



**Operating Budget
For Fiscal Year
October 1, 2018 - September 30, 2019**

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Jeane Brunson, Co. Clerk
PARKER COUNTY, TEXAS
By TL Deputy



Operating Budget
Fiscal Year 2018-2019

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Town of Annetta Proposed Budget | 2018-2019

August 16, 2018

To the Citizens and City Council members of the Town of Annetta:

The Town of Annetta continues to provide quality service to the community while maintaining its commitment to efficient, conservative management of public resources. The Town also remains committed to grow in terms of professionalism and service levels without taxing the wealth of its citizens through implementation of an ad valorem tax. Reserve funds will be maintained at a responsible level in accordance with the Town of Annetta fiscal policies.

Assumptions

The proposed budget was developed following an extensive process involving input and feedback from the staff of the Town and the Town's Vendors and Sub Contractors including the City of Hudson Oaks as Operator of the Water and Sewer System.

The proposed FY 2018-19 Budgets assume:

- The Town will continue to operate without an ad valorem tax.
- The Town's sales tax revenues for FY 2018-19 will continue to increase slightly over previous years due to increased homebased business activities.
- Franchise fees will increase moderately.
- Water and Waste Water revenues will remain stable.
- Special Sales Tax funding for street maintenance will add approximately \$20,000.00 to the budgeted amount for road repairs in 2018-19.
- A Crime Control and Prevention program continues to move forward with over \$17,000.00 in voter approved funding through sales taxes collected in the previous year. This program provides citizen awareness training, communication and other resources to help maintain a low crime rate in the Annetta community.

Planning for the Future

The proposed budgets include funding and plans for:

- Continued maintenance and repair of the Town's roadways and public right of ways.
- Operations and Maintenance programs (O&M) of the Town's water and wastewater systems.
- Funding for Capital Improvements to the Town's water and wastewater systems.
- New equipment and other facilities for the water and wastewater department.
- Budgetary payroll adjustments related to new hires and council objectives.

Respectfully Submitted,

Bruce Pinckard
Mayor

Kent Stasey
Mayor Pro-Tem
Place 5

Shane Mudge
Place 1

Danny Coffman
Place 2

Mark Wohl
Place 3

James Causey
Place 4

Town of Annetta General Fund | 2018-2019

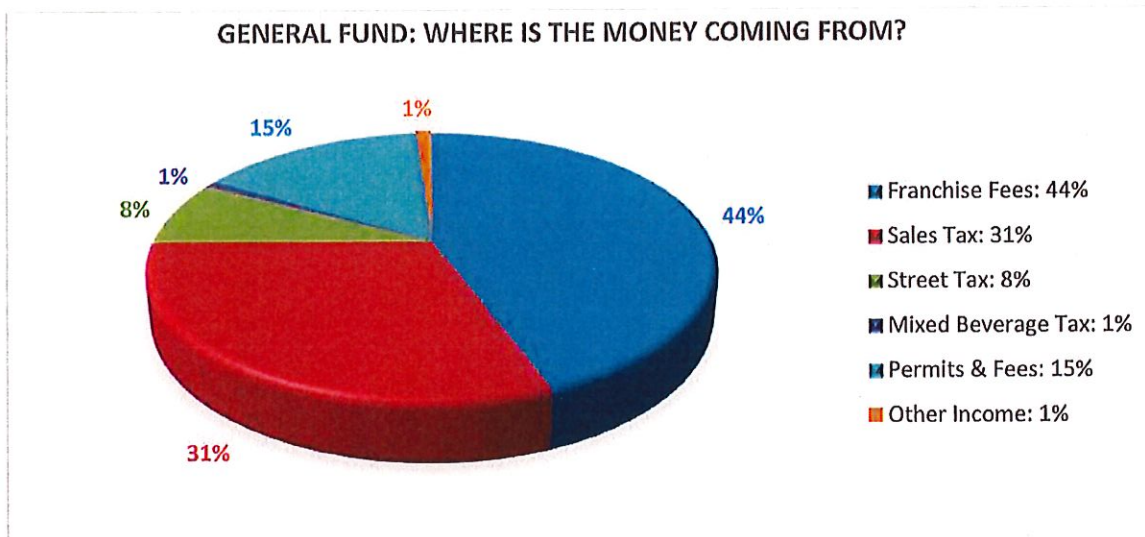
Program of Service:

The General Fund accounts for activities related to city services and development including:

- Elections
- Public Information Requests
- City Council information and meeting requirements
- General Health and Safety code regulations
- Requests for Public Service
- Building Permits and Inspections
- Certificates of Occupancy
- Civil Engineering and Zoning
- Franchisees that operate within the City Limits
- City Planning, Mapping and Ordinance review

