



FY2021

Proposed Budget

City of Anna, Texas



THE CITY OF **Anna**

CITY OF ANNA

CITY MANAGER PROPOSED FY2021 ANNUAL BUDGET

**Filed with the City Secretary
August 11, 2020**

This budget will raise more total property taxes than last year's budget by \$854,621, or 11.1 percent, and of that amount \$611,001 is tax revenue to be raised from new property added to the tax roll this year.

The above statement is required by Section 102.005(b), Loc. Gov. Code.

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August 11, 2020

Honorable Mayor and Council Members:

In accordance with the City Charter and the laws of the State of Texas governing home rule cities, it is the privilege of my staff and I, as your City Manager, to deliver to you this budget transmittal and executive summary of the fiscal year 2020-2021 budget.

The Annual City Budget is the most important document that is adopted by the City Council each year. In developing this document, 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 all 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.

In the past year, our organization, like so many other throughout North America, have been impacted by several issues that have had an effect upon our society and life is certainly different than what we previously knew. The events of the COVID-19 Pandemic, the unnecessary death of George Floyd, and the political landscape, have brought many issues to the forefront of our society. Anna, like many communities, has persevered despite these challenges to deliver services and value to our neighbors while managing these events and their respective impacts to all our neighbors.

We successfully participated in a UNITY march to support diversity in our community along with our neighbors; we formulated a Diversity and Inclusion Commission that will be seated in early FY20/21 to help steer our community vision on matters of diversity, inclusion, and equality; we have successfully kept our community informed and notified of all COVID-19 information for the safety of all neighbors; we have implemented practices and policies to ensure our community has been a proactive leader in the related COVID-19 recommendations and executive orders for the safety of our neighbors and our organization; we have successfully procured, expended, and put to use the CARES-ACT funding by implementing a business grant program helping our local businesses through the COVID-19 impacts, purchased much needed personal protective equipment for our staff and public safety employees, retrofitted our facilities for safety in accordance with CDC recommended practices, became an industry leader in temperature monitoring with the innovations of the Wello Stations, and most importantly acquired the City's first medical response unit which is a milestone for our community headed toward enhanced ambulatory response.

This past year has been termed the "Year of Implementation" for the organization. Even with the disruption and delays resulting from the pandemic, staff has set the foundation in place for numerous programs and plans. We have executed many aspects of the Strategic Plan during this year, and successfully responded to many unprecedented challenges. Amidst the impacts of COVID-19, the challenges of the Texas Legislature Senate Bill 2 (limiting and restricting property tax revenue), House Bill 3167 and Senate Bill 1610 (requiring the 30-day shot clock for development plat review and rough proportionality, respectively), and House Bill 2439 (eliminating our abilities to set construction standards on development), all of which

are initiatives restricting the home rule powers and limiting the abilities of City Council's state-wide to govern themselves locally. Regardless of such impediments to our success, numerous strategic initiatives have successfully come to fruition and our organization thrives as a leader in the North Texas economy in the pursuit of becoming the ***"The Premier Community in Collin County."***

During the preceding year, additional organizational transitions have occurred as we have worked hard to integrate several new staff members during this transition while raising the level of professionalism, skills, and knowledge. We have recruited team members from the cities of Richardson, Plano, Rowlett, Sachse, Sherman, Burleson, Allen, and Princeton, as Anna is becoming a preferred employer of choice, as a ***"High Performing Professional City."***

With the acquisition of new staff members in key leadership and support roles, key promotions and staff development, the setting of high expectations with neighbor-based values, reinforced organizational core values, sound financial planning and improved operational efficiencies, the City of Anna is primed to take on the explosive commercial and residential development in our community. With the City Council updating the Strategic Plan in 2020, providing leadership and guidance to the organization by establishing goals based on a strong Mission, a clear Vision, and an aggressive and accountable Action Plan, the organization is poised to be the ***"The Premier Community in Collin County."*** These successes are supported and evidenced by the continued unprecedented record growth, commercial expansion, and economic development opportunities to the likes that our city has never seen.

My staff and I are excited, proud, privileged, and honored to be part of what will be one of the most exciting periods in Anna's history, and knowing that there is more yet to come!

In the following text, I will discuss some of the specific strategic initiatives and goals, the challenges and opportunities before us, the wants and needs of our community, and the recommendations and long-term outlook for the organization.

FORM OF GOVERNMENT

The City of Anna's operates under the Council-Manager Form of Government. The council-manager form of government is the system of local government that combines the strong political leadership of elected officials in the form of a council with the strong managerial experience of an appointed local government manager. The council-manager form of government is a representative system where power is concentrated in the elected city council and where the city council hires a professionally trained manager to fully oversee municipal administration.

Within the Council-Manager form of government, the Mayor and six (6) Council Members serve as the City's legislative body and the community's policymakers. The Mayor serves as the public face of the community, presides over council meetings, serves as the official head of the City for ceremonial occasions, and leads the elected body in setting goals and advocating policy decisions. The Mayor and the Council oversee the employment of the City Manager, as well as the other Charter Officers within the city, such as the City Attorney, City Secretary, and Municipal Court Judge.

Under the Council-Manager form of government, the City Manager serves as the chief executive and main intragovernmental decision-maker for the City. Within this form of government, the City Manager is a professional with education, experience, skills, and abilities related to local governance. In their role, the City Manager manages city staff, oversees the delivery of public services, carries out policies established

by the Council, prepares a budget for the Council's consideration, and serves as the Council's base of knowledge related to past, present, and future local government operations.

Under the Council-Manager form of government, residents – defined and described as “*neighbors*” in Anna – guide their community. They do so regularly by serving on city boards and commissions and by voicing feedback on community opportunities and challenges through a variety of means. They do so at key points in time by voting for elected officials, voting for or against major community financial obligations such as bonds, and participating in comprehensive and strategic planning processes.

STRATEGIC PLAN & GOALS

The Strategic Plan, originally drafted in FY18/19, was reviewed by Council and staff this past fiscal year. It is a working document that provides guidance to City staff when making budgetary, planning, and operational decisions. As part of the adopted Strategic Plan, the City Council has identified and reaffirmed four (4) strategic goals that help frame the City's operational work plans, providing focus for staff, community and Council alike, and providing a system of accountability through performance targets and prioritization of goals for the community. As a part of the iterative process to develop the Strategic Plan, the City Council reaffirmed and established a Vision, Mission, set of Strategic Goals, and key Core Values by which the organization will operate, plan, develop, and grow.

The Action Plan developed is the guiding document that outlines the annual work plans and identifies the priorities and direction for the day-to-day tactical approaches to every service and project we deliver. It is the measurement for each department and its targets. As we navigate the set of plans in each functional area, these efforts ensure that we focus on the things that are truly important to the City, the City Council, and the neighbors we serve each and every day.

Goals

The Goals (reordered for FY20/21) for the City of Anna are:

- 1. Growing Anna Economy**
- 2. Making Anna – A Great Place to Live**
- 3. Sustainable Anna Community Through Planned, Managed Growth**
- 4. High Performing, Professional City**

The Strategic Plan, which is available on the City's web site at annatexas.gov, expands upon the multi-faceted comprehensive goals as well as the strategies to be employed in the execution of the plan.

Mission

Our Mission which support these stated goals, commits us to provide for, to be for, and act for our community with a laser focus:

- (to provide) **Exceptional City Services & Facilities**
- (to be) **Financially Responsible**
- (to act in a) **Neighbor-Focused Way**
- (provide a) **High Performing, Professional City Team**
- (to provide) **Value to Neighbors' Lives**

As you can see, we define our Citizens, Customers, Partners, and Visitors as our **“Neighbors”**, and we shall treat them as such in all that we do.

Vision

In the development of the City’s Vision, the Mayor and the City Council, along with staff, have defined the City of Anna in its best form for the future (Anna 2035), looking at the challenges and the opportunities, to ensure the responsible growth of this, our exploding North Texas community, **“The Premier Community in Collin County”** Anna 2035!

The Anna Vision 2035 is a **community of families** that is **beautiful and safe**. Anna in 2035 has a **vibrant downtown, great housing opportunities and a dynamic business community**.

Anna in 2035 is a **fun community for all** and has **convenient mobility options**.

Anna 2035 is **THE PREMIER COMMUNITY IN COLLIN COUNTY!**

Core Values

One of the most impactful results of the Strategic Planning process was the development of the Organizational Cores Values.

The Anna Team CARES!

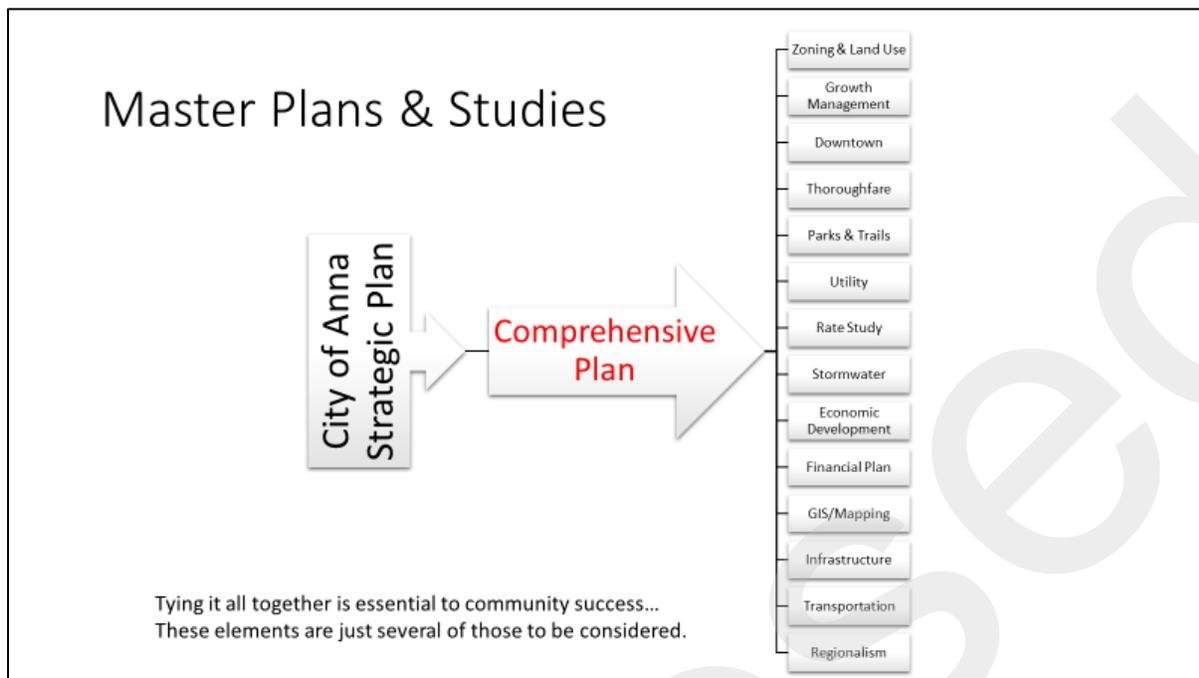
The Anna Team **C.A.R.E.S.** by:

- (being) **CREATIVE**
- (taking) **ACTION**
- (taking) **RESPONSIBILITY**
- (delivering) **EXCELLENCE**
- (is privileged to) **SERVE**

Each of these attributes is the guiding values for the organization. This is the measuring stick for all staff. These are the values to which they will be accountable. It is how we expect all employees to embrace the culture we have been building. It is how we recruit, promote, manage and govern ourselves. All the details of the Strategic Plan have been integrated in all that we do, providing the guiding values, the purpose, and inspiration for driving the organization to accountability and results. We have installed these processes into our everyday actions, and we review these regularly in our strategy meetings to ensure the execution of the Action Plan.

MASTER PLANS & STUDIES

As an extension of the adopted and approved Strategic Plan, there are several master plans that have been previously identified as needing to be updated, revised, revisited, or in some cases, created. Several of these plans have statutory requirements, and some are simply needed to ensure the planned and managed growth of our community.



In the past year, there have been strides put forth in many of these areas.

- **Economic Development Strategic Plan** was completed and implemented. It has several key elements that are in alignment with the Council's Strategic Plan.
- **Utility Rate Analysis** was completed and is set for implementation in FY20/21. With no rate increases in over 5 years, an increase to the rates was inevitable. Upon completion of the study the recommended rate structure being proposed yield that Anna is still the lowest rates in the CGMA consortium.
- **Financial Plan** was completed including:
 - Adoption of Financial Policies
 - Achievement and acquisition of the first of 5 Transparency Stars from the Texas Comptroller's Transparency Program
 - Hiring of a new financial audit firm
 - Creation of the 5-year financial model that is used for forecasting
- **Stormwater Utility** study was started and is projected for completion in early FY20/21.
- **Comprehensive Plan** commenced and is projected for completion by mid FY20/21.
- **Parks and Trails Master Plan** commenced and is projected for completion by mid FY20/21.
- **Downtown Development Plan** commenced and is projected for completion by mid FY20/21.
- **Zoning & Land Use Codes** have been and will continue to be revised incrementally.
- **Infrastructure Plan** analysis for streets has been completed and will be instrumental in the CIP development and proposal.
- **GIS/Mapping** has been implemented and has created numerous resources for all departmental uses and will be expanded over the next year, providing additional analytics for the development of performance metrics. In addition, Senate Bill 1303, an unfunded mandate, requires City and ETJ mapping capabilities that we now have in place and can maintain.

In the upcoming year each of these plans will set the tone for their respective areas of focus and be the guiding documents for our community growth, development processes, success in achieving sustainable

growth, and providing the environment and opportunity for development that brings value to neighbors' lives making Anna a great place to live, work, and play.

In addition, in this budget we will deliver a true and comprehensive **Capital Improvement Plan** that we will bring forth and define as the "**Community Investment Plan**" providing for project planning for Public Works Infrastructure, Parks & Trails, and Facilities planning for all City Departments and community needs as well as identifying a long-term outlook that plans for future opportunities, some of which may be unfunded in the short term but can be used as a planning tool as well as planning for shovel-ready projects for potential grant opportunities in all functional areas.

CHALLENGES & OBSTACLES / OPPORTUNITIES & ACCOMPLISHMENTS

In the evaluation of the City and its many components, we have identified many of the challenges and obstacles as well as the opportunities and accomplishments that set the tone for our community. Several challenges and obstacles will require significant resources and efforts to overcome and to take the City to the next level.

The following are several of those challenges and obstacles as well as the opportunities and accomplishments that we have leveraged to success. Each year going forward, we will review these challenges and opportunities and include additional target areas all in support of the Council approved and adopted Strategic Plan.

This budget addresses many of the challenges and obstacles.

Pay Plan / Employee Compensation / Benefits

During the last fiscal year, staff has implemented the comprehensive analysis of the employee Compensation Plan.

North Texas continues to be one of the most highly competitive environments for local government employees in the country and while our City is far from being the leader in compensation, it is imperative that we remain relatively competitive in the area of employee compensation and benefits, if we are to attract, retain, and develop qualified employees. All cities compete for the same talent pools and having a right-sized compensation plan is integral to these goals.

This strategy is most important for a growing community that is constantly seeking employees in all functional areas of the organization. The implementation of the new pay plan resulted in a system that can be actively managed. By right-sizing the employee compensation plan commensurate with the industry standard compensable factors, market conditions, and the community and organization size, we ensure this stability going forward. In addition to addressing the financial compensation shortfalls this past year, the benefits structure was augmented by the addition of an employee assistance program in FY19/20, long-term disability insurance effective in FY20/21, and employee optional short-term disability insurance for those employees desirous of purchasing it, all under the current benefit cost structure, all of which was negotiated to provide the same current insurance plans without an increase in this fiscal year. This is a huge success as most organizations are experiencing wide-spread insurance increases.

Going forward, in the upcoming fiscal year, we will be looking at enhanced wellness programs to provide employees the opportunity to "be healthy" and further work toward reducing healthcare expenses.

Software (ERP, Financial, etc.)

In late FY19/20, funding has been identified to procure the replacement of the financial software. The current system has become obsolete and can no longer support an organization of this size as it was designed for small, lower transaction organizations. Staff has identified a replacement software with a more comprehensive approach for Enterprise Resource Planning (ERP) to be integrated in the upcoming year. With the addition of an IT Manager working under the direction of the City Manager's Office and staff from several high-end user departments, implementation and transition will commence over the next few months and may take as much as 12 months for a complete transition.

This includes the review of all financial work-flow, chart of accounts, transfer of and archiving of historical data within the records retention requirements and training for all users.

ERP is the integrated management of main business processes, often in real-time and mediated by software. Upon implementation, this will provide for better reporting, efficient processing of data, and while it will not eliminate current staffing, it will certainly reduce the need for some future additional staffing as the organization rapidly grows.

Utility Challenges - Stormwater Utility

Cities are authorized to implement a stormwater utility fee by Local Government Code 552, Sub-chapter C - Municipal Drainage Utility Systems Act.

The Act allows municipalities to establish a service fee for users of the municipal storm system, provided that the basis for the fee is "directly related to drainage" and the fee is "reasonable, equitable, and non-discriminatory." The City of Anna does not currently operate nor directly fund a stormwater utility or related programs regardless of the need.

The goals of a stormwater utility include the components of:

- Neighbor Outreach
- Neighbor Participation/Involvement
- Illicit Discharge Detection and Elimination
- Construction Site Runoff Control
- Post-Construction Runoff
- Pollution Prevention & Good House-Keeping

Revenue derived from a stormwater utility can be used for staffing, projects, equipment, materials, operational impacts, debt service, and planning and engineering related to stormwater. Currently, only a minimal amount of funding is specifically allocated for these items, yet there are growing needs that include several stormwater projects and ongoing maintenance, capital projects, staffing, and more.

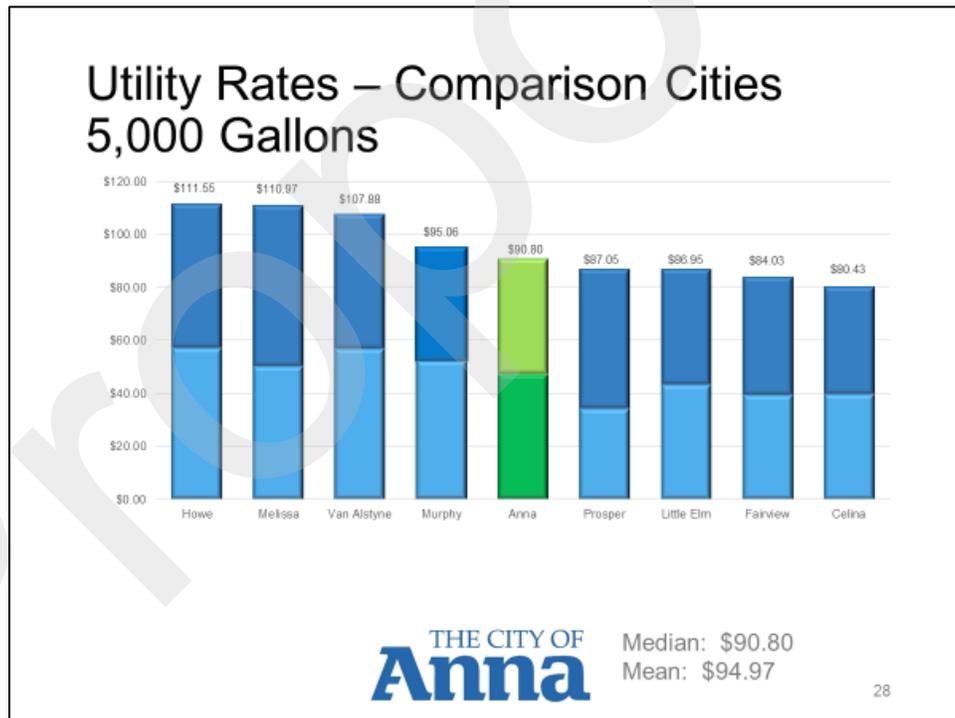
During FY19/20, the required study was contracted to a consultant firm to complete and is expected to be completed in early FY20/21. The study will determine the needs assessment and a potential fee structure to fund identified projects and programs. The target will be National Pollution Discharge Elimination System (NPDES) compliance and to determine and implement the level of Integrated Stormwater Management (ISWM) compliance that is the right size for our community, proactively implementing for solutions.

Utility Challenges - Wastewater/Water Impacts

It has been well over five years since the water and sanitary sewer rates in the City of Anna have been updated. During this time, the water purchase and sewer treatment costs imposed on the City by outside entities have increased by double digit percentages each year, with a published expectation to continue this trend for the foreseeable future.

What is of great concern is that these increased costs have not been passed on to rate payers. Rate payers include neighbors who reside inside the City of Anna as well as a limited amount of those who reside in several portions of Anna's Extraterritorial Jurisdiction (ETJ). During this multi-year rate freeze, the City Utility Fund has been seeing comparatively decreasing net revenues and is now in danger of causing the Utility Fund in becoming insolvent. These increasing costs weighed against the net proceeds yields a Utility that possesses no bonding capacity for much needed projects, not only to fund expansion, but to address failing infrastructure and plant upgrades.

Due to the complex relationships based upon regional water and sewer supply strategies Anna must utilize to purchase drinking water and pay for sewer treatment, the City of Anna pays significantly higher costs for both water and wastewater when compared to most other cities in North Texas. When comparing the City of Anna to other communities, the cities in the most similar situation are Melissa, Van Alstyne, and Howe. Cities like McKinney, Allen, Plano, and Richardson have significantly less cost as they are located very close to NTMWD facilities or have NTMWD facilities located within their city limits.



It is not the goal of the City of Anna Utility Fund to turn a profit. The goal is to balance costs with revenues, in order to provide rate payers with a high level of service at the lowest cost and have capacity to fund much needed infrastructure needs.

The City of Anna has completed a utility rate study with the assistance of NewGen Strategies. This process included the review of all utility costs incurred by the City, all personnel, maintenance, and operations costs, along with the anticipated rising costs of purchasing wholesale water from the Greater Texoma Utility Authority (GTUA) and the North Texas Municipal Water District (NTMWD). In addition, the sewer treatment costs the City pays to NTMWD and the sewer transportation costs the City pays to the City of Melissa were also evaluated.

NTMWD plans to continue to increase water supply and wastewater treatment costs on an annual basis over the next 5 years and beyond. The specific increases will likely range from 3% to 10% over the coming years depending upon their annual rate reviews.

In order to lessen the rate increase seen by rate payers, the City of Anna has frozen two positions in the Public Works Department and has delayed the design and construction of multiple sanitary sewer and water system capital projects. While these projects are critical to the long-term utility needs of the community, the City is focused on doing everything possible to keep rates as low as we can.

A water loss audit and audit of the Utility Billing systems was completed. Continued effort to conserve resources is a priority and the waterwise application is a way for all our neighbor to self-monitor usage. This is a great way to save money and ensure that users are well informed of their spending.

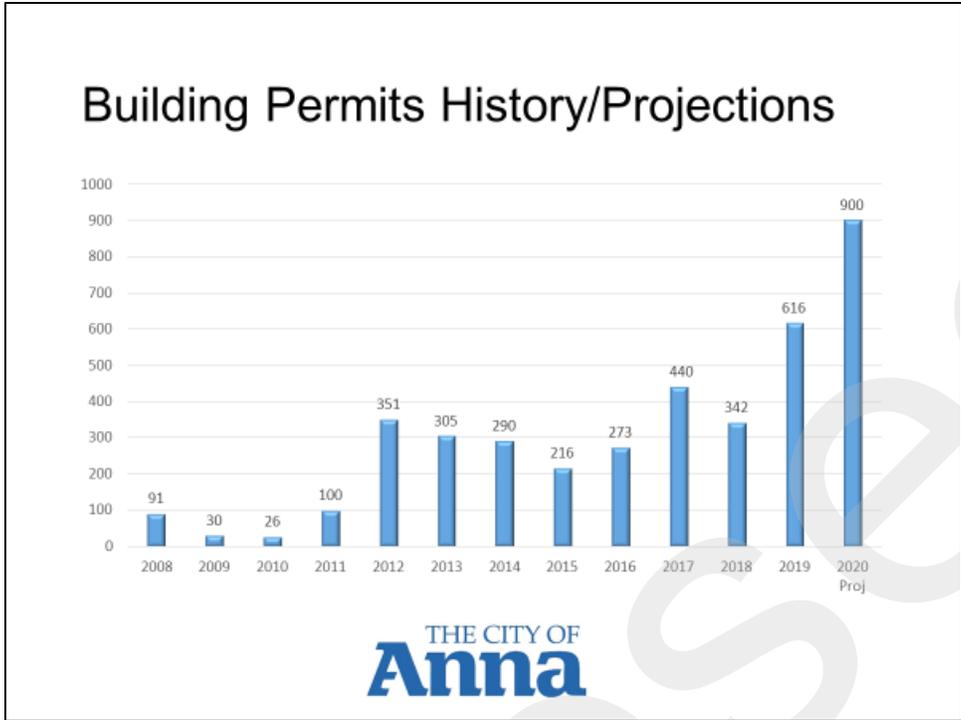
An information campaign was executed to keep rate payers informed and updates to the website provide a source for all of this information.

Formal implementation of new utility rates begins on October 1, 2020. This will allow rate payers to make it through the high-water use period of July through September with the existing rates in place.

One very important note is that this rate plan must be re-evaluated on an annual basis, as the needs of the community and outside cost factors are subject to change on an annual basis.

Permit Volume

As we received record numbers of building permits both this current and past fiscal years, as illustrated as follows, staff recently restructured the permit fee process.



It is expected that permit volume will continue to where we expect to eclipse 900 single family permits in FY19/20. Changes in processes and efficiencies employed have resulted in a turnaround in permit time from well over 90 days to less than 3 days, providing for a more development friendly environment which has not only sparked activity but resulted in a significant cost containment resulting in an approximate 24% reduction in the Development Services budget.

As part of an in-depth analysis by staff, it was recommended in FY19/20 that additional staff were needed to address the ongoing flows of permits, plan reviews, zoning initiatives, and engineering services. A new rate structure was designed to cover these expenses and will be in full effect this fiscal year. Several initiatives will realize faster turnaround times for permitting that include new software implementation, mass permit, and an enhanced review process.

We have implemented moving the plan review process to an in-house effort, as the external reviews are not meeting the timing and expense expectations required by legislative action. Staff analysis has yielded that the addition of a plans examiner (Development Services) and a civil engineer (Public Works) will result in not only a cost saving, but better service and added capacity to those departments, with the goal of improved service delivery and cost containment efforts, with the resulting financial net of approximately \$40,000 to the General Fund. These actions were proposed as a part of the FY19/20 budget through a Council approved amendment.

Staffing Challenges and Opportunities

In FY19/20 a budget amendment was executed to provide for several positions in response to the rapid growth incurred during the fiscal year. These additional positions were funded primarily through development, fees, and deferral of expenses to third-party providers for residential plan review and civil site plan review, as well as through a special revenue fund and cancelation of an interlocal agreement with Collin County.

These positions included:

- Recreation Manager (1 FTE)
- 3 Part-time Recreations Aids (1.5 FTEs)
- Civil Engineer (1 FTE)
- Plans Examiner (1 FTE)
- Code Compliance Officer (1 FTE)

In FY20/21, the staffing efforts were focused on the establishment of several key functional areas inclusive of:

- Fire-Rescue (SAFER Grant match funds – 9 FTEs if funded; 3 FTEs if not funded)
- Fire Admin (1 FTE)
- Police (3 FTEs)
- Parks Maintenance (1 FTE)
- Finance (1 FTE)
- Deputy City Secretary (1 FTE)
- Admin (0.5 FTE)

In the Utility Fund:

- Utility Billing (0.5 FTE)
- Frozen Positions (2.0 FTEs remain frozen until revenues recover where these can be fully funded)

These positions are focused on addressing the greatest and most urgent needs of the City.

Public Safety Staffing

Council has been desirous of an enhanced neighborhood presence and faster response times. This is inclusive of enhanced patrol during peak shifts, EMS transport response times, and expansion of fire rescue response.

Police patrol is now at 60% of staffing in accordance with the Center for Public Safety Management target goals. In 2018 it was 15%.

The specific efforts to address these goals include:

- Addition of 3 positions in FY20/21 in Police
- Funding for the application for a SAFER Grant to provide for 9 positions in Fire-Rescue in FY20/21 (If the grant is denied then the grant match will be used to procure 3 positions in Fire)
- Transitioning over the next 12-18 months towards internal EMS transport capabilities with improved response times
- Upgrading to a full-time administrative support position in the Fire Department to provide for assistance in records management, report writing, purchasing, and coordination efforts
- Additional administrative, analytical, and management support

Parks (& Recreation) Staffing

Parks staffing has historically been a minimalistic approach. With the additional landscaping planned for FM455, increase levels of service in the mowing operations to meet community demands, park and playground additions and improvements, and new trails and planned facilities, enhanced staffing is imperative to maintain existing levels of service and prepare for future needs.

Additionally, as mentioned previously, a Recreation Manager and 3 part-timers have been added in late FY19/20 to jump start the recreation plan as presented and approved by Council. This will bring better opportunities to bring recreation elements to our neighbors.

Parks Planning

In conjunction with the Parks & Trails Master Plan beginning in FY19/20 with a completion date of FY20/21, staff will develop a comprehensive capital improvement plan in this budget.

The Parks Development Fund, which is fueled by growth, will be a significant component of the planned Community Investment Plan. Once completed, the CIP will have a 5-year plan and a long-term outlook, providing a blueprint for the community for years to come.

Several projects previously discussed for funding by the Parks Development Fund required Council approval for the allocations required to execute said projects. These have been brought before Council with specific work plans, budgets, and strategic references to illustrate the alignment with the City's Vision as set forth in the Strategic Plan.

Several supplemental requested items are being funded through the Parks Development Fund. These will include some equipment, partial funding for the Parks Master Plan, Engineering for Phase II of the Green Ribbon Program, and staffing and funding for Recreation Program elements.

Communications/Outreach

Over the last year, staff has increased the City's social media presence with the distribution of posts and interaction with neighbors in an effort to share information about neighborhood and City events. We have established monthly Homeowners Association Meetings and have had various problem-solving meetings in the neighborhoods.

In the upcoming year we are planning to create a new City Academy program, continue to upgrade and improve the web site, and augment other outreach programs to determine the community wants and needs in an effort to develop a future bond election referenda.

We are pursuing the Texas Comptrollers Transparency Stars program which will certify our agency as one of the elite agencies with regard to community transparency. We have received the first "star" of five possible stars and will continue to pursue this recognition program in an effort to refine our financial management practices and be recognized as an elite financial leader in our industry.

