HTS Continuing Disclosure Services
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated August 11, 2026

Rating:
Moody's: "Aa2"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel to the City, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

THE CERTIFICATES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$52,015,000
CITY OF ANNA, TEXAS
(Collin County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: August 1, 2026
Interest Accrues from Delivery Date

Due: February 15, as shown on page 2

PAYMENT TERMS . . . Interest on the $52,015,000 City of Anna, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates") will accrue from the delivery date, estimated to be September 9, 2026 (the "Delivery Date"), will be payable February 15 and August 15 of each year, commencing February 15, 2027, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Regions Bank, Houston, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City of Anna, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a pledge of surplus net revenues of the City's waterworks and sewer system, as provided in the Ordinance (defined herein) authorizing the Certificates (see "THE CERTIFICATES - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for paying all or a portion of the City's contractual obligations incurred in connection with (i) acquiring, constructing, installing, and equipping additions, improvements, extensions, and equipment for the City's water and sewer system, including wastewater treatment plants, water and sewer lines, wells, lift stations, storage facilities, manholes, pumps, valves, fittings, service connections, and related infrastructure improvements, and the acquisition of land and interests in land as necessary therefor; and (ii) legal, fiscal and engineering fees in connection with such projects. (see "PLAN OF FINANCING").

CUSIP PREFIX: 035699
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C, "Form of Bond Counsel's Opinion") and certain other conditions. McCall, Parkhurst & Horton L.L.P., Dallas, Texas will also act as Disclosure Counsel for the City.

DELIVERY . . . It is expected that the Certificates will be available for delivery through The Depository Trust Company on September 9, 2026.

MATURITY SCHEDULE **CUSIP Prefix: 035699** [(1)]

Principal Amount	15-Feb Maturity	Interest Rate	Yield	CUSIP Suffix[(1)]	Principal Amount	15-Feb Maturity	Interest Rate	Yield	CUSIP Suffix[(1)]
$ 880,000	2029	5.000%	2.870%	MS3	$ 1,455,000	2039	5.000%	3.840% [(2)]	NC7
925,000	2030	5.000%	2.940%	MT1	1,525,000	2040	5.000%	3.980% [(2)]	ND5
975,000	2031	5.000%	3.020%	MU8	1,605,000	2041	5.000%	4.040% [(2)]	NE3
1,025,000	2032	5.000%	3.070%	MV6	1,685,000	2042	5.000%	4.080% [(2)]	NF0
1,075,000	2033	5.000%	3.200%	MW4	1,775,000	2043	5.000%	4.140% [(2)]	NG8
1,130,000	2034	5.000%	3.320%	MX2	1,865,000	2044	5.000%	4.220% [(2)]	NH6
1,190,000	2035	5.000%	3.430%	MY0	1,960,000	2045	5.000%	4.300% [(2)]	NJ2
1,250,000	2036	5.000%	3.540%	MZ7	2,060,000	2046	5.000%	4.400% [(2)]	NK9
1,315,000	2037	5.000%	3.650% [(2)]	NA1	2,165,000	2047	5.000%	4.500% [(2)]	NL7
1,380,000	2038	5.000%	3.750% [(2)]	NB9	2,280,000	2048	5.000%	4.580% [(2)]	NM5

$4,890,000 4.500% Term Certificates due February 15, 2050 at a Price of 97.590 to Yield 4.670% CUSIP No. [(1)] **NP8**
$5,350,000 4.500% Term Certificates due February 15, 2052 at a Price of 96.758 to Yield 4.720% CUSIP No. [(1)] **NR4**
$5,850,000 4.500% Term Certificates due February 15, 2054 at a Price of 96.185 to Yield 4.750% CUSIP No. [(1)] **NT0**
$6,405,000 4.500% Term Certificates due February 15, 2056 at a Price of 95.597 to Yield 4.780% CUSIP No. [(1)] **NV5**

(Interest to accrue from the Delivery Date)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the City, the Municipal Advisor or the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on February 15, 2036, the first optional call date for such Certificates, at a redemption price of par, plus accrued interest to the redemption date.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Certificates – Optional Redemption").