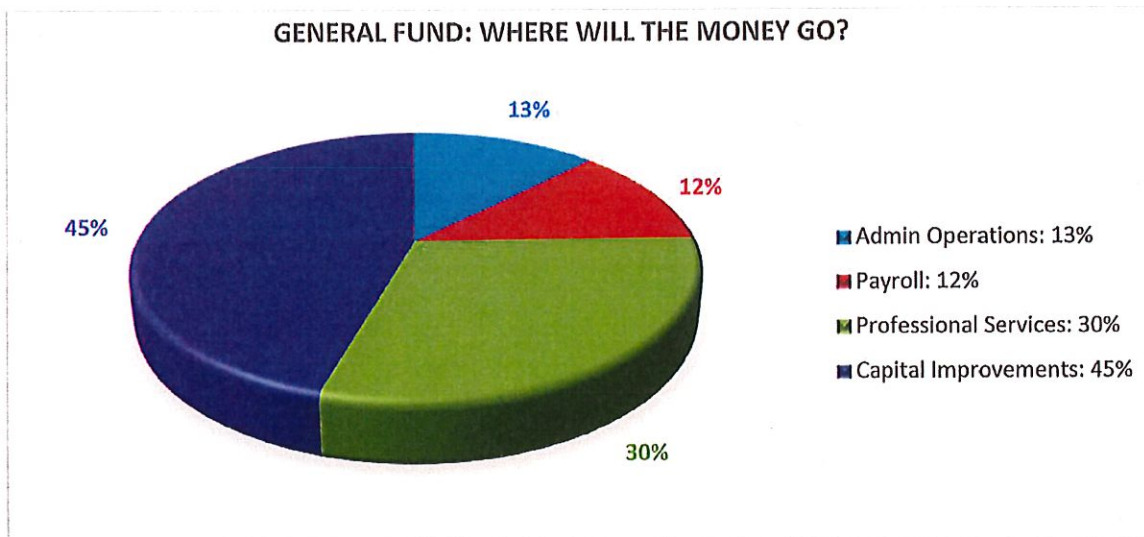
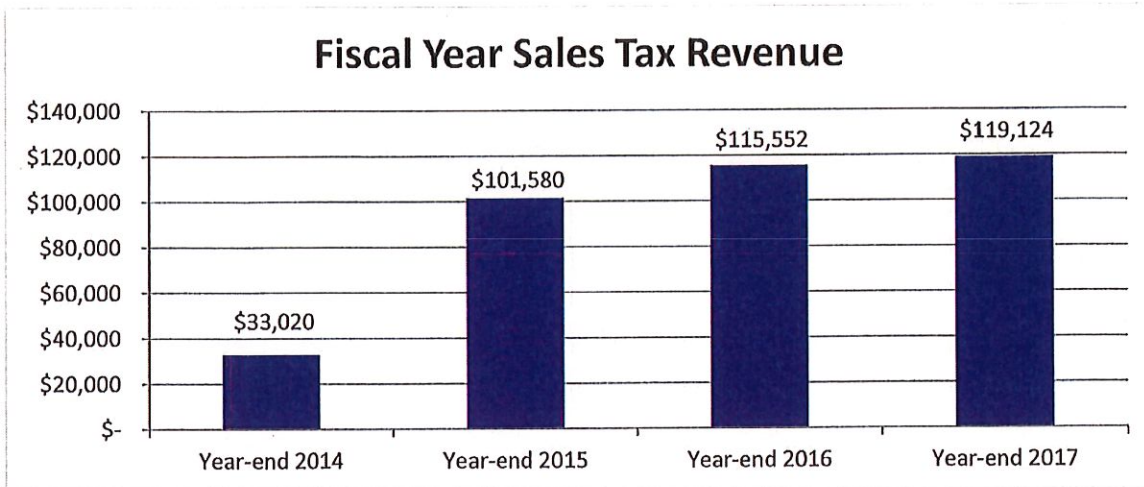
As part of the day to day city activities, our great city staff will interact and meet with citizens, land owners, developers and business owners. Staff receive requests for services, answer questions and communicate with city leaders the needs that come before the Town. City staff will work to ensure that planned developments meet both the letter of the law and the community standard. The staff works in concert with the City Council and other committees to take proposed projects through the processes of design, review, and consideration by both the Planning and Zoning Commission and the City Council.

Below is a summary of the budgeted cash inflows and outflows of the General Fund:



Town of Annetta General Fund | 2018-2019

Sales Taxes are largely generated by home based businesses. Annetta receives 1.50% of sales taxes collected by businesses operating in Annetta as well as by online sales with a product delivered to a home address within the town. This includes 1.00% for unrestricted use, .25% for road repairs and maintenance, and .25% for the Crime Control and Prevention District (see page 10 of budget). Sales tax income accounts for about one-third of the revenue generated in Annetta.

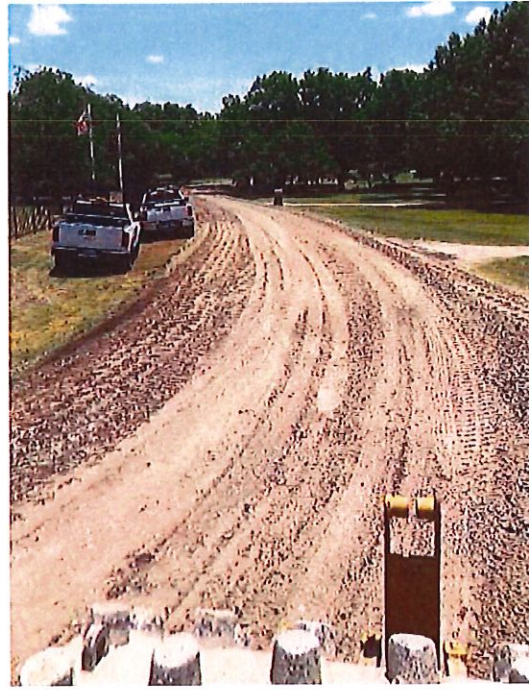


Town of Annetta General Fund | 2018-2019

Notable accomplishments FY 2018-19

Continued commitment to road repairs and street maintenance

This past budget cycle the Town of Annetta kept its commitment to aggressively repairing and maintaining the roads in our town. Annetta has a working plan to upgrade and maintain all of the roads in the Town and it has again committed substantial resources toward that end in this next budget cycle. Road repairs are reflected in the budget under Capital Improvements.



Planning for the future.

With a solid Comprehensive Plan, ordinances and development regulations are continuously being tailored to coincide with the Town Vision Statement. The new Zoning Ordinance adopted in 2018 is being closely reviewed and tailored to reflect the desires of citizens to maintain a high standard of living and a semi-rural lifestyle.

The Annetta Engineering Design Manual has made a great difference in increasing construction standards on publicly dedicated infrastructure. As of the date of this publication, no new infrastructure has been accepted however the effects on negotiations with developers has been noticeably improved. These new standards will help prolong the life of roads, water and sewer lines and other vital components of community infrastructure so that the citizens do not have to inherit higher ongoing maintenance costs into the future.

Town of Annetta General Fund | 2018-2019

Other City Improvements: The Town of Annetta Administration Building continues to improve with the help of the Parker County Master Gardeners. Landscaping continues and the drip irrigation system in place is proving that by effectively reducing water loss that would normally occur through evaporation, plants are kept healthy and vibrant. This year saw many neighbors come use the new benches built in front of city hall and even use the beautiful landscaping as a back drop for photos of their pets and children.