Municipal Complex Funding

With the Construction Manager at Risk (CMAR) selected last year for the Municipal Complex and the funding in place to proceed, staff, along with the CMAR and the Architect, have completed value engineering to get the best product at the best price for the proposed buildings. Construction will be completed on the Fire Station in Spring 2021 and the Municipal Complex will be completed in Summer 2021.

A planned drawdown of the reserve and setting aside a contingency for unforeseen events associated with the Municipal Complex Project, provided for the FFE expenses and the material increases incurred.

Development Code Rewrite

Staff will continue to incrementally work on revisions to the development code in FY20. The objective is to clean up ambiguities, modernize the code to provide for responsible development practices, and to provide a facilitative philosophy, which will result in improved development processes and remove unnecessary processes or “red tape.” The goal is to ultimately change the reputation and positively reflect the City of Anna as being development and neighbor friendly. This will include full activation of the new smartgov software and continued process improvements.

Personal Policies / Procedures / Administrative Policies and Practices / Human Resources

In the past year, staff has begun to review current policies and procedures and found multiple areas requiring updates and revisions. We intend to bring incremental revisions to the City’s Personal Policies and Procedures. Some revisions will require City Council approvals and the administrative policies will reside under the authority of the City Manager.

Additionally, in the past year we have reset expectations in Human Resources:

- Payroll has been moved to the Finance Department, with HR providing support. This transition will be complete by the end of FY19/20.
- The centralization of all interview processes, background checks, hiring, and disciplinary hearings have been implemented.
- The continuation of the Q12 Employee Climate Assessment survey and action plans for morale concerns with a follow-up planned for the first quarter of FY20/21 has been established.
- Management of the Comprehensive Compensation Plan Database that enables future internal management of the pay plan structure is in place.
- Management of the step plan for public safety departments has been implemented.

In the upcoming year we are planning to:

- Develop employee wellness initiatives
- Develop training program with internal developed components as well as a partnership with UTD
- Plan for rebuilding the employee medical insurance program with TML Health
- Begin the process to consolidate Risk Management components
- Create the employee training database
- Plan for the market analysis review for FY21/22 potential implementation

Financial Policies / Budget Cycle / CIP

In the past year staff has augmented the budget process to include:

- Five-year financial forecast modeling to assist in long and short-term decision making
- Five-year capital planning with a long-term outlook for unfunded items and projects
- Financial policies resetting reserve limits and the establishment of holding accounts for undesignated reserve balances by establishing a targeted range of 25%-40%
- Variance analysis for more active budget management

Over the next year we will implement:

- Two-year Operational Budgeting (executed annually for forecasting decisions only)
- Further refinements in the financial policy
- Financial Reserve Policies where reserves in excess of fund balance policy goals would be assigned to funds created to fund strategic elements to address Council goals. These funds are the Capital Projects Fund, Grant Matching Fund, Employee Benefits Fund, Code Compliance Fund, and Equipment Replacement Fund

BOND ELECTION

Over the last year, and more recently reaffirmed during the Strategic Planning Workshops, a number of currently unfunded items were presented for future funding consideration. The items discussed included significant public interest projects and infrastructure projects that are desired by our community. The list included items such as:

- Library/Learning Center
- Community Center
- Additional park facilities
- Fire/Public Safety facilities
- Sports/Water Facilities
- Infrastructure Investment
- Property Acquisition for infrastructure, facilities, and development
- Other related municipal facilities.

Council was desirous to explore the elements of initiating a potential bond election process to ask our neighbors what items they would like to see and what items they would want to invest in, giving our neighbors the opportunity to decide what elements they want in our community.

Going forward the strategies for a successful bond election include the elements to ensure community support as illustrated as follows:

- Financially Sustainable Goals
- Foundational Values for Success
- Community Priorities
- Driven for Results

Staff has developed an internal CIP committee that will manage the process that will be led by the Economic Development Manager. The committee will include key staff from our departments, our financial advisors, bond counsel, legal staff, and City Secretary. Periodic updates will be provided every other month that include public outreach elements, Council work sessions and actions, project prioritization, and financial analysis. The target date for the election is the May 2021 election. The propositions must be approved in advance of February 2021.

ON THE HORIZON

In this year's budget making process, there were many wants and needs identified. The City Manager's Office accumulated almost \$2.6 million in supplemental requests for programs, staffing, and projects from City Departments. While many of the requests were viable and warranted, the financial capacity to deliver all of these requests were not possible within the current revenue structure.

Several of these may be incrementally implemented once a more stable revenue source is evident. This is why the development of solid financial models, long range planning, and master planning is crucial to the success of the Strategic Plan.

TAX RATE

To reconcile this budget and the drivers behind it, it is important to explain how we got to this point. The basis is as follows:

With the restrictions set forth by the Texas Legislature and Senate Bill 2 adopted in the last legislative session, local governments are faced with the 3.5% voter approved rate (cap.) However, as a result of COVID-19 being declared a disaster by the Governor, there is a provision in S.B.2 that provides for the opportunity of local governments to use 8% cap should the local government choose to elect such an option as City Council has provided.

For FY19/20 the average home value in Anna is \$222,000. For FY20/21 that value has increased to \$230,000.

The current approved tax rate in FY19/20 is **\$0.591288/\$100**. The proposed tax rate provided for in this budget was set at a rate below the FY19/20 \$0.591288/\$100 under the guidance of the Council consensus.

The 8% voter approved tax rate as calculated by Collin County and the maximum rate allowable by S.B. 2 for FY20/21 is **\$0.586560/\$100** which is lower than the FY19/20. This rate would result in \$0.68 increase in actual taxes paid per month as calculated on the average home value of \$230,000 in Anna.

The rate proposed for this budget as presented is **\$0.583000/\$100**, which is lower than the aforementioned Council-approved cap rate. This proposed rate would result in **no increase** in actual taxes paid as calculated on the average home value of \$230,000 in Anna.

With departmental requests totaling almost \$2.6 million, growing needs in all functional areas, and all of the stated challenges and targets, there is never enough to cover all of the requests. With the prior year adding \$170 million in growth and valuation, increase in sales tax due to new businesses, coupled with increased activity and maintaining levels of services, , the available funding for FY20/21 is approximately \$900,000 from property taxes, sales taxes, and fees; all to be allocated for new programs, personnel, and other

department requests. To jumpstart the Bond Referendum, a capital project has been proposed within this framework to fund the upfront efforts in determining project scope and preliminary needs assessment analysis.

With the Texas Legislative restrictions put into place in FY19/20, the uncertainty of impacts of COVID-19, and unpredictability of the sales tax, the direction to prepare a budget below the current FY19/20 rate of \$0.591288 is designed to address the capacity of the organization in its current state weighed against the demands and the priorities set forth in the adopted strategic plan.

CLOSING

While city budgets are always a challenge, our team has worked diligently to prepare a budget that is both balanced and sufficient to meet the needs of the coming fiscal year. We have spent much time further scrubbing the accounts throughout this process to provide the services needed, while identifying the capacity to provide for the improvements and increased activities that our community desires.

Funding and contingencies are built in to ensure that the organization is prepared to achieve lofty goals, yet agile enough to react should a swing in the economy, whether in response to the COVID-19 pandemic, or a drop in construction activity, result with a revenue shortfall causing a loss of services to our neighbors and the community we serve.

I would like to take the time to thank all the City of Anna staff for their input and hard work during what is truly a year-long budget process. I would like to thank the department heads for their efforts in presenting reasonable requests and the hard work and research they provided as part of this process. And most importantly, I would like to specifically thank Terri Doby, Budget Manager, Stephanie Beitelshies, Human Resources Director, Joey Grisham, Economic Development Director, Taylor Lough, Economic Development Manager, and Ryan Henderson, Assistant City Manager, for their tireless efforts in this process.

We express our appreciation to the Mayor and the members of the City Council for your diligent efforts throughout the year in providing guidance, direction, and support towards our dedicated efforts to serve our neighbors. We are honored and privileged to serve the City of Anna.

The fiscal year 20/21 budget is designed to preserve and enhance the quality of existing services and to respond appropriately to our City's continual growth and development by delivering the elements of our Strategic Plan.

Respectfully Submitted,

Jim Proce, ICMA-CM, PWLF, MBA
City Manager
Anna Texas

Budget in Brief FY2020-21

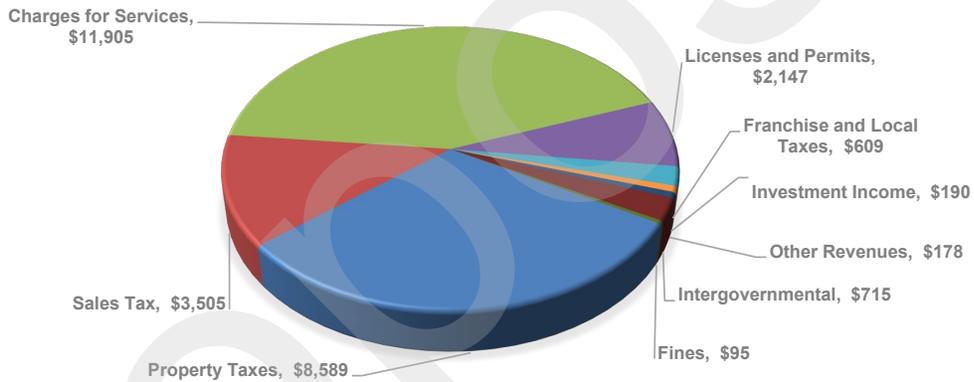
City Council Goals

- ◆ GROWING THE ANNA ECONOMY
- ◆ ANNA - GREAT PLACE TO LIVE
- ◆ SUSTAINABLE ANNA COMMUNITY THROUGH PLANNED MANAGED GROWTH
- ◆ HIGH PERFORMING PROFESSIONAL CITY

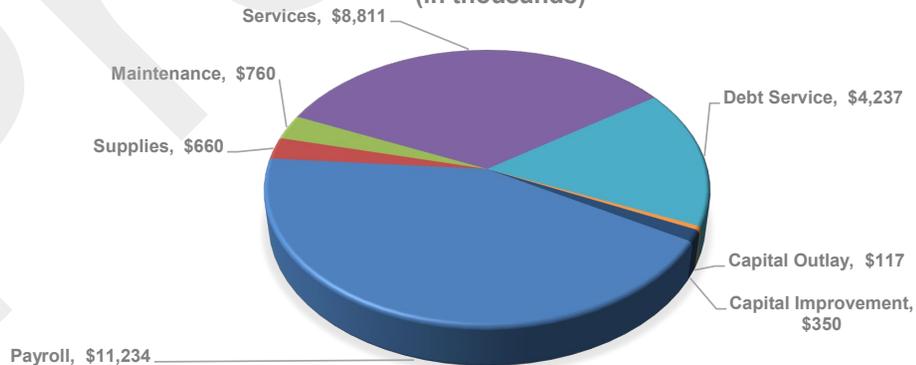
Budget Process

The City of Anna adopts a budget annually. The total budget appropriates approximately \$26.8 million for operations. This proposed budget provides sufficient funding to tailor services to meet the needs and expectations of the community.

FY2020-21 Citywide Revenue Budget
(in thousands)



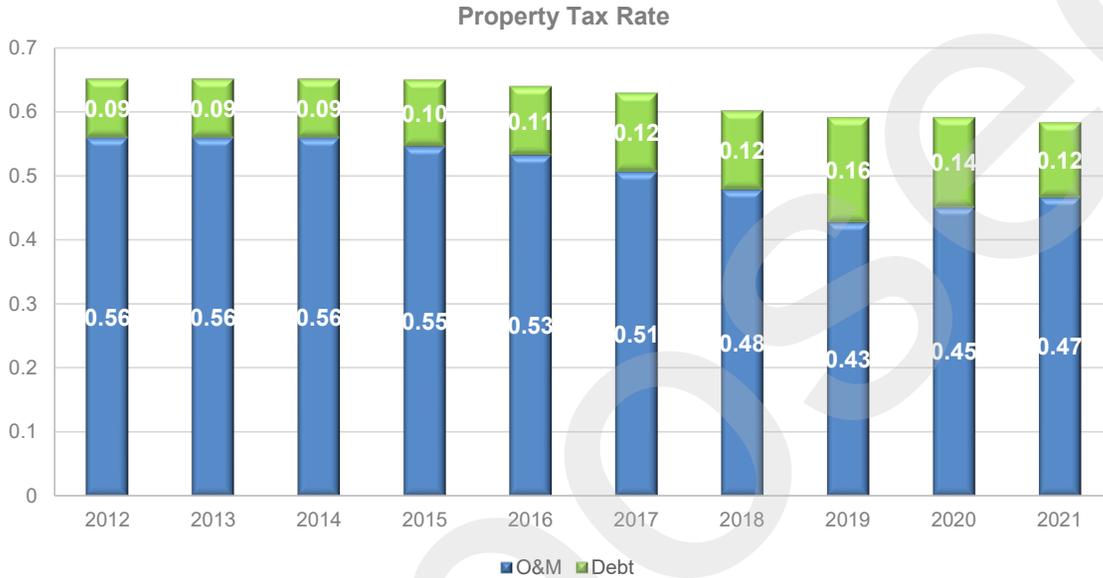
FY2020-21 Citywide Expenditure Budget
(in thousands)



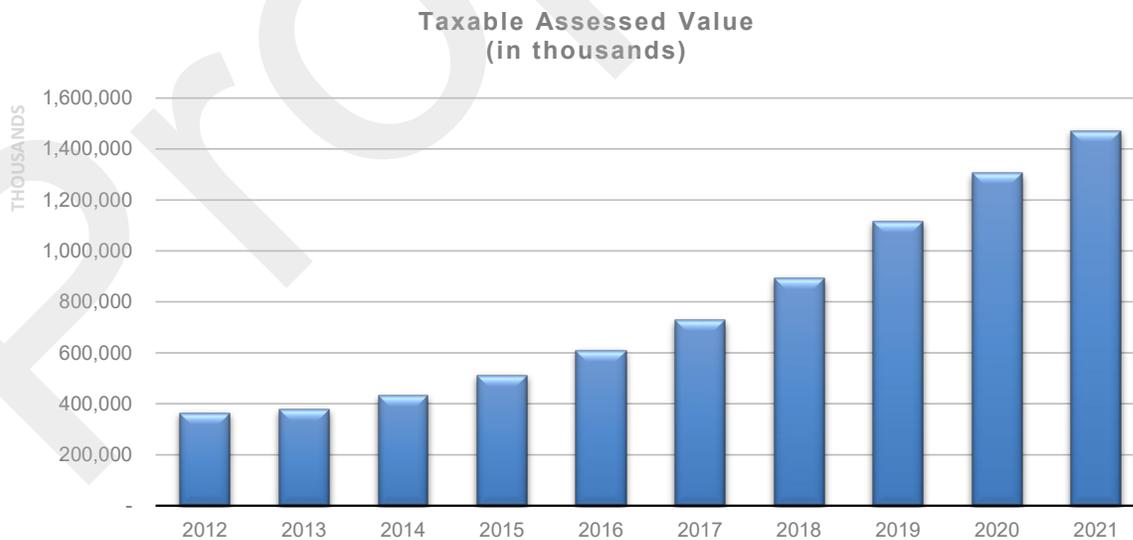
Budget in Brief FY2020-21

Property Tax

The proposed property tax rate is \$0.583000. The City Manager is proposing a property tax rate of \$0.583000/\$100, which is less than the FY2020 tax rate. The proposed rate is above the no-new-revenue rate of \$0.569415/\$100. (Numbers on chart have been rounded to nearest penny.)



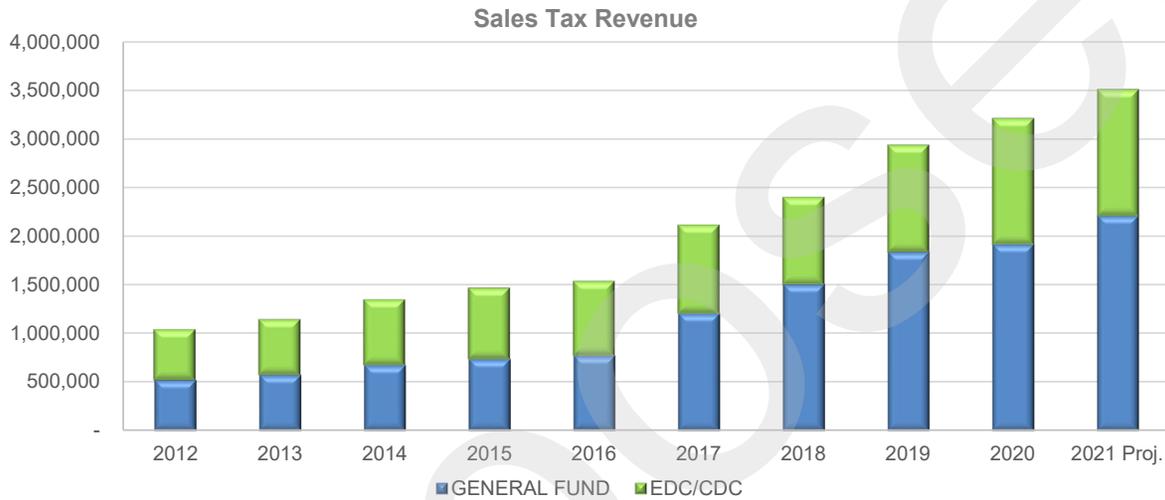
The certified taxable property value increased by 12.7 percent. The certified value for all property is approximately \$1.5 billion. The proposed rate generates a total property tax levy of \$8,570,566.



Budget in Brief FY2020-21

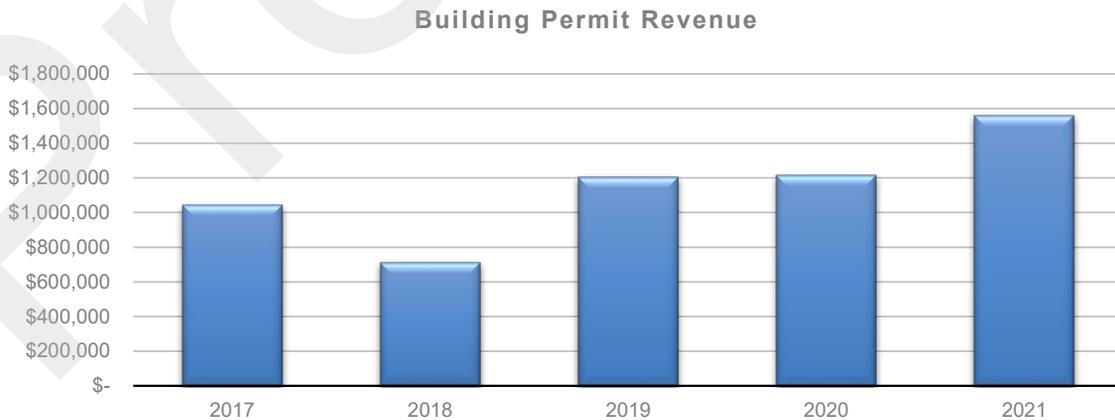
Sales Tax

The total sales tax in Anna is 8.25 percent of goods or services sold within the City's boundaries. The tax is collected by businesses making the sale and is remitted to the State's Comptroller of Public Accounts on a monthly, or and in some cases, a quarterly basis. Of the 8.25 percent tax, the State retains 6.25 percent and distributes 2 percent to the City. The General Fund portion of the sales tax is 1.25%, with 0.25% being dedicated to streets projects. The remaining 0.75% funds the Community Development Corporation. For the year ending September 30, 2021, Anna expects to receive \$3,505,000 in sales tax.



Building Permits

The City is experiencing a tremendous amount of growth. Building permit revenue is projected to increase 29.6 percent over the FY2019 actual amount.

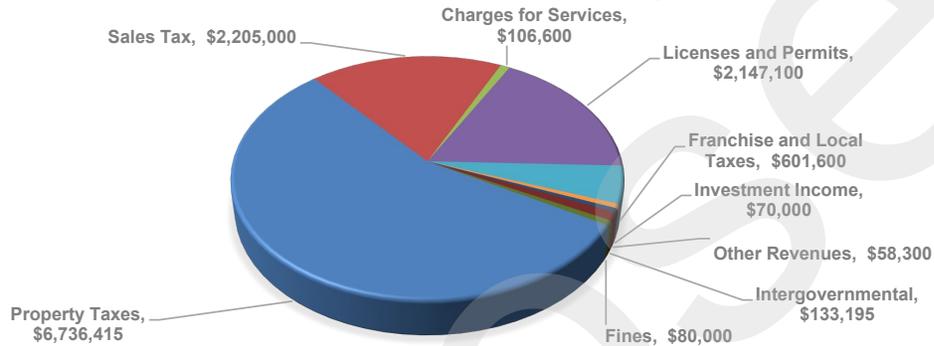


Budget in Brief FY2020-21

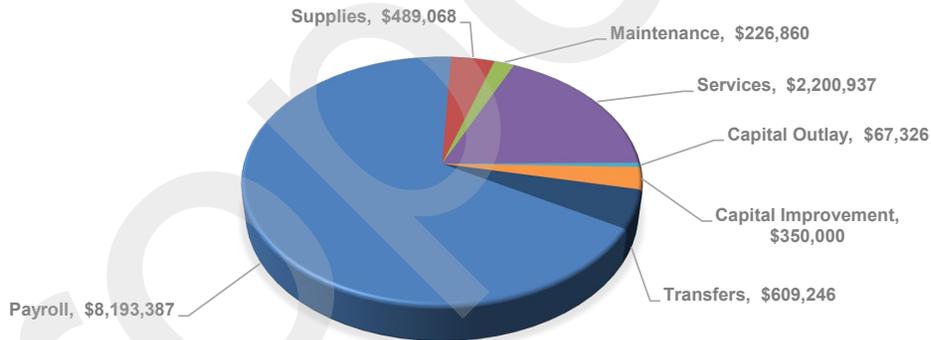
General Fund

The General Fund revenues are projected to increase to \$12,138,210 which is \$1,903,475 higher than last year's adopted budget. The General Fund expenditures are balanced with revenues at \$12,136,824 for on-going expenses. The largest expenditure by category is Payroll at 68% of the total General Fund Budget.

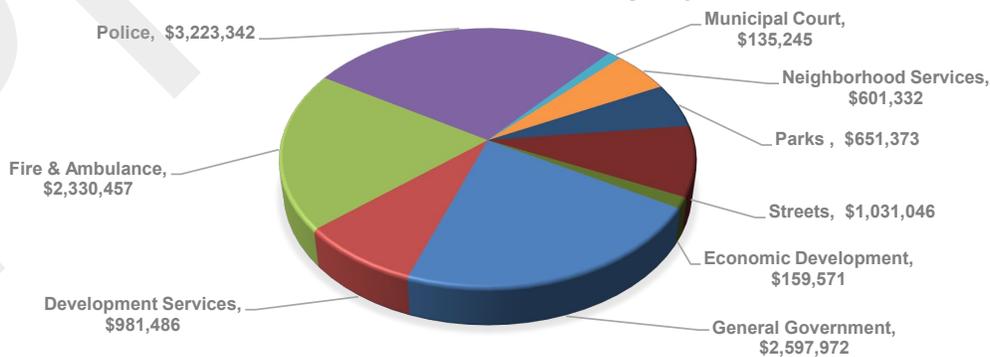
FY2020-21 General Fund Revenue Budget



FY2020-21 General Fund Expenditure Budget by Category



FY2020-21 General Fund Expenditure Budget by Department

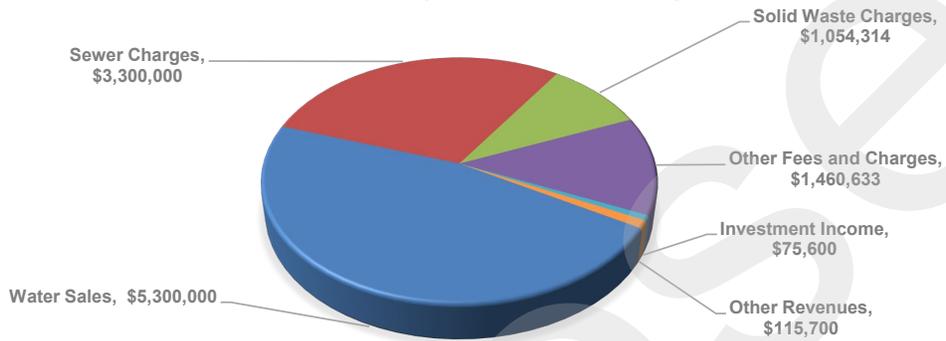


Budget in Brief FY2020-21

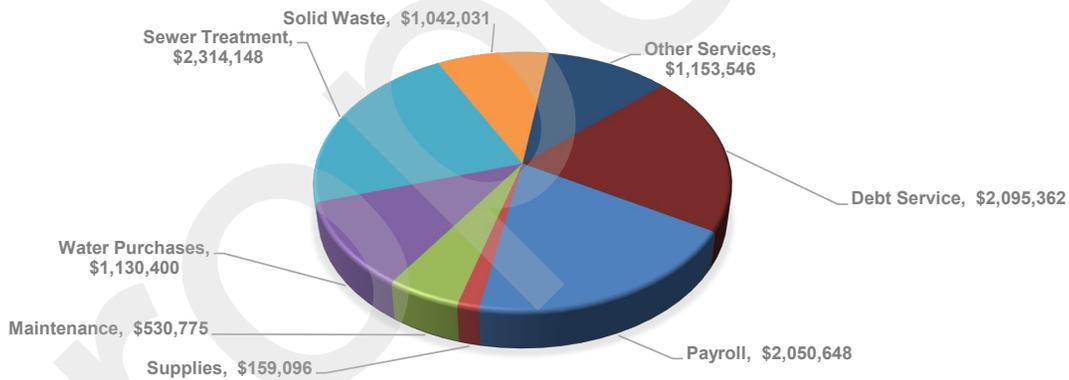
Utility Fund

The Utility Fund accounts for the operation and maintenance of the City's water and waste water utility system and the contract for solid waste collection services. This fund is financially supported solely by user charges for utility and trash service.

FY2020-21 Utility Fund Revenue Budget



FY2020-21 Utility Fund Expenditure Budget by Category



Sample Residential Water and Sewer Bill

Consumption	FY2020 Rate	FY2021 Rate	Change
2,000 gallons	\$ 49.88	\$ 54.86	\$ 4.98
5,000 gallons	\$ 82.55	\$ 90.80	\$ 8.25
15,000 gallons	\$ 191.45	\$ 210.60	\$ 19.15

Mayor and Council



Nate Pike
Mayor

Anna's Mayor and Council are committed to providing high-quality municipal services and responsible development. Through the City Manager, the Mayor and Council provide policy direction by adopting rules, regulations, and procedures to meet community needs.



Kevin Toten
Place 1



Josh Vollmer
Place 2



John Beazley
Place 3

Vacant
Place 4



Nathan Bryan
Place 5



Lee Miller
Place 6

Directory of City Officials

Nate Pike
Mayor

Kevin Toten
Place 1

Vacant
Place 4

Josh Vollmer
Place 2

Nathan Bryan
Place 5

John Beazley
Place 3

Lee Miller
Place 5



Jim Proce
City Manager

Ryan Henderson
Assistant City Manager

Carrie Smith
City Secretary

Clark McCoy
City Attorney

Greg Peters
Director of Public Works

Ross Altobelli
Director of Development Services

Jeff Caponera
Police Chief

Ray Isom
Fire Chief

Joey Grisham
Director of Economic Development

Taylor Lough
Economic Development Manager

Stephanie Beitelschies
Director of Human Resources

Marc Marchand
Director of Neighborhood Services

Dana Thornhill
Director of Finance

Alan Guard
Assistant Director of Finance

Terri Doby
Budget Manager

Community Profile



County:	Collin
Area:	15.6 sq. miles
Form of Government:	Council/Manager
Number of Councilmembers:	7

Anna is located on State Highway 5, Farm Road 455, and U.S. Highway 75 eleven miles northeast of McKinney and approximately 40 miles north of Dallas in north central Collin County.

History of Anna

Anna sprang to life in the mid-1800's with the arrival of pioneers staking their claim to a better life along the railroad and the Texas high plains. Although Collin McKinney settled within a few miles of the future townsite in 1846, John L. Greer, who arrived in 1867, is credited with building the first home and store in the new community. The Houston and Texas Central Railway, at that time built between Dallas and Denison, passed through the area in 1873. By the time Anna was platted in 1883, it had a population of twenty, two stores, a steam gristmill, and a Baptist church. A post office also opened in that year. By 1890, the town had a population of 100 to 200. In the mid-1980's Anna had 855 residents, several businesses, and a strong sense of community. Anna was incorporated in 1913, with John L. Greer as first mayor. The Census shows the population increased to 1,225 by 2000 and to 8,249 by 2010. Today the estimated population is approximately 15,000.

(Source: City of Anna and Anna Chamber of Commerce)

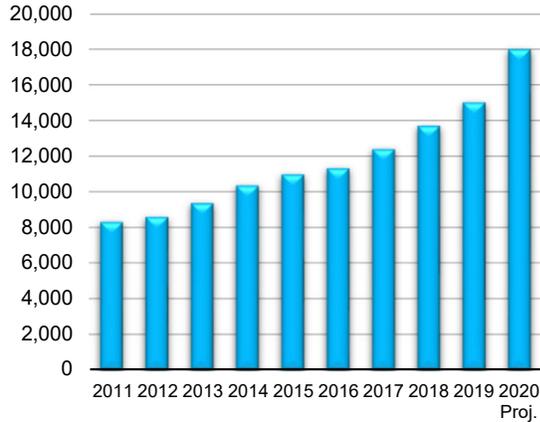
Local Economy

The City of Anna's economic outlook continues to improve due to overall improvement in the economy and continued residential and commercial growth. This growth is evidenced by local economic indicators such as a continued increase in tax appraisal values, the increase in residential building permits, and continued sales tax growth.

The Anna Community Development Corporation and the Anna Economic Development Corporation actively recruit new commercial enterprises that help diversify the City of Anna's tax base and provide job opportunities for Anna neighbors. FY2020 saw many key openings including Starbucks, Chick-fil-A, Salsa Tex Mex, and Whataburger. New residential developments will continue to drive more density that will lead to additional retailers, restaurants, medical, and other commercial projects. 2021 will bring an increased focus on Downtown Anna as the new Municipal Complex is completed.