MANDATORY SINKING FUND REDEMPTION . . .The Certificates maturing on February 15 in each of the years 2050, 2052, 2054 and 2056 are also subject to mandatory sinking fund redemption as described herein ("THE CERTIFICATES – Mandatory Sinking Fund Redemption").

This Official Statement, which includes the cover pages and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Municipal Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "OTHER INFORMATION - Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

Neither the City nor its Municipal Advisor make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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The cover pages hereof, this page and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY .... The City of Anna, Texas is a political subdivision and municipal corporation of the State, located in Collin County, Texas. The City covers approximately 15 square miles (see "INTRODUCTION - Description of the City").

THE CERTIFICATES .... The City's $52,015,000 Combination Tax and Revenue Certificates of Obligation, Series 2026 are to mature on February 15 in the years 2029 through 2048, and as Term Certificates maturing on February 15 in the years 2050, 2052, 2054 and 2056 unless redeemed in accordance with the provisions described herein (see "THE CERTIFICATES - Description of the Certificates" and "Mandatory Sinking Fund Redemption").

PAYMENT OF INTEREST .... Interest on the Certificates accrues from the Delivery Date (defined herein) and is payable February 15, 2027, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates" and "THE CERTIFICATES - Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Certificates are issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State of Texas (the "State"), including particularly subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance passed by City Council (the "Ordinance") (see "THE CERTIFICATES - Authority for Issuance of the Certificates").

SECURITY FOR THE CERTIFICATES .... The 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 within the City and (ii) a pledge of the surplus net revenues of the City's waterworks and sewer system, as provided in the Ordinance (see "THE CERTIFICATES - Security and Source of Payment ").

OPTIONAL REDEMPTION .... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES - Optional Redemption").

TAX EXEMPTION .... In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for for paying all or a portion of the City's contractual obligations incurred in connection with (i) acquiring, constructing, installing, and equipping additions, improvements, extensions, and equipment for the City's water and sewer system, including wastewater treatment plants, water and sewer lines, wells, lift stations, storage facilities, manholes, pumps, valves, fittings, service connections, and related infrastructure improvements, and the acquisition of land and interests in land as necessary therefor; and (ii) legal, fiscal and engineering fees in connection with such projects. (see "PLAN OF FINANCING").

RATING .... The Certificates and the presently outstanding general obligation debt of the City are rated "Aa2" with a stable outlook by Moody's Investor Service, Inc. ("Moody's"). See "OTHER INFORMATION – Ratings" herein.

BOOK-ENTRY-ONLY SYSTEM ...... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES - Book-Entry-Only System").

PAYMENT RECORD .... The City has never defaulted in payment of its general obligation tax debt.

PAYING AGENT/REGISTRAR .... The initial Paying Agent/Registrar of the Certificates is Regions Bank, Houston, Texas.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation [(2)]	Taxable Assessed Valuation Per Capita	Net General Obligation (G.O.) Tax Debt [(3)]	Net G.O. Tax Debt Per Capita	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation
2022	18,330	$ 1,775,593,806	$ 96,868	$ 72,253,000	$ 3,942	4.07%
2023	23,960	2,481,278,770	103,559	86,577,000	3,613	3.49%
2024	26,960	3,267,916,181	121,214	96,528,000	3,580	2.95%
2025	28,000	3,864,410,704	138,015	124,529,000	4,447	3.22%
2026	36,935 [(1)]	4,424,556,187	119,793	122,465,000	3,316	2.77%

(1) 2026 estimated derived from the North Central Texas Council of Governments.
(2) As reported by the City.
(3) Excludes self-supporting debt.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Beginning Balance	$ 17,681,023	$ 13,853,231	$ 9,963,033	$ 6,572,245	$ 6,445,516
Total Revenue	29,176,541	27,767,708	23,045,654	19,313,396	15,260,527
Total Expenditures	28,846,171	25,244,595	19,711,560	17,464,574	13,096,746
Total Other Financing Sources	(3,122,428)	1,304,679	556,104	1,541,966	(2,037,052)
Net Funds Available	330,370	2,523,113	3,334,094	1,848,822	2,163,781
Ending Balance	$ 14,888,965	$ 17,681,023	$ 13,853,231	$ 9,963,033	$ 6,572,245

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Pete Cain Mayor	4 Years	May 2027	IT Manager
Kevin Toten Councilmember - Place 1	8 Years	May 2027	Fleet Technician
Nathan Bryan Councilmember - Place 2	1 Year	May 2028	Retail Manager
Jessica Walden Deputy Mayor Pro -Tem - Place 3	Newly Elected	May 2030	Engineer
Kelly Patterson-Herndon Councilmember - Place 4	2 Years	May 2028	Retired
Elden Baker Mayor Pro-Tem - Place 5	3 Years	May 2030	Engineer
Manny Singh Councilmember - Place 6	1 Year	May 2028	Corporate Revenue Manager

SELECTED ADMINISTRATIVE STAFF

Name	Position	Service to City	Governmental Service
Ronda Perez	City Manager	Newly Appointed	20 Years
Terri Doby	Finance Director	6 Years	26 Years
Carrie Land	City Secretary	11 Years	27 Years

CONSULTANTS AND ADVISORS

Auditors .... Forvis Mazars, LLP
Dallas, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Municipal Advisor .... Hilltop Securities Inc.
Dallas, Texas

For additional information regarding the City, please contact:

Ronda Perez	Terri Doby	Andre Ayala	Jorge Delgado
City Manager	Finance Director	Managing Director	Senior Vice President
rperez@annatexas.gov	tdoby@annatexas.gov	andre.ayala@hilltopsecurities.com	jorge.delgado@hilltopsecurities.com
City of Anna, Texas	City of Anna, Texas	Hilltop Securities Inc.	Hilltop Securities Inc.
120 W. 7th Street	120 W. 7th Street	717 N. Harwood Street, Suite 3400	717 N. Harwood Street, Suite 3400
Anna, TX 75409	Anna, TX 75409	Dallas, Texas 75201	Dallas, Texas 75201
214-924-3325	214-924-3325	(214) 953-4000	(214) 953-4000

OFFICIAL STATEMENT

RELATING TO

$52,015,000
CITY OF ANNA, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover page and Appendices hereto, provides certain information regarding the issuance of $52,015,000 Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance"), adopted by the City Council of the City of Anna, Texas (the "City") on the date of the sale of the Certificates which authorized the issuance of the Certificates.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Municipal Advisor, Hilltop Securities Inc., Dallas, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1913, and first adopted its Home Rule Charter on May 7, 2005. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers elected for staggered three year terms. The City Manager is the Chief Administrative Officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, planning and zoning, and general administrative services. The 2020 Census population for the City was 15,010, while the estimated 2026 population is 36,935. The City covers approximately 15 square miles.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Certificates will be used for paying all or a portion of the City's contractual obligations incurred in connection with (i) acquiring, constructing, installing, and equipping additions, improvements, extensions, and equipment for the City's water and sewer system, including wastewater treatment plants, water and sewer lines, wells, lift stations, storage facilities, manholes, pumps, valves, fittings, service connections, and related infrastructure improvements, and the acquisition of land and interests in land as necessary therefor; and (ii) legal, fiscal and engineering fees in connection with such projects

SOURCES AND USES OF FUNDS . . . Proceeds from the sale of the Certificates are expected to be expended approximately as follows:

Sources of Funds	
Par Amount	$ 52,015,000.00
Cash Premium Bid	1,359,256.50
Total Sources of Funds	$ 53,374,256.50
Uses of Funds	
Deposit to Project Fund	$ 52,500,000.00
Underwriter's Discount	520,150.00
Cost of Issuance	354,106.50
Total Uses of Funds	$ 53,374,256.50

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THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated August 1, 2026 and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of initial delivery thereof (the "Delivery Date"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2027 until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a combination of (i) a direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a pledge of the surplus net revenues of the City's waterworks and sewer system, as provided in the Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of 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. The City's Home Rule Charter adopts the constitutionally authorized maximum tax rate of $2.50 per $100 Taxable Assessed Valuation. 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 and based on a 90% collection rate.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

With respect to any optional redemption of the Certificates, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Certificates and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

MANDATORY SINKING FUND REDEMPTION . . .The Certificates maturing on February 15 in the years 2050, 2052, 2054 and 2056 (collectively, the "Term Certificates") are subject to mandatory sinking fund redemption on the dates and in the principal amounts shown below at the price of par plus accrued interest to the date of redemption:

Term Certificates Maturing February 15, 2050

Redemption Date		Principal Amount
February 15, 2049		$ 2,390,000
February 15, 2050	maturity	2,500,000

Term Certificates Maturing February 15, 2052

Redemption Date		Principal Amount
February 15, 2051		$ 2,615,000
February 15, 2052	maturity	2,735,000

Term Certificates Maturing February 15, 2054		
Redemption Date		Principal Amount
February 15, 2053		$ 2,860,000
February 15, 2054	maturity	2,990,000

Term Certificates Maturing February 15, 2056		
Redemption Date		Principal Amount
February 15, 2055		$ 3,130,000
February 15, 2056	maturity	3,275,000

The principal amount of Term Certificates required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates which at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF AN OBLIGATION (OR ANY PORTION OF ITS PRINCIPAL SUM) SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH OBLIGATION (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE, AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or authorized escrow agent, in trust (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharges obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

Upon defeasance, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Upon making such deposit in the manner described, such defeased Certificates shall no longer be deemed outstanding obligations secured by the Ordinance, but will be payable only from the funds and Defeasance Securities deposited in escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and accredited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Certificates in the aggregate principal amount thereof and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participant to whose account such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Certificates will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to DTC is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Municipal Advisor or the Initial Purchaser.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "The Certificates - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Certificates is Regions Bank, Houston, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates, as applicable, by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the use of the Book-Entry-Only system is discontinued, principal of the Certificates is payable to the registered holder appearing on the registration books of the Paying Agent/Registrar (the "Registered Owner") at the designated corporate trust office of the Paying Agent/Registrar upon surrender of the Certificates for payment; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under "The Certificates - Book-Entry-Only System" herein. Interest on the Certificates is payable to the Register Owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (identified below) and such interest shall be paid by the Paying Agent/Registrar by check mailed, first class postage prepaid, to the Register Owner or by such other arrangement, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the Registered Owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Certificates will be delivered to the Registered Owners and thereafter the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed Certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "The Certificates—Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the uncalled balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the month next preceding such interest payment date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

AMENDMENTS . . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any holder of the respective Certificate for the purpose of amending or supplementing the Ordinance to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the holders, (iv) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

The Ordinance further provides that the holders of the Certificates aggregating in principal amount a majority of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Certificates so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Certificates; (ii) reducing the rate of interest borne by any of the outstanding Certificates; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

REMEDIES . . .The Ordinance establishes specific events of default with respect to the respective series of Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners thereof, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner of a respective Certificate is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the respective Certificates or Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the owners of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia* 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality. In *Wasson Interests, Ltd., V. City of Jacksonville*, No. 489 S.W.3d 427 (Tex. 2016), ("Wasson") the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to the breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the "will of the people" and protecting such municipalities "via the State's immunity is not an efficient way to ensure efficient allocation of State resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the Wasson opinion held the Proprietary-Governmental Dichotomy applies in contract-claims context. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, owners of Certificates may not be able to bring such a suit against the City for breach of the Certificates or Ordinance covenants in the absence of City action. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the Registered Owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors, by principles of governmental immunity, and by general principles of equity which permit the exercise of judicial discretion.

Initially, the only Registered Owner of the Certificates will be Cede & Co., as DTC's nominee. See "The Certificates - Book-Entry-Only System" herein for a description of the duties of DTC with regard to ownership of the Certificates.

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the 'Property Tax Code'), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Collin Central Appraisal District (the 'Appraisal District').

Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

10% HOMESTEAD CAP . . . State law requires the appraised value of an owner's principal residence ('homestead' or 'homesteads') to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

20% CIRCUIT BREAKER CAP FOR NON-HOMESTEAD PROPERTY . . . Through December 31, 2026, an appraisal district is prohibited from increasing the appraised value of certain non-homestead real property (the "Subjected Property") with an appraised value of $5,320,000 (the "Maximum Property Value") or less to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After December

31, 2026 (unless extended by the Legislature), the $5,320,000 value limitation may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the Maximum Property Value.

Agricultural and Open-Space Land . . . State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "TAX INFORMATION– City and Taxpayer Remedies").

State Mandated Homestead Exemptions . . . State law grants, with respect to each city in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. The governing body of a school district, municipality, or county that adopted an exemption described in (1) above, for the 2022 tax year may not reduce the amount of or repeal the exemption through December 31, 2027.

Local Option Freeze for the Elderly and Disabled . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Temporary Exemption For Qualified Property Damaged By A Disaster . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

Personal Property . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value, and in certain cases is entitled to an exemption of $125,000 of the appraised value of such property. Taxable personal property includes income-producing equipment and inventory. Intangible personal property such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, and solar and wind-powered energy devices.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

CHAPTER 380 AGREEMENTS . . . The City is also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds such as ad valorem taxes or sales taxes for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. The City has entered into several Chapter 380 Agreements. See "FINANCIAL INFORMATION – Sales Tax Sharing Agreements".

For a discussion of how the various exemptions described above are applied by the City, see "City Application of Tax Code" herein and "Table 1 – Assessed Valuation and Exemption".

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code. Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX INFORMATION – NO-NEW-REVENUE TAX RATE AND VOTER-APPROVAL TAX RATE"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

NO-NEW-REVENUE TAX RATE AND VOTER-APPROVAL TAX RATE . . . The Following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2022 through 2024, which may be applied to a city's tax rate in tax years 2023 through 2025 without impacting the voter-approval tax rate.

"voter-approval tax rate" mean the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values for all property in the City to the City Council by August 1 of each year, or as soon as practicable thereafter.

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

Furthermore, beginning tax year 2026, if the Texas Attorney General determines that a city has (a) not had its records and accounts audited and an annual financial statement prepared based on the audit or (b) failed to file its financial statements and auditor's opinion on such financial statements with the city secretary or city clerk before the 180th day after the city's fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city's no-new-revenue tax rate for (i) the tax year that begins on or after the date of the Attorney General's determination or (ii) a subsequent tax year that begins before the date the city has had an annual audit completed and financial statements prepared or filed the financial statement and auditor's opinion on such financial statement with the city secretary, as applicable. If a city were limited to levying an ad valorem tax rate that is not in excess of its no-new-revenue tax rate, such a limitation would impact the total amount of ad valorem tax revenue available to the city to pay for both operations and maintenance and debt service.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its "de minimis rate", an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year.

Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur the penalty interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

2025 REGULAR AND SPECIAL LEGISLATION SESSIONS . . . The 89th Texas Legislature convened on January 14, 2025, and adjourned on June 2, 2025 (the "89th Regular Session"). When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During the legislative session, the Legislature will consider a general appropriations act and may enact laws that materially change the Property Tax Code and other current law as it related to ad valorem taxation. The City can make no representations or predictions regarding any actions the Legislature has taken or may take during the 89th Regular Session, or any special session, or concerning the substance or effect of any legislation that may be passed during the 89th Regular Session or a future session of the Legislature.

CITY APPLICATION OF TAX CODE . . . The City grants a local option exemption to the market value of all residence homesteads equal to the greater of 3% or $5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and the City taxes are collected by the Collin County Tax Assessor Collector.

The City does not permit split payments, and discounts are not allowed.

The City does not tax Freeport Property.

The City does not collect the additional one-quarter cent sales tax for reduction of ad valorem taxes.

In October 2020, the City entered into a 20-year agreement for the construction of a medical office building within the City, which provides for the rebate of $1,000,000 in ad valorem taxes.

TAX INCREMENT REINVESTMENT ZONES AND PUBLIC IMPROVEMENT DISTRICTS . . . The City is situated in northern Collin County, which has experienced rapid population growth in recent years, together with rapid land development. The City has implemented various economic development incentives to manage and continue this growth while maintaining a stable property tax rate. In addition to offering economic development agreements authorized pursuant to Chapter 380, the City has created several tax increment reinvestment zones ("TIRZ") and public improvement districts ("PID" or "PIDs"), which are briefly described below (see "TAX INFORMATION" and "FINANCIAL INFORMATION – Sales Tax Sharing Agreements" herein). The City established the PIDs to undertake improvement projects that confer a special benefit on property located within the particular PID, whether located within the City limits or the City's extraterritorial jurisdiction ("ETJ"). The City may levy and collect special assessments on property in the particular PID based on the benefit conferred by an improvement project to pay all or part of its cost. To the extent bonds have been issued to finance such public improvements, detailed information on these developments may be obtained from the City or from disclosure documents for such bonds filed at www.emma.msrb.org.

Hurricane Creek Public Improvement District and TIRZ Nos. 1 and 2

The Hurricane Creek Public Improvement District ("Hurricane Creek PID") was created by the City on November 13, 2018, and consists of a 368.2-acre master planned project expected to consist of 895 single family homes. Hurricane Creek PID is generally located along the west side of U.S. Highway 75 and north of FM 455, within the western portion of the City's corporate limits, and is also known locally as "Villages of Hurricane Creek South". In connection with this development, the City has levied assessments on the entire development. In 2015, the City created TIRZ No. 1, and later dissolved TIRZ No. 1 and created TIRZ No. 2, which is coterminous with the initial phase of Hurricane Creek PID. The revenues generated by TIRZ No. 2 will be used to offset or lower the assessments charged to property owners within such initial phase.

On March 28, 2019, the City issued $10,910,000 in special assessment revenue bonds to develop the public infrastructure within the initial phase of Hurricane Creek PID, including streets, water, sanitary sewer, and storm drainage. On December 30, 2022, the City issued an additional $10,550,000 in special assessment revenue bonds to develop public infrastructure within the second phase of Hurricane Creek PID. On April 22, 2026, the City issued an additional $13,412,000 in special assessment revenue bonds to developer infrastructure within the third and final phase of Hurricane Creek PID.

Sherley Tract Public Improvement District No. 2 and TIRZ No. 3

On December 8, 2020, the City created the Sherly Tract Public Improvement District No. 2 ("Sherley Tract PID"), which consists of a 289.8-acre master planned project expected to consist of an estimated 913 single family homes, including 187 townhomes and senior living. Sherley Tract PID is situated immediately to the north and west of the Hurricane Creek PID and is owned by the same developer as Hurricane Creek PID, and this development is also known locally as "Villages of Hurricane Creek North." On August 16, 2021, the City issued $12,296,000 in special assessment revenue bonds to develop public infrastructure within the Sherley Tract PID, including streets, water, sanitary sewer, and storm drainage. The City additionally created a TIRZ No. 3 that is coterminous with the initial phase of Sherley Tract PID and plans to use revenues generated by such TIRZ No. 3 to offset or lower the assessments charged to property owners within such initial phase. On June 23, 2026, the City issued an additional $10,016,000 in special assessment revenue bonds to develop infrastructure within the second, third and fourth phases of the Sherley Tract PID. The remaining phases of Sherley Tract PID are expected to be developed over a 4-year period, and the City expects to issue additional bonds payable from special assessments levied on Sherley Tract PID but cannot predict when or whether such bonds will be issued, if ever.

AnaCapri Public Improvement District and TIRZ Nos. 4 and 5

On April 12, 2022, the City created the AnaCapri Public Improvement District ("AnaCapri PID"), which is expected to be developed as a 285-acre master planned community expected to consist of an estimated 1,233 single-family homes, which is expected to be developed in approximately four phases over a period of several years. Additionally, the City created TIRZ No. 4 and TIRZ No. 5 within the AnaCapri PID and plans to use revenues generated by such TIRZ to offset or lower the assessments charged to property owners within the AnaCapri PID.

On October 31, 2023, the City issued $20,343,000 in special assessment revenue bonds to develop public infrastructure within the initial phase of development within the AnaCapri PID, including streets, water, sanitary sewer, storm drainage, fencing, retaining walls and landscaping. Although the City anticipates issuing special assessment revenue bonds to fund infrastructure within future phases of the AnaCapri PID development, the City cannot predict when or whether such bonds will be issued, if ever.

Downtown TIRZ No. 6

On December 14, 2021, the City created a TIRZ No. 6 encompassing approximately 1,345 acres within the City's downtown area and plans to use revenues generated by TIRZ No. 6 to revitalize its downtown area, including up to $60,100,000 in public improvements that include parking and transportation, streets, utility and drainage, trails, park improvements, open space, and economic development grants.

The Woods at Lindsey Place Public Improvement District

On February 14, 2023, the City created The Woods at Lindsey Place Public Improvement District ("The Woods at Lindsey Place PID") which is expected to be developed as a 198-acre master planned community consisting of an estimated 858 single-family detached residential lots, 91 townhome lots, approximately 600 multi-family residential units, and approximately 3 acres of commercially zoned land held for future sale.

On October 10, 2023, the City issued $7,419,000 in special assessment revenue bonds to develop the public infrastructure within the initial phase of Lindsey Place PID, and on December 18, 2025, the City issued an additional $24,566,000 in special assessment revenue bonds to develop the public infrastructure within the remaining three phases of The Woods at Lindsey Place PID, and development of all single-family residential lots has now been completed.

Meadow Vista Public Improvement District

On September 26, 2023, the City created the Meadow Vista Public Improvement District (the "Meadow Vista PID"), which is expected to be developed as a 223.2-acre master planned community expected to consist of an estimated 764 single-family detached residential lots. The District is expected to be developed in approximately three phases over several years.

On July 31, 2024, the City issued $12,806,000 in special assessment revenue bonds to develop the public infrastructure within the initial phase of Meadow Vista PID. The City expects to issue additional bonds payable from special assessments levied on Meadow Vista PID but cannot predict when or whether such bonds will be issued, if ever.

Crystal Park Public Improvement District

On February 25, 2025, the City created the Crystal Park Public Improvement District No. 2 ("Crystal Park PID"), which is expected to be developed as a 275-acre master planned community consisting of an estimated 969 single-family residential lots. The District is expected to be developed in approximately five phases with final development of lots expected in Q3 2032.

On December 18, 2025, the City issued $7,639,000 in special assessment revenue bonds to develop the public infrastructure within the initial phase of Crystal Park PID. The City expects to issue additional bonds payable from special assessments levied on Crystal Park PID but cannot predict when or whether such bonds will be issued, if ever.

Sherley Farms Public Improvement District

On March 25, 2025, the City created the Sherley Farms Public Improvement District (the "Sherley Farms PID"), consisting of approximately 1,123 acres lying within the City, lying east of the City's downtown area. Sherley Farms PID is expected to be developed as an estimated 2,585 single-family homes, 55 cottage homes, 400 multi-family residential units, and approximately 260,000 square feet of commercial space, constructed over approximately six phases. The City also created TIRZ No. 9, which is coterminous with Sherley Farms PID and plans to use revenues generated by such TIRZ to offset or lower the assessments charged to property owners within the Sherley Farms PID.

On March 12, 2026, the City issued $33,516,000 in special assessment revenue bonds to develop the public infrastructure within the initial phase of Sherley Farms PID. The City expects to issue additional bonds payable from special assessments levied on Sherley Farms PID but cannot predict when or whether such bonds will be issued, if ever.

The Landing Public Improvement District

On May 13, 2025, the City created The Landing Public Improvement District (the "The Landing PID"), which consists of an 82.55-acre master planned project anticipated to include approximately 327 single family homes, located immediately west of State Highway 5 and south of County Road 371. On August 11, 2026, the City Council of the City authorized the issuance of $9,729,000 of special assessment revenue bonds to fund infrastructure within the initial phase of The Landing PID. The City anticipates issuing additional special assessment revenue bonds to fund infrastructure within future phases of The Landing PID, but the City cannot predict when or whether such bonds will be issued, if ever.

Liberty Hills Public Improvement District No. 1

On March 10, 2026, the City created Liberty Hills Public Improvement District No. 1 ("Liberty Hills PID No. 1"), which consists of an 139.983-acre master planned project expected to consist of approximately 455 single family homes, anticipated to be developed over two phases. Liberty Hills PID No. 1 is located immediately west of US 75, north of County Road 370 and east of Couty Road 368, generally northeast of Sherley Tract PID. On August 11, 2026, the City Council of the City authorized the issuance of $24,844,000 of special assessment revenue bonds to fund infrastructure within the initial phase of Liberty Hills PID No. 1. The City anticipates issuing additional special assessment revenue bonds to fund infrastructure within future phases of Liberty Hills PID No. 1, but the City cannot predict when or whether such bonds will be issued, if ever.

Liberty Hills Public Improvement District No. 2

On December 9, 2025, the City created Liberty Hills Public Improvement District No. 2 ("Liberty Hills PID No. 2"), which consists of a 405.578-acre master planned project expected to consist of approximately 1,412 single family homes, to be developed in approximately ten phases over a period of several years. Liberty Hills PID No. 2 is located immediately west of Hurricane Creek, east of County Road 289, immediately south of the future Mantua Parkway, and generally northwest of Sherley Tract PID.

On June 23, 2026, the City Council authorized the issuance of $18,800,000 in special assessment revenue bonds to fund infrastructure within the initial phase of Liberty Hills PID No. 2, which bonds were issued and delivered on July 22, 2026. The

City anticipates issuing additional special assessment revenue bonds to fund infrastructure within future phases of Liberty Hills PID No. 2, but the City cannot predict when or whether such bonds will be issued, if ever.

Liberty Hills Public Improvement District No. 3

On December 9, 2025, the City created Liberty Hills Public Improvement District No. 3 ("LH PID No. 3"), which consists of a 22.207-acre master planned project. The City anticipates issuing special assessment revenue bonds to fund infrastructure within Liberty Hills PID No. 3, but the City cannot predict when or whether such bonds will be issued, if ever.

Liberty Hills Development Agreement and TIRZ No. 7

Development within Liberty Hills PID No. 1, Liberty Hills PID No. 2, and Liberty Hills PID No. 3 (collectively, the "Liberty Hills PIDs") is being undertaken pursuant to the Liberty Hills Development Agreement, by and among the City, Liberty 800, LP, a Texas limited partnership (the "Original Owner"), Liberty 75, LP, a Texas limited partnership, The Thornton Family Trust, Janis Real Estate, LLC, a Texas limited liability company, and Jay P. and Irene C. Janis, each an individual, effective as of May 14, 2024 (the "Liberty Hills Development Agreement"). The Development Agreement governs development of the land within the Liberty Hills PIDs and additional land outside the boundaries of and unrelated to the Liberty Hills PIDs—including anticipated commercial development—and all of the land governed by the Liberty Hills Development Agreement is also included within the boundaries of TIRZ No. 7, which the City created on December 9, 2025. The City plans to use certain revenues generated by TIRZ No. 7 to offset or lower the assessments charged to residential property owners within the Liberty Hills PIDs, but certain revenues from TIRZ No. 7 may be used by the City to incentivize commercial and other non-residential development within TIRZ No. 7 lying outside the boundaries of the Liberty Hills PIDs.

Oak Ridge Development Agreement and TIRZ No. 8

The City has entered into that certain Oak Ridge Development Agreement, by and among the City and OPP-Oak Ridge, LP, a Texas limited partnership, effective as of May 27, 2025 (the "Oak Ridge Development Agreement"), which governs the development of approximately 808.221-acres of land located two miles east of US 75, generally situated at the intersection of Farm-to-Market Road 455 and Cowan Road, presently within the City. In the Oak Ridge Development Agreement, the City has agreed to create one or more PIDs, at the request of the landowner, upon said property (collectively, the "Future PID") and to issue special assessment revenue bonds to finance the development of infrastructure within said Future PID as single-family residential lots. The City also created TIRZ No. 8, which is anticipated to be coterminous with the Future PID, and plans to use revenues generated by such TIRZ No. 8 to offset or lower the assessments charged to property owners within the Future PID.

Future Development Projects

The City entered has entered into multiple additional development agreements with various developers in which the City has agreed to create and establish additional PIDs and/or TIRZ and to issue multiple series of special assessment revenue bonds to fund the public infrastructure within such districts. The timing and amount of said bond issues is not certain at this time.

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TABLE 1 – ASSESSED VALUATION AND EXEMPTION