In July, the Town of Annetta reinforced its pledge to remain a “Monarch Butterfly Way Station”. By instituting a native plant program that naturally helps support Monarch Butterflies as they migrate from Canada to Mexico, the Town hopes to set an example of how a little effort can make a big difference. More plants have been added by the Parker County Master Gardeners that are drought resistant as well as a valuable source of energy for the butterflies.

Annetta adopted a new logo and has instituted a branding effort that truly reflects the Annetta Vision. Town staff has received numerous compliments on this effort and citizens readily identify with it. If you haven’t done so already, please go to the Town’s website annettatx.org and view the video of citizens speaking about what Annetta means to them!



Town of Annetta General Fund | 2018-2019

Other things the Town of Annetta is always working on:

- Annetta has a Business Continuity Plan that goes to work in case of emergencies or natural disaster to keep vital systems running. This is reviewed and updated every year.
- Financial policies are reviewed and updated to be compliant with state law and sound business practices.
- Staff and Elected officials attend local and area events in order to hear from citizens and answer questions in order to better represent the town.
- Continuous review and upgrade of policies and ordinances helps to address issues of concern and to curtail the negative effects of unregulated growth.
- Quarterly budget reviews by the city council will again be conducted in FY 2018-19 to more effectively communicate financial information to citizens, manage upcoming project expenses and to more closely monitor changes in financial performance in both the General and Enterprise funds.
- Staff and council/ committee members attend training and continuing education programs to help them in their roles serving the great citizens of Annetta.



**Town of Annetta
Proposed General Fund Budget**

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Income		
Franchise Fees		
HB 1777 - Row	\$ 20	\$ -
Electrical		
Tri-County	36,000	28,000
Electrical - Other	32,000	28,000
Total Electrical	<u>68,000</u>	<u>56,000</u>
Sanitation	25,000	26,000
Telephone	22,000	25,000
Total Franchise Fees	<u>115,020</u>	<u>107,000</u>
 Sales and Use Tax		
Sales Tax	80,000	77,000
Mixed Beverage Tax	2,350	2,200
Street Maintenance and Repair	20,000	19,300
Total Sales and Use Tax	<u>102,350</u>	<u>98,500</u>
 Building Permits		
Out Buildings	2,250	8,000
Other - Permits	4,500	11,000
Irrigation	250	500
Water Well Drilling	650	-
Solicitation	110	100
Concrete and Drives	110	-
New Homes	20,000	15,000
Remodels	4,000	10,000
Swimming Pools	5,550	6,000
Re-Inspection Fees	225	1,500
Total Building Permits	<u>37,645</u>	<u>52,100</u>
 Other Income/Recovery		
Variance and Special Exceptions	50	-
Contractor Registration Fees	2,000	6,500
Platting Fees	2,500	3,000
Interest Income	2,500	150
Other Income	200	-
Total Other Income/Recovery	<u>7,250</u>	<u>9,650</u>
 Total General Fund Revenue	<u>262,265</u>	<u>267,250</u>

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Expenses		
Committees		
Comprehensive Zoning	1,000	-
Total Committees	<u>1,000</u>	<u>-</u>
Administrative Operations		
Off-site Storage*	-	280
Contributions - EPCL	1,000	1,000
Facilities Expense*		
Uniforms	250	200
Supplies	100	300
Equipment Repairs and Maintenance	200	100
Small Tools	200	600
Memberships, Dues and Fees*	750	150
Subscriptions and Publications*	75	40
Interest Expense*	-	100
Bereavement and/or Recognition	-	200
Town Branding and Identification	-	5,000
Insurance*		
General and Property Liability	2,161	2,200
Health/Life/Dental	3,000	2,500
Worker's Compensation	400	60
Office Equipment*		
Copier Maintenance Contract	600	560
New/Replacement	750	600
Supplies	1,500	1,400
Software Maintenance and Upgrade	4,000	2,600
Utilities (Administration Building)*		
Electric	750	600
Telephone	550	700
ISP	350	360
Web Site Maintenance	-	500
Web Hosting and e-mail	150	100
Cell Phones	260	400
Vehicle Expense*		
Vehicle Acquisition	2,041	4,500
Mileage Expense	525	200
Vehicle License and Inspection	35	30
Fuel	330	500
Vehicle Maintenance	1,000	700
Vehicle Expense - Other	50	-
Advertising and Notifications*	460	500
Security*	300	250
Building Maintenance*	600	1,000
Public Events	-	400
Credit Card Fees	785	200
Elections	5,000	6,000
Filing Fees	-	150

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
License/Permits/Fees	1,200	2,000
P O Box Fees/Postage	25	150
Travel/Meals/Training	<u>2,200</u>	<u>5,000</u>
Total Administrative Operations	<u>31,597</u>	<u>42,130</u>
Payroll Expenses		
Payroll Processing Fees	-	30
Payroll Taxes	2,195	2,609
Other Payroll Expenses	-	60
Retirement	2,545	2,700
Contract Labor	-	20
Salaries	<u>26,710</u>	<u>34,175</u>
Total Payroll Expenses	<u>31,450</u>	<u>39,594</u>
Professional Services		
Code Enforcement Officer	500	-
Planning and Zoning - New Zoning Ordinance/Consult Comprehensive Plan	5,000	8,000
Comprehensive Zoning	-	500
Development Projects	6,318	-
Other Financial	900	1,600
Audit Financial*	3,000	2,400
Building Inspections	35,000	25,000
CDR Audit*	-	500
Engineering		
Civil Planning	7,500	10,000
Engineering - Other	1,000	10,000
Surveying/Mapping	1,000	1,500
Legal	<u>45,000</u>	<u>40,000</u>
Total Professional Services	<u>105,218</u>	<u>100,000</u>
Capital Improvements		
Yard Improvements - Thunderhead	6,500	5,000
Building Fund	10,000	11,000
Community Beautification	500	2,500
Roads		
Shoulder and Drainage Ditch	10,000	-
Street/Road Reconstruction	55,000	40,000
General Pot Hole Repair	5,000	14,000
Roads - Other	-	5,000
Signage and Related	<u>6,000</u>	<u>5,000</u>
Total Capital Improvements	<u>93,000</u>	<u>82,500</u>
Capital Reserves	-	<u>3,026</u>
Total General Fund Expense	<u>262,265</u>	<u>267,250</u>
Net General Fund Gain/Loss	<u>\$ -</u>	<u>\$ -</u>

* Expenses split 80% to the Enterprise Fund and 20% to the General Fund

Annetta Crime Control and Prevention District | 2018-2019

The Annetta Crime Control and Prevention District has grown since being approved by voters in 2014. This program exists to put in place training and education to help prevent crime in our community. The rapid growth occurring all around us causes the Town to prepare for what might happen instead of waiting to react to unfortunate events.