Community Profile

Population



Principal Property Taxpayers

Assessed Value 2019

Wal-Mart Real Estate Business Trust	\$	20,460,245
Lennar Homes of Texas	\$	14,492,890
Bloomfield Homes LP	\$	12,500,748
LGI Homes Texas LLC	\$	10,847,605
Wal-Mart Stores Texas LLC	\$	10,377,449
RR LI Enterprise LP	\$	6,149,225
Anna Crossing Phase VII LNRD Ltd.	\$	5,585,135
DR Horton - Texas Ltd.	\$	5,510,287
Palladium Anna Ltd.	\$	5,044,222
Burnco Texas LLC	\$	4,878,913

Service Statistics (FY2019)

Police:

Sworn Officers: 20.0
Calls for Service: 10,928

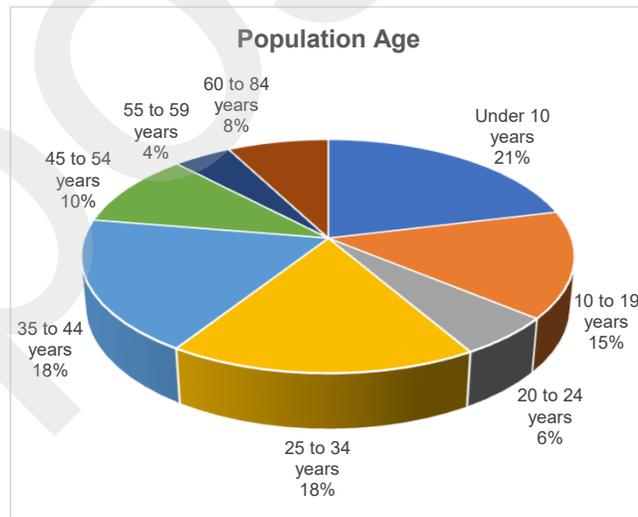
Fire:

Full Time Firefighters: 11.0
Emergency responses: 1,783

Parks:

Developed Acres: 121
Undeveloped Acres: 76

Population Age



Residential Building Permits



Budget Process

The annual budget is the single most important financial responsibility of a local government and is required by Texas Local Government Code Sec. 102.002. 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 by approval of the City Council.

General Budget Process, Practice, and Administration

The budget follows a fiscal year beginning on October 1 and ending on September 30. Many individuals are involved in the budget process. City officials, department staff, and the public are all involved; however, the primary responsibility for the proposed budget falls upon the City Manager. According to Texas Local Government Code Sec. 102.001, the City Manager serves as the budget officer of the a municipality.

While the budget process is truly a year-round endeavor, the bulk of the work begins at the end of the 2nd quarter of each fiscal year. The budget process generally begins when the Budget Manager develops a Budget Calendar and departments are given preliminary direction from the City Manager regarding appropriate budget guidelines and strategy. Department directors submit their proposed operating budgets and capital improvements plans to the City Manager. This includes the estimated cost for all projects currently in the capital plan and plans for any newly proposed projects. These expenditure projections are reviewed extensively for accuracy, justification, and cost-effectiveness. Throughout the early summer, the City Manager and Budget Manager meet jointly with each department head to review the department's budget proposal.

In late July the certified tax roll is release from the Collin Central Appraisal District. This information provides the City a firm estimate of the property tax revenues that can be expected in the coming year.

The budget review process culminates in the crafting of a proposed budget, which is submitted to the City Council in early August. In August and September the City Council discusses the budget at Council Work Sessions and Meetings. A public hearing will be held on the budget where citizens can express their views on particular budget items. This hearing typically occurs in early September. The tax rate ordinance and budget ordinance is voted upon at the first City Council meeting in September.

The fiscal year begins on October 1st.

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Anna for its annual budget for the fiscal year beginning October 1, 2019. In order to receive this award, the governmental unit must publish a budget document that meets the program criteria as a policy document, an operations guide, as a financial plan, and as a communications device.

While the City of Anna has received this award for seven consecutive years, it is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we intend to submit it to GFOA to determine its eligibility for another award.

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

Budget Calendar

April 20, 2020**FY2021 Budget Kickoff**

Departments are given preliminary direction from the City Manager regarding appropriate budget guidelines and strategy.

May 8, 2020**Budget Requests Submitted and Reviewed**

Deadline for department budgets to be submitted to Finance Department. Staff spends the next several weeks reviewing department budgets for presentation to the Council in August work sessions.

May 26 - 29, 2020**Work Sessions with City Manager**

A series of meetings are conducted by the City Manager's Office with individual departments to discuss each department's budget requests.

June 1 - 30, 2020**Preliminary Budget Discussions**

A series of discussions are conducted by the City Manager's Office and Budget team to go over information included in the proposed budget.

July 25, 2020**Certified Tax Rolls Received**

Certified appraisal rolls from the Collin Central Appraisal District .

August 11, 2020**FY2021 City Manager's Proposed Budget**

City Manager's proposed budget is filed with the City Secretary and made available to the public.

August 12, 2020**Publish Notice of Proposed Tax Rate**

Upon receipt of the certified appraisal rolls, the Collin County Tax Assessor/Collector performs the no-new-revenue tax rate calculation as required by State Law.

August 13 - 14, 2020**Work Sessions with Council**

Council attends two-day FY2021 Budget Retreat to discuss various aspects of the City Manager's proposed budget.

September 1, 2020**Public Hearing Held**

Following the required newspaper notice, public hearings on the tax rate and budget are conducted.

September 8, 2020**Council Adopts the FY2021 Budget**

Council approves ordinances adopting the budget for the fiscal year beginning October 1, 2020.

December 1, 2020**FY2021 Budget Document is Published**

City staff develops the final budget document. The document is returned from the printer and distributed to users.

October, 2020 - September, 2021 Budget is implemented, monitored, & amended

Throughout the fiscal year, City staff closely monitors and tracks the budget. If an amendment becomes necessary, a work session is conducted with Council, and any budget amendments are adopted by ordinance at a regularly scheduled Council meeting.

THE CITY OF
Anna

**STRATEGIC
PLAN**

THE CITY OF
Anna

Anna Vision 2035

***ANNA 2035 is a COMMUNITY OF FAMILIES⁽¹⁾
that is BEAUTIFUL⁽²⁾ and SAFE⁽³⁾.***

***ANNA 2035 has a VIBRANT DOWNTOWN⁽⁴⁾,
GREAT HOUSING OPPORTUNITIES⁽⁵⁾ and a
DYNAMIC BUSINESS COMMUNITY⁽⁶⁾.***

***ANNA 2035 is a FUN COMMUNITY FOR ALL⁽⁷⁾
and has CONVENIENT MOBILITY OPTIONS⁽⁸⁾.***

THE PREMIER COMMUNITY IN COLLIN COUNTY!

Anna Vision 2035

PRINCIPAL 1: COMMUNITY OF FAMILIES

PRINCIPAL 2: SAFE COMMUNITY

PRINCIPAL 3: BEAUTIFUL COMMUNITY

PRINCIPAL 4: VIBRANT DOWNTOWN

PRINCIPAL 5: GREAT HOUSING OPPORTUNITIES

PRINCIPAL 6: DYNAMIC BUSINESS COMMUNITY

PRINCIPAL 7: FUN COMMUNITY FOR ALL

PRINCIPAL 8: CONVENIENT MOBILITY

Anna City Government Our Mission

***The Mission of the ANNA CITY GOVERNMENT is to
provide***

EXCEPTIONAL CITY SERVICES AND FACILITIES⁽¹⁾

in a

FINANCIALLY RESPONSIBLE⁽²⁾

and

NEIGHBOR-FOCUSED WAY⁽³⁾

through a

HIGH-PERFORMING, PROFESSIONAL CITY TEAM⁽⁴⁾

that provides results in adding

VALUE TO NEIGHBORS' LIVES⁽⁵⁾

City of Anna ***Goals for 2025***

GROWING THE ANNA ECONOMY

ANNA - GREAT PLACE TO LIVE

**SUSTAINABLE ANNA COMMUNITY
THROUGH PLANNED MANAGED GROWTH**

HIGH PERFORMING, PROFESSIONAL CITY

Goal 1 Growing the Anna Economy

Economic Development Performance Measures

Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Maintain and enhance an effective economic development organization that markets Anna, finds prospects, and closes the deal.				
Ratio of businesses open / Number of EDC meetings with retailers, restaurants, developers, etc.	Not available	Not available	Not available	10 Businesses / 75 meetings
Number of meetings with prospective/targeted primary employers, partners, and landowners	Not available	Not available	Not available	75
Number of website/social media hits/clicks/likes	Not available	Not available	Not available	3,000
Number of events attended/hosted by the EDC per year	Not available	Not available	5	2
Departmental Goal 2: Expand the commercial tax base				
Number of new commercial permits/COs per year	Not available	13	13	8
Net annual change in sales tax collections	37.4%	13.4%	22.2%	13.5%
Net annual increase in commercial property value	\$ 24,320,288	\$ 62,078,460	\$ 55,009,989	\$ 23,228,940
New commercial square footage per year	Not available	35,439	49,800	40,000

Goal 2 Anna - Great Place to Live

Fire Performance Measures

Fiscal Year	2017	2018	2019	2020
-------------	------	------	------	------

Department Goal 1: Provide a quality of service to our customers through dedication, training, and professionalism

Resource Allocation and Funding:

Full Time Firefighters per Shift ¹	2.0	2.6	3.3	4.0
Unit Cost of Service per Alarm Response	\$ 1,000.47	\$ 859.82	\$ 804.16	\$ 1,022.23

Fire / Rescue and Service-Related:

Average time for First Arriving Engine Company	N/A	N/A	N/A	06:24 minutes
Percentage Meeting NFPA 1710 Target of 7:00 minutes ²	Not Tracked	Not Tracked	Not Tracked	98%

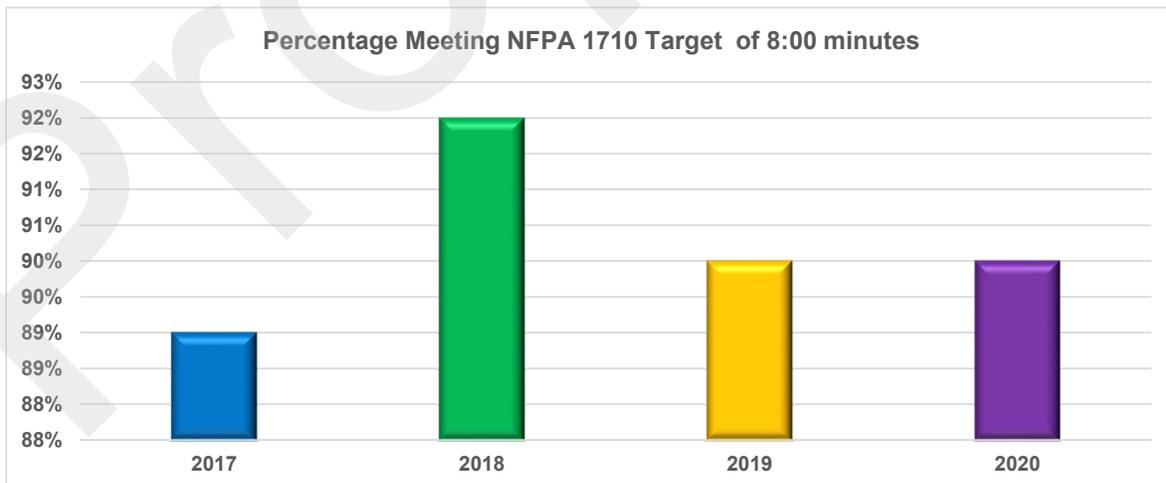
Emergency Medical Services:

Average time for Advanced Life Support (ALS) Equipment Arrival	06:48 minutes	05:40 minutes	05:35 minutes	04:58 minutes
Percentage Meeting NFPA 1710 Target of 8:00 minutes ³	89%	92%	90%	90%

¹ Does not include 3 administrative staff (Chief, Assistant Chief, Fire Prevention Captain)

² Includes alarm processing (60 sec.), turnout time (60 sec.), travel time (4 min.) and intervention time estimate (60 sec.)

³ Provided that a first responder with an AED or Basic Life Support (BLS) unit arrived in 240 seconds or less travel time



Goal 2 Anna - Great Place to Live

Police Performance Measures

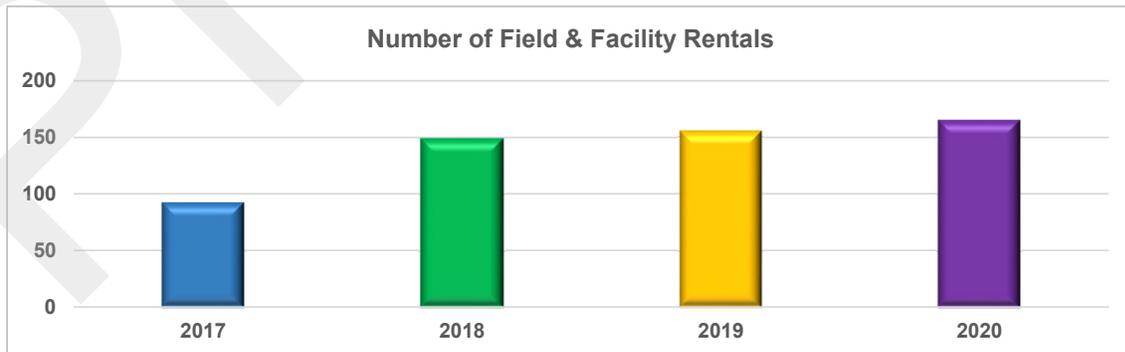
Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: To provide high-quality services in a timely and respectful manner				
Calls for Service	10,140	12,373	10,928	TBD
Response time to emergency calls	4:44	4:58	3:01	TBD
Departmental Goal 2: To reduce the number of crashes on roadways by increasing traffic enforcement				
Accidents Reported	246	336	323	TBD
Departmental Goal 3: To create a higher quality of life for our citizens				
Number of Part I Crimes	265	248	223	TBD
Departmental Goal 4: To identify and respond to crime trends in the community utilizing professional investigative procedures				
Percentage of assigned cases cleared	56%	63%	65%	TBD



Goal 2 Anna - Great Place to Live

Parks Performance Measures

Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Park Facilities in Accordance with NRPA Performance Standards				
Number of Parks (National Average is 1 Park Per 2,281 Neighbors)	Not Tracked	Not Tracked	1 Park Per 2,500 Residents	1 Park Per 1,875 Residents
Number of Acres Per 1,000 Neighbors (National Average 9.9 Acres)	Not Tracked	Not Tracked	10.3 Acres	11 Acres
Miles of Trail (National Average 11 Miles)	Not Tracked	Not Tracked	5.5 Miles	5.5 Miles
Number of Playgrounds Per 3,750 Neighbors (National Average is 1)	Not Tracked	Not Tracked	0.5	1.0
Departmental Goal 2: Programming in Accordance with NRPA Performance Standards				
Recreation Programming (Agencies serving a population under 20,000 - average is 40 fee-based programs a year)	Not Tracked	0	0	0
Summer Camps (62% of Agencies under 20,000 population offer summer camps)	Not Tracked	0	0	0
Events (88% of Agencies on Average Offer Events)	Not Tracked	3	3	5
Number of Contacts a Year	Not Tracked	5,000	5,000	8,500
Departmental Goal 3: Maintain City Facilities and Parks to High Standards				
Acres of Parkland Maintained	Not Tracked	155 Acres	155 Acres	165 Acres
City Facilities Maintained	Not Tracked	7	7	9
Miles of Right-Of Way Maintained	Not Tracked	TBD	TBD	4.15
Miles of Trails Maintained	Not Tracked	5.5 Miles	5.5 Miles	5.5 Miles
Departmental Goal 4: Increase Usage of City Facilities				
Number of Rentals of Pavilions/Fields/Facilities	92	149	155	165



Goal 3

Sustainable Anna Community Through Planned Managed Growth

Development Performance Measures

Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Timely Review and Approval of Zoning Requests, Plats, Site Plans and Building Permits				
Zoning Request Processing	Not Tracked	Not Tracked	30 Days	30 Days
Plat Completeness Review & Acceptance	Not Tracked	Not Tracked	5 Days	Reviewed at submittal
Plat 1st Technical Review	Not Tracked	Not Tracked	15 Days	8 Business Days
Site Plan Completeness Review & Acceptance	Not Tracked	Not Tracked	5 Days	Reviewed at submittal
Site Plan 1st Technical Review	Not Tracked	Not Tracked	15 Days	8 Business Days
Single Family Permits	Not Tracked	Not Tracked	2 Months	<5 Days
Complex Commercial Permits	Not Tracked	Not Tracked	2 Months	30 Days
Departmental Goal 2: Streamline Procedures & Processes				
Percent of Planning Applications Submitted Online	Not Tracked	Not Tracked	0%	0%
Percent of Building Applications Submitted Online	Not Tracked	Not Tracked	0%	100% for residential
Percent of Payments Made Online	Not Tracked	Not Tracked	0%	0%
Percent of Plans Filed Electronically	Not Tracked	Not Tracked	0%	100% for resubmittals
Departmental Goal 3: Enhance Customer Service				
Planning Outreach Initiatives	Not Tracked	Not Tracked	0	1
Building Outreach Initiatives	Not Tracked	Not Tracked	1	0
Departmental Goal 4: Up-Dates of Ordinances, Codes, Regulations, Policies and Fees				
Planning Ordinance, Code, Regulation, Policy and Fee Updates	Not Tracked	Not Tracked	0	3
Building Ordinance, Code, Regulation, Policy and Fee Updates	Not Tracked	Not Tracked	1	2

Goal 3

Sustainable Anna Community Through Planned Managed Growth

Street Performance Measures

Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Maintain public row in a clean, efficient, safe, and aesthetically pleasing manner				
Miles of row mowed annually by Public Works	Not tracked	Not tracked	Not tracked	5 miles
Departmental Goal 2: Maintain all traffic signs in accordance with MUTCD guidelines				
% of all requests for sign repair or replacement responded to within 1 business day	Not tracked	Not tracked	Not tracked	50%
Departmental Goal 3: Maintain street surfaces for the traveling public				
PCI Score improvement year over year (0-100 with 100 being a perfect score)	Not tracked	Not tracked	Not tracked	70
% of potholes reported by the public filled within 5 working days	Not tracked	Not tracked	Not tracked	90%

Goal 3

Sustainable Anna Community Through Planned Managed Growth

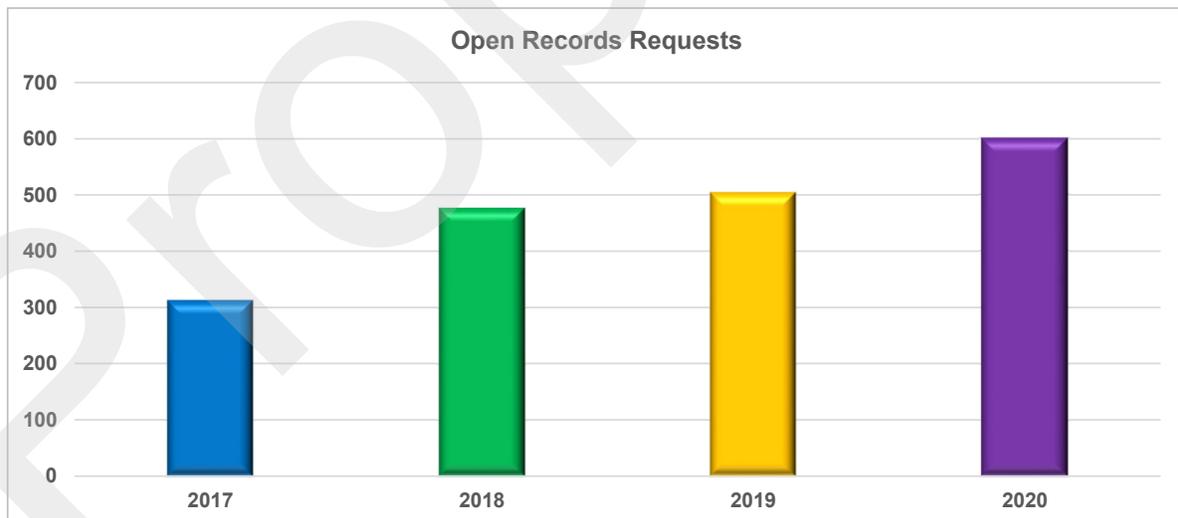
Water and Sewer Performance Measures

Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Provide maintenance and repair for all main breaks and sewer main backups				
% of main breaks and sewer backups responded to within 1 hour	Not tracked	Not tracked	Not tracked	100%
% of water leaks and sewer lateral backups scheduled for repair within 3 business days	Not tracked	Not tracked	Not tracked	90%
Departmental Goal 2: Efficient production and supply of public drinking water				
Water loss by % of total production	Not tracked	Not tracked	Not tracked	35%
Departmental Goal 3: Reduce number of sewer overflows through maintenance and outreach				
Annual sewer overflow volume in gallons	Not tracked	Not tracked	Not tracked	500

Goal 4 High-Performing Professional City

City Secretary

Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Ensure timeliness in responding to open records request				
Number of open records requests completed	312	477	504	600
Percent of open records requests responded to within 10 days	100%	100%	90%	90%
Departmental Goal 2: Ensure training of newly appointed and reappointed Board members on laws and procedures relating to their appointment				
Number of newly appointed and reappointed Council/Board Members	7	4	11	14
Percent of appointees completing open meetings training required by the Open Meetings Act	100%	100%	100%	100%
Departmental Goal 3: Improve boards and commissions recruitment by making board applications available at all City meetings, advertising in newspaper, and website				
Number of applications received	Not Tracked	33	38	22



Goal 4 High-Performing Professional City

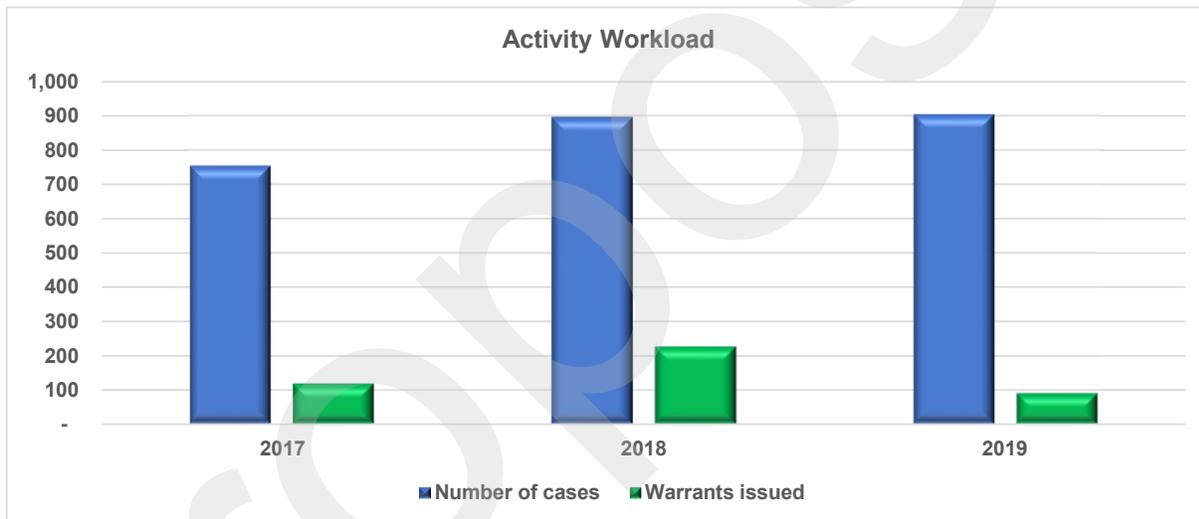
Finance Performance Measures

Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Improve the accuracy & timeliness of reporting				
Number of check registers posted on the City's website	12	12	12	12
Number of Quarterly Investment Reports posted on the City's website	4	4	4	4
Annual Debt Report Posted on the City's website	Y	Y	Y	Y
Debt Profile Updated by Financial Advisors	Y	Y	Y	Y
Number of consecutive years awarded the Distinguished Budget Presentation Award	4	5	6	7
Departmental Goal 2: Promote financial stability by maintaining or improving the City's current bond rating				
Moody's Bond Rating	A1	Aa3	Aa3	Aa3
Fitch Bond Rating	AA-	AA-	AA-	AA-

Goal 4 High-Performing Professional City

Municipal Court Performance Measures

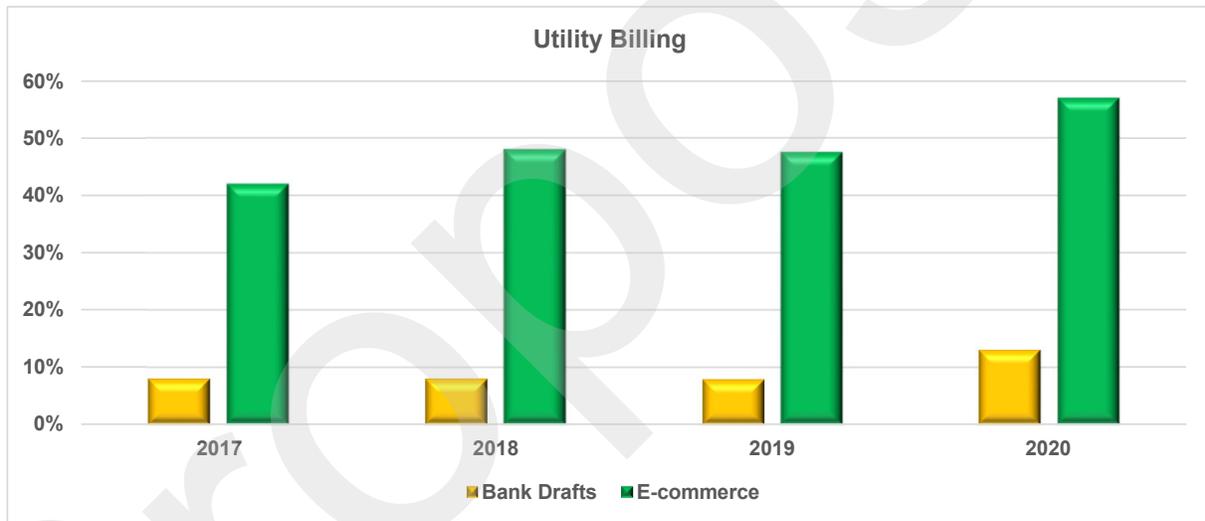
Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Increase the number of cases closed annually				
Number of cases	753	895	904	TBD
Cases closed	74.1%	54.0%	65.3%	TBD
Departmental Goal 2: Increase the number of warrants closed annually				
Warrants issued	118	227	90	TBD
Warrants closed	73.7%	29.1%	28.9%	TBD



Goal 4 High-Performing Professional City

Utility Billing Performance Measures

Fiscal Year	2017	2018	2019	2020
Departmental Goal 1: Ensure timely issuance of utility bills				
Number of Late Utility Bills	0%	0%	0%	0%
Departmental Goal 2: Automate manual functions by promoting the use of online transactions and bank drafts				
% of Customers Using Bank Draft	8%	8%	8%	13%
% of Customers Using E-commerce	42%	48%	47%	57%
Departmental Goal 3: Recover the cost of operating services through water rates and fees				
Cost Recovery	100%	100%	100%	100%



Goal 4
High-Performing Professional City

Utility Administration

Fiscal Year	2017	2018	2019	2020
Department Goal 1: Provide timely plan review for all private and municipal projects.				
% of plan reviews completed with comments issued within 15 business days	Not tracked	Not tracked	Not tracked	70%
% of plans approved within 3 rounds of plan review	Not tracked	Not tracked	Not tracked	50%
Department Goal 2: Provide exceptional solid waste services through collaborative staff and customer service programming				
Citizen complaints regarding garbage collection	Not tracked	Not tracked	Not tracked	100

**MAJOR
REVENUES**

THE CITY OF
Anna

Summary of Revenues

This section presents information about the City's major revenues. The revenue sources described in this section account for \$27,445, 236 or 97 percent of Anna's total operating revenue (excluding interfund transfers).

Property Tax

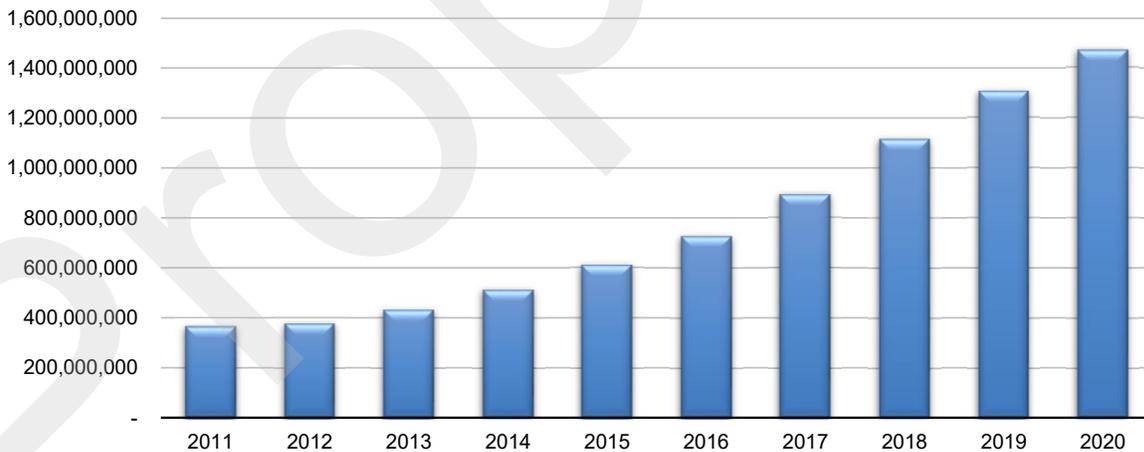
In Texas, property taxes are often the primary source of revenue for local governments. Local governments set tax rates and collect property taxes that are used to provide local services including schools, streets and roads, police and fire protection and many other services.

Property taxes are levied each October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the Town. Texas law requires property values used in determining taxes to be equal and uniform and establishes the process local officials follow in determining property values, setting tax rates and collecting taxes. Assessed values are established by the Collin Central Appraisal District (CCAD) at 100 percent of the estimated market value and certified by the Chief Appraiser.

The certified taxable assessed value for the tax year 2020 (FY2021) is \$1,470,079,895. This represents an increase of 12.7% and is due, in part, to the addition of almost \$105 million in new construction.

Beginning in 2013, strong population growth and new construction has delivered increasing demand for new homes and led to growth in the taxable value each year. Continued growth and new construction in 2019 contributed to a significant increase in total taxable value for the 2020 tax year. We remain guardedly optimistic that a trend of market appreciation and modest growth will continue in the coming years.

