternative for short term fixed maturity investments. A singular repurchase agreement may be utilized if disbursements are allowed in the amount necessary to satisfy any debt service payment. This investment structure is commonly referred to as a flexible repurchase agreement.

Diversification – Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are anticipated to decrease over time, the City is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide advantage. At no time shall the debt service schedule be exceeded in an attempt to bolster yield.

Yield – Attaining a competitive market yield for comparable investment-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling three-month Treasury Bill portfolio shall be the minimum yield objective.

Ensuring Liquidity:

Liquidity shall be achieved by analyzing and anticipating cash flow requirements, by investing in securities with active secondary markets and by maintaining minimum cash equivalent investment balances. An investment may be liquidated or redeemed prior to maturity for the following reasons:

1. To meet unanticipated cash requirements
2. To re-deploy cash into other investments expected to outperform current holdings
3. To otherwise to adjust the portfolio.

Depository Agreements:

The City will select and designate a qualified primary bank depository in compliance with State law and the City's purchasing policy.

All depository balances shall be insured or collateralized in compliance with applicable State law. The City reserves the right, in its sole discretion, to accept or reject any form of insurance or collateralization pledged towards depository deposits. Depositories will be required to sign a Depository Agreement with the City. The Agreement shall address any concerns in relation to acceptable collateral, levels of collateral, substitution and addition of collateral, and reporting and monitoring of collateral. The collateralized deposit portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing and shall establish a perfected security interest in compliance with Federal and State regulations, including:

- The Agreement must be in writing;
- The Agreement has to be executed by the Depository and the City contemporaneously with the acquisition of the asset;
- The Agreement must be approved by the Board of Directors or Designated Committee of the Depository and a copy of the meeting minutes must be delivered to the City; and
- The Agreement must be part of the Depository's "official record" continuously since its execution.

Safekeeping and Custody:

The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or held as collateral to secure financial institution deposits and repurchase agreements.

Securities owned by the City shall be held in the City's account as evidenced by safekeeping receipts of the institution holding the securities. Safekeeping institutions shall be independent from the parties involved in the investment transaction.

Collateral will be held by a third party custodian designated by the City and pledged to the City as evidenced by safekeeping receipts of the institution with which the collateral is deposited. Original safekeeping receipts shall be obtained. Collateral may be held by a Federal Reserve Bank or branch of a Federal Reserve Bank, a Federal Home Loan Bank, or a third party bank approved by the City and eligible under State law.

Competitive Environment:

It is the policy of the City to provide a competitive environment for all individual investment purchases and sales, and financial institution, money market mutual fund, and local government investment pool selections.

Authority to Invest:

The City Manager and Finance Director shall be the Investment Officers. The Investment Officers shall oversee and approve any deposit, withdrawal, investment, transfer, documentation, and otherwise manage City funds according to this Policy. No person may engage in an investment transaction or the management of funds except as provided under the terms of the Investment Policy, the Statement of Investment Strategy, and other operational procedures established by the City Manager.

In order ensure qualified and capable investment management, within twelve (12) months after taking office or assuming duties, each Investment Officer shall attend a training session relating to his/her investment responsibilities and receive not less than ten (10) hours of instruction. On an ongoing basis, all Investment Officers shall receive not less than ten (10) hours of instruction in each subsequent two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date. Training will be conducted by an independent source approved by the Investment Committee and must include education in

investment controls, security risks, strategy risks, market risks and compliance with the Public Funds Investment Act.

Prudent Investment Management:

Each Investment Officer shall perform his/her duties in accordance with the adopted Investment Policy and internal procedures. In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the investment of all funds over which the Investment Officer had responsibility, rather than the prudence of a single investment, shall be considered. Investment Officers acting in good faith and in accordance with these policies and procedures shall be relieved of personal liability.

Standard of Care:

The standard of care used by the City shall be the "prudent person rule" and shall be applied in the context of managing the overall portfolio within the applicable legal constraints. The PFIA states:

> *"Investments shall be made with judgment and care, under circumstances then prevailing, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."*

Standard of Ethics:

Each Investment Officer shall act as custodian of the public trust avoiding any transaction which might involve a conflict of interest, the appearance of a conflict of interest, or any activity which might otherwise discourage public confidence. An Investment Officer shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair his/her ability to make impartial investment decisions. Additionally, an Investment Officer shall file with the Texas Ethics Commission and the City Council a statement disclosing any personal business relationship with an entity seeking to sell investments to the City or any relationship with the second degree by affinity or third degree of consanguinity to an individual seeking to sell investments to the City.