The funds are received through the regular sales tax charged by Annetta based businesses such as the Split Rail Golf Course. There are also many businesses which are privately owned sales or service companies based in the town or that do commerce on the internet. These CCPD dollars are generated through a .25% portion of the sales tax and are now available to be utilized to fund programs such as a Neighborhood Watch Program, sharing of information on events of local concern that might have to do with theft or vandalism, a communication hotline or instant messaging to report suspicious activity. The Annetta Crime Control and Prevention Program also communicates information with local law enforcement including the Precinct #4 Constable's Office, The Parker County Sheriff's Department and the AISD Police Department.



Annetta residents have not asked for a Police Department of their own but have expressed a need for better communication and more watchful eyes on the community so that we can all continue to enjoy our quiet little town for years to come. This year the fund will invest in citizen training and neighborhood patrols, information and communication and signage to help protect against criminal activity. There will also be Citizens on Patrol education programs along with other city-wide events held in the Fall on Halloween and again in the Spring with the Annetta Business Fare. Citizens interested in getting more information or joining should contact City Hall.

**Town of Annetta
Proposed Crime Control and Prevention District Fund**

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Income		
Crime Control and Prevention District	\$ <u>17,000</u>	\$ <u>15,000</u>
Expenses		
Computer and Software	200	-
Public Events and Education	6,700	-
Communication and Informational	2,200	15,000
UTV Purchase	7,200	-
Fuel, Maintenance, Repairs of UTV	<u>700</u>	<u>-</u>
Total Expenses	<u>17,000</u>	<u>15,000</u>
Net CCPD Fund Gain/Loss	<u>\$ -</u>	<u>\$ -</u>

Town of Annetta Enterprise Fund | 2018-2019

Program of Service:

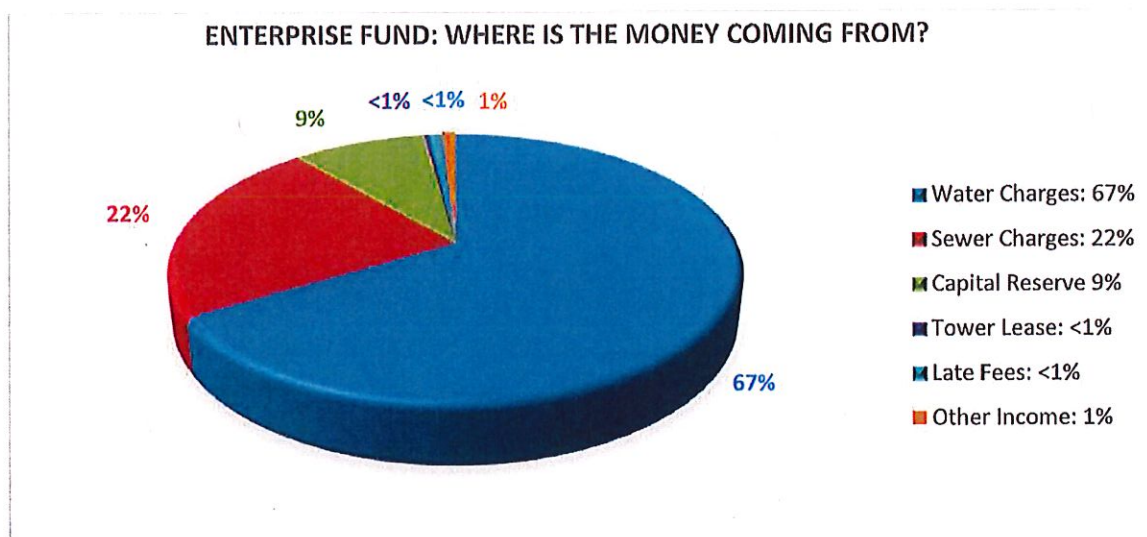
The water and waste water department provide Town of Annetta water and sewer customers with safe, clean and reliable drinking water and a dependable and efficient sewer system. In recent years the department has successfully increased overall water production capabilities, reduced water loss, and continues to provide a level of service that is inviable to other communities.

The Summer of 2018 has had both record heat and little to no rainfall but the Annetta water system continues to operate smoothly. During one particular high consumption period the Town of Annetta asked for voluntary reductions in usage in order to ensure that fire protection measures were maintained. The citizens responded very positively to this request which allowed tank storage levels to stabilize at a time when other cities had mandatory restrictions or prohibitions on outdoor water use.

A transition plan continues to develop which will allow Annetta to manage the day to day operations of both water and sewer which is still done by contract with the City of Hudson Oaks. This plan will provide reasonably obtainable goals and provide the necessary systems and staff training in order to meet customer expectations and manage with efficiency. A big first step in meeting that goal is to continue to invest in items that push back against the rising needs for additional labor as the customer base grows.

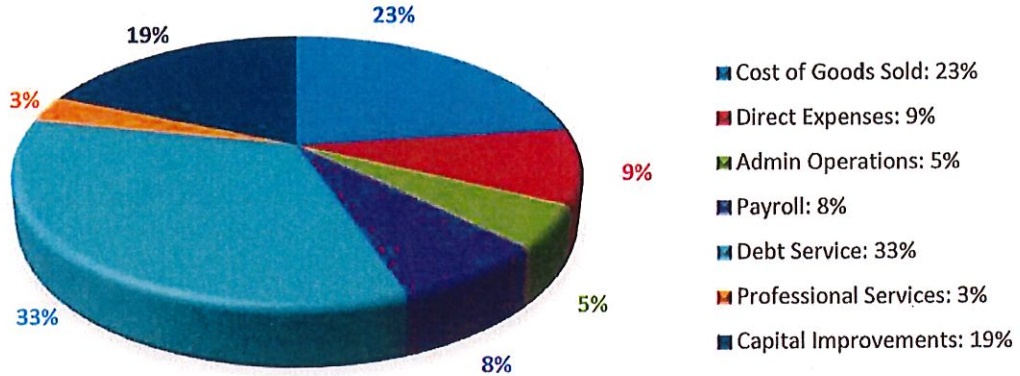
The 2018-19 Budget Cycle includes funds to purchase an Automated Metering System (AMI) which will reduce meter reading from 3 men for 2 ½ days each billing cycle to a data download that only takes minutes. Administratively, what is currently a process of manually entering meter readings and then an account usage analysis will be reduced from days to only a few minutes of download time.