**Taxable Assessed Value
10 Year History**



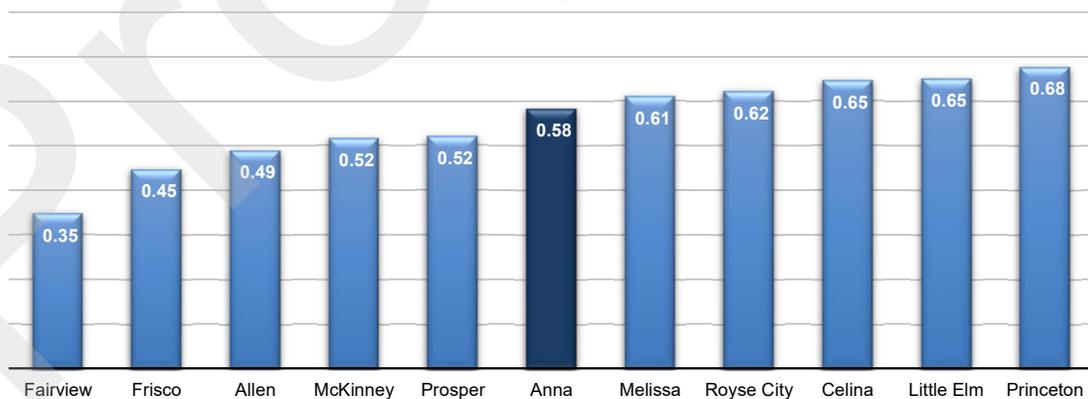
The growth in taxable value corresponds to a significant increase in population over the past 10 years. The population of Anna in 2011 was approximately 8,300. According to the most recent population estimates published by the North Central Texas Council of Governments, the City of Anna population as of January 1, 2020 was approximately 15,000.

The following table details the change in taxable assessed value, property tax rates, and property tax revenue over time:

Tax Year	Certified Assessed Value	Total Tax Rate	M&O Rate	Debt Service Rate	Total Property Tax Revenue
2001	35,320,292	0.579900	0.151100	0.428800	\$ 204,822
2002	52,462,163	0.499700	0.499700	0.000000	\$ 262,153
2003	79,351,888	0.499700	0.499700	0.000000	\$ 396,521
2004	136,234,607	0.499700	0.499700	0.000000	\$ 680,764
2005	211,508,957	0.525000	0.525000	0.000000	\$ 1,110,422
2006	288,590,455	0.525000	0.525000	0.000000	\$ 1,515,100
2007	356,238,071	0.574900	0.466700	0.108200	\$ 2,048,013
2008	383,935,013	0.574900	0.479400	0.095500	\$ 2,207,242
2009	378,153,710	0.622733	0.529939	0.092794	\$ 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	376,533,308	0.650332	0.559367	0.090965	\$ 2,448,717
2013	430,834,574	0.650332	0.559367	0.090965	\$ 2,801,855
2014	510,576,704	0.649000	0.545826	0.103174	\$ 3,313,643
2015	608,694,594	0.639000	0.532341	0.106659	\$ 3,889,558
2016	726,642,896	0.629000	0.506582	0.122418	\$ 4,570,584
2017	891,474,571	0.601288	0.478870	0.122418	\$ 5,360,330
2018	1,115,372,832	0.591288	0.428122	0.163166	\$ 6,595,066
2019	1,304,938,519	0.591288	0.451540	0.139748	\$ 7,715,945
2020	1,470,079,895	0.583000	0.467053	0.115947	\$ 8,570,566

Revenues generated from the City's Interest and Sinking (I&S) portion of the tax rate are deposited into the Debt Service Fund and are dedicated to pay the principal and interest of outstanding debt secured by property taxes. All debt issued for general government purposes is accounted for in the Debt Service Fund.

Tax Rate Comparison

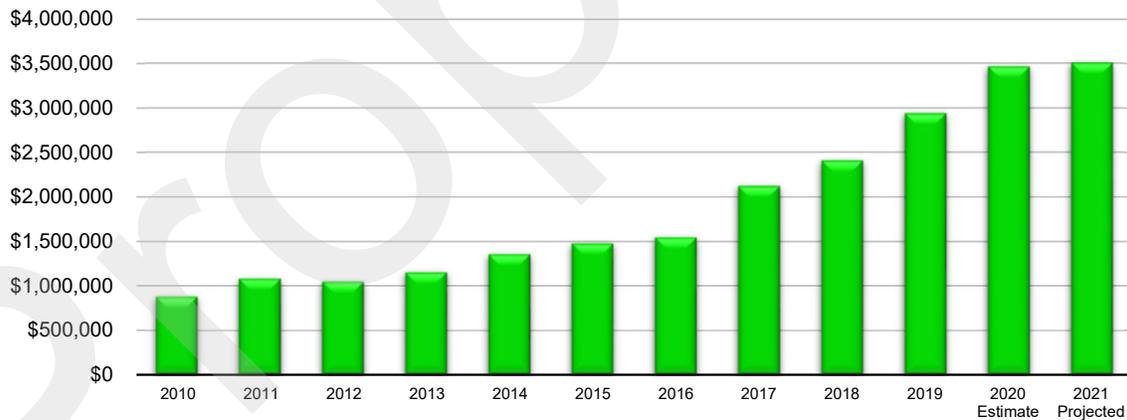


Sales Tax

The total sales tax in Anna is 8.25 percent of goods or services sold within the City's boundaries. The tax is collected by businesses making the sale and is remitted to the State's Comptroller of Public Accounts on a monthly, or and in some cases, a quarterly basis. Of the 8.25 percent tax, the State retains 6.25 percent and distributes 2 percent to the City of Anna. In November 2017, a ballot proposition to change the allocation of the sales tax was approved. As a result, the portion of the sales tax revenue allocated to the General Fund increased from 1% to 1.25%, with 0.25% being dedicated to streets projects. This reallocation was effective in April 2017. The remaining 0.75% funds the Community Development Corporation. As the City has grown, so has the sales tax base.

Fiscal Year	Sales Tax	% Change
2010	\$876,141	13.92%
2011	\$1,075,088	22.71%
2012	\$1,045,680	-2.74%
2013	\$1,149,298	9.91%
2014	\$1,351,032	17.55%
2015	\$1,472,962	9.02%
2016	\$1,542,310	4.71%
2017	\$2,118,848	37.38%
2018	\$2,403,325	13.43%
2019	\$2,936,674	22.19%
2020 Estimate	\$3,460,000	17.82%
2021 Projected	\$3,505,000	1.30%

Sales Tax History



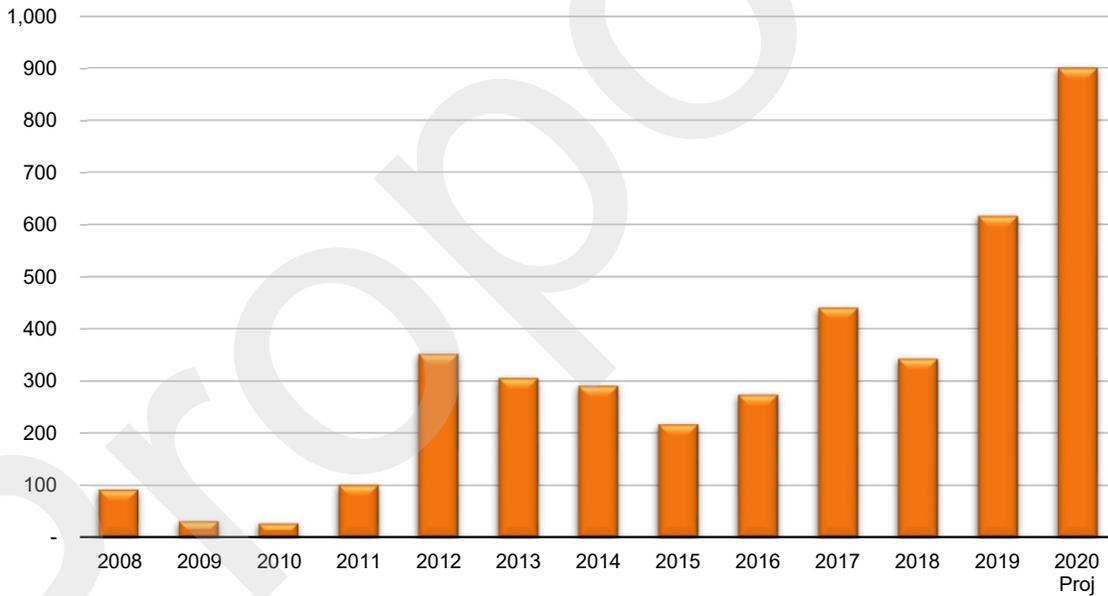
Development Licenses and Permits

Development revenue is driven by building activity in the City. Development revenue is a combination of building permits, contractor registration fees, and all other fees related to the permitting and approval of construction activity in the City. The City experienced a sharp decline in building permits from 2006 through 2010 that coincided with the recession. As the economy improved, we saw strong growth in single family permits through 2012; however, lot inventory began to diminish as developers had not added inventory to keep up with demand. As that inventory diminished, we observed a modest drop in building activity. In 2016, as the developers began increasing the lot inventory to keep up with the continually increasing demand for housing in Anna, the City began to see a strong growth once again in single family permits.

In FY2018, due to the inventory of lots decreasing, the City once again saw a decline in number of permits. However, the City has once again seen a significant increase in FY2019 and anticipates this growth to continue. FY2020 budget reflected an increase to 525 building permits; however, current trends will result in at least 700 by year-end. The same level is projected for FY2021.

We anticipate that new home construction will continue to increase as subdivisions that are under construction or in various stages of the development process are completed and become available in the market.

Building Permits by Year



Utility Charges for Services

The City of Anna charges for water consumption, wastewater collection, solid waste collection, and fees related to providing consumers with utility services. As an enterprise fund, the revenues charged should at a minimum cover the fund’s operating expenses and debt service, as well as any other policy goals defined by the City Council including funding for capital projects, capital replacement, and conservation efforts.

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 provides revenue stability as water sales are more volatile than other revenue sources and can change based upon weather and the amount of precipitation.

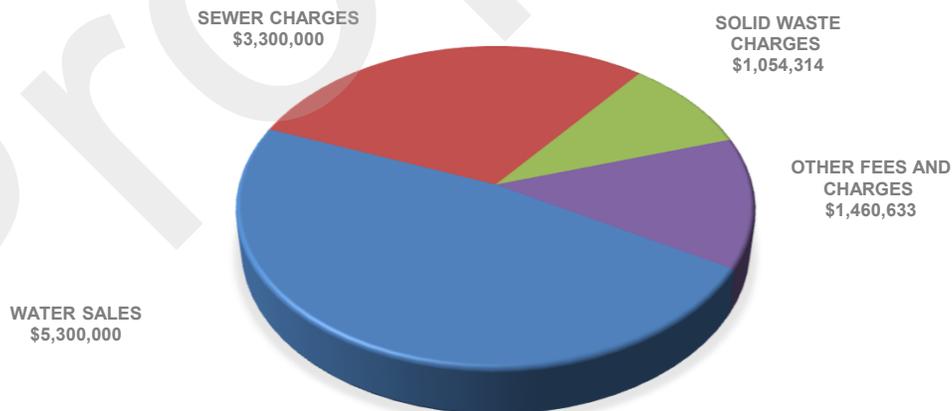
In reviewing the fiscal health of the Utility Fund during the FY2020 budget process, staff determined the need for an updated utility rate structure. A rate model consultant was engaged, and in July 2020, the City Council approved a utility rate policy.

Staff will review the utility rate model on an annual basis to ensure the rate adjustments are in line with the needs identified in the new rate model adopted by the City Council.

Sample Residential Water and Sewer Bill

Consumption	FY2020 Rate	FY2021 Rate	Change
2,000 gallons	\$ 49.88	\$ 54.86	\$ 4.98
5,000 gallons	\$ 82.55	\$ 90.80	\$ 8.25
15,000 gallons	\$ 191.45	\$ 210.60	\$ 19.15

Utility Fund Charges for Services



Franchise Fees

Franchise fees are the rental costs paid by utilities that use the City's right-of-way or other City property to transmit their services. Right of way, just like other land interests, are valuable to a city and cannot be given away to private companies free of charge. At present, electric, telecommunications, cable television and gas each have their own legal framework with regards to how the fee is calculated and assessed.

Fines

This revenue is collected from persons issued citations for not obeying the law. Traffic violations are the biggest example.

Investment Income

This revenue comes from investing cash balances. The investment portfolio of the City of Anna is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Developer Fees

The Fire Capital accounts for voluntary fees negotiated with developers for support of the Anna Fire Department. The Park Development Fund is funded by park development fees as stipulated in either developer agreements or the subdivision ordinance and are used to fund the City's master parks plan through development, improvement, or maintenance of the City's parks.

**FUND
SUMMARIES**

THE CITY OF
Anna

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 most government activities. 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, and restricted/special revenues. A Propriety or Enterprise fund is where operations are accounted for and financed in a manner like private business enterprises. The Utility Fund, which accounts for water, sewer, and trash services, is an Enterprise Fund.

Basis of Budgeting

Budgetary basis refers to the basis of accounting used to estimate financing sources and uses in the budget. Accrual basis of accounting is used to estimate financing sources and uses in the budget. Accrual basis of accounting indicates revenues are recorded as they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and services are received (whether cash disbursement has been made at the time or not). Modified accrual is the method under which revenues and other financial resource increments are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available" to finance expenditures of the current period. "Available" means collectible in the current period or soon enough thereafter to be used to pay the liabilities of the current period.

Governmental Funds

◆ General Fund: This fund is the primary operating fund for the City. 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.

◆ 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.

Proprietary/Enterprise Fund Types

◆ Utility Fund: This fund accounts for the operation and maintenance of the City's water and waste water utility system and the contract for solid waste collection services. This fund is financially supported solely by user charges for utility and trash service.

**CONSOLIDATED BUDGET SUMMARY OF REVENUE AND EXPENDITURES
FY2020-21**

	Major Governmental		Enterprise	Restricted Revenue	
	General	Debt Service	Utility	Grant	Special Revenue
BEGINNING BALANCES	\$ 5,331,397	\$ 138,245	\$ 3,985,083	\$ -	\$ 138,239
REVENUES:					
Property Taxes	\$ 6,736,415	\$ 1,852,163	\$ -	\$ -	\$ -
Sales Tax	2,205,000	-	-	-	-
Charges for Services	106,600	-	11,114,947	-	-
Licenses and Permits	2,147,100	-	-	-	-
Franchise and Local Taxes	601,600	-	-	-	7,800
Investment Income	70,000	11,000	75,600	-	1,100
Other Revenues	58,300	-	115,700	-	-
Intergovernmental	133,195	-	-	581,497	-
Fines	80,000	-	-	-	14,500
Donations	-	-	-	-	-
TOTAL REVENUE	\$ 12,138,210	\$ 1,863,163	\$ 11,306,247	\$ 581,497	\$ 23,400
Transfers from other funds	-	-	-	184,246	-
TOTAL REVENUES	\$ 12,138,210	\$ 1,863,163	\$ 11,306,247	\$ 765,743	\$ 23,400
TOTAL AVAILABLE RESOURCES	\$ 17,469,607	\$ 2,001,408	\$ 15,291,330	\$ 765,743	\$ 161,639
EXPENDITURES:					
Payroll	\$ 8,193,387	\$ -	\$ 2,050,648	\$ 705,868	\$ 1,800
Supplies	489,068	-	159,096	4,558	-
Maintenance	226,860	-	530,775	-	-
Services	2,200,937	5,500	5,640,125	5,317	9,325
Debt Service	-	1,812,163	2,095,362	-	-
Capital Outlay	67,326	-	-	50,000	-
Capital Improvement	350,000	-	-	-	-
Contingency	-	-	-	-	-
TOTAL OPERATIONAL EXPENDITURES	\$ 11,527,578	\$ 1,817,663	\$ 10,476,006	\$ 765,743	\$ 11,125
Transfers to other funds	609,246	-	-	-	-
TOTAL EXPENDITURES	\$ 12,136,824	\$ 1,817,663	\$ 10,476,006	\$ 765,743	\$ 11,125
ENDING FUND BALANCES	\$ 5,332,783	\$ 183,745	\$ 4,815,324	\$ -	\$ 150,514
Fund Balance Percentage	46.3%	10.1%	46.0%	0.0%	1352.9%

**CONSOLIDATED BUDGET SUMMARY OF REVENUE AND EXPENDITURES
FY2020-21**

Restricted Revenue			Component Units		Total All Funds		
Park Development	Fire Capital	Seizure	Community Development	Economic Development	Budget FY2021	Estimated FY2020	Actual FY2019
\$ 1,913,256	\$ 110,720	\$ 11,917	\$ 1,192,604	\$ 417,877	\$ 13,239,338	\$ 12,157,149	\$ 11,016,138
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,588,578	\$ 7,989,026	\$ 6,719,242
-	-	-	1,300,000	-	3,505,000	3,460,000	2,936,674
591,000	75,000	-	-	17,476	11,905,023	11,319,802	10,096,563
-	-	-	-	-	2,147,100	1,685,200	1,334,823
-	-	-	-	-	609,400	609,400	620,470
14,000	800	-	11,140	6,000	189,640	222,690	310,900
-	-	2,500	-	1,500	178,000	197,842	776,819
-	-	-	-	-	714,692	270,000	175,518
-	-	-	-	-	94,500	93,500	103,614
-	-	-	-	-	-	375	7,491
\$ 605,000	\$ 75,800	\$ 2,500	\$ 1,311,140	\$ 24,976	\$ 27,931,933	\$ 25,847,835	\$ 23,082,114
-	-	-	-	-	609,246	1,615,573	33,522
\$ 605,000	\$ 75,800	\$ 2,500	\$ 1,311,140	\$ 24,976	\$ 28,541,179	\$ 27,463,408	\$ 23,115,636
\$ 2,518,256	\$ 186,520	\$ 14,417	\$ 2,503,744	\$ 442,853	\$ 41,780,517	\$ 39,620,557	\$ 34,131,774
\$ 160,311	\$ -	\$ -	\$ 121,985	\$ -	\$ 11,233,999	\$ 8,594,765	\$ 6,748,293
-	-	-	7,100	-	659,822	607,682	576,302
-	-	-	-	3,000	760,635	917,108	977,975
-	-	-	852,804	96,650	8,810,658	8,183,615	8,368,312
-	-	-	329,251	-	4,236,776	4,235,939	4,466,101
-	-	-	-	-	117,326	465,314	422,656
-	-	-	-	-	350,000	150,000	381,464
-	-	-	-	-	-	-	-
\$ 160,311	\$ -	\$ -	\$ 1,311,140	\$ 99,650	\$ 26,169,216	\$ 23,154,423	\$ 21,941,103
-	-	-	-	-	609,246	1,615,573	33,522
\$ 160,311	\$ -	\$ -	\$ 1,311,140	\$ 99,650	\$ 26,778,462	\$ 24,769,996	\$ 21,974,625
\$ 2,357,945	\$ 186,520	\$ 14,417	\$ 1,192,604	\$ 343,203	\$ 15,002,055	\$ 14,850,561	\$ 12,157,149
0.0%	0.0%	0.0%	91.0%	344.4%	57.3%	64.1%	55.4%

**CITY OF ANNA
COMBINED FUNDS SUMMARY OF REVENUE AND EXPENDITURES
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 11,016,138	\$ 9,018,438	\$ 12,157,149	\$ 13,239,338
REVENUES:				
Property Taxes	\$ 6,719,242	\$ 7,715,951	\$ 7,989,026	\$ 8,588,578
Sales Tax	2,936,674	3,048,942	3,460,000	3,505,000
Charges for Services	10,096,563	10,819,361	11,319,802	11,905,023
Licenses and Permits	1,334,823	1,272,750	1,685,200	2,147,100
Franchise and Local Taxes	620,470	655,126	609,400	609,400
Investment Income	310,900	263,822	222,690	189,640
Other Revenues	776,819	158,250	197,842	178,000
Intergovernmental	175,518	137,416	270,000	714,692
Fines	103,614	95,890	93,500	94,500
Donations	7,491	2,000	375	-
TOTAL OPERATIONAL REVENUE	<u>\$ 23,082,114</u>	<u>\$ 24,169,508</u>	<u>\$ 25,847,835</u>	<u>\$ 27,931,933</u>
Transfers from other funds	33,522	151,545	1,615,573	609,246
TOTAL REVENUES	<u>\$ 23,115,636</u>	<u>\$ 24,321,053</u>	<u>\$ 27,463,408</u>	<u>\$ 28,541,179</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 34,131,774</u>	<u>\$ 33,339,491</u>	<u>\$ 39,620,557</u>	<u>\$ 41,780,517</u>
EXPENDITURES:				
Payroll	\$ 6,748,293	\$ 8,834,187	\$ 8,594,765	\$ 11,233,999
Supplies	576,302	591,046	607,682	659,822
Maintenance	977,975	759,795	917,108	760,635
Services	8,368,312	8,300,305	8,183,615	8,810,658
Debt Service	4,466,101	4,237,874	4,235,939	4,236,776
Capital Outlay	422,656	30,000	465,314	117,326
Capital Improvement	381,464	962,315	150,000	350,000
Contingency	-	400,000	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 21,941,103</u>	<u>\$ 24,115,522</u>	<u>\$ 23,154,423</u>	<u>\$ 26,169,216</u>
Transfers to other funds	33,522	151,545	1,615,573	609,246
TOTAL EXPENDITURES	<u>\$ 21,974,625</u>	<u>\$ 24,267,067</u>	<u>\$ 24,769,996</u>	<u>\$ 26,778,462</u>
ENDING FUND BALANCES	<u>\$ 12,157,149</u>	<u>\$ 9,072,424</u>	<u>\$ 14,850,561</u>	<u>\$ 15,002,055</u>

**CITY OF ANNA
CHANGE IN FUND BALANCE
FY2020-21**

FUND	PROJECTED FUND BALANCE 9/30/20	PROJECTED FUND BALANCE 9/30/21	% CHANGE	EXPLANATION
GENERAL	\$ 5,331,397	\$ 5,332,783	0%	N/A
DEBT SERVICE	\$ 138,245	\$ 183,745	33%	Increase is due to better than expected property tax collections.
UTILITY	\$ 3,985,083	\$ 4,815,324	21%	Rates are increasing in anticipation of future capital project needs.
SPECIAL REVENUE	\$ 138,239	\$ 150,514	9%	Increase is due to not currently having expenditures associated with the PEG fees.
FIRE CAPITAL	\$ 110,720	\$ 186,520	68%	Increase is due to no planned purchases in this fiscal year.
PARK DEVELOPMENT	\$ 1,913,256	\$ 2,357,945	23%	Increase is due to lag in completion of capital projects.
PUBLIC SAFETY SEIZURE	\$ 11,917	\$ 14,417	21%	Purchases not budgeted until significant lag in receipt of revenue.
ECONOMIC DEVELOPMENT	\$ 417,877	\$ 343,203	-18%	EDC is no long funded with sales tax; revenue source is rental of a building.
COMMUNITY DEVELOPMENT	\$ 1,097,267	\$ 1,311,140	19%	Increase is due to better than expected sales tax collections.

**CITY OF ANNA
PERSONNEL SUMMARY
FY2020-21**

	Actual 2018-19	Budget 2019-20	Budget 2020-21	Increase (Decrease)
GENERAL FUND				
City Manager's Office				
City Manager	1.0	1.0	1.0	-
Assistant City Manager	-	-	1.0	1.0
Assistant to the City Manager	1.0	1.0	-	(1.0)
Human Resources Manager	1.0	1.0	-	(1.0)
Director of Human Resources	-	-	1.0	1.0
Code Compliance Manager	1.0	1.0	-	(1.0)
Admin. Assistant / Records Clerk	0.5	-	-	-
Administrative Assistant	-	-	1.5	1.5
Budget Manager	-	-	1.0	1.0
Management Analyst	-	1.0	1.0	-
	<u>4.5</u>	<u>5.0</u>	<u>6.5</u>	<u>1.5</u>
City Secretary				
City Secretary	1.0	1.0	1.0	-
Deputy City Secretary	-	-	1.0	1.0
Admin. Assistant / Records Clerk	-	0.5	0.5	-
	<u>1.0</u>	<u>1.5</u>	<u>2.5</u>	<u>1.0</u>
Information Technology				
IT Manager	-	-	1.0	1.0
	<u>-</u>	<u>-</u>	<u>1.0</u>	<u>1.0</u>
Finance				
Director of Finance	1.0	1.0	1.0	-
Accountant II	1.0	1.0	-	(1.0)
Accounting Manager	-	-	1.0	1.0
Budget Manager	1.0	1.0	-	(1.0)
Senior Accountant	-	-	1.0	1.0
Finance / Budget Analyst	-	1.0	-	(1.0)
Accountant	1.0	1.0	1.0	-
Accounting Technician	1.0	-	1.0	1.0
IT Manager	-	1.0	-	(1.0)
	<u>5.0</u>	<u>6.0</u>	<u>5.0</u>	<u>(1.0)</u>
Development				
Managing Dir. of Community Svcs	1.0	1.0	-	(1.0)
Director of Planning	1.0	1.0	-	(1.0)
Director of Development	-	-	1.0	1.0
Planner II	1.0	1.0	1.0	-
Planner I	1.0	1.0	1.0	-
Plans Examiner	-	-	1.0	1.0
GIS Specialist	1.0	1.0	-	(1.0)
GIS Manager	-	-	1.0	1.0
Building Inspector	1.0	1.0	1.0	-
Building Official	1.0	1.0	1.0	-
Permit Technician Supervisor	1.0	1.0	-	(1.0)
Permit Technician	1.0	1.0	1.0	-
	<u>9.0</u>	<u>9.0</u>	<u>8.0</u>	<u>(1.0)</u>

**CITY OF ANNA
PERSONNEL SUMMARY
FY2020-21**

	Actual 2018-19	Budget 2019-20	Budget 2020-21	Increase (Decrease)
Fire				
Fire Chief	1.0	1.0	1.0	-
Assistant Fire Chief	1.0	1.0	1.0	-
Fire Prevention Captain	1.0	1.0	1.0	-
Fire Shift Captain	3.0	3.0	3.0	-
Fire Fighter	7.0	7.0	9.0	2.0
Administrative Assistant	-	0.5	1.0	0.5
	<u>13.0</u>	<u>13.5</u>	<u>16.0</u>	<u>2.5</u>
Police				
Police Chief	1.0	1.0	1.0	-
Assistant Police Chief	-	-	1.0	1.0
Records Administrator	1.0	1.0	1.0	-
Lieutenant	1.0	1.0	-	(1.0)
Sergeant	4.0	4.0	3.0	(1.0)
Sergeant Detective	-	-	1.0	1.0
Police Officer	11.0	14.0	16.0	2.0
Detective	2.0	2.0	3.0	1.0
Family Violence Investigator	1.0	-	-	-
Administrative Assistant	-	0.5	-	(0.5)
	<u>21.0</u>	<u>23.5</u>	<u>26.0</u>	<u>2.5</u>
Municipal Court				
Municipal Court Administrator	1.0	1.0	1.0	-
	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>
Parks				
Parks Superintendent	1.0	1.0	1.0	-
Parks Crew Leader	1.0	1.0	1.0	-
Maintenance Worker II	1.0	1.0	1.0	-
Maintenance Worker I	3.0	4.0	5.0	1.0
Seasonal Laborer	0.4	0.4	0.4	-
Irrigation Technician	-	1.0	-	(1.0)
	<u>6.4</u>	<u>8.4</u>	<u>8.4</u>	<u>-</u>
Neighborhood Services				
Director of Neighborhood Services	-	-	1.0	1.0
Neighborhood Services Manager	-	-	1.0	1.0
Neighborhood Services Coordinator	-	-	1.0	1.0
Code Compliance Manager	-	-	1.0	1.0
Code Compliance Officer	-	-	1.0	1.0
	<u>-</u>	<u>-</u>	<u>5.0</u>	<u>5.0</u>
Streets				
Street Superintendent	1.0	1.0	1.0	-
Crew Leader	1.0	1.0	1.0	-
Traffic Safety Technician	1.0	1.0	1.0	-
Maintenance Worker II	1.0	1.0	1.0	-
Maintenance Worker I	2.0	2.0	2.0	-
	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>-</u>
Economic Development				
Director of Economic Development	1.0	1.0	1.0	-
	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>
GENERAL FUND TOTAL	67.9	74.9	86.4	11.5

**CITY OF ANNA
PERSONNEL SUMMARY
FY2020-21**

	Actual 2018-19	Budget 2019-20	Budget 2020-21	Increase (Decrease)
UTILITY FUND				
Public Works Administration				
Director of Public Works	1.0	1.0	1.0	-
Assistant Director of Public Works	1.0	1.0	1.0	-
Civil Engineer	-	-	1.0	1.0
Engineering Construction Super.	1.0	1.0	1.0	-
Construction Inspector	2.0	2.0	2.0	-
Right of Way Inspector	1.0	1.0	1.0	-
Administrative Assistant	1.0	1.0	1.0	-
	7.0	7.0	8.0	1.0
Water				
Water Superintendent	1.0	1.0	1.0	-
Water Supervisor	1.0	1.0	1.0	-
Maintenance Worker I	4.0	4.0	4.0	-
Water Operator	1.0	1.0	1.0	-
Service Order Technician	2.0	2.0	2.0	-
	9.0	9.0	9.0	-
Sewer				
Wastewater Superintendent	1.0	1.0	-	(1.0)
Wastewater Supervisor	-	-	1.0	1.0
Senior Wastewater Operator	1.0	1.0	1.0	-
Wastewater Crew Leader	1.0	1.0	1.0	-
Maintenance Worker II	1.0	1.0	1.0	-
Maintenance Worker I	3.0	3.0	3.0	-
	7.0	7.0	7.0	-
Utility Billing				
Customer Service Manager	1.0	1.0	1.0	-
Senior Utility Billing Clerk	1.0	1.0	-	(1.0)
Utility Billing Clerk	0.5	0.5	2.0	1.5
Admin. Assistant / Records Clerk	0.5	0.5	0.5	-
	3.0	3.0	3.5	0.5
WATER & SEWER FUND TOTAL	26.0	26.0	27.5	1.5
PARK DEVELOPMENT FUND				
Park Development				
Recreation Manager	-	-	1.0	1.0
Recreation Coordinator	-	-	1.5	1.5
	-	-	2.5	2.5
PARK DEVELOPMENT TOTAL	-	-	2.5	2.5

**CITY OF ANNA
PERSONNEL SUMMARY
FY2020-21**

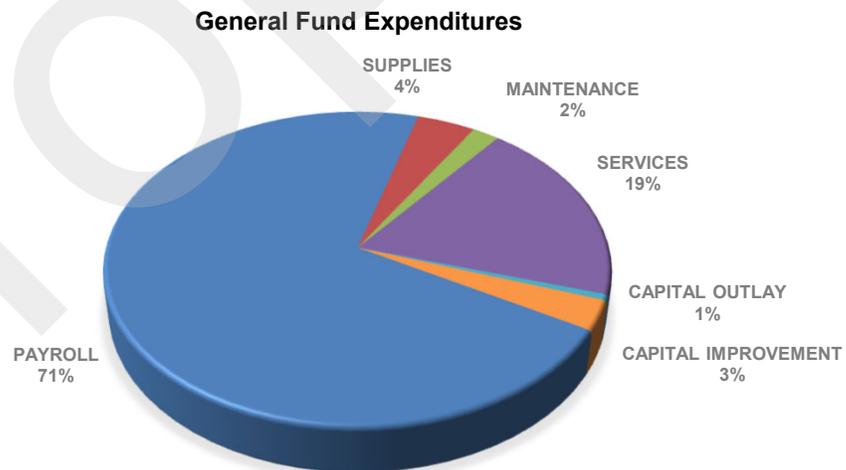
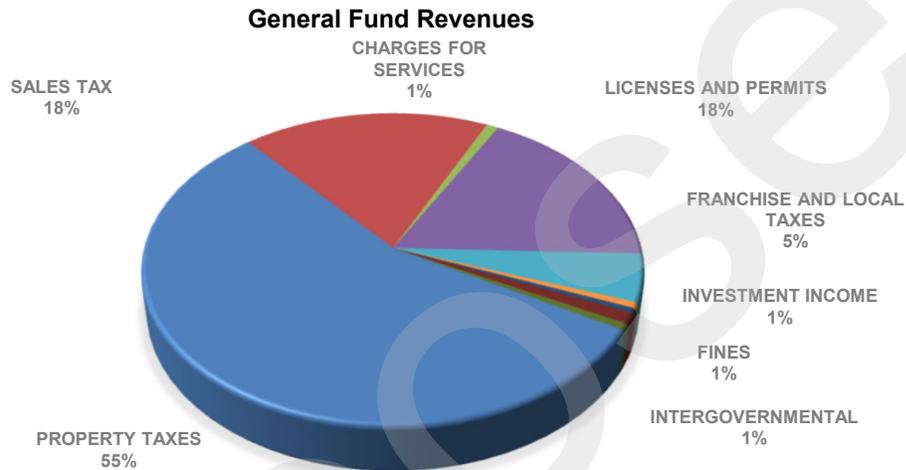
	Actual 2018-19	Budget 2019-20	Budget 2020-21	Increase (Decrease)
COMMUNITY DEVELOPMENT FUND				
Community Development				
CDC Chief Administrative Officer	1.0	1.0	-	(1.0)
Economic Development Manager	-	-	1.0	1.0
	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>-</u>
COMMUNITY DEVELOP. TOTAL	1.0	1.0	1.0	-
TOTAL EMPLOYEES, ALL FUNDS	94.9	101.9	117.4	15.5

**CITY OF ANNA
FUND RELATIONSHIPS
FY2020-21**

	General Fund	Utility Fund	Special Revenue Funds	Capital Projects Funds
GOVERNMENTAL FUNDS				
Administration	√			
City Council	√			
City Manager	√			
City Secretary	√			
Information Technology	√			
Finance	√			
Development	√			
Animal Control	√			
Fire	√		√	
Ambulance	√			
Police	√		√	
Municipal Court	√		√	
Parks	√		√	
Neighborhood Services	√			
Streets	√		√	√
Economic Development	√		√	
Community Development			√	
ENTERPRISE FUND				
Public Works Administration		√		
Water		√		√
Sewer		√		√
Solid Waste		√		
Utility Billing		√		

General Fund

The General Fund is the largest governmental fund and accounts for most of the financial resources of the general government. The majority of General Fund revenue is from property taxes and sales taxes. Other revenues include franchise fees, licenses & permits and fines. The General Fund usually includes most of the basic operating services, such as fire and police protection, parks, development services, street maintenance, and general government administration for these services and the City Council.