Internal Controls:

The City Manager will establish a system of internal controls that shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by City staff. Controls deemed most important would include, but not be limited to:

1. Control of collusion
2. Separation of duties
3. Separating transaction authority from accounting and record-keeping
4. Custodial safekeeping
5. Avoidance of bearer-form securities
6. Clear delegation of authority
7. Written confirmation of telephone transactions
8. Documentation of transactions

As part of the annual audit, the Investment Officers shall facilitate an independent review by the City's external auditor to assure compliance with policies and procedures.

Monitoring Market Value:

Market value of all collateral, mutual funds, pools, and securities will be monitored periodically and obtained from a reputable and independent source.

Effect of Loss of Rating:

All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating. At least quarterly, the City shall monitor the rating of all investments, as applicable.

Exemption for Existing Investments:

The City is not required to liquidate investments authorized at the time of purchase.

Performance:

The City's investment portfolio shall be designed to obtain a market rate of return on investments consistent with risk constraints and expected cash flow of the City. Weighted average yield to maturity shall be the performance measurement standard.

Authorized Broker/Dealers

The Investment Committee shall, at least annually, review, revise, and adopt a list of qualified broker/dealers authorized to engage in securities transactions with the City. Authorized firms include primary dealers or secondary dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).

Investment Policy Certification:

All investment providers, including financial institutions, broker/dealers, money market mutual funds, and local government investment pools, must sign a certification acknowledging that the organization has received and reviewed the City's Investment Policy and that reasonable procedures and controls have been implemented to preclude investment transactions that are not authorized by the City's Policy.

Investment Committee:

An Investment Committee comprised of the City Manager, City Finance Director and the Finance/HR Supervisor will meet on a periodic basis. The Committee shall monitor the investment activities; assist in the development of investment policies, strategies and procedures; and annually review and approve the City's broker/dealers and independent training sources.

Reporting:

The Investment Officers shall prepare an investment report at least quarterly in compliance with the PFIA. This report will be prepared in a manner that will allow the City to ascertain whether investment activities during the reporting period have conformed to this Policy. The report will be provided to the City Council.

In conjunction with the annual audit, the external auditor will perform a formal review of the quarterly reports with the results reported to the City Council.

CITY OF ANNA, TEXAS

HOME-RULE CHARTER

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

Amended on
November 4, 2008 and May 12, 2012

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

ARTICLE 7—FINANCIAL PROCEDURES

SECTION 7.01 Fiscal Year

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

SECTION 7.02 Submission of Budget and Budget Message

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

SECTION 7.03 Budget Message

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

SECTION 7.04 Budget a Public Record

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

SECTION 7.05 Public Hearing on Budget

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

SECTION 7.06 Proceeding on Adoption of Budget

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

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

On final adoption, the budget is in effect for the budget year. Final adoption of the budget by the City Council constitutes the official appropriations as proposed by expenditures for the current year and

constitutes the basis of official levy of the property tax as the amount of tax to be assessed and collected for the corresponding tax year. Estimated expenditures will in no case exceed proposed revenue plus cash on hand. Unused appropriations may be transferred to any item required for the same general purpose.

SECTION 7.08 Contingent Appropriation

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

SECTION 7.09 Amending the Budget

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

SECTION 7.10 Certification; Copies Made Available

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

SECTION 7.11 Capital Program

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

(1) a clear summary of its contents;

(2) a list of all capital improvements which are proposed to be undertaken during the five fiscal years succeeding the budget year, with appropriate supporting information as to the necessity for such improvements;

(3) cost estimates, method of financing, and recommended time schedules for each improvement; and

(4) the estimated annual cost of operating and maintaining the facilities to be constructed or acquired. The above information may be revised and extended each year with regard to capital improvements still pending or in the process of construction or acquisition.

SECTION 7.12 Defect Does Not Invalidate the Tax Levy

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

SECTION 7.13 Lapse of Appropriations

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

SECTION 7.14 Borrowing

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

(b) General Obligation Bonds.

1 The City has the power to borrow money on the credit of the City and to issue general obligation bonds for permanent public improvements or any other public purpose not prohibited by law and this Charter, and to issue refunding bonds to refund outstanding bonds previously issued. All such bonds must be issued in conformity with state and federal law and must be used only for purposes for which they were issued.

2 Any bonds issued under the provisions of this Section may not be issued without an election. The City Council must prescribe the procedure for calling and holding such elections, must define the voting precincts and must provide for the return and canvass of the ballots cast at such elections.