Below is a summary of the budgeted cash inflows and outflows of the Enterprise Fund:

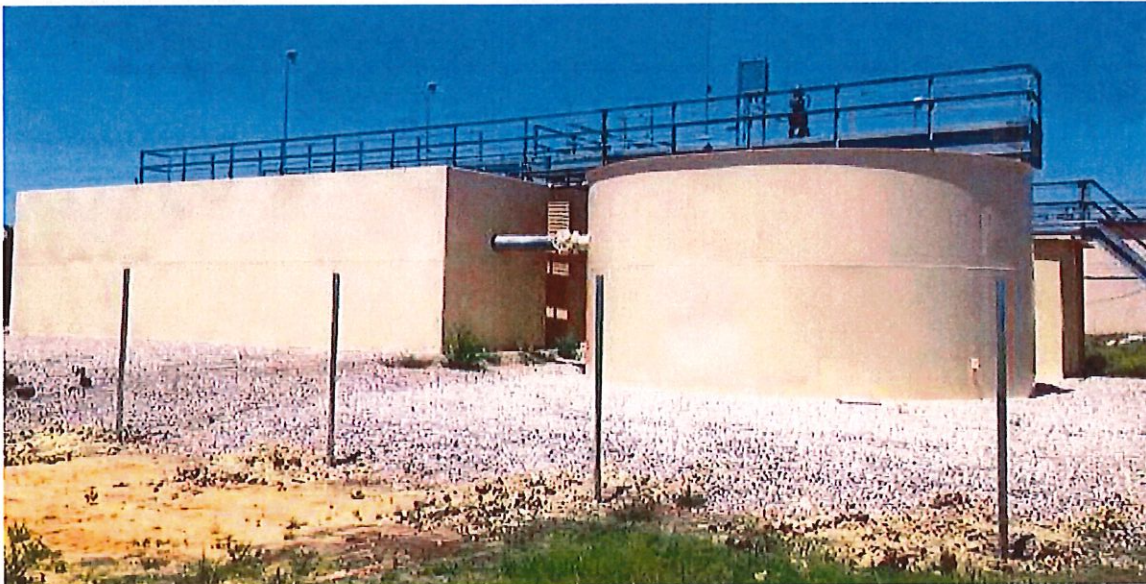


Town of Annetta Enterprise Fund | 2018-2019

ENTERPRISE FUND: WHERE WILL THE MONEY GO?



The new Waste Water Treatment Plant put into service in 2016 is operating efficiently and economically. Annetta continues to make additional improvements in sound barriers, visual screening, electrical and backup power supplies, and other related equipment to help in periods of power outages or mechanical failure. This will continue in FY 2018-19. The new plant is still able to return 100% of the treated waste water to the ground by virtue of oxygenated ponds and then irrigation on the Split Rail Golf Course. This results in less need for additional groundwater pumping than would otherwise be utilized and is a smart way to help sustain our natural resources.

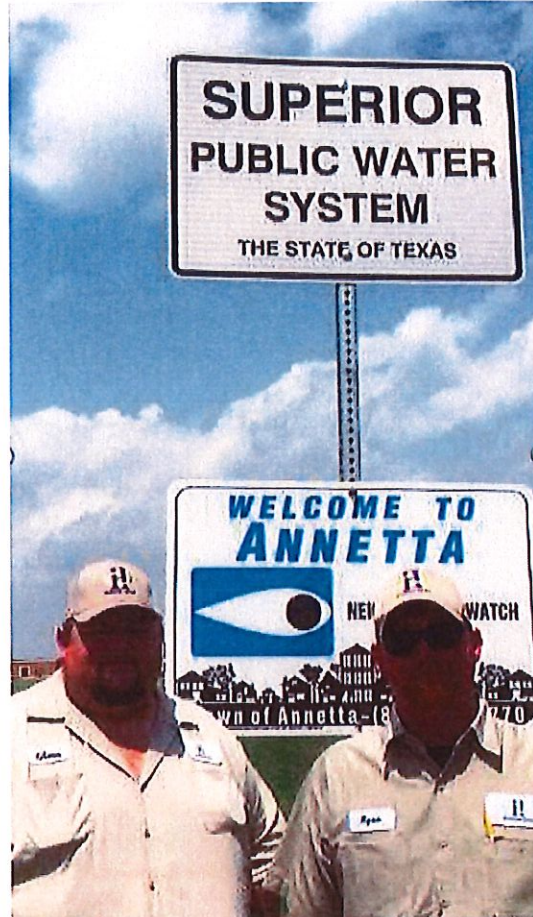


Water System Improvements:

The Town of Annetta water system has earned a SUPERIOR RATING with the State of Texas. A little over 8 years ago, the situation seemed nearly impossible as the condition of infrastructure had not been maintained by the previous owners and reliability was poor, operational costs were high and citizens were in mandatory, year-round outdoor watering restrictions. Annetta is pleased to announce that for the fifth consecutive year there have been no long-term outdoor watering restrictions and only one voluntary request for a reduction in use in order to insure adequate storage for fire protection.

As always, we encourage responsible use of our resources but are happy to be able to provide our citizens with an adequate supply of water during the high demands of a hot, dry summer.

The Town of Annetta sees no need to adjust rates for service in 2018-19 even when other local cities are forced to raise prices or subsidize rates with property taxes.



Over the next five years the department will take steps to:

- Continue to prepare for expected growth in the service area by increasing capacity through developer negotiated impact fees and cost assessments;
- Continue to plan for and obtain training and expertise in the operation of the water and sewer systems;
- Continue to plan for and acquire equipment and facilities necessary to provide reliable and effective operation of both the water and sewer systems;
- Reduce water loss through proper maintenance, conservation and public education, and
- Continue to work to further diversify the community's water sources to handle an increase in demand volatility.

**Town of Annetta
Proposed Enterprise Fund Budget**

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Revenue		
Water and Wastewater Income		
Water System Revenue	\$ 1,150,000	\$ 1,106,086
Waste Water System Revenue	386,710	388,788
Tap Fees	-	25,000
Water Tower Communicate Lease	7,200	7,200
Late Fees	15,000	13,500
Total Water and Wastewater Income	<u>1,558,910</u>	<u>1,540,574</u>
Other Income/Recovery		
Interest Income	15,000	6,000
Other Income	-	3,000
Total Other Income/Recovery	<u>15,000</u>	<u>9,000</u>
From Capital Reserve	<u>172,459</u>	<u>-</u>
Total Enterprise Fund Revenue	<u>1,746,369</u>	<u>1,549,574</u>
Cost of Goods Sold		
Sampling/Testing		
Waste Water Samples	8,100	10,000
Water Samples	6,000	7,000
System Supplies/Chemicals		
Water System Supplies	15,000	15,000
Water System Chemicals	3,200	6,000
Waste Water System Supplies	1,500	5,000
Waste Water System Chemicals	9,300	3,000
Contract Operation of System	234,000	232,780
System Utilities		
Water System Utilities	50,000	55,000
Waste Water System Utilities	50,000	44,000
UTGCD Fees	25,000	23,000
Total Cost of Goods Sold	<u>402,100</u>	<u>400,780</u>
Net Enterprise Fund Revenue	<u>1,344,269</u>	<u>1,148,794</u>
Expense		
Direct Expenses		
Utility Billing	-	2,500
Repair Site Restoration	3,000	3,000
Statement Mailing	8,000	5,500
Rental Equipment - Waste Water System	-	1,300
Tools and Equipment Purchases	1,200	1,500

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Maintenance and Repair		
Tank Inspections	4,000	3,200
Generator Maintenance and Repair	-	1,500
Water Well Repair	20,000	21,000
Water System Maintenance and Repairs	22,000	15,000
Water Plant Maintenance and Repairs	62,000	126,682
Sewer System Maintenance and Repairs	30,000	26,000
Maintenance and Repair - Other	5,000	10,000
Total Direct Expenses	<u>155,200</u>	<u>217,182</u>
Administrative Operations		
Off-site Storage*	-	1,120
Facilities Expense*		
Uniforms	750	800
Supplies	500	1,200
Equipment Repairs and Maintenance	500	400
Small Tools	1,000	2,400
Memberships, Dues and Fees*	250	600
Subscriptions and Publications*	200	160
Interest Expense	-	400
Insurance*		
General and Property Liability	6,482	8,800
Health/Life/Dental	9,000	10,000
Worker's Compensation	250	240
Office Equipment*		
Copier Maintenance Contract	2,100	2,240
New/Replacement	2,250	2,400
Supplies	4,500	5,600
Software Maintenance and Upgrade	11,000	10,400
Office Equipment - Other	250	-
Utilities (Administration Building)*		
Electric	2,200	2,400
Telephone	1,650	2,800
ISP	1,000	1,440
Web Site Maintenance	-	2,000
Web Hosting and e-mail	510	400
Cell Phones	800	1,600
Vehicle Expense*		
Vehicle Acquisition	13,000	18,000
Mileage Expense	2,000	800
Vehicle License and Inspection	30	120
Fuel	910	2,000
Vehicle Maintenance	2,000	2,800
Vehicle Expense - Other	1,000	-
Advertising and Notifications*	1,400	2,000
Security*	906	1,000
Building Maintenance*	2,000	4,000

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Credit Card Fees	4,025	5,500
License/Permits/Fees	10,000	-
P O Box Fees/Postage*	95	600
Postage*	650	-
Public Events	-	1,600
Travel/Meals/Training	4,500	4,000
Total Administrative Operations	<u>87,708</u>	<u>99,820</u>
Payroll Expenses		
Payroll Processing Fees	-	120
Payroll Taxes	9,116	10,434
Other Payroll Expenses	4,799	320
Retirement	10,170	10,800
Salaries/ Wages	106,810	136,702
Total Payroll Expenses	<u>130,895</u>	<u>158,376</u>
Professional Services		
Bond Advisor Fees	2,500	2,500
Development Projects	16,194	-
Other Financial*	2,750	6,400
Audit Financial*	8,550	9,600
CDR Audit*	-	2,000
Legal	3,500	7,500
Engineering		
Civil Planning	-	10,000
Engineering - Other	20,000	10,000
Mowing and Grounds Keeping	2,300	-
Water Samples	-	5,000
Water Tank Inspections	-	-
Professional Services - Other	-	3,000
Total Professional Services	<u>55,794</u>	<u>56,000</u>
Capital Improvements		
Yard Improvements - Thunderhead	-	15,000
Visual Screening and Site Security	-	10,000
Community Beautification	10,000	-
Signage and Related	2,000	1,000
AMI Water Meter Replacement	200,000	-
Chlorination Room/Lab	5,000	-
SCADA Split Rail Well Site and Antennae	51,000	-
SCADA Branch Hollow Lift Station	34,000	-
SCADA Links Lane Lift Station	34,000	-
Total Capital Improvements	<u>336,000</u>	<u>26,000</u>
Capital Reserve	-	16,246
Total Operating Expenses	<u>765,597</u>	<u>573,624</u>

	<u>FY 2018-19</u>	<u>FY 2017-18</u>
Annual Debt Service	<u>578,672</u>	<u>575,170</u>
Total Expense	<u>1,344,269</u>	<u>1,148,794</u>
Net Enterprise Fund Gain/Loss	<u>\$ -</u>	<u>\$ -</u>

* Expenses split 80% to the Enterprise Fund and 20% to the General Fund

TOWN OF ANNETTA, TEXAS
 Balance Sheet
 Governmental Funds
 September 30, 2017

ASSETS	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	\$ 318,001	\$ 45,406	\$ 363,407
Receivables			
Sales Tax	14,043	6,364	20,407
Franchise Tax	58,524	-	58,524
	<u>58,524</u>	<u>-</u>	<u>58,524</u>
 Total assets	 <u>\$ 390,568</u>	 <u>\$ 51,770</u>	 <u>\$ 442,338</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 8,308	\$ -	\$ 8,308
Credit card payable	408	345	753
Payroll liabilities	782	-	782
Due to other funds	32,672	-	32,672
	<u>42,170</u>	<u>345</u>	<u>42,515</u>
 Total liabilities	 <u>42,170</u>	 <u>345</u>	 <u>42,515</u>
 Deferred inflows of resources:			
Deferred tax revenue	49,205	-	49,205
	<u>49,205</u>	<u>-</u>	<u>49,205</u>
 Fund balances:			
Restricted	12,700	51,425	64,125
Committed	49,380	-	49,380
Unassigned	237,113	-	237,113
	<u>299,193</u>	<u>51,425</u>	<u>350,618</u>
 Total fund balances	 <u>299,193</u>	 <u>51,425</u>	 <u>350,618</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 390,568</u>	 <u>\$ 51,770</u>	 <u>\$ 442,338</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ANNETTA, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes			
Sales & Mixed Beverage	\$ 81,856	\$ 37,269	\$ 119,125
Franchise	111,882	-	111,882
Permits	72,194	-	72,194
Interest	119	10	129
Other Income	195	-	195
Total revenues	<u>266,246</u>	<u>37,279</u>	<u>303,525</u>
EXPENDITURES:			
Current:			
General government:			
Administrative Operations	30,793	-	30,793
Building Department - Inspections	23,962	-	23,962
Contributions	1,000	-	1,000
Insurance	1,398	-	1,398
Membership Dues	1,190	-	1,190
Payroll	33,900	-	33,900
Professional Services	73,493	-	73,493
Public Safety	-	5,035	5,035
Repairs and Maintenance	99,776	47,927	147,703
Seminars and Travel	2,693	-	2,693
Utilities	2,265	-	2,265
Capital outlay	6,013	-	6,013
Debt service:			
Principal	1,569	-	1,569
Interest	79	-	79
Total expenditures	<u>278,131</u>	<u>52,962</u>	<u>331,093</u>
NET CHANGE IN FUND BALANCE	(11,885)	(15,683)	(27,568)
FUND BALANCE, OCTOBER 1	<u>311,078</u>	<u>67,108</u>	<u>378,186</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 299,193</u>	<u>\$ 51,425</u>	<u>\$ 350,618</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ANNETTA, TEXAS
Statement of Net Position
Proprietary Fund
September 30, 2017

Assets

Current Assets:

Cash and cash equivalents	\$ 1,112,655
Accounts receivable (net of allowance for doubtful accounts)	260,732
Prepayments	17,300
Restricted cash and cash equivalents	130,157
Due from other funds	<u>32,672</u>

Total current assets 1,553,516

Noncurrent Assets:

Capital Assets:

Land	433,040
Buildings	65,613
Equipment	33,816
Vehicles	25,652
Water system	5,285,419
Wastewater system	2,738,050
Less accumulated depreciation	<u>(1,715,460)</u>
Net capital assets	<u>6,866,130</u>

Total noncurrent assets 6,866,130

Total assets \$ 8,419,646

Deferred Outflows of Resources

Deferred outflows related to pensions	\$ 5,741
Deferred charges on refunding	<u>426,830</u>

Total deferred outflows of resources \$ 432,571

The notes to the financial statements are an integral part of this statement.

Exhibit D-1**Liabilities****Current Liabilities:**

Accounts payable	\$ 69,226
Credit card payable	2,824
Payroll liabilities	3,249
Compensated absences payable	3,294

Current Liabilities Payable from Restricted Assets

Interest payable	36,985
Current portion of long-term debt	<u>344,868</u>

Total current liabilities 460,446

Noncurrent Liabilities:

Net pension liability	561
Bonds payable	7,744,444

Total Noncurrent Liabilities 7,745,005

Total liabilities \$ 8,205,451

Deferred Inflows of Resources

Deferred inflows related to pensions	<u>\$ 1,808</u>
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Total deferred inflows of resources \$ 1,808

Net Position

Investment in capital assets, net of debt	\$ (742,621)
Restricted for debt service	93,172
Unrestricted	<u>1,294,407</u>

Total net position \$ 644,958

TOWN OF ANNETTA, TEXAS
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended September 30, 2017

Operating revenues:	
Water sales	\$ 1,091,564
Wastewater charges	393,350
Late payment penalties	20,185
Tap fees	7,590
Tower lease	6,600
Other fees and charges	31,994
Total operating revenues	<u>1,551,283</u>
Operating expenses:	
Administrative	58,239
Contractual services	225,972
Professional fees	105,224
Payroll	125,433
Repairs and maintenance	140,770
Seminars and travel	2,842
Supplies and chemicals	20,809
Well utilities	94,578
Depreciation	297,467
Total operating expenses	<u>1,071,334</u>
Operating income (loss)	479,949
Nonoperating revenues (expenses):	
Interest income	2,571
Gain (loss) on disposal of capital assets	(225,067)
Interest expense	(301,958)
Debt issuance costs	(139,242)
Total nonoperating revenues (expenses)	<u>(663,696)</u>
Change in Net Position	(183,747)
Net Position, October 1	<u>828,705</u>
Net Position, September 30	<u>\$ 644,958</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF ANNETTA, TEXAS
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2017

Cash flows from operating activities:	
Cash received from customers and users	\$ 1,570,201
Cash paid to suppliers	(654,801)
Cash paid to employees	(122,889)
Net cash provided (used) by operating activities	<u>792,511</u>
Cash flows from noncapital financing activities:	
Increase (decrease) in due from other funds	(31,177)
Net cash provided (used) by noncapital financing activities	<u>(31,177)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(82,387)
Principal payments on long-term debt	(314,707)
Costs of disposal of capital assets	(12,642)
Interest payments	(327,603)
Net cash flows provided by (used in) capital and related financing activities	<u>(737,339)</u>
Cash flow from investing activities:	
Interest income	2,571
Net cash provided by investing activities	<u>2,571</u>
Net increase (decrease) in cash	26,566
Cash, October 1	<u>1,216,246</u>
Cash, September 30	<u><u>\$ 1,242,812</u></u>
Reconciliation of income from operations to net cash provided by operating activities:	
Income (loss) from operations	\$ 479,949
Adjustments to reconcile income from operations to net cash provided by (used in) operating activities	
Depreciation	297,467
(Increase) decrease in accounts receivable	18,918
Increase (decrease) in payroll liabilities	2,130
Increase (decrease) in compensated absences	2,638
Increase (decrease) in net pension balances	(2,224)
Increase (decrease) in credit card payable	2,824
Increase (decrease) in accounts payable	(9,191)
Net adjustments	<u>312,562</u>
Net cash provided (used) by operating activities	<u><u>\$ 792,511</u></u>
Noncash Investing, Capital and Financing Activities:	
Increase in principal on bonds due to refinancing	\$ (400,000)
Disposal of capital assets	(212,424)
	<u><u>\$ (612,424)</u></u>

The notes to the financial statements are an integral part of this statement

NOTE 5 – LONG-TERM LIABILITIES

A. Bonds Payable

August 15, 2010, the City issued the \$6,810,000 Combination Tax and Revenue Certificates of Obligation, Series 2010. Interest is due semiannually on February 1 and August 1 of each year at interest rates ranging from 4.00% to 5.00%.

The certificates were issued to (1) pay, in whole or in part, contractual obligations to acquire from the City of Willow Park, Texas an existing waterworks and wastewater system known generally as the Deer Creek Water and Sewer System (the "Project"), and to make extensions and improvements to the project, (2) pay all or a portion of the legal, fiscal and engineering fees in connection with the Project, (3) purchase materials, supplies, and equipment related to the Project, (4) pay for work performed by employees of the City that is directly attributable under generally accepted accounting principles to the costs of the Project, and (5) pay the costs of issuance related thereto.

On May 8, 2012, the City issued the \$1,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2012. Interest is due semiannually on February 1 and August 1 of each year at an interest rate of 4.07%.

The certificates were issued to pay, in whole or part, contractual obligations to acquire, construct and equip extensions and improvements to the City's waterworks and wastewater system, and to pay all or a portion of the legal, fiscal and engineering fees in connection therewith, and to pay the costs of issuance related to such Certificates of Obligation.

On April 1, 2015, the City issued the \$995,000 Combination Tax and Revenue Certificates of Obligation, Series 2015. Interest is due semiannually on February 1 and August 1 of each year at interest rates ranging from 2.00% to 4.00%.

The certificates were issued to pay, in whole or part, contractual obligations to acquire, construct and equip extensions and improvements to the City's waterworks and wastewater system, and to pay all or a portion of the legal, fiscal and engineering fees in connection therewith, and to pay the costs of issuance related to such Certificates of Obligation.

On August 15, 2017, the City issued \$4,715,000 of General Obligation Refunding Bonds, Series 2017. The bonds consisted of general obligation bonds with interest rates ranging from 2.0% to 3.0%. The net proceeds were used to partially refund Combination Tax and Revenue Certificates of Obligation, Series 2010. \$4,315,000 of the total principal amount of \$5,760,000 was refunded. The refunding decreased debt service payments for the City by \$602,366 with a net present value savings (economic gain) of \$498,288 or 10.57%.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded combination tax and revenue certificates of obligation. As a result, the refundable certificates of obligation are considered to be defeased, and the related liability for the certificates of obligation has been removed from the City's liabilities. At September 30, 2017, \$4,315,000 2010 defeased certificates of obligation are outstanding with a scheduled redemption date of August 1, 2020.

NOTE 5 – LONG-TERM LIABILITIES (continued)

The remaining certificates constitute direct obligations of the City payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property in the City and (ii) the surplus revenues of the City’s waterworks and wastewater system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the City’s revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the City’s waterworks and wastewater system, all as provided in the Ordinance. During each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which, together with surplus revenues of the waterworks and wastewater system budgeted to pay principal and interest coming due during such fiscal year, will be sufficient to raise and produce the money required to pay the interest on the certificates as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the certificates as such principal matures (but never less than 2% of the original principal amount of the certificates as a sinking fund each year). The interest and sinking fund balance at September 30, 2017 was \$130,157.

The annual requirements to amortize all bonded debt outstanding as of September 30, 2017 are as follows:

	Business-type Activities		
	Principal	Interest	Total
2018	\$ 325,000	\$ 250,170	\$ 575,170
2019	335,000	243,762	578,762
2020	345,000	231,631	576,631
2021	405,000	218,774	623,774
2022	420,000	204,492	624,492
2023-2027	2,310,000	804,433	3,114,433
2028-2032	2,425,000	422,561	2,847,561
2033-2037	1,295,000	78,600	1,373,600
	<u>\$ 7,860,000</u>	<u>\$ 2,454,423</u>	<u>\$ 10,314,423</u>

NOTE 5 – LONG-TERM LIABILITIES (continued)

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2017:

	10/01/16	Additions	Retirements	09/30/17	Due within one year
Governmental Activities:					
Capital Lease	\$ 1,568	\$ -	\$ 1,568	\$ -	\$ -
Compensated Absences	27	823	27	823	823
Total Governmental Activities	1,595	823	1,595	823	823
Business-type Activities:					
Certificates of Obligation, Series 2010	5,970,000	-	4,525,000	1,445,000	220,000
Certificates of Obligation, Series 2012	865,000	-	40,000	825,000	40,000
Certificates of Obligation, Series 2015	935,000	-	60,000	875,000	65,000
General Obligation Refunding, Series 2017	-	4,715,000	-	4,715,000	-
Issuance Premium	52,302	183,372	6,362	229,312	19,868
Capital Lease	4,707	-	4,707	-	-
Compensated Absences	656	3,294	656	3,294	3,294
Total Business-type Activities	7,827,665	4,901,666	4,636,725	8,092,606	348,162
Total Long-Term Liabilities	\$ 7,829,260	\$ 4,902,489	\$ 4,638,320	\$ 8,093,429	\$ 348,985

NOTE 6 – DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

The City participates in one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TRMS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

B. BENEFITS PROVIDED

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