**CITY OF ANNA
GENERAL FUND BY CATEGORY
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 4,619,185	\$ 4,324,683	\$ 5,846,943	\$ 5,331,397
REVENUES:				
Property Taxes	\$ 4,876,783	\$ 5,892,319	\$ 6,126,026	\$ 6,736,415
Sales Tax	1,835,421	1,911,312	2,160,000	2,205,000
Charges for Services	145,592	118,700	111,200	106,600
Licenses and Permits	1,334,823	1,272,750	1,685,200	2,147,100
Franchise and Local Taxes	612,332	646,600	601,600	601,600
Investment Income	138,658	129,714	103,000	70,000
Other Revenues	226,012	63,150	70,746	58,300
Intergovernmental	93,190	118,190	123,195	133,195
Fines	87,431	80,000	80,000	80,000
Donations	7,425	2,000	375	-
TOTAL OPERATIONAL REVENUE	<u>\$ 9,357,667</u>	<u>\$ 10,234,735</u>	<u>\$ 11,061,342</u>	<u>\$ 12,138,210</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 9,357,667</u>	<u>\$ 10,234,735</u>	<u>\$ 11,061,342</u>	<u>\$ 12,138,210</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 13,976,852</u>	<u>\$ 14,559,418</u>	<u>\$ 16,908,285</u>	<u>\$ 17,469,607</u>
EXPENDITURES:				
Payroll	\$ 4,934,344	\$ 6,761,871	\$ 6,605,537	\$ 8,193,387
Supplies	372,144	409,480	431,238	489,068
Maintenance	282,408	219,576	367,808	226,860
Services	2,332,516	2,135,912	2,155,697	2,200,937
Capital Outlay	174,975	-	401,035	67,326
Capital Improvement	-	256,349	-	350,000
Contingency	-	300,000	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 8,096,387</u>	<u>\$ 10,083,188</u>	<u>\$ 9,961,315</u>	<u>\$ 11,527,578</u>
Transfers to other funds	33,522	151,545	1,615,573	609,246
TOTAL EXPENDITURES	<u>\$ 8,129,909</u>	<u>\$ 10,234,733</u>	<u>\$ 11,576,888</u>	<u>\$ 12,136,824</u>
ENDING FUND BALANCES	<u>\$ 5,846,943</u>	<u>\$ 4,324,685</u>	<u>\$ 5,331,397</u>	<u>\$ 5,332,783</u>
Fund Balance Percentage	72.2%	42.9%	53.5%	46.3%

**CITY OF ANNA
GENERAL FUND BY DEPARTMENT
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
EXPENDITURES:				
General Government:				
Administration	\$ 529,423	\$ 789,260	\$ 586,885	\$ 447,740
City Council	76,922	44,939	44,828	31,278
City Manager's Office	536,917	650,727	654,524	1,010,799
City Secretary	136,583	193,588	183,581	233,967
Information Technology	-	-	-	312,190
Finance	409,667	645,077	568,093	561,998
	<u>\$ 1,689,512</u>	<u>\$ 2,323,591</u>	<u>\$ 2,037,911</u>	<u>\$ 2,597,972</u>
Development Services	<u>\$ 1,219,084</u>	<u>\$ 1,303,678</u>	<u>\$ 1,204,558</u>	<u>\$ 981,486</u>
Public Safety:				
Animal Control	\$ 74,680	\$ 67,042	\$ 67,042	\$ 77,327
Fire	1,412,154	1,635,570	2,078,939	2,017,811
Ambulance	125,167	137,684	122,250	128,400
Police	2,245,758	2,714,987	2,735,578	3,146,015
Municipal Court	115,912	135,934	128,768	135,245
	<u>\$ 3,973,671</u>	<u>\$ 4,691,217</u>	<u>\$ 5,132,577</u>	<u>\$ 5,504,798</u>
Neighborhood Services				
Neighborhood Services	\$ -	\$ -	\$ -	\$ 601,332
Parks	472,605	681,312	634,944	651,373
	<u>\$ 472,605</u>	<u>\$ 681,312</u>	<u>\$ 634,944</u>	<u>\$ 1,252,705</u>
Streets	<u>\$ 653,421</u>	<u>\$ 938,632</u>	<u>\$ 805,992</u>	<u>\$ 1,031,046</u>
Economic Development	<u>\$ 88,094</u>	<u>\$ 144,758</u>	<u>\$ 145,333</u>	<u>\$ 159,571</u>
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 8,096,387</u>	<u>\$ 10,083,188</u>	<u>\$ 9,961,315</u>	<u>\$ 11,527,578</u>
Transfers to other funds	33,522	151,545	1,615,573	609,246
TOTAL EXPENDITURES	<u>\$ 8,129,909</u>	<u>\$ 10,234,733</u>	<u>\$ 11,576,888</u>	<u>\$ 12,136,824</u>

**CITY OF ANNA
GENERAL FUND REVENUE SUMMARY
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
REVENUES:				
Property Taxes				
Current Taxes	\$ 4,776,274	\$ 5,809,827	\$ 5,959,751	\$ 6,638,415
Delinquent Taxes	73,191	58,923	125,847	73,000
Penalty & Interest	27,318	23,569	40,428	25,000
	<u>\$ 4,876,783</u>	<u>\$ 5,892,319</u>	<u>\$ 6,126,026</u>	<u>\$ 6,736,415</u>
Sales Taxes				
Sales Taxes - General	\$ 1,468,337	\$ 1,529,050	\$ 1,730,000	\$ 1,765,000
Sales Taxes - Streets	367,084	382,262	430,000	440,000
	<u>\$ 1,835,421</u>	<u>\$ 1,911,312</u>	<u>\$ 2,160,000</u>	<u>\$ 2,205,000</u>
Charges for Services				
Zoning Fees	6,825	5,500	10,000	15,000
Subdivision Plats	16,385	13,000	15,000	10,000
Certificate of Occupancy	28,902	25,000	4,600	-
Rentals	84,600	67,000	78,600	78,600
Park Fees	8,880	8,200	3,000	3,000
	<u>\$ 145,592</u>	<u>\$ 118,700</u>	<u>\$ 111,200</u>	<u>\$ 106,600</u>
Licenses and Permits				
Building Permits	\$ 1,202,692	\$ 1,212,750	\$ 1,607,150	\$ 2,066,000
Contractor Registration	3,650	500	10,000	11,600
Alarm Permits	11,555	9,500	12,000	12,000
Other Miscellaneous Permits	116,926	50,000	56,050	57,500
	<u>\$ 1,334,823</u>	<u>\$ 1,272,750</u>	<u>\$ 1,685,200</u>	<u>\$ 2,147,100</u>
Franchise and Local Taxes				
Franchise Fees	\$ 610,624	\$ 645,000	\$ 600,000	\$ 600,000
Mixed Beverage Tax	1,708	1,600	1,600	1,600
	<u>\$ 612,332</u>	<u>\$ 646,600</u>	<u>\$ 601,600</u>	<u>\$ 601,600</u>
Investment Income				
	<u>\$ 138,658</u>	<u>\$ 129,714</u>	<u>\$ 103,000</u>	<u>\$ 70,000</u>
Other Revenues				
Gain on Sale of Assets	\$ 184,263	\$ 40,000	\$ 17,432	\$ -
Rental Registration	-	-	27,250	45,000
Miscellaneous	41,749	23,150	26,064	13,300
	<u>\$ 226,012</u>	<u>\$ 63,150</u>	<u>\$ 70,746</u>	<u>\$ 58,300</u>
Intergovernmental Revenue				
	<u>\$ 93,190</u>	<u>\$ 118,190</u>	<u>\$ 123,195</u>	<u>\$ 133,195</u>
Fines				
	<u>\$ 87,431</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>
Donations				
	<u>\$ 7,425</u>	<u>\$ 2,000</u>	<u>\$ 375</u>	<u>\$ -</u>
TOTAL OPERATIONAL REVENUE	<u><u>\$ 9,357,667</u></u>	<u><u>\$ 10,234,735</u></u>	<u><u>\$ 11,061,342</u></u>	<u><u>\$ 12,138,210</u></u>

Debt Service Fund

The Debt Service Fund is a special revenue fund used to account for a portion of the ad valorem property tax revenue exclusively reserved for principal and interest payments on debt issued for General Fund purposes. The resources of this fund are generated by a tax levy based upon property taxes. Payments of principal and interest are made for general obligation bonds, certificates of obligation, and tax notes.

Anna's legal capacity for additional debt is very large. Article XI, Section 5 of the Texas Constitution limits the ad valorem tax rate to \$2.50 per \$100 valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service. Anna's rate of 0.591288 falls well under this limit. The following table reflects the allocation of the property tax levy between debt service and General Fund operations for FY2021 and previous years,

	2016-17	2017-18	2018-19	2019-20	2020-21
Debt Service	0.122418	0.122418	0.163166	0.139748	0.125312
O & M	0.506582	0.478870	0.428122	0.451540	0.465976
Total	0.629000	0.601288	0.591288	0.591288	0.591288

**CITY OF ANNA
GENERAL OBLIGATION DEBT SERVICE FUND
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 281,807	\$ 250,125	\$ 89,877	\$ 138,245
REVENUES:				
Property Taxes	\$ 1,842,459	\$ 1,823,632	\$ 1,863,000	\$ 1,852,163
Sales Tax	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Franchise and Local Taxes	-	-	-	-
Investment Income	13,820	15,882	11,000	11,000
Other Revenues	-	-	-	-
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
TOTAL OPERATIONAL REVENUE	<u>\$ 1,856,279</u>	<u>\$ 1,839,514</u>	<u>\$ 1,874,000</u>	<u>\$ 1,863,163</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 1,856,279</u>	<u>\$ 1,839,514</u>	<u>\$ 1,874,000</u>	<u>\$ 1,863,163</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 2,138,086</u>	<u>\$ 2,089,639</u>	<u>\$ 1,963,877</u>	<u>\$ 2,001,408</u>
EXPENDITURES:				
Payroll	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-
Maintenance	-	-	-	-
Services	4,306	5,500	5,500	5,500
Debt Service	2,043,903	1,820,132	1,820,132	1,812,163
Capital Outlay	-	-	-	-
Capital Improvement	-	-	-	-
Contingency	-	-	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 2,048,209</u>	<u>\$ 1,825,632</u>	<u>\$ 1,825,632</u>	<u>\$ 1,817,663</u>
Transfers to Utility Fund	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 2,048,209</u>	<u>\$ 1,825,632</u>	<u>\$ 1,825,632</u>	<u>\$ 1,817,663</u>
ENDING FUND BALANCES	<u>\$ 89,877</u>	<u>\$ 264,007</u>	<u>\$ 138,245</u>	<u>\$ 183,745</u>

Restricted Revenue Funds

The Restricted Revenue Funds are separated in different funds due to being restricted for a specific purpose and to separate these funding sources from other operating funds. These restricted revenue funds are Governmental Fund types. Monies in the restricted revenue funds are restricted based upon the circumstances of their receipt. Restrictions are placed on the use of these funds for a number of reasons including, but not limited to laws, ordinances, grant contracts, and donations.

The City manages the following Restricted Revenue funds:

- ◆ Grant Fund
- ◆ Special Revenue Fund
- ◆ Park Development Fund
- ◆ Fire Capital Fund
- ◆ Public Safety Seizure Fund

Grant Fund

The Grant Fund was created in order to track grant awards in one fund separate from operating funds. The fund is used to account for funds received from other state or federal government agencies that have restricted legal requirements and multi-year budgets. In the event matching funds are required for a grant, the City's matching portion is transferred from the applicable operating fund.

Special Revenue Fund

These funds are used to account for funds that have external legal restrictions associated with their use. This fund includes the following types of revenues: Court Technology fees, Court Building Security fees, Child Safety fees, and Cable Public Education Government (PEG) Fees.

The Court Technology fees account for a portion of court fines to support the use of technology in the courtroom.

The Building Security fees are used to maintain security in the court room and for overtime pay to officers acting as a bailiff for the court when necessary.

The Child Safety fees account for a portion of Collin County 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 law.

PEG Fees are a portion of fees assessed by a cable franchise provider. These fees are restricted by state code to support a municipality's public access cable channel. These funds will be held in reserve until they can support an eligible expenditure.

Park Development Fund

The Park Development Fund is funded by park development fees as stipulated in either developer agreements or the subdivision ordinance. These funds are used to fund the City's parks master plan through development, improvement, or maintenance of the City's parks.

Restricted Revenue Funds

Fire Capital Fund

The Fire Capital Fund accounts for voluntary fees negotiated with developers in support of the Anna Fire Department.

Public Safety Seizure Fund

Police Seizure Funds are funds recognized from revenues generated from property seized in connection with illegal activity once they are forfeited after prosecution. Funds can only be used in accordance with applicable state and federal laws. These funds can only be used to support the Police Department.

**CITY OF ANNA
GRANT FUND
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 2,846	\$ 1,789	\$ (111,518)	\$ -
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Franchise Fees and Local Taxes	-	-	-	-
Investment Income	-	-	-	-
Other Revenues	-	-	-	-
Intergovernmental Revenue	82,328	19,226	146,805	581,497
Fines	-	-	-	-
Donations	-	-	-	-
TOTAL OPERATIONAL REVENUE	\$ 82,328	\$ 19,226	\$ 146,805	\$ 581,497
Transfers from other funds	33,522	151,545	4,350	184,246
TOTAL REVENUES	\$ 115,850	\$ 170,771	\$ 151,155	\$ 765,743
TOTAL AVAILABLE RESOURCES	\$ 118,696	\$ 172,560	\$ 39,637	\$ 765,743
EXPENDITURES:				
Payroll	\$ 111,063	\$ -	\$ -	\$ 705,868
Supplies	3,598	6,300	7,989	4,558
Maintenance	-	-	-	-
Services	4,035	11,601	3,769	5,317
Debt Service	-	-	-	-
Capital Outlay	111,518	-	27,879	50,000
Capital Improvement	-	-	-	-
Contingency	-	-	-	-
TOTAL OPERATIONAL EXPENDITURES	\$ 230,214	\$ 17,901	\$ 39,637	\$ 765,743
Transfers to other funds	-	-	-	-
TOTAL EXPENDITURES	\$ 230,214	\$ 17,901	\$ 39,637	\$ 765,743
ENDING FUND BALANCES	\$ (111,518)	\$ 154,659	\$ -	\$ -

**CITY OF ANNA
SPECIAL REVENUE FUND
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 109,945	\$ 106,539	\$ 126,466	\$ 138,239
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Franchise Fees and Local Taxes				
PEG Fees	8,138	8,526	7,800	7,800
Investment Income	2,350	-	1,100	1,100
Other Revenues	168	-	-	-
Intergovernmental	-	-	-	-
Fines				
Court Technology	2,474	2,500	2,500	2,500
Building Security	1,852	1,890	2,000	2,000
Child Safety	11,857	11,500	9,000	10,000
Donations	-	-	-	-
TOTAL OPERATIONAL REVENUE	<u>\$ 26,839</u>	<u>\$ 24,416</u>	<u>\$ 22,400</u>	<u>\$ 23,400</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 26,839</u>	<u>\$ 24,416</u>	<u>\$ 22,400</u>	<u>\$ 23,400</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 136,784</u>	<u>\$ 130,955</u>	<u>\$ 148,866</u>	<u>\$ 161,639</u>
EXPENDITURES:				
Payroll	\$ 1,046	\$ 1,800	\$ 1,302	\$ 1,800
Supplies	-	-	-	-
Maintenance	-	-	-	-
Services	9,272	9,325	9,325	9,325
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Capital Improvement	-	-	-	-
Contingency	-	-	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 10,318</u>	<u>\$ 11,125</u>	<u>\$ 10,627</u>	<u>\$ 11,125</u>
Transfers to other funds	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 10,318</u>	<u>\$ 11,125</u>	<u>\$ 10,627</u>	<u>\$ 11,125</u>
ENDING FUND BALANCES	<u>\$ 126,466</u>	<u>\$ 119,830</u>	<u>\$ 138,239</u>	<u>\$ 150,514</u>

**CITY OF ANNA
PARKS DEVELOPMENT FUND
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 702,817	\$ 702,817	\$ 1,192,956	\$ 1,913,256
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Charges for Services	900,150	787,500	878,100	591,000
Licenses and Permits	-	-	-	-
Franchise and Local Taxes	-	-	-	-
Investment Income	23,689	24,000	14,000	14,000
Other Revenues	15,494	-	-	-
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
TOTAL OPERATIONAL REVENUE	<u>\$ 939,333</u>	<u>\$ 811,500</u>	<u>\$ 892,100</u>	<u>\$ 605,000</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 939,333</u>	<u>\$ 811,500</u>	<u>\$ 892,100</u>	<u>\$ 605,000</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 1,642,150</u>	<u>\$ 1,514,317</u>	<u>\$ 2,085,056</u>	<u>\$ 2,518,256</u>
EXPENDITURES:				
Payroll	\$ -	\$ -	\$ -	\$ 160,311
Supplies	45,941	-	5,500	-
Maintenance	-	4,434	10,000	-
Services	150	155,000	-	-
Debt Service	-	-	-	-
Capital Outlay	21,639	-	6,300	-
Capital Improvement	381,464	705,966	150,000	-
Contingency	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 449,194</u>	<u>\$ 865,400</u>	<u>\$ 171,800</u>	<u>\$ 160,311</u>
Transfers to other funds	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 449,194</u>	<u>\$ 865,400</u>	<u>\$ 171,800</u>	<u>\$ 160,311</u>
ENDING FUND BALANCES	<u>\$ 1,192,956</u>	<u>\$ 648,917</u>	<u>\$ 1,913,256</u>	<u>\$ 2,357,945</u>

**CITY OF ANNA
FIRE CAPITAL IMPROVEMENT FUND
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 52,702	\$ 52,702	\$ 75,020	\$ 110,720
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Charges for Services	38,400	15,000	65,000	75,000
Licenses and Permits	-	-	-	-
Franchise and Local Taxes	-	-	-	-
Investment Income	1,392	800	800	800
Other Revenues	-	-	-	-
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
TOTAL OPERATIONAL REVENUE	<u>\$ 39,792</u>	<u>\$ 15,800</u>	<u>\$ 65,800</u>	<u>\$ 75,800</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 39,792</u>	<u>\$ 15,800</u>	<u>\$ 65,800</u>	<u>\$ 75,800</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 92,494</u>	<u>\$ 68,502</u>	<u>\$ 140,820</u>	<u>\$ 186,520</u>
EXPENDITURES:				
Payroll	\$ -	\$ -	\$ -	\$ -
Supplies	7,906	-	-	-
Maintenance	-	-	-	-
Services	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	9,568	30,000	30,100	-
Capital Improvement	-	-	-	-
Contingency	-	-	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 17,474</u>	<u>\$ 30,000</u>	<u>\$ 30,100</u>	<u>\$ -</u>
Transfers to other funds	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 17,474</u>	<u>\$ 30,000</u>	<u>\$ 30,100</u>	<u>\$ -</u>
ENDING FUND BALANCES	<u>\$ 75,020</u>	<u>\$ 38,502</u>	<u>\$ 110,720</u>	<u>\$ 186,520</u>

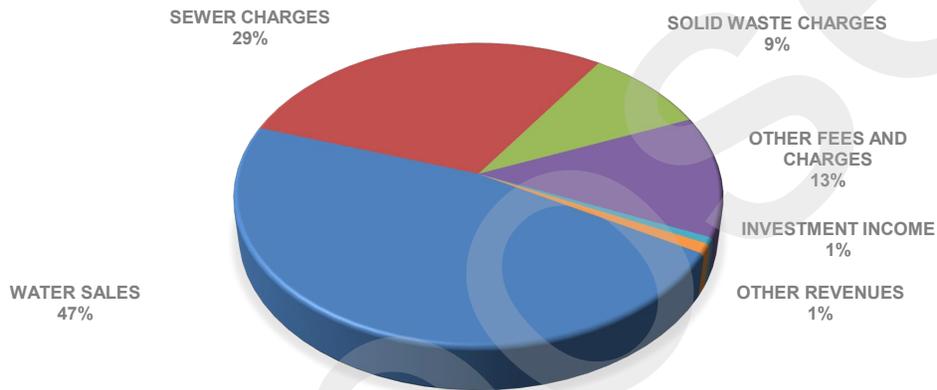
**CITY OF ANNA
PUBLIC SAFETY SEIZURE FUND
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 9,416	\$ 8,927	\$ 5,514	\$ 11,917
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Franchise and Local Taxes	-	-	-	-
Investment Income	198	-	50	-
Other Revenues	6,008	-	9,896	2,500
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
TOTAL OPERATIONAL REVENUE	<u>\$ 6,206</u>	<u>\$ -</u>	<u>\$ 9,946</u>	<u>\$ 2,500</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 6,206</u>	<u>\$ -</u>	<u>\$ 9,946</u>	<u>\$ 2,500</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 15,622</u>	<u>\$ 8,927</u>	<u>\$ 15,460</u>	<u>\$ 14,417</u>
EXPENDITURES:				
Payroll	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	2,500	-
Maintenance	-	-	-	-
Services	10,108	-	1,043	-
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Capital Improvement	-	-	-	-
Contingency	-	-	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 10,108</u>	<u>\$ -</u>	<u>\$ 3,543</u>	<u>\$ -</u>
Transfers to other funds	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 10,108</u>	<u>\$ -</u>	<u>\$ 3,543</u>	<u>\$ -</u>
ENDING FUND BALANCES	<u>\$ 5,514</u>	<u>\$ 8,927</u>	<u>\$ 11,917</u>	<u>\$ 14,417</u>

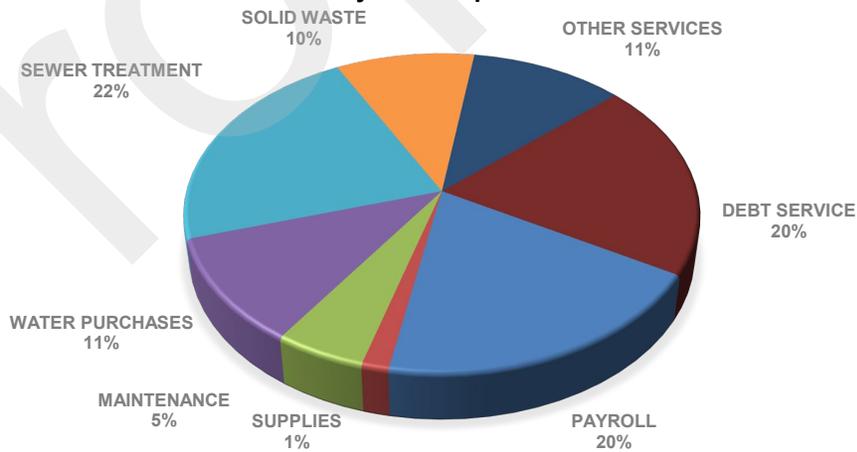
Utility Fund

The Utility Fund is an enterprise fund that accounts for the water, sewer, inspection fees, and solid waste collection services that are provided to the City's residents including some customers 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.

Utility Fund Revenues



Utility Fund Expenditures



**CITY OF ANNA
UTILITY FUND
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 4,287,014	\$ 2,700,950	\$ 3,364,464	\$ 3,985,083
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Charges for Services				
Water Sales	4,225,506	4,997,184	4,997,184	5,300,000
Sewer Charges	2,622,524	2,780,504	2,780,504	3,300,000
Solid Waste Charges	1,077,476	1,054,314	1,054,314	1,054,314
Other Fees and Charges	1,069,870	1,055,383	1,421,500	1,460,633
Licenses and Permits	-	-	-	-
Franchise Fees and Local Taxes	-	-	-	-
Investment Income	113,599	78,290	75,600	75,600
Other Revenues	122,744	92,100	115,700	115,700
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
TOTAL OPERATIONAL REVENUE	<u>\$ 9,231,719</u>	<u>\$ 10,057,775</u>	<u>\$ 10,444,802</u>	<u>\$ 11,306,247</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 9,231,719</u>	<u>\$ 10,057,775</u>	<u>\$ 10,444,802</u>	<u>\$ 11,306,247</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 13,518,733</u>	<u>\$ 12,758,725</u>	<u>\$ 13,809,266</u>	<u>\$ 15,291,330</u>
EXPENDITURES:				
Payroll	\$ 1,638,519	\$ 1,960,478	\$ 1,899,496	\$ 2,050,648
Supplies	139,703	167,666	152,155	159,096
Maintenance	691,593	530,785	537,800	530,775
Services				
Water Purchases	1,049,027	1,000,000	1,000,000	1,130,400
Sewer Treatment	2,401,674	2,054,500	2,054,500	2,314,148
Solid Waste	939,780	1,011,681	1,011,681	1,042,031
Other	1,093,702	1,140,800	1,078,350	1,153,546
Debt Service	2,095,315	2,091,866	2,090,201	2,095,362
Capital Outlay	104,956	-	-	-
Contingency	-	100,000	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 10,154,269</u>	<u>\$ 10,057,775</u>	<u>\$ 9,824,183</u>	<u>\$ 10,476,006</u>
Transfers to other funds	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 10,154,269</u>	<u>\$ 10,057,775</u>	<u>\$ 9,824,183</u>	<u>\$ 10,476,006</u>
ENDING FUND BALANCES	<u>\$ 3,364,464</u>	<u>\$ 2,700,950</u>	<u>\$ 3,985,083</u>	<u>\$ 4,815,324</u>
Fund Balance Percentage	33.1%	26.9%	40.6%	46.0%

Component Units

The City of Anna maintains a close relationship with the Anna Economic Development Corporation (EDC) and the Anna Community Development Corporation (CDC). The corporations are sometimes referred to as Type A and Type B corporations (respectively). 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 appointed by the City Council 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 budgets must be approved by the City Council.

Prior to April 2017, the 2% sales taxes for local governments was allocated 1% to the City of Anna, 0.5% to the EDC and 0.5% to the CDC. In November 2016, the City held an election to defund the sales tax for the EDC. The sales tax option changed to 1.25% to the City of Anna and 0.75% to the CDC. Revenue from the additional 0.25% allocated to the City of Anna will be used to fund road and transportation projects. The sales tax reallocation went into effect on April 1, 2017.

Chapter 501 of the Local Government Code govern both Type A and Type B corporations. Additionally, Chapter 504 specifically governs Type A corporations while Chapter 505 specifically governs Type B corporations.

Economic Development Corporation

The EDC will remain in the budget through to show revenue generated from a lease agreement on a small business incubator operated out of the old post office building which is owned by the EDC.

Community Development Corporation

Type B corporations (CDC) have the ability to perform all the same functions as Type A corporations (EDC), as well as additional projects not authorized for Type A corporations. The CDC will continue to pursue projects that improve the quality of life in Anna through projects ranging from the creation of jobs to investments in park facilities.

**CITY OF ANNA
ECONOMIC DEVELOPMENT CORPORATION
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 211,555	\$ 189,102	\$ 588,696	\$ 417,877
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-
Charges for Services	17,045	10,776	12,000	17,476
Licenses and Permits	-	-	-	-
Franchise and Local Taxes	-	-	-	-
Investment Income	4,669	3,996	6,000	6,000
Other Revenues	406,393	3,000	1,500	1,500
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Donations	-	-	-	-
TOTAL OPERATIONAL REVENUE	<u>\$ 428,107</u>	<u>\$ 17,772</u>	<u>\$ 19,500</u>	<u>\$ 24,976</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 428,107</u>	<u>\$ 17,772</u>	<u>\$ 19,500</u>	<u>\$ 24,976</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 639,662</u>	<u>\$ 206,874</u>	<u>\$ 608,196</u>	<u>\$ 442,853</u>
EXPENDITURES:				
Payroll	\$ -	\$ -	\$ -	\$ -
Supplies	446	-	1,200	-
Maintenance	3,974	5,000	1,500	3,000
Services	46,546	70,730	187,619	96,650
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Capital Improvement	-	-	-	-
Contingency	-	-	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 50,966</u>	<u>\$ 75,730</u>	<u>\$ 190,319</u>	<u>\$ 99,650</u>
Transfers to other funds	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 50,966</u>	<u>\$ 75,730</u>	<u>\$ 190,319</u>	<u>\$ 99,650</u>
ENDING FUND BALANCES	<u>\$ 588,696</u>	<u>\$ 131,144</u>	<u>\$ 417,877</u>	<u>\$ 343,203</u>
Fund Balance Percentage	1155.1%	173.2%	219.6%	344.4%

**CITY OF ANNA
COMMUNITY DEVELOPMENT CORPORATION
FY2020-21**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCES	\$ 738,851	\$ 680,804	\$ 978,731	\$ 1,192,604
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Sales Tax	1,101,253	1,137,630	1,300,000	1,300,000
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Franchise and Local Taxes	-	-	-	-
Investment Income	12,525	11,140	11,140	11,140
Other Revenues	-	-	-	-
Intergovernmental	-	-	-	-
Fines	-	-	-	-
Donations	66	-	-	-
TOTAL OPERATIONAL REVENUE	<u>\$ 1,113,844</u>	<u>\$ 1,148,770</u>	<u>\$ 1,311,140</u>	<u>\$ 1,311,140</u>
Transfers from other funds	-	-	-	-
TOTAL REVENUES	<u>\$ 1,113,844</u>	<u>\$ 1,148,770</u>	<u>\$ 1,311,140</u>	<u>\$ 1,311,140</u>
TOTAL AVAILABLE RESOURCES	<u>\$ 1,852,695</u>	<u>\$ 1,829,574</u>	<u>\$ 2,289,871</u>	<u>\$ 2,503,744</u>
EXPENDITURES:				
Payroll	\$ 63,321	\$ 110,038	\$ 88,430	\$ 121,985
Supplies	6,564	7,600	7,100	7,100
Maintenance	-	-	-	-
Services	477,196	705,256	676,131	852,804
Debt Service	326,883	325,876	325,606	329,251
Capital Outlay	-	-	-	-
Capital Improvement	-	-	-	-
Contingency	-	-	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 873,964</u>	<u>\$ 1,148,770</u>	<u>\$ 1,097,267</u>	<u>\$ 1,311,140</u>
Transfers to other funds	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 873,964</u>	<u>\$ 1,148,770</u>	<u>\$ 1,097,267</u>	<u>\$ 1,311,140</u>
ENDING FUND BALANCES	<u>\$ 978,731</u>	<u>\$ 680,804</u>	<u>\$ 1,192,604</u>	<u>\$ 1,192,604</u>
Fund Balance Percentage	112.0%	59.3%	108.7%	91.0%



DEPARTMENT SUMMARIES

THE CITY OF
Anna

Administration

The Administrative Department provides 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 Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	%
					Change
Payroll	\$ -	\$ -	\$ -	\$ -	0.0%
Supplies	7,312	10,300	16,010	6,900	-33.0%
Maintenance	3,927	7,000	7,000	18,500	164.3%
Services	518,184	471,960	563,875	422,340	-10.5%
Capital Outlay	-	-	-	-	0.0%
Contingency	-	300,000	-	-	-100.0%
TOTAL	\$ 529,423	\$ 789,260	\$ 586,885	\$ 447,740	-43.3%

City Council

The City Council is the legislative body of the City functioning under a Home Rule Charter. This department is designed to provide funding related to administration of legislative matters including professional development of Council members.

City Council Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ -	\$ -	\$ -	\$ -	0.0%
Supplies	3,852	6,000	4,000	5,000	-16.7%
Maintenance	-	-	-	-	0.0%
Services	73,070	38,939	40,828	26,278	-32.5%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 76,922	\$ 44,939	\$ 44,828	\$ 31,278	-30.4%

City Manager

The City Manager oversees the implementation of City Council policies and directives, manages the day-to-day operations of the City, administers the annual operating budget, and promotes the overall interests of the community.

FY2020 Accomplishments

- ◆ Adoption and Implementation of the 2020 City of Anna Strategic Plan
- ◆ Instituted Citywide reorganization plan and have acquired new, key staff
- ◆ Increased the presence of the City of Anna through social and traditional media outlets

FY2021 Objectives

- ◆ Plan for future City services to accommodate growth
- ◆ Delivering City services in a cost-effective and efficient manner
- ◆ Continue developing and using strategic planning process with Vision, Goals, and Annual Work Program

CITY MANAGER SUMMARY

City Manager Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 480,985	\$ 600,302	\$ 613,045	\$ 852,803	42.1%
Supplies	10,322	14,500	12,100	-	-100.0%
Maintenance	-	1,040	-	-	100.0%
Services	45,610	34,885	29,379	157,996	352.9%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 536,917	\$ 650,727	\$ 654,524	\$ 1,010,799	55.3%

City Manager FTE Schedule

Description	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
City Manager	1.0	1.0	1.0	1.0
Assistant City Manager	-	-	1.0	1.0
Assistant to the City Manager	1.0	1.0	-	-
Human Resources Manager	1.0	1.0	-	-
Director of Human Resources	-	-	1.0	1.0
Code Compliance Manager	1.0	1.0	-	-
Admin. Assistant / Records Clerk	0.5	-	-	-
Administrative Assistant	-	-	-	1.5
Budget Manager	-	-	-	1.0
Management Analyst	-	1.0	1.0	1.0
	4.5	5.0	4.0	6.5

City Secretary

The City Secretary provides administrative support to the City Council; 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; responds to requests for public information; coordinates City elections; oversees the Records Management Program for the City; and serves as custodian of all official City records.

FY2020 Accomplishments

- ◆ Implementation of CivicClerk Agenda Management Software
- ◆ Implementation of CP Media Live Streaming Software
- ◆ Public Information Policy Update

FY2021 Objectives

- ◆ Departmental Records Liaison Records Management Training – Laserfiche
- ◆ November 2020 and May 2021 General Election
- ◆ Improve Public Information Requests response time to 100%

CITY SECRETARY SUMMARY

City Secretary Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 108,202	\$ 143,921	\$ 140,281	\$ 164,107	14.0%
Supplies	-	2,080	-	-	-100.0%
Maintenance	-	-	-	-	0.0%
Services	28,381	47,587	43,300	69,860	46.8%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 136,583	\$ 193,588	\$ 183,581	\$ 233,967	20.9%

City Secretary FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
City Secretary	1.0	1.0	1.0	1.0
Deputy City Secretary	-	-	-	1.0
Admin. Assistant / Records Clerk	-	0.5	0.5	0.5
	1.0	1.5	1.5	2.5

Information Technology

Provide excellent customer service; Secure all City network infrastructure and data; Keep informed of the latest security and IT products and technology.

FY2021 Objectives

- ◆ Implement Helpdesk System
- ◆ Implementation of ERP Upgrade
- ◆ Provide Remote Support
- ◆ Implement Streaming service for Council Meetings
- ◆ CJIS Compliance for PD
- ◆ 5 Year replacement program for desktops, server, and laptops
- ◆ Installation of Windows Update Server
- ◆ Installation of Image Server

INFORMATION TECHNOLOGY SUMMARY

Information Technolgy Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ -	\$ -	\$ -	119,848	0.0%
Supplies	-	-	-	42,680	0.0%
Maintenance	-	-	-	-	0.0%
Services	-	-	-	149,662	0.0%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ -	\$ -	\$ -	312,190	0.0%

Information Technology FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
IT Manager	-	-	-	1.0
	-	-	-	1.0

Finance

The Finance Department maintains the financial integrity of the City and provides comprehensive and integrated financial management of the day-to-day operations of the city. The Finance Department keeps and maintains financial records; provides accurate financial reporting; invests public funds in compliance with applicable laws, ordinances, and policies; oversees purchasing, accounts receivable accounts payable, fixed assets, accounting, budget, and payroll.

FY2020 Accomplishments

- ◆ Received the GFOA Certificate of Achievement for Financial Excellence in Reporting for the Comprehensive Annual Financial Report
- ◆ Received GFOA Distinguished Budget Presentation Award (for 7th consecutive year) and received higher grading on the criteria for the award
- ◆ Continued to work on the Transparency web page – Submitted and Received the Traditional Finance Star from the Texas Comptroller of Public Accounts Transparency Stars program
- ◆ All Financial Policies were rewritten to provide more in depth policies and internal controls
- ◆ Created a financial model to utilize for forecasting and for multi-year budgeting
- ◆ Implemented Remote Deposit Capture which creates more efficient internal controls, additional investment earnings as the funds are deposited in a faster time frame, and saves the Police Department time on transporting deposits

FY2021 Objectives

- ◆ Continue to work on the Transparency web page and submit for the four remaining transparency stars
- ◆ Receive the awards for the Certificate of Excellence in Financial Reporting and the Distinguish Budget Presentation Award
- ◆ Continue to refine and improve upon the budget book
- ◆ Replace the current financial software and establish internal controls in the software, a more efficient general ledger structure, workflow for purchase orders, an employee self service module, and an electronic purchasing card module in order to reduce the paper flow and streamline processes.
- ◆ Continue the review of internal controls as it relates to cash management for City departments and develop administrative directives
- ◆ Review and prepare the current Fixed Asset tracking spreadsheet for a more efficient conversion process as the City moves forward with new software

FINANCE SUMMARY**Finance Expenditure Summary**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 383,310	\$ 597,207	\$ 527,237	\$ 516,031	-13.6%
Supplies	6,564	5,300	6,354	3,875	-26.9%
Maintenance	-	-	-	-	0.0%
Services	19,793	42,570	34,502	42,092	-1.1%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 409,667	\$ 645,077	\$ 568,093	\$ 561,998	-12.9%

Finance FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Director of Finance	1.0	1.0	1.0	1.0
Accountant II	1.0	1.0	-	-
Accounting Manager	-	-	1.0	1.0
Budget Manager	1.0	1.0	1.0	-
Senior Accountant	-	-	-	1.0
Finance / Budget Analyst	-	1.0	-	-
Accountant	1.0	1.0	1.0	1.0
Accounting Technician	1.0	-	1.0	1.0
IT Manager	-	1.0	1.0	-
	5.0	6.0	6.0	5.0

Development

Development Services consists of three Divisions (Planning Division, Building Division, and GIS Division) that work as a cohesive “Department” to promote sustainable development consistent with the City’s Strategic Plan through fair, consistent and ethical enforcement of the City’s land development regulations. Each division of Development Services 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.

FY2020 Accomplishments

- ◆ Professional staff hires
- ◆ Website improvements - Planning & Building Division
- ◆ Interactive GIS Mapping available on-line
- ◆ Execution of the Comprehensive Master Plan contract & scope of work
- ◆ In-house nonresidential & residential permit inspections
- ◆ In-house nonresidential plan review
- ◆ Updates to internal processes, applications, & forms
- ◆ Created a City owned land inventory map
- ◆ Minor ordinance amendments to the Planning & Development Regulations to improve staff efficiency, modernize language, and provide general clean-up of regulations
- ◆ Adoption of the 2018 International Building Code and 2017 National Electrical Code
- ◆ Update the Planning Division permit fee schedule

FY2021 Objectives

- ◆ Adoption of the Anna 2050 Comprehensive Plans
- ◆ Execute contract with private consultant to amend Planning & Development Ordinance to be consistent with direction/ recommendations of Anna 2050 Comprehensive Plan
- ◆ Increase on-line visibility and available information
- ◆ Convert records into a searchable, digital format prior to relocation to new city hall

DEVELOPMENT SUMMARY

Development Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 463,700	\$ 863,816	\$ 744,105	\$ 701,163	-18.8%
Supplies	19,008	24,220	18,447	13,700	-43.4%
Maintenance	2,289	6,800	6,800	4,800	-29.4%
Services	727,017	408,842	435,206	261,823	-36.0%
Capital Outlay	7,070	-	-	-	0.0%
TOTAL	\$ 1,219,084	\$ 1,303,678	\$ 1,204,558	\$ 981,486	-24.7%

Development FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Managing Dir. of Community Svcs	1.0	1.0	-	-
Director of Planning	1.0	1.0	-	-
Director of Development	-	-	1.0	1.0
Planner II	1.0	1.0	1.0	1.0
Planner I	1.0	1.0	1.0	1.0
Plans Examiner	-	-	1.0	1.0
GIS Specialist	1.0	1.0	-	-
GIS Manager	-	-	1.0	1.0
Building Inspector	1.0	1.0	1.0	1.0
Building Official	1.0	1.0	1.0	1.0
Permit Technician Supervisor	1.0	1.0	-	-
Permit Technician	1.0	1.0	1.0	1.0
	9.0	9.0	8.0	8.0

Animal Control

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 allows animals captured within the City of Anna to be housed at the Collin County animal shelter.

Animal Control Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Services	74,680	67,042	67,042	77,327	15.3%
TOTAL	\$ 74,680	\$ 67,042	\$ 67,042	\$ 77,327	15.3%

Fire

The Fire Department provides fire suppression, emergency rescue, fire prevention (plan review/inspections/investigations), fire safety education, emergency medical response, and emergency management services to the community of Anna.

FY2020 Accomplishments

- ◆ Addition of Assistant Fire Chief of Operations
- ◆ Began preliminary design for Quint apparatus
- ◆ Addition of 5 new Firefighter positions
- ◆ Applied for 9 SAFER Grant Firefighter positions
- ◆ Established Driver/Engineer rank
- ◆ Revamped Firefighter hiring process
- ◆ Began rewriting department Standard Operating Procedures
- ◆ Established citizen ride-along program
- ◆ Established 4-man minimum Engine Company staffing
- ◆ Established Firefighter physicals in compliance with NFPA standards

FY2021 Objectives

- ◆ Maintain ISO-2 Rating
- ◆ Acquire Aerial device (Quint)
- ◆ EMS service delivery improvement and long-term planning
- ◆ Develop a Standards of Cover annual report
- ◆ Decrease emergency response times in targeted areas of the community
- ◆ Establish 24-hour Incident Command (Battalion Chief rank)
- ◆ Budget for minimum staffing levels, proper apparatus replacement and acquisition, and appropriate tools & equipment
- ◆ Enhance municipal fire codes and fire prevention activities

FIRE SUMMARY

Fire Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 1,031,468	\$ 1,269,351	\$ 1,354,236	\$ 1,601,435	26.2%
Supplies	111,680	76,400	80,400	127,700	67.1%
Maintenance	46,135	42,000	44,000	42,000	0.0%
Services	208,293	247,819	216,992	179,350	-27.6%
Capital Outlay	14,578	-	383,311	67,326	0.0%
TOTAL	\$ 1,412,154	\$ 1,635,570	\$ 2,078,939	\$ 2,017,811	23.4%

Fire FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Fire Chief	1.0	1.0	1.0	1.0
Assistant Fire Chief	1.0	1.0	1.0	1.0
Fire Prevention Captain	1.0	1.0	1.0	1.0
Fire Shift Captain	3.0	3.0	3.0	3.0
Fire Fighter	7.0	7.0	9.0	9.0
Administrative Assistant	-	0.5	0.5	1.0
	13.0	13.5	15.5	16.0

Ambulance

Ambulance service is currently provided by AMR through a contract with Collin County.

Ambulance Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Services	\$ 125,167	\$ 137,684	\$ 122,250	\$ 128,400	-6.7%
TOTAL	\$ 125,167	\$ 137,684	\$ 122,250	\$ 128,400	-6.7%

Police

It is the Mission of the Anna Police Department to provide quality impartial police services to our neighbors and visitors; this is accomplished through Integrity, Courtesy, Honor and Respect. In building strong collaborative partnerships with members of the Anna community, we are committed to reducing crime, reducing the fear of crime and maintaining a high quality of life within our city.

FY2020 Accomplishments

- ◆ Records Management System (RMS) upgrade – NIBRS Compliant
- ◆ Implemented On-line Crime Reporting
- ◆ Created Peer Support Program
- ◆ Phase I of Crime-Free Multi-Housing program completed
- ◆ Recruitment Program Refined and Implemented
- ◆ Created Chief's Advisory Board
- ◆ Created citywide policing districts; implemented "zone" policing
- ◆ Lateral Entry Program Implemented
- ◆ Strengthened relationship between Police Department and Anna ISD Police Department
- ◆ Five-Year Strategic Plan Finalized/Implemented

FY2021 Objectives

- ◆ Enhance the Administrative Division
- ◆ Formalize and Prioritize Police Technology Strategies
- ◆ Enhance Crime Reduction Strategies
- ◆ Enhance Field Operations Services
- ◆ Enhance Forensic Capabilities
- ◆ Enhance Traffic Safety

POLICE SUMMARY**Police Expenditure Summary**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 1,648,744	\$ 2,185,376	\$ 2,174,597	\$ 2,615,610	19.7%
Supplies	111,853	138,780	175,957	147,300	6.1%
Maintenance	38,579	30,500	30,500	24,500	-19.7%
Services	310,162	360,331	345,800	358,605	-0.5%
Capital Outlay	136,420	-	8,724	-	0.0%
TOTAL	\$ 2,245,758	\$ 2,714,987	\$ 2,735,578	\$ 3,146,015	15.9%

Police FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Police Chief	1.0	1.0	1.0	1.0
Assistant Police Chief	-	-	-	1.0
Records Administrator	1.0	1.0	1.0	1.0
Lieutenant	1.0	1.0	1.0	-
Sergeant	4.0	4.0	4.0	3.0
Sergeant Detective	-	-	-	1.0
Police Officer	11.0	14.0	14.0	16.0
Detective	2.0	2.0	2.0	3.0
Family Violence Investigator	1.0	-	-	-
Administrative Assistant	-	0.5	0.5	-
	21.0	23.5	23.5	26.0

Municipal Court

The Municipal Court provides a fair, impartial and unbiased court system for persons charged with criminal offenses. The Anna Municipal Court has jurisdiction over all fine-only offenses that have been committed within the Anna city limits including Class C misdemeanors, traffic offenses and violations of City ordinances.

FY2020 Accomplishments

- ◆ Continued cross training with Utility Billing staff
- ◆ Set up Court system to work remotely during the pandemic
- ◆ Court Administrator continued to work on her certification
- ◆ Worked with Judge and Prosecutor on Operation Plan for court operations during pandemic

FY2021 Objectives

- ◆ Continue to cross train and further understand Utility Billing processes
- ◆ Attend Court certification seminar
- ◆ Continue to stay up-to-date on legislation which would impact court operations
- ◆ Continue to provide excellent customer service

MUNICIPAL COURT SUMMARY**Municipal Court Expenditure Summary**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 73,407	\$ 77,531	\$ 77,893	\$ 84,400	8.9%
Supplies	3,616	5,800	4,670	3,463	-40.3%
Maintenance	-	-	-	-	0.0%
Services	38,889	52,603	46,205	47,382	-9.9%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 115,912	\$ 135,934	\$ 128,768	\$ 135,245	-0.5%

Municipal Court FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Municipal Court Administrator	1.0	1.0	1.0	1.0
	1.0	1.0	1.0	1.0

Parks

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

FY2020 Accomplishments

- ◆ Awarded the American Public Works Association (APWA) Texas Project of the Year - Structures Less than
- ◆ Completion of Paw Park at Natural Springs Park
- ◆ Lakeview Park built and dedicated to the City
- ◆ Dedication of playground at West Crossing Park, also known as Slayter Creek Neighborhood Park
- ◆ Completed the Train Depot Restoration, Pavilion, Playground, Restrooms & flatwork at Sherley Heritage

FY2021 Objectives

- ◆ Parks facilities in accordance with NRPA Performance Standards
- ◆ Maintain City facilities and parks to high standards
- ◆ Increase usage of city facilities
- ◆ Re-design of disc golf course
- ◆ Expand the City's trail system

PARKS SUMMARY

Parks Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 327,243	\$ 506,272	\$ 445,175	\$ 478,223	-5.5%
Supplies	55,057	58,700	71,300	70,800	20.6%
Maintenance	41,676	49,500	51,500	39,500	-20.2%
Services	48,629	66,840	66,969	62,850	-6.0%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 472,605	\$ 681,312	\$ 634,944	\$ 651,373	-4.4%

Parks FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Parks Superintendent	1.0	1.0	1.0	1.0
Parks Crew Leader	1.0	1.0	1.0	1.0
Maintenance Worker II	1.0	1.0	1.0	1.0
Maintenance Worker I	3.0	4.0	2.0	5.0
Seasonal Laborer	0.4	0.4	0.4	0.4
Irrigation Technician	-	1.0	-	-
	6.4	8.4	5.4	8.4

Neighborhood Services

The Neighborhood Services Department is where community happens! Our priority is our neighbors. The Code Compliance team is committed to helping our neighbors avoid citations and making our community a safe and attractive place to live, work, and play. The Parks team is committed to providing a beautiful, safe, and enjoyable experience for our neighbors with all abilities and all stages of their lives. The team oversees the development and maintenance of the City's parks and recreation facilities and supports community organizations that provide sports and recreation opportunities for the youth of our community. The Recreation team facilitates experiences for fun, health, and play that are inclusive and uplifting in every way and plans, coordinates, and implements special community events.

FY2020 Accomplishments

- ◆ Code Compliance Manager awarded Code Professional of the Year by the Building Officials Association of Texas
- ◆ Hosted a successful Christmas Tree Lighting event
- ◆ Adopted the IPMC for code compliance
- ◆ Initiated the rental inspection program
- ◆ Parks Master Planning Process was initiated, approved and is underway
- ◆ Contract was approved for the Steam Locomotive No. 201, 1906 ALCO

FY2021 Objectives

- ◆ Complete the Parks Master Plan
- ◆ Continue expanding on recreational programming and special events for our neighbors
- ◆ Engage in "next steps" for the creation of a public library
- ◆ Engage in "next steps" for the creation of a community/recreation center
- ◆ Enhance code compliance ordinances and update and enhance park ordinances
- ◆ Complete the parks assessment

NEIGHBORHOOD SERVICES SUMMARY

Neighborhood Services Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ -	\$ -	\$ -	\$ 503,972	0.0%
Supplies	-	-	-	20,000	0.0%
Maintenance	-	-	-	2,000	0.0%
Services	-	-	-	75,360	0.0%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ -	\$ -	\$ -	\$ 601,332	0.0%

Neighborhood Services FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Director of Neighborhood Services	-	-	1.0	1.0
Neighborhood Services Manager	-	-	1.0	1.0
Neighborhood Services Coordinator	-	-	1.0	1.0
Code Compliance Manager	-	-	1.0	1.0
Code Compliance Officer	-	-	1.0	1.0
	-	-	5.0	5.0

Streets

The Streets Department is responsible for the maintenance of the City's roadway and storm water drainage systems. Services funded by this department include: cleaning streets, clearing and mowing public rights of way, routine maintenance and repair of street pavement and sidewalks, installation and maintenance of street signs, and maintenance of the storm drainage system. State highways and FM roads are maintained by the Texas Department of Transportation.

FY2020 Accomplishments

- ◆ Suzie Lane Construction
- ◆ Roadbotics Pavement Scoring

FY2021 Objectives

- ◆ High performing, professional staff
- ◆ Safe work environment
- ◆ Maintain public row in a clean, efficient, safe, and aesthetically pleasing manner
- ◆ Maintain all traffic signs in accordance with MUTCD guidelines
- ◆ Maintain street surfaces for the traveling public

STREETS SUMMARY

Streets Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 330,988	\$ 373,337	\$ 383,635	\$ 396,224	6.1%
Supplies	41,363	67,400	42,000	47,650	-29.3%
Maintenance	149,802	82,736	228,008	95,560	15.5%
Services	114,361	158,810	143,349	141,612	-10.8%
Capital Outlay	16,907	-	9,000	-	0.0%
Capital Improve.	-	256,349	-	350,000	36.5%
TOTAL	\$ 653,421	\$ 938,632	\$ 805,992	\$ 1,031,046	9.8%

Streets FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Street Superintendent	1.0	1.0	1.0	1.0
Crew Leader	1.0	1.0	1.0	1.0
Traffic Safety Technician	1.0	1.0	1.0	1.0
Maintenance Worker II	1.0	1.0	1.0	1.0
Maintenance Worker I	2.0	2.0	2.0	2.0
	6.0	6.0	6.0	6.0

Economic Development

The Anna Economic Development Corporation works to identify and support opportunities that expand the city's tax base and promote job growth in Anna.

FY2020 Accomplishments

- ◆ Renewed Carey Cox Real Estate as the listing broker for the Business Park
- ◆ Consistent inquiries and interest related to sale of Business Park
- ◆ New city tenants in Inc-Cube allowing greater cooperation between departments

FY2021 Objectives

- ◆ Tenants for the Business Park
- ◆ Master Plan update for Business Park

ECONOMIC DEVELOPMENT SUMMARY**Economic Development Expenditure Summary**

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 86,297	\$ 144,758	\$ 145,333	\$ 159,571	10.2%
Supplies	1,517	-	-	-	0.0%
Maintenance	-	-	-	-	0.0%
Services	280	-	-	-	0.0%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 88,094	\$ 144,758	\$ 145,333	\$ 159,571	10.2%

Economic Development FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Director of Economic Development	1.0	1.0	1.0	1.0
	1.0	1.0	1.0	1.0

Utility Administration

The Administration Department provides general administrative support to all the functions, programs, activities, and projects in Public Works and the Utility Fund. These activities have costs not readily assignable to any specific department. Administration covers a number of shared expenses at Public Works headquarters (utilities, supplies, etc.) as well as other Utility Fund expenses (i.e. IT, Legal, and Audit services, Construction Inspections).

FY2020 Accomplishments

- ◆ Ensure completion of multiple projects in each division of Public Works
- ◆ Completion of Utility Rate Study and adoption of cost-of-service utility rates

FY2021 Objectives

- ◆ High performing, professional staff
- ◆ Safe work environment

UTILITY ADMINISTRATION SUMMARY

Utility Administration Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 592,765	\$ 695,140	\$ 672,504	\$ 757,254	8.9%
Supplies	26,150	40,175	34,375	33,325	-17.1%
Maintenance	8,198	7,060	7,150	17,650	150.0%
Services	197,790	219,040	248,038	280,687	28.1%
Capital Outlay	-	-	-	-	0.0%
Contingency	-	100,000	-	-	0.0%
TOTAL	\$ 824,903	\$ 1,061,415	\$ 962,067	\$ 1,088,916	2.6%

Utility Administration FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Director of Public Works	1.0	1.0	1.0	1.0
Assistant Director of Public Works	1.0	1.0	1.0	1.0
Civil Engineer	-	-	1.0	1.0
Engineering Construction Super.	1.0	1.0	1.0	1.0
Construction Inspector	2.0	2.0	2.0	2.0
Right of Way Inspector	1.0	1.0	1.0	1.0
Administrative Assistant	1.0	1.0	1.0	1.0
	7.0	7.0	8.0	8.0

Water

The Water Department is responsible for the operation and maintenance of the City's water production and distribution system that includes the operation of seven groundwater production wells and connections to treated surface water purchased from the Greater Texoma Utility Authority through a contract with the North Texas Municipal Water District.

FY2020 Accomplishments

- ◆ GIS Mapping of infrastructure
- ◆ Completed Water Model
- ◆ Disinfectant change to chloramines
- ◆ Water Tower Lighting
- ◆ Suzie Lane Water Main

FY2021 Objectives

- ◆ High performing, professional staff
- ◆ Safe work environment
- ◆ Provide maintenance and repair for all main breaks
- ◆ Provide maintenance and repair for all leaks located on the City side of the system
- ◆ Efficient production and supply of public drinking water

WATER SUMMARY

Water Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 474,095	\$ 600,092	\$ 561,031	\$ 629,860	5.0%
Supplies	74,866	78,235	69,900	77,615	-0.8%
Maintenance	540,987	354,075	358,000	346,825	-2.0%
Services Water	1,049,027	1,000,000	1,000,000	1,130,400	13.0%
Services Other	534,127	495,250	431,293	445,235	-10.1%
Debt Service	1,364,766	1,362,283	1,360,897	1,364,588	0.2%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 4,037,868	\$ 3,889,935	\$ 3,781,121	\$ 3,994,523	2.7%

Water FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Water Superintendent	1.0	1.0	1.0	1.0
Water Supervisor	1.0	1.0	1.0	1.0
Maintenance Worker II	-	-	-	-
Maintenance Worker I	4.0	4.0	4.0	4.0
Water Operator	1.0	1.0	1.0	1.0
Service Order Technician	2.0	2.0	2.0	2.0
	9.0	9.0	9.0	9.0

Sewer

The Sewer Department is responsible for the operation and maintenance of the City's wastewater collection and treatment system that includes the operation of a .50 MGD wastewater treatment plant and connections to the North Texas Municipal Water District Upper East Fork Regional Interceptor System

FY2020 Accomplishments

- ◆ I&I improvements by field staff
- ◆ Hurricane Creek Sewer Design completed
- ◆ Finished GIS Mapping
- ◆ Installed UV treatment at existing sewer plant

FY2021 Objectives

- ◆ High performing, professional staff
- ◆ Safe work environment
- ◆ Provide maintenance and repair for all sewer main backups
- ◆ Provide maintenance and repair for all sewer lateral backups located on the City side of the system
- ◆ Reduce number of sewer overflows through maintenance and outreach

SEWER SUMMARY

Sewer Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 377,159	\$ 456,020	\$ 461,826	\$ 423,796	-7.1%
Supplies	36,842	45,606	44,370	45,606	0.0%
Maintenance	141,908	168,850	172,150	166,300	-1.5%
Services Sewer	2,401,674	2,054,500	2,054,500	2,314,148	12.6%
Services Other	186,594	224,422	174,667	184,800	-17.7%
Debt Service	730,549	729,583	729,304	730,774	0.2%
Capital Outlay	104,956	-	-	-	0.0%
TOTAL	\$ 3,979,682	\$ 3,678,981	\$ 3,636,817	\$ 3,865,424	5.1%

Sewer FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Wastewater Superintendent	1.0	1.0	1.0	-
Wastewater Supervisor	-	-	-	1.0
Senior Wastewater Operator	1.0	1.0	1.0	1.0
Wastewater Crew Leader	1.0	1.0	1.0	1.0
Maintenance Worker II	1.0	1.0	1.0	1.0
Maintenance Worker I	3.0	3.0	3.0	3.0
	7.0	7.0	7.0	7.0

Solid Waste

Solid Waste service is currently provided by Bradshaw & Sons through a contract with the City. The Solid Waste Department does not have any personnel costs as it is a contracted service.

Solid Waste Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Services	\$ 939,780	\$ 1,011,681	\$ 1,011,681	\$ 1,042,031	3.0%
TOTAL	\$ 939,780	\$ 1,011,681	\$ 1,011,681	\$ 1,042,031	3.0%

Utility Billing

Utility Billing is responsible for the billing of water, sewer, and trash collection services provided to the citizens of Anna and other customers of the City's utility system.

FY2020 Accomplishments

- ◆ Continued to provide excellent customer service
- ◆ Continued to work with WaterSmart to improve customer portal
- ◆ Managed the continued growth of utility accounts with minimal staffing
- ◆ Began tracking the online-submittals and working with departments to ensure they are resolved

FY2021 Objectives

- ◆ Begin working on preparing for a utility software conversion
- ◆ Continue to have staff cross train to better understand the courts processes
- ◆ Continue to determine options to reduce credit card costs for the City

UTILITY BILLING SUMMARY

Utility Billing Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 194,500	\$ 209,226	\$ 204,135	\$ 239,738	14.6%
Supplies	1,845	3,650	3,510	2,550	-30.1%
Maintenance	500	800	500	-	-100.0%
Services	175,191	202,088	224,352	242,824	20.2%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 372,036	\$ 415,764	\$ 432,497	\$ 485,112	16.7%

Utility Billing FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
Customer Service Manager	1.0	1.0	1.0	1.0
Senior Utility Billing Clerk	1.0	1.0	1.0	-
Utility Billing Clerk	0.5	0.5	0.5	2.0
Admin. Assistant / Records Clerk	0.5	0.5	0.5	0.5
	3.0	3.0	3.0	3.5

Community Development Corporation

The Anna Community Development Corporation works to identify and fund projects that enhance the quality of life in Anna and support the work of the EDC in the community.

FY2020 Accomplishments

- ◆ Adopted Economic Development Strategic Plan
- ◆ Marketing plan and tag line development kickoff
- ◆ Executed two phases of small business recovery grant program, awarding 37 businesses each \$5,000
- ◆ Hosted booth at ICSC Red River Show in Fort Worth
- ◆ Created a new professional website and marketing materials
- ◆ Secured news coverage of Anna in major publications
- ◆ Networked with key real estate brokers and developers
- ◆ Began working with Collin College on a Campus in Anna
- ◆ Hosted and sponsored development webinars with Half & Associates and Bisnow
- ◆ Developed a Public Improvement District (PID) policy that was adopted by City Council

FY2021 Objectives

- ◆ Adopt Economic Development Incentives Policy
- ◆ Implement marketing plan and Tagline
- ◆ Determine future Collin College Campus location
- ◆ Attract additional development on the west side of Anna
- ◆ Begin implementation of the Downtown Master Plan

COMMUNITY DEVELOPMENT CORPORATION SUMMARY

Community Development Corporation Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ 63,321	\$ 110,038	\$ 88,430	\$ 121,985	10.9%
Supplies	6,564	7,600	7,100	7,100	-6.6%
Maintenance	-	-	-	-	0.0%
Services	477,196	705,256	676,131	852,804	20.9%
Debt Service	326,883	325,876	325,606	329,251	1.0%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 873,964	\$ 1,148,770	\$ 1,097,267	\$ 1,311,140	14.1%

Community Development Corporation FTE Schedule

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21
CDC Chief Administrative Officer	1.0	1.0	-	-
Economic Development Manager	-	-	1.0	1.0
	1.0	1.0	1.0	1.0

Economic Development Corporation

The Anna Economic Development Corporation works to identify and support opportunities that expand the city's tax base and promote job growth in Anna.

FY2020 Accomplishments

- ◆ Renewed Carey Cox Real Estate as the listing broker for the Business Park
- ◆ Consistent inquiries and interest related to sale of Business Park
- ◆ New city tenants in Inc-Cube allowing greater cooperation between departments

FY2021 Objectives

- ◆ Tenants for the Business Park
- ◆ Master Plan update for Business Park

ECONOMIC DEVELOPMENT CORPORATION SUMMARY

Economic Development Corporation Expenditure Summary

	Actual 2018-19	Budget 2019-20	Estimated 2019-20	Budget 2020-21	% Change
Payroll	\$ -	\$ -	\$ -	\$ -	0.0%
Supplies	446	-	1,200	-	0.0%
Maintenance	3,974	5,000	1,500	3,000	0.0%
Services	46,546	70,730	187,619	96,650	36.6%
Capital Outlay	-	-	-	-	0.0%
TOTAL	\$ 50,966	\$ 75,730	\$ 190,319	\$ 99,650	31.6%

THE CITY OF
Anna



DEBT SERVICE

THE CITY OF
Anna

General Debt Service

Obligations

The City of Anna currently holds just over \$47.9 million in outstanding tax supported debt. Of the outstanding tax supported debt, approximately \$15.1 million was issued for water and sewer infrastructure projects and is payable from water and sewer revenues; however, to obtain more favorable financing terms, the debt has a tax pledge. The balance of tax supported debt, approximately \$32.9 million, was issued for general fund purposes. In October of 2017, the City's certificate of obligation debt rating received a rating increase by Moody's from A1 to Aa3 citing, "material assessed valuation growth supported by high residential demand. The rating also reflects ample reserves a benefit of consistently strong operating performance, as well as affordable debt and pension profile."

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 spikes in our debt service starting in FY 2027. In order for the City to not increase the I&S tax rate, the tax levy will need to increase by 2% annually. In the event a 2% tax increase does not occur, the City and First Southwest will evaluate the potential for refunding opportunities of existing debt.

The current debt plan is based upon very conservative assumptions in the growth of the property tax base and interest rates. Additionally, any planned refundings will be 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.

The City does not currently have any debt limit in terms of a dollar amount. However, municipal debt limits in Texas are established by state code. All taxable property within the City is subject to the assessment, levy and collection of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City and limits its maximum ad valorem tax rate to \$2.50 per \$100 taxable assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance.

The following are planned steps to manage the City's future I&S tax rate:

- ◆ The City has levied an I&S tax rate of \$0.115947 in Tax Year 2020.
- ◆ The City's tax base has grown at such a rate that the City is not currently dependent on future refundings and restructurings to manage its I&S tax rate.
- ◆ Assuming 2% growth, no debt refundings/ restructurings and no new debt, the City could cover all of its I&S tax-supported obligations through maturity in 2048 at current revenue levels.

Refundings could support capacity for additional future general fund bond issues for needs that arise as the City continues to grow and develop. All refundings will be carefully analyzed by staff, our financial advisors, and the City Council. The City's debt management plan is a joint effort with our financial advisors. The items presented here have been developed with our advisors and are only for planning purposes. Actual results and actions will be dependent upon the economic conditions at the time refundings are considered.

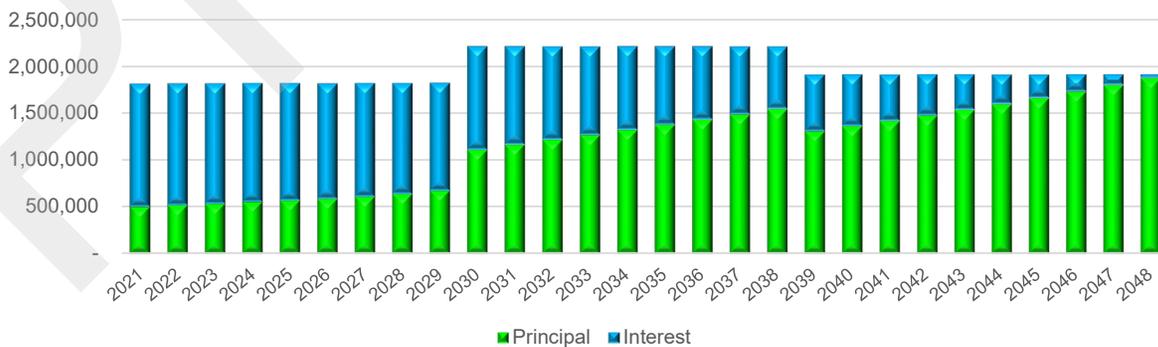
Outstanding Debt Schedule - Tax Pledged Debt

Period Ending	Principal	Interest	Total Debt Service	% Change
9/30/2021	1,281,000	1,808,264	3,089,264	-0.14%
9/30/2022	1,325,000	1,770,251	3,095,251	0.19%
9/30/2023	1,364,000	1,728,451	3,092,451	-0.09%
9/30/2024	1,415,000	1,682,890	3,097,890	0.18%
9/30/2025	1,461,000	1,635,221	3,096,221	-0.05%
9/30/2026	1,500,000	1,585,911	3,085,911	-0.33%
9/30/2027	1,716,000	1,529,235	3,245,235	5.16%
9/30/2028	1,785,000	1,463,125	3,248,125	0.09%
9/30/2029	2,030,000	1,389,138	3,419,138	5.26%
9/30/2030	2,530,000	1,297,501	3,827,501	11.94%
9/30/2031	2,635,000	1,190,955	3,825,955	-0.04%
9/30/2032	2,735,000	1,086,099	3,821,099	-0.13%
9/30/2033	2,820,000	983,683	3,803,683	-0.46%
9/30/2034	1,745,000	897,556	2,642,556	-30.53%
9/30/2035	1,375,000	835,900	2,210,900	-16.33%
9/30/2036	1,430,000	779,800	2,209,800	-0.05%
9/30/2037	1,485,000	721,500	2,206,500	-0.15%
9/30/2038	1,545,000	660,900	2,205,900	-0.03%
9/30/2039	1,305,000	603,900	1,908,900	-13.46%
9/30/2040	1,360,000	550,600	1,910,600	0.09%
9/30/2041	1,415,000	495,100	1,910,100	-0.03%
9/30/2042	1,475,000	437,300	1,912,300	0.12%
9/30/2043	1,535,000	377,100	1,912,100	-0.01%
9/30/2044	1,595,000	314,500	1,909,500	-0.14%
9/30/2045	1,660,000	249,400	1,909,400	-0.01%
9/30/2046	1,730,000	181,600	1,911,600	0.12%
9/30/2047	1,800,000	111,000	1,911,000	-0.03%
9/30/2048	1,875,000	37,500	1,912,500	0.08%
TOTAL	47,927,000	26,404,380	74,331,380	

Outstanding Debt Schedule - General Obligation Debt

The chart below illustrates the outstanding general fund related debt through FY 2048. The amounts included here represent just the portion of all tax-secured debt that was issued for general fund purposes.

Period Ending	Principal	Interest	Total Debt Service	% Change
9/30/2021	504,000	1,308,163	1,812,163	-0.44%
9/30/2022	520,000	1,295,364	1,815,364	0.18%
9/30/2023	535,000	1,280,839	1,815,839	0.03%
9/30/2024	556,000	1,264,362	1,820,362	0.25%
9/30/2025	571,000	1,247,106	1,818,106	-0.12%
9/30/2026	588,000	1,229,323	1,817,323	-0.04%
9/30/2027	611,000	1,206,885	1,817,885	0.03%
9/30/2028	640,000	1,177,875	1,817,875	0.00%
9/30/2029	675,000	1,145,700	1,820,700	0.16%
9/30/2030	1,110,000	1,101,400	2,211,400	21.46%
9/30/2031	1,165,000	1,044,525	2,209,525	-0.08%
9/30/2032	1,215,000	991,100	2,206,100	-0.16%
9/30/2033	1,265,000	941,500	2,206,500	0.02%
9/30/2034	1,320,000	889,800	2,209,800	0.15%
9/30/2035	1,375,000	835,900	2,210,900	0.05%
9/30/2036	1,430,000	779,800	2,209,800	-0.05%
9/30/2037	1,485,000	721,500	2,206,500	-0.15%
9/30/2038	1,545,000	660,900	2,205,900	-0.03%
9/30/2039	1,305,000	603,900	1,908,900	-13.46%
9/30/2040	1,360,000	550,600	1,910,600	0.09%
9/30/2041	1,415,000	495,100	1,910,100	-0.03%
9/30/2042	1,475,000	437,300	1,912,300	0.12%
9/30/2043	1,535,000	377,100	1,912,100	-0.01%
9/30/2044	1,595,000	314,500	1,909,500	-0.14%
9/30/2045	1,660,000	249,400	1,909,400	-0.01%
9/30/2046	1,730,000	181,600	1,911,600	0.12%
9/30/2047	1,800,000	111,000	1,911,000	-0.03%
9/30/2048	1,875,000	37,500	1,912,500	0.08%
TOTAL	32,860,000	22,480,042	55,340,042	



Utility Debt Service

Obligations

Unlike the General Fund, there is no special fund to account for Utility Fund debt. 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 to provide utility services to our customers, including the cost of 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, utility revenues are generally sufficient to support all Utility Fund debt. In FY 2021, debt service accounts for 21% of the Utility Fund budget. In the department summaries, debt is split between the water and sewer departments and is grouped with "services" for purposes of categorizing expense types.

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 under \$20.5 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.

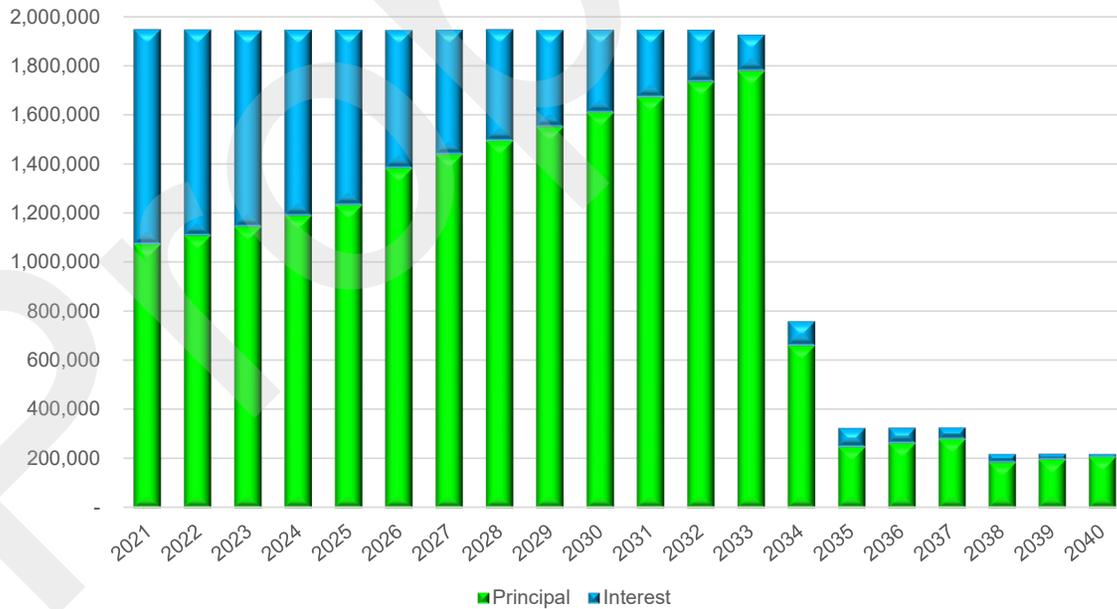
In order to appropriately manage Utility Fund debt, the City and First Southwest developed a plan to take advantage of call dates and pursue advance refundings of the City's outstanding Utility Fund debt. During FY 2018, the City was able to refund several obligations. By doing so, the City's outstanding debt is now in line with the financial plan to keep debt service payments at or below \$2 million annually. The City will continue work with its financial advisor and pursue any additional refunding opportunities. The current plan makes very conservative assumptions regarding interest rates and is reviewed and analyzed in conjunction with a utility rate study to evaluate the current water and sewer rates.

The following steps have been developed by the City and First Southwest to address the Utility Fund debt:

- ◆ The City's budgeted rates and charges are sufficient to cover both the contract revenue obligations as well as the general obligations debt issued for water and sewer system improvements.
- ◆ It is the City's current intent to maintain water and sewer system annual debt service at a maximum level of approximately \$2 million per year.
- ◆ Upcoming refundings would have the goal of reducing debt service payments.

Outstanding Debt Schedule - Utility Fund

Period Ending	Principal	Interest	Interest Reduction & Recovery	Total Debt Service
9/30/2021	1,073,250	769,190	103,742	1,946,182
9/30/2022	1,108,750	732,180	103,742	1,944,672
9/30/2023	1,145,250	692,683	103,742	1,941,675
9/30/2024	1,189,000	650,728	103,742	1,943,470
9/30/2025	1,232,500	606,719	103,742	1,942,961
9/30/2026	1,382,000	560,619	-	1,942,619
9/30/2027	1,438,750	505,140	-	1,943,890
9/30/2028	1,493,750	451,567	-	1,945,317
9/30/2029	1,550,000	392,373	-	1,942,373
9/30/2030	1,608,750	334,300	-	1,943,050
9/30/2031	1,670,000	273,767	-	1,943,767
9/30/2032	1,732,500	210,853	-	1,943,353
9/30/2033	1,777,500	145,842	-	1,923,342
9/30/2034	661,250	98,546	-	759,796
9/30/2035	248,750	77,134	-	325,884
9/30/2036	263,750	62,764	-	326,514
9/30/2037	280,000	47,500	-	327,500
9/30/2038	185,000	34,397	-	219,397
9/30/2039	197,500	23,612	-	221,112
9/30/2040	207,500	12,097	-	219,597
TOTAL	20,445,750	6,682,010	518,709	27,646,469



Community Development Corporation Debt Service

Obligations

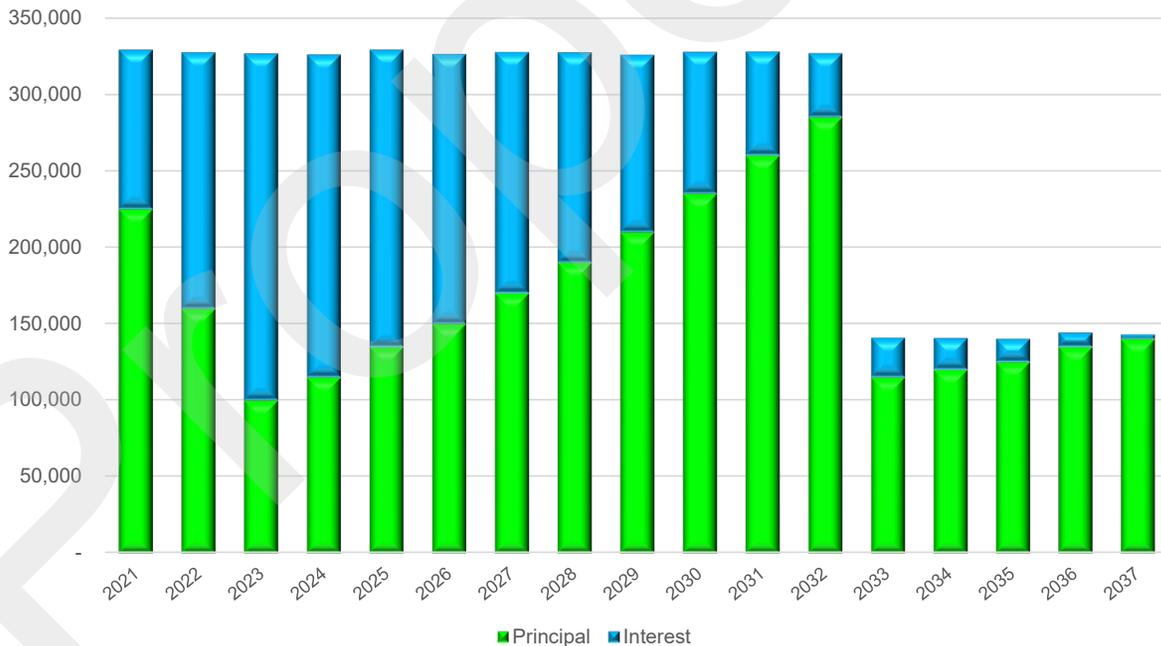
These bonds are special limited obligations of the Anna Community Development Corporation payable from and secured by receipts from the 1/2 cent sales and use tax levied and collected within the City of Anna. The sales tax was authorized by Section 4B at an election held in the City and became effective October of 1999.

Series 2012B was for public park and open space improvements including recreational facilities, parking facilities and related infrastructure in order to provide improvements for public park and open space purposes and in order to promote and encourage employment and public welfare and to promote and develop new and expanded business enterprises.

Series 2016 was used to acquire land in the southern portion of the City, north of the Collin County Outer Loop, to be made suitable for industrial or commercial development, in order to sell or lease such land to new or expanding businesses, in order to promote new or expanded business development within the City.

Outstanding Debt Schedule - Community Development Corporation

Period Ending	Principal	Interest	Total Debt Service	% Change
9/30/2021	225,000	104,250	329,250	-0.44%
9/30/2022	160,000	167,463	327,463	-0.54%
9/30/2023	100,000	226,660	326,660	-0.25%
9/30/2024	115,000	211,080	326,080	-0.18%
9/30/2025	135,000	194,238	329,238	0.97%
9/30/2026	150,000	176,405	326,405	-0.86%
9/30/2027	170,000	157,582	327,582	0.36%
9/30/2028	190,000	137,395	327,395	-0.06%
9/30/2029	210,000	115,843	325,843	-0.47%
9/30/2030	235,000	92,744	327,744	0.58%
9/30/2031	260,000	67,981	327,981	0.07%
9/30/2032	285,000	41,888	326,888	-0.33%
9/30/2033	115,000	25,988	140,988	-56.87%
9/30/2034	120,000	20,700	140,700	-0.20%
9/30/2035	125,000	15,188	140,188	-0.36%
9/30/2036	135,000	9,338	144,338	2.96%
9/30/2037	140,000	3,150	143,150	-0.82%
TOTAL	2,870,000	1,767,890	4,637,890	



THE CITY OF
Anna

**FIVE YEAR
FORECASTS**

THE CITY OF
Anna

Long-Term Financial Plans

Long-term financial planning combines financial forecasting with strategizing. It is a highly collaborative process that considers future scenarios and helps governments navigate challenges. Long-term financial planning works best as part of an overall strategic plan. Financial forecasting is the process of projecting revenues and expenditures over a long-term period, using assumptions about economic conditions, future spending scenarios, and other salient variables. Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the City's service objectives and financial challenges.

Plans have been developed for both of Anna's major operating funds, the General Fund and the Utility Fund. Each plan presents the fund over seven fiscal years: one previous year actuals, an estimation of the current FY2020 budget, the adopted "base year" budget for FY2021, and four projected years. Many governments, including the City of Anna, have a comprehensive long-term financial planning process because it stimulates discussion and engenders a long-range perspective for decision makers. It can be used as a tool to prevent financial challenges; it stimulates long-term and strategic thinking; it can give consensus on long-term financial direction; and it is useful for communications with internal and external stakeholders.

Finally, the plans help the City in absorbing the impact of economic booms and busts. By establishing funding ceilings, revenue generated by an economic "boom" is added to fund balance so that funds are available to support city services when the inevitable economic "bust" arrives. The FY2021 budget shows a healthy fund balance in both operating funds.

To ensure fiscal stability of City operations, Anna relies on a balanced budget to ensure responsible spending of public funds. A balanced budget occurs when the total sum of revenues collected in a fiscal year is equal to its expenditures. This principle ensures adequate resources and funding to cover ongoing city operational expenditures.

THE CITY OF
Anna

General Fund Five Year Forecast

The plan reflects the following assumptions based on historic trends and knowledge of economic conditions present when the budget was developed.

- ◆ Property tax revenue is dependent on two variables: appraised value and the tax rate. Property values for 2020 (used for the FY2021 levy) increased 10.8 percent; this is the eighth year in a row of increases in value greater than 10%. From FY2013 through FY2021, values have increased a cumulative 137 percent. Anna’s focus on expanding economic development efforts has improved economic conditions throughout the community and has helped spur the majority of new construction and development. The tax rate for FY2021 is 59.1288 cents per \$100 assessed values, the same as the previous year. The tax rate and appraised values will generate an additional \$800 thousand in revenue for the General Fund in FY2021. The General Fund long-term plan assumes property tax revenues will grow 14 percent FY2021 and assumes 5 percent yearly growth from 2022 to 2025. Much of this expected growth can be attributed to new construction each year.

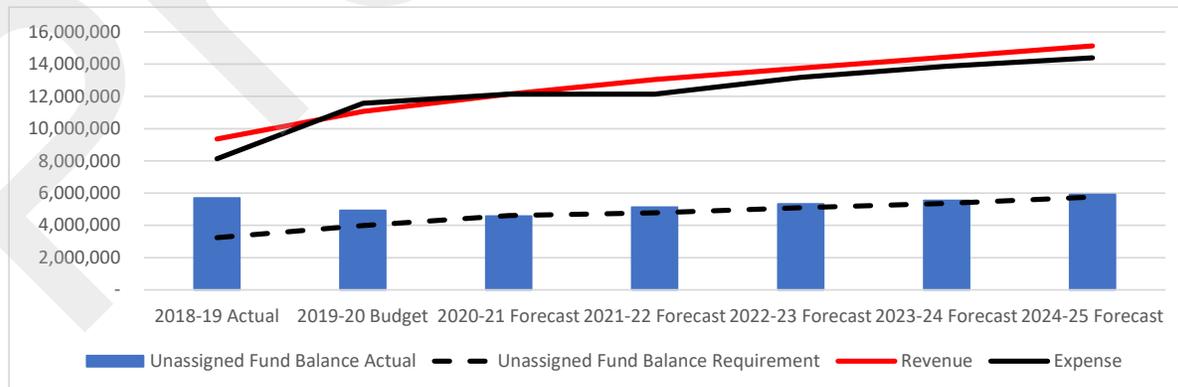
- ◆ Sales taxes increased 16.9 percent from FY2019 actual to the estimated 2020 total. The FY2021 budget assumes a 12.3 percent growth in sales tax compared to the FY2020 budget. The projected years assume 7 percent in 2022, 15 percent in 2023, and 3 percent in 2024 and 2025.

- ◆ All other revenues during the planning horizon are expected to remain flat.

- ◆ More than two-thirds of the General Fund’s expenditures are associated with employee compensation. The FY2021 budget for payroll is \$850 thousand more than the FY2020 budget due to the funding of the compensation study (which includes a 3 percent merit pool for non-sworn employees and 5 percent public safety step increases) and three additional full-time equivalents (FTEs). The long-term plan assumes that Council will continue to award 3% merit increases in years 2020 through 2023.

- ◆ All non-personnel operating expenditures for 2022 through 2025 are adjusted for a 2.6 percent inflationary increase. If possible, when Anna experiences revenues that do not support programs, departments will accommodate for this inflationary increase in supplies or contractual services through operational efficiencies or reductions to scope of services delivered to the public.

The FY2020 General Fund budget has a projected ending fund balance of 55 percent; additionally, the long-term plan assumes that fund balances will remain above 40 percent 2021 through 2025. Financial planning uses forecasts to provide insight into future financial capacity to meet service objectives and financial challenges. The long-term planning nature of the model will allow for steps to be taken to maintain fund balance goals.



**CITY OF ANNA
GENERAL FUND LONG-TERM FINANCIAL PLAN
FY2021 ANNUAL BUDGET**

	Actual 2018-19	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCE	\$ 4,619,185	\$ 5,705,117	\$ 4,933,222
REVENUES:			
Property Taxes	\$ 4,876,783	\$ 6,126,026	\$ 6,736,415
Sales Tax	1,835,421	2,160,000	2,205,000
Charges for Services	145,592	111,200	106,600
Licenses and Permits	1,334,823	1,685,200	2,147,100
Franchise and local taxes	612,332	601,600	601,600
Investment income	138,658	103,000	70,000
Other revenues	226,012	70,746	58,300
Intergovernmental Revenue	93,190	123,195	133,195
Fines	87,431	80,000	80,000
Contributions and donations	7,425	375	-
TOTAL OPERATIONAL REVENUE	<u>\$ 9,357,667</u>	<u>\$ 11,061,342</u>	<u>\$ 12,138,210</u>
EXPENDITURES:			
Payroll	\$ 4,934,344	\$ 6,605,537	\$ 8,193,388
Supplies	372,144	431,238	489,068
Maintenance	282,408	367,808	226,860
Services	2,332,516	2,155,697	2,200,937
Capital Outlay	174,975	401,035	67,326
Capital Improvement	-	-	350,000
Contingency	-	-	-
Transfers to other funds	33,522	1,615,573	609,246
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 8,129,909</u>	<u>\$ 11,576,888</u>	<u>\$ 12,136,825</u>
COMMITTED FUND BALANCE	\$ 128,935	\$ 235,448	\$ 350,000
RESTRICTED FUND BALANCE	\$ 12,891	\$ 20,901	\$ 12,891
ASSIGNED FUND BALANCE	\$ -	\$ -	\$ -
UNASSIGNED FUND BALANCE	\$ 5,705,117	\$ 4,933,222	\$ 4,571,717
Ending balance as a % of expenditures	70.5%	49.5%	39.7%

**CITY OF ANNA
GENERAL FUND LONG-TERM FINANCIAL PLAN
FY2021 ANNUAL BUDGET**

Year 1 Projected 2021-22	Year 2 Projected 2022-23	Year 3 Projected 2023-24	Year 4 Projected 2024-25
\$ 4,571,717	\$ 5,121,103	\$ 5,328,672	\$ 5,542,217
\$ 7,472,087	\$ 8,060,708	\$ 8,663,298	\$ 9,279,357
2,425,500	2,546,775	2,623,178	2,701,874
106,600	106,600	106,600	106,600
2,147,100	2,147,100	2,147,100	2,147,100
601,600	601,600	601,600	601,600
70,000	70,000	70,000	70,000
13,300	13,300	13,300	13,300
133,195	133,195	133,195	133,195
80,000	80,000	80,000	80,000
-	-	-	-
\$ 13,049,382	\$ 13,759,278	\$ 14,438,272	\$ 15,133,026
\$ 8,584,135	\$ 9,257,796	\$ 10,299,128	\$ 10,738,291
501,784	514,830	528,216	541,949
229,357	233,944	238,623	243,396
2,258,161	2,316,874	2,377,112	2,438,917
-	-	-	-
387,200	406,560	418,757	431,320
-	-	-	-
176,467	458,814	-	-
\$ 12,137,104	\$ 13,188,818	\$ 13,861,836	\$ 14,393,873
\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
\$ 12,891	\$ 12,891	\$ 12,891	\$ 12,891
\$ -	\$ -	\$ -	\$ -
\$ 5,121,103	\$ 5,328,672	\$ 5,542,217	\$ 5,918,479
42.8%	41.9%	40.0%	41.1%

THE CITY OF
Anna

Utility Fund Five Year Forecast

Anna’s Utility Fund is an enterprise fund where operations are accounted for and financed in a manner similar to private business enterprises. The goal is that Anna’s water and wastewater utilities are operated so that the costs of providing the services to the public are financed through user charges.

Operating revenues are determined by the water and sewer rates as well as the volume of water sold and sewer treated. These revenues are highly influenced by weather patterns. Hot, dry summers result in high water sales which to a certain extent also generate higher sewer revenues. Seasons of heavy precipitation, on the other hand, result in reduced water sales and the corresponding sewer revenues.

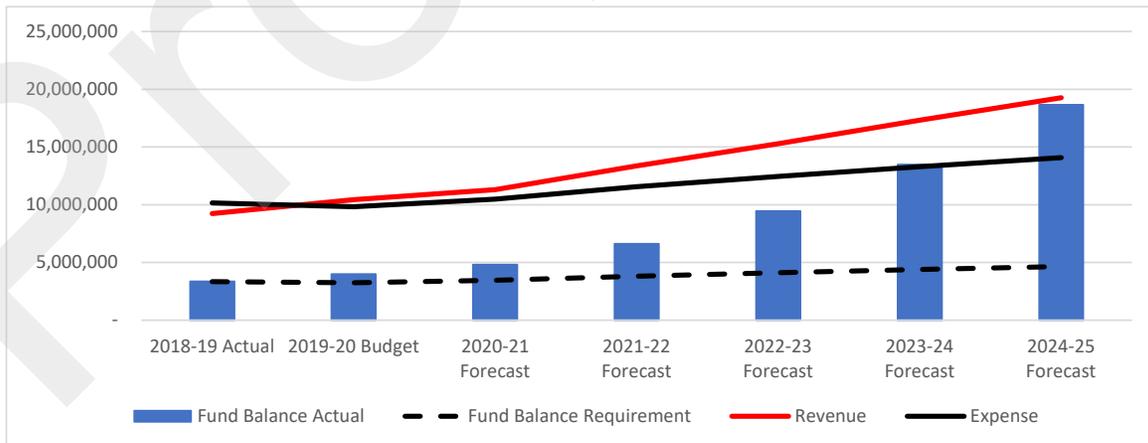
In FY2020, as part of a review of the fiscal condition of the utility fund, areas for improvement that needed to be addressed to maintain long-term sustainability were discovered. The City hired a utility rate consultant to review the rate structure and to assist in creating a new rate model.

◆ The FY2021 budget increases water and wastewater rates 10 percent as planned in the new utility rate model. Rates increases of 8 percent for water and 10 percent for sewer are planned for 2022 and 2023, 7 percent for water and 8 percent for sewer in 2024, and 5 percent for both in 2025. The new utility rate model will fully fund a staffing plan and provide a mix of cash and bond funding for capital projects. The utility rate model will be reviewed on an annual basis to ensure long-term sustainability.

◆ Payments to other entities for the purchase of water and the treatment of sewage are expected to increase by an average of 5 percent per year. These assumptions are based primarily on expected growth of water rates from wholesale suppliers.

◆ The FY2021 budget for payroll includes funding of the compensation study (which includes a 3 percent merit pool). The long-term plan assumes that Council will continue to award 3% merit increases in years 2020 through 2023.

◆ All non-personnel operating expenditures for 2022 through 2025 are adjusted for a 2.6 percent inflationary increase.



**CITY OF ANNA
UTILITY FUND LONG-TERM FINANCIAL PLAN
FY2021 ANNUAL BUDGET**

	Actual 2018-19	Estimated 2019-20	Budget 2020-21
BEGINNING BALANCE	\$ 4,287,014	\$ 3,364,464	\$ 3,985,083
REVENUES:			
Charges for Services			
<i>Water Sales</i>	\$ 4,225,506	\$ 4,997,184	\$ 5,300,000
<i>Sewer Charges</i>	2,622,524	2,780,504	3,300,000
<i>Sanitation Charges</i>	1,077,476	1,054,314	1,054,314
<i>Other Charges for Service</i>	1,069,870	1,421,500	1,460,633
Investment Income	113,599	75,600	75,600
Other Revenues	122,744	115,700	115,700
TOTAL OPERATIONAL REVENUES	<u>\$ 9,231,719</u>	<u>\$ 10,444,802</u>	<u>\$ 11,306,247</u>
EXPENDITURES:			
Payroll	\$ 1,638,519	\$ 1,899,496	\$ 2,050,648
Supplies	139,703	152,155	159,096
Maintenance	691,593	537,800	530,775
Services			
<i>Water Purchases</i>	1,049,027	1,000,000	1,130,400
<i>Sewer Treatment</i>	2,401,674	2,054,500	2,314,148
<i>Solid Waste</i>	939,780	1,011,681	1,042,031
<i>Other</i>	1,093,702	1,078,350	1,153,546
Debt Service	2,095,315	2,090,201	2,095,362
Capital Outlay	91,053	-	-
Capital Improvement	13,903	-	-
Contingency	-	-	-
TOTAL OPERATIONAL EXPENDITURES	<u>\$ 10,154,269</u>	<u>\$ 9,824,183</u>	<u>\$ 10,476,006</u>
<i>ENDING FUND BALANCE</i>	\$ 3,364,464	\$ 3,985,083	\$ 4,815,324
Ending balance as a % of expenditures	33.1%	40.6%	46.0%

**CITY OF ANNA
UTILITY FUND LONG-TERM FINANCIAL PLAN
FY2021 ANNUAL BUDGET**

Year 1 Projected 2021-22	Year 2 Projected 2022-23	Year 3 Projected 2023-24	Year 4 Projected 2024-25
\$ 4,815,324	\$ 6,617,995	\$ 9,453,655	\$ 13,473,997
\$ 6,412,071	\$ 7,408,433	\$ 8,480,729	\$ 9,515,664
4,189,060	5,039,287	5,941,132	6,785,872
1,085,943	1,118,522	1,152,077	1,186,640
1,489,846	1,519,643	1,550,035	1,581,036
75,600	75,600	75,600	75,600
116,818	117,958	119,122	120,308
\$ 13,369,339	\$ 15,279,442	\$ 17,318,695	\$ 19,265,119
\$ 2,122,217	\$ 2,330,538	\$ 2,553,046	\$ 2,643,609
162,821	167,332	171,906	176,391
547,441	564,631	582,362	600,650
1,277,805	1,444,432	1,632,788	1,845,705
2,600,334	2,915,648	3,262,738	3,640,027
1,073,292	1,105,491	1,138,655	1,172,815
1,188,908	1,224,857	1,264,209	1,306,481
2,093,851	2,090,854	2,092,649	2,092,140
250,000	300,000	300,000	300,000
250,000	300,000	300,000	300,000
-	-	-	-
\$ 11,566,668	\$ 12,443,782	\$ 13,298,352	\$ 14,077,817
\$ 6,617,995	\$ 9,453,655	\$ 13,473,997	\$ 18,661,299
57.2%	76.0%	101.3%	132.6%

THE CITY OF
Anna



SUPPLEMENTAL INFORMATION

THE CITY OF
Anna

Glossary

Accounts Payable	A liability account reflecting the amount of open accounts owed to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments).
Accounts Receivable	An asset account reflecting amounts owed from private persons or organizations for goods or services furnished by a government.
Accrual	Method of accounting that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of the timing of related cash flows.
Ad Valorem Tax	Latin for “according to the value of.” Refers to the tax assessed against real (land and building) and personal (equipment and furniture) property.
Appropriation	An authorization made by the legislative body of a government which permits officials to incur obligations against and to make expenditures of governmental resources. Specific appropriations are usually made at the fund level and are granted for a one-year period.
Assessed Valuation	A value that is established for real or personal property as a basis for levying property taxes. (Note: Property values are established by the Central Appraisal District.)
Assets	Resources owned or held by the City which have monetary value.
Balanced Budget	Annual financial plan in which expenses do not exceed revenues
Bonds	A written promise to pay a sum of money on a specific date at a specific interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation bonds and revenue bonds.
Budget	The City’s financial plan for a specific fiscal year that contains both the estimated revenues to be received during the year and the proposed expenditures to be incurred to achieve related objectives
Budget Document	The compilation of the spending plans for the various funds, along with supporting schedules, tables and charts which, in total, comprises the annual revenue and expenditure plan.
Capital Expenditures	Funds used to acquire or upgrade physical assets such as property, industrial buildings or equipment.

Capital Improvements Plan	Construction projects or very large capital purchases designed to improve and maintain the value of the city's assets, usually separate from the operating budget. The process of planning, monitoring, programming, and budgeting over a multi-year period to allocate the City's capital monies. □
Capital Outlays	Expenditures which result in the acquisition of or addition to fixed assets which are individually priced at more than \$5,000.
CCAD	Collin Central Appraisal District
Certificates of Obligation	Similar to general obligation bonds except the certificates require no voter approval.
Component Unit	Component units are legally separate organizations that must be included in the financial report of the primary government.
Debt Service Fund	A fund used to account for the monies set aside for the payment of interest and principal to holders of the City's general obligation and revenue bonds, the sale of which finances long-term capital improvements, such as facilities, streets and drainage, parks and water and wastewater systems.
Department	A functional unit of the city containing one or more divisions or activities.
Delinquent Taxes	Taxes that remain unpaid on and after the date on which a penalty for non-payment is attached.
EMS	Emergency Medical Services
Encumbrances	Commitments related to unperformed contracts for goods and services used in budgeting. Encumbrances are not expenditures or liabilities but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.
Enterprise Fund	A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City uses an enterprise fund to account for its water, sewer and sanitation operations.
Exempt	Personnel not eligible to receive overtime pay and who are expected to work as necessary to complete their job assignments.
Expenditures	Decrease in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.

<i>Fiscal Year (FY)</i>	A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. Home rule cities in Texas have an October 1st to September 30th as the fiscal year.
<i>Fixed Assets</i>	Assets of a long-term character which are intended to continue to be held or used, such as land buildings, improvements, and infrastructure.
<i>Franchise</i>	A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.
<i>Full Time Equivalent (FTE)</i>	A unit of measure based on the number of hours that an employee works during the fiscal year. One FTE is equal to 2080 hours.
<i>Fund</i>	A fiscal and accounting entity with a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.
<i>Fund Balance</i>	The excess of a fund's current assets over its current liabilities; sometimes called working capital in enterprise funds. A negative fund balance is often referred to as a deficit.
<i>GASB</i>	Governmental Accounting Standards Board
<i>General Fund</i>	The fund used to account for all financial resources except those required to be accounted for in another fund. This fund includes most of the basic operating services such as fire and police protection, health services, parks and recreation, street maintenance, and general administration.
<i>General Obligation Bonds</i>	Bonds for the payment of which the full faith and credit of the issuing government is pledged. In issuing its general obligation bonds, the City of Anna pledges to levy whatever property tax is needed to repay the bonds for a particular year. Bonds cannot be issued without voter approval and are usually issued
<i>GFOA</i>	Government Finance Officers Association
<i>GTUA</i>	Greater Texoma Utility Authority
<i>Infrastructure</i>	That portion of a city's assets located at or below ground level, including water system, sewer system, and streets.
<i>Liabilities</i>	Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. The term does not include encumbrances.

Levy	To impose taxes, special assessments, or service charges for the support of governmental activities.
Modified Accrual Basis	A basis of accounting in which expenditures are accrued but revenues are accounted for when they are measurable and available to pay current liabilities. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability while revenues are not recorded until they are measurable and available to pay current liabilities. This type of accounting is conservative and is recommended as the standard for most governmental funds.
NCTCOG	North Central Texas Council of Governments
No-New-Revenue Tax Rate	A calculated rate that would provide the same amount of revenue received in the year before on properties taxed in both years.
Non-Exempt	Personnel eligible to receive overtime pay when overtime work has been authorized or requested by the supervisor.
Operating Budget	Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of the city are controlled.
NTMWD	North Texas Municipal Water District
Performance Measures	Specific quantitative measure of work performed within an activity or program. They may also measure results obtained through an activity or program.
Property Tax Rate	A percentage applied to all taxable property to raise general revenues. It is derived by dividing the total tax levy by the taxable net property valuation.
Restricted Revenue Fund	A fund used to account for the proceeds of specific revenue sources that are legally restricted or formally committed to expenditures for specific purposes.
Revenues	Increases in net financial resources. Revenues include the receipt of assets for goods sold or services provided in the current reporting period, intergovernmental grants, and interest income.
Taxes	Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.
TML	Texas Municipal League
TMRS	Texas Municipal Retirement System
TxDOT	Texas Department of Transportation

Voter-Approval Tax Rate

Provides the taxing unit with about the same amount of tax revenue it spent the previous year for day-to-day operations plus a three and one-half percent increase for those operations and sufficient funds to pay debts in the upcoming year. It is a calculated maximum rate allowed by law without voter approval.

THE CITY OF
Anna

FINANCIAL POLICIES

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

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

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

FINANCIAL MANAGEMENT POLICIES

I. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

A. Accounting

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

B. Funds

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

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

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

C. External Auditing

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

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

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

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

D. External Financial Reporting

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

E. Internal Financial Reporting

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

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

F. Bank Depository

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

II. INTERNAL CONTROLS

A. Written Procedures

The Finance Director is responsible for developing City-wide written administrative

directives on accounting, cash handling, and other financial matters which will be approved by the City Manager.

B. Internal Audit Program

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

C. Department Director’s Responsibility

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

III. OPERATING BUDGET POLICIES

A. Preparation

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

1. Scope – The scope of the budget consists of governmental and proprietary funds, including the Debt Service Fund, Grant Fund, Special Revenue Fund, State Seizure Fund, Federal Seizure Fund, Park Development Fund and Fire Capital Fund, but excludes the Capital Project Funds.

The City’s Capital Improvement Plan (CIP) will be presented to Council annually along with the budget. Each project is approved by Council, at which time Council approves an overall project budget for the life of the project.

2. Budget Process - The budget is prepared by the Finance Department with the cooperation

of all City departments and is submitted to the City Manager who makes any necessary changes. The City Manager shall present a budget message along with the proposed budget document to Council on or before the fifteenth (15) day of August of the fiscal year as stated in Section 7.02 of the City Charter.

The proposed budget and all supporting schedules shall then be filed with the City Secretary and open for public inspection once submitted to the City Council. The proposed budget shall also be published on the City website the following day.

The final adopted budget document shall be enacted by City Council on or before September 20th of each fiscal year as reflected in Section 7.06 of the City Charter. The adoption of the budget must be by an affirmative vote of a majority of the City Council. The budget document shall then be submitted annually to the GFOA for evaluation and consideration of awarding the Award for Distinguished Budget Presentation.

3. Basis of Budgeting – The basis of budgeting will be the same as the basis of accounting; that is, that budgets for the General Fund and all special revenue funds are prepared on the modified accrual basis of accounting, and budgets for the Utility (Proprietary) Fund are presented on a full accrual basis, except that capital purchases and depreciation are not adjusted until year-end financial reporting.
4. City Council Participation – The budget review process shall begin annually with the review of the Strategic Plan by City Council, City Manager, and Directors. Council will further participate in the review process which shall span enough time to address policy and fiscal issues.
5. Balanced Budget – Total proposed expenditures shall not exceed the total estimated income. The City’s goal is to balance the operating budget with current revenues, whereby, current revenues match and fund on-going expenditures. The City considers the budget balanced when total expenditures are equal to total revenues. However, the budget is also balanced when total expenditures are less than total revenues, a surplus. There may also be instances where the City plans to spend excess fund balance accumulated from previous years on one-time non-recurring purchases, while maintaining established reserves. The City considers the budget to be balanced in this case as well. However, the plan shall not be to build on-going expenditures into this type of funding.
6. Forecasting – The budgeting process for the annual budget necessitates the preparation of future projections of both revenues and expenditures. It should be recognized that the balanced budget requirement requires the conservative estimate of revenues and expenditures. Inherent in the forecasting process is the identification of assumptions used in the forecasting calculations. A statement of assumptions should be presented to the City Manager and Council.
7. Filing and Adoption – Upon the presentation of a proposed budget acceptable to the City

Council, the City Council shall call and publicize a public hearing, naming the date and time for the public hearing on the budget. The public hearing allows for the neighbors to participate in the process. Required notice of the public hearing is to be published on two occasions in the City's official newspaper, which shall not be less than ten (10) nor more than thirty (30) days after the date of the notice as stated in Section 7.05 of the City Charter.

At a later date and time, the Council must adopt the budget by Ordinance. This budget then becomes the City's Official Budget, effective for the fiscal year beginning the following October 1st. A copy of the Official Budget shall be filed with the City Secretary and posted on the City's website in accordance with the provisions of Section 102 of the Texas Local Government Code.

In the event the budget is not adopted on or prior to September 20th, the preceding fiscal year budget will continue to be in force on a month-by-month basis until a new budget is adopted, Section 7.06 of the City Charter.

8. Budget Amendments – Expenditures within 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, and must be passed by an affirmative vote of the majority of the Council. 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. The City's Charter (Section 7.09) addresses amending the adopted budget.

B. Performance Measures and Productivity Measures

Where appropriate, performance measures and productivity measures will be used as guidelines and reviewed for efficiency and effectiveness. This information will be included in the annual budget document.

C. Multi-Year Planning Model

As part of the planning process, the City will maintain a five-year planning model to reflect significant changes over time and to utilize during the budget process to determine the long-term operating impact additional requests will have on the budget.

D. Control and Accountability

Each Department Director will be responsible for the goals and objectives adopted as part of the City's Strategic Plan and for monitoring their individual departmental budget for

compliance and spending limitations. The Budget Manager will provide the Department Directors and management staff a monthly financial report on their budget.

IV. REVENUE MANAGEMENT

A. Revenue Monitoring

Revenues actually received will be regularly compared to budgeted revenues and variances will be investigated. Any variances found will be summarized in the corresponding budget report.

B. Simplicity

The City will strive to keep the revenue stream simple, which will result in a decrease of compliance costs for the taxpayer or service recipient and a corresponding decrease in avoidance to pay.

C. Certainty

An understanding of the revenue source increases the reliability of the revenue system. The City will try to understand its revenue sources and enact consistent collection policies so that assurances can be provided that the revenue base will materialize according to budgets and plans.

D. Equity

The City will strive to maintain equity in the revenue system structure. That is, the City will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. The revenue system will strive to have the characteristics of fairness and neutrality as it applies to cost of service, willingness to pay, and ability to pay.

E. Administration

The benefits of revenue will exceed the cost of producing the revenue. The cost of collection will be reviewed for cost effectiveness as a part of the indirect cost and cost of service analysis. Where appropriate, the City will use the administrative process of State or Federal Collection agencies in order to reduce administrative costs.

F. Diversification and Stability

In order to protect the government fluctuations in a revenue source due to fluctuations in the economy, and variations in the weather (in the case of water and wastewater) a diversified revenue system will be maintained.

G. Property Tax Revenues

Property shall be assessed at 100% of the fair market value as appraised by the Collin County Appraisal District. Reappraisal and reassessment shall be done regularly, as required by state law. A 98.6% collection rate will serve as a minimum tax collection with a delinquency rate of 1%.

All delinquent taxes will be pursued and turned over to a private attorney. A penalty will be assessed to compensate the attorney as allowed by state law, and in accordance with the attorney's contract.

H. Sales Tax Revenue

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

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

I. User-Based Fees

For services associated with a user fee or charge, the direct or indirect costs of that service will be offset by a fee where possible. There will be a periodic review of fees and charges to ensure that fees provide adequate coverage of the cost of services.

J. Interest Income

Interest earned from investment of available monies will be distributed to the funds in accordance with the equity balance of the fund from which monies were provided to be invested.

Interest earned on accounts held with the City's depository will be distributed based on the cash balance of each of the funds.

K. Impact Fees

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

L. Utility Rates

The City will review utility rates periodically, and if necessary, adopt new rates that will generate revenues required to fully cover operating expenditures, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital needs and debt service requirements. This policy does not preclude drawing down the working capital to finance current operations. It is in the City's best interest to utilize cash balances in excess of required working capital to finance capital projects. Components of the utility rate will include transfers to the General Fund for administrative costs, franchise fees, or payment in lieu of property tax (PILOT) or a combination thereof when possible.

V. EXPENDITURE CONTROL

A. Appropriations

Appropriations are budgeted for at the fund level. If budget amendments (increase in appropriations) are necessary, they must be approved by the City Council. Budget transfers, between line items within the same fund, are allowed as long as the adjustments do not exceed the total budgeted appropriations for that fund. These budget transfers are approved by the City Manager.

B. Contingency

Pursuant to the City Charter, a contingency appropriation may be included in the annual budget in an amount not to exceed more than three (3) percent of the total General Fund expenditures. The contingency is to be used in the event of unforeseen items of expenditures. The contingency must apply only to current operating expenditures and must not include any expenditures which are appropriated from assigned or committed fund balance.

In the event the City Manager approves an expenditure where contingency funds are to be utilized, the budget shall be transferred to the appropriate line item within the department.

C. Purchasing

All Purchasing shall be in accordance with the City's Purchasing Policy.

D. Central Control

Significant vacancy (salary) savings and capital budgetary savings in any department will be centrally controlled; and may not be spent by the department without the authorization of the City Manager.

E. Order of Expenditure of Funds

When multiple funding sources are available for expenditure (for example, a construction

project is being funded partly by a grant, bond funds, and capital projects funds), the City will start with the most restrictive category and spend those funds first before moving to the next category with available funds.

F. Prompt Payment

All invoices will be paid within thirty (30) days of receipt in accordance with the prompt payment requirements of State law. Procedures will be used to take advantage of all purchase discounts where considered cost effective.

VI. BUDGET CONTINGENCY PLAN

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

A. Immediate Action

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

- a. Freeze all hiring and filling of vacant positions except those deemed to be absolutely necessary;
- b. Review and delay all planned remaining capital expenditures not funded by bond proceeds;
- c. Delay all "non-essential" spending or equipment replacement purchases.

B. Further Action

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

VII. ASSET MANAGEMENT

A. Investments

1. Investment Policy - The City Council has formally approved a separate Investment Policy for the City that meets the requirements of the Public Funds Investment Act (PFIA), Section 2256 of the Texas Local Government Code. The policy is reviewed annually by the Council and applies to all financial assets held by the City.
2. Quarterly Report - As required by the Public Funds Investment Act (PFIA), a Quarterly

Investment Report will be prepared and provided to the City Council. The report shall consist of at a minimum the following:

- a) A comparison of the prior quarter investment's book and market value;
- b) Contain the current quarter and year-to-date (YTD) average yields;
- c) Reference the amount of interest income by quarter and YTD;
- d) List each investment instrument for the previous and current quarter with its rate of return, purchase and maturity date, book value, and market value;
- e) Provide a summary of the investments by fund group;
- f) Compare the total investment portfolio performance to the performance of a government investment pool.

B. Cash Management

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

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

VIII. FIXED ASSETS

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

A. Capitalization Criteria

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

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

B. New Purchases

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

C. Improvements and Replacements

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

D. Contributed Capital

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

E. Reporting and Inventory

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

FUND BALANCE AND WORKING CAPITAL RESERVE POLICY

BACKGROUND

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

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

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

DEFINITIONS

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

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

ORDER OF EXPENDITURES

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

POLICY ON COMMITTING FUND BALANCE

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

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

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

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

POLICY ON ASSIGNED FUND BALANCE

In accordance with GASB-54, funds that are intended to be used for a specific purpose but have

not received the formal approval action at the governing body level may be recorded as Assigned Fund Balance. Likewise, redeploying assigned resources to an alternative use does not require formal action by the governing body.

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

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

UNASSIGNED FUND BALANCE OF THE GENERAL FUND

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

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

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

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

Appropriation drawing down on unassigned General Fund fund balance shall require the approval of the City Council and shall be only for one-time expenditures, such as capital purchases, and not for ongoing expenditures unless a viable plan designated to sustain the expenditures is simultaneously adopted.

WORKING CAPITAL RESERVES OF THE UTILITY FUND

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

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

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

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

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

DEBT MANAGEMENT POLICY

PURPOSE

The purpose of this policy is to set forth the parameters for issuing new debt as well as managing the outstanding debt portfolio, identifying the types and amount of permissible debt, and maintaining or improving the current bond rating in order to minimize borrowing costs and preserving access to credit. Adherence to a debt management policy signals to rating agencies and capital markets that a government is well managed and should meet its obligations in a timely manner. Debt levels and their related annual costs are important long-term obligations that must be managed within available resources.

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

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

POLICY STATEMENT

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

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

CAPITAL IMPROVEMENT PROGRAM

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

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

DEBT LIMITS AND STRUCTURE

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

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

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

RESPONSIBILITY

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

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

PROFESSIONAL CONSULTANTS

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

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

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

- Provide an objective legal opinion with respect to the authorization and issuance of debt obligations and whether interest paid is tax-exempt under federal and/or state laws and regulations;
- Research applicable law; preparing documents; consulting with City staff and the Financial Advisor; reviewing proceedings; and performing additional duties as necessary to render the opinion;
- Provide continuing legal advice regarding any actions necessary to ensure that interest will continue to be tax-exempt;
- Participate, when requested, in activities associated with rating agency reviews;
- Attend City Council meetings when the debt obligation for which Counsel is providing services is being considered;
- Prepare the ordinance authorizing issuance of the obligations;
- Other services as defined by the contract.

APPROACH TO FINANCING

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

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

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

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

Short term obligations may be issued to finance projects or portions of projects. Typically, tax notes will be considered for smaller issues (less than \$1 million). The City may also secure interim financing which shall eventually be refunded with the proceeds of long-term obligations. Short-term obligations may be backed with a tax or revenue pledge of available

resources. Capital leases may be used to purchase high-priced equipment to manage year-to-year capital expenditure levels.

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

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

- Revenues available for debt service are sufficient and reliable such that long-term financing can be marketed with an investment grade credit rating.
- Market conditions present favorable interest rates.
- The project is required to meet or relieve capacity needs and current resources are insufficient or unavailable.
- The life of the project or capital asset to be financed is 10 years or longer.

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

CAPITAL LEASING

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

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

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

OTHER FINANCING ALTERNATIVES

From time to time other types of financing may become available. Examples of these options are low-interest loans from State agencies. At the direction of the City Manager and Finance Director,

the City's Financial Advisor will prepare an analysis of the option.

GENERAL DEBT GOVERNING POLICIES

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

- The City will not issue debt obligations or use debt proceeds to finance current operations or normal maintenance.
- The term of the bond shall not exceed thirty (30 years) unless there are extenuating circumstances that justify the longer term.
- The City shall publish and distribute an official statement for each publicly traded Bond issue.
- The City shall consider the purchase of private bond insurance at the time of the issuance, if it is financially beneficial to the transaction.
- Debt financing includes, general obligation bonds, certificate of obligation bonds, revenue bonds, lease/purchase agreements and other obligations permitted to be issued under Texas law.
- The City and the Financial Advisor shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service costs. As a general rule, the present value savings of a particular refunding should exceed four (4%) of the refunded maturities, unless a restructuring or bond convent revision is necessary in order to facilitate the ability to provide services or issue additional debt in accordance with established debt policies, the refunding is done in combination with a new money issuance and involves maturities that would not be efficient to be refunded on a stand-alone basis, or a refunding that generates savings due to historically low interest rates or an unusual yield curve.
- The City shall not issue bonded debt without enacting an authorizing Resolution.
- The City shall seek to maintain the highest bond rating practical to ensure that borrowing costs are minimized and access to credit is preserved.
- The City shall use a competitive bidding process in the sale of debt unless the nature of the issue warrants a negotiated sale or private placement.

- The bond proceeds will be invested in accordance with the City's Investment Policy. Interest earnings received on the investment bond proceeds shall be used to assist the costs associated with the capital project.
- Debt shall be primarily used to finance capital projects or assets with a relatively long-life expectancy, i.e., generally five (5) years or greater.
- Long-term debt will be structured such that the obligations do not exceed the expected useful life of the respective project or asset.
- The City will primarily issue fixed rate bonds to protect the City against interest rate risk. The City does have the option to issue variable rate bonds and may, if market conditions warrant considering such a structure.
- Short term debt may be issued as authorized by the City Council when circumstances or opportunities are present and such issuance will not adversely affect the operating funds, the ability to make debt payments, or jeopardize the financial integrity of the City or the component units.
- The City shall have a program to comply with arbitrage rebate monitoring and filing. Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the City will contract for these services. The City currently utilizes Hilltop Securities for these calculations.
- The City is committed to continuing disclosure of financial and pertinent credit information relevant to the City's outstanding securities and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosures. The City currently has a contract with Hilltop Securities to work with City staff to compile and file the required information in a timely manner.

DEBT ISSUANCE AND REVENUE SOURCES

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

- To the extent funds described above are in excess of that required by the City's General Fund operating budget, all or a portion of the excess amount shall be used for pay-as-you-go financing of general capital improvements or assets.
- It shall be a goal, but not a requirement, of the City to finance a portion of the city-at-large capital improvement budget with pay-as-you-go financing with current resources remaining from year-end savings.

- Outstanding bonds will be retired according to the debt repayment schedule.
- Assumptions for taxable assessed value increases and revenues growth shall be conservative and justifiable.
- Debt issued for water, sewer and other purposes for which operating and capital needs are supported by user fees, shall first be considered for issuance in the form of revenue bonds, certificates of obligation, or other debt instruments secured by the appropriate user fees. User fees shall be adequate to support operating requirements and revenue bond covenants for each purpose. Certificate of Obligation or General Obligation debt secured by operating revenues may also need to be secured with property taxes.

METHODS OF SALE

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

- a. Financial conditions;
- b. Market conditions;
- c. Transaction-specific conditions;
- d. City-related conditions; and
- e. Risks associated with each method.

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

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

- d. Size of the Issue – The City may choose to offer sizable issues as negotiated so that pre-marketing and buyer education efforts may be done to more effectively promote the bond sale.

DEFINITIONS OF METHODS OF SALE

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

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

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

FINANCING ALTERNATIVES

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

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

- The use of other debt obligations, permitted by law, including but not limited to tax notes and lease purchase obligations will be reviewed on a case-by-case basis.

RATINGS

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

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

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.

THE CITY OF
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