3 If at such elections a majority of the vote is in favor of creating such a debt or refunding outstanding valid bonds of the City, it will be lawful for the City Council to issue bonds as proposed in the ordinance submitting same. However, if a majority of the votes are against the creation of such debt or refunding such bonds, the City Council is without authority to issue the bonds. In all cases when the City Council orders an election for the issuance of bonds of the City, it must at the same time submit the question of whether or not a tax may be levied upon the property within the City for the purpose of paying the interest on the bonds and to create a sinking fund for their redemption.

(c) Revenue Bonds.

1 The City has the power to borrow money for the purpose of constructing, purchasing, improving, extending or repairing of public utilities, or any other self-liquidating municipal function not prohibited by state or federal law.

2 With an affirmative vote of at least two-thirds of the Council Members present and having authority to vote, the City has the power to issue revenue bonds and to evidence the obligation created thereby.

3 Such bonds are a charge upon and payable from all or any part of the properties pledged or from the income gained from the properties, or both. The holders of the revenue bonds are not entitled to demand payment on the bonds out of monies raised or to be raised by taxation.

4 All such bonds must be issued in conformity with state and federal law and must be used only for the purpose for which they were issued.

(d) Emergency Funding. In any budget year, the City Council may, by affirmative vote of at least two-thirds of the Council Members present and having authority to vote, authorize the borrowing of money. Notes may be issued which are repayable not later than the end of the current fiscal year.

SECTION 7.15 Purchasing

(a) The City Council may by ordinance, give the City Manager general authority to contract for expenditure without further approval of the City Council for all budgeted items not exceeding limits set by the City Council within the ordinance.

(b) All contracts for expenditures or purchases involving more than the limits must be expressly approved in advance by the City Council. All contracts or purchases involving more than the limits set by the City Council must be awarded by the City Council in accordance with state and federal law.

(c) Emergency contracts as authorized by law and this Charter may be negotiated by the City Council or City Manager if given authority by the City Council, without competitive bidding, and in accordance with state and federal law. Such emergency may be declared by the City Manager if approved by the City Council, or may be declared by the City Council.

SECTION 7.16 Administration of Budget

(a) No payment may be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made, unless the City Manager, or the City Manager's designee, first certifies that there is a sufficient unencumbered balance in the budget and that sufficient budget funds are or will be available to cover the claim or meet the obligation when it becomes due and payable.

(b) Any authorization of payment or incurring of obligation in violation of Subsection (a) of this Section is void and any payment so made illegal.

(c) This prohibition does not prevent the making or authorizing of payments, or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds, time warrants, certificates of indebtedness, or certificates of obligation, or to prevent the making of

any contract or lease providing for payments beyond the end of the fiscal year, providing that such action is made or approved by ordinance.

(d) The City Manager must submit to the City Council each month a report covering the revenues and expenditures of the City in such form as requested by the City Council.

SECTION 7.17 Depository

All monies received by any person, department or agency of the City for or in connection with the affairs of the City must be deposited promptly in the City depository or depositories. The City depositories must be designated by the City Council in accordance with such regulations and subject to the requirements as to security for deposits and interest thereon as may be established by ordinance and law. Procedures for withdrawal of money or the disbursement of funds from the City depositories may be prescribed by ordinance.

SECTION 7.18 Independent Audit

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

SECTION 7.19 Power to Tax

(a) The City has the power to levy, assess and collect taxes of every character and type for any municipal purpose not prohibited by state or federal law.

(b) The City has the power to grant tax exemptions in accordance with the laws of the State of Texas.

SECTION 7.20 Office of Tax Collector

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

SECTION 7.21 Taxes; When Due and Payable

(a) All taxes due in the City are payable at the office of the City Tax Collector, or at such location or locations as may be designated by the City Council, and may be paid at any time after the tax rolls for the year have been completed and approved. Taxes for each year must be paid before February 1 of the next succeeding year, and all such taxes not paid before that date are delinquent, and subject to penalty and interest as the City Council may provide by ordinance. The City Council may provide discounts for the payment of taxes before January 1 in amounts not to exceed those established by state law.

(b) Failure to levy and assess taxes through omission in preparing the appraisal rolls does not relieve the person, firm or corporation so omitted from obligation to pay such current or past due taxes as shown to be payable by recheck of the rolls and receipts for the years in question, omitting penalty and interest.

SECTION 7.22 Tax Liens, Liabilities and Suits

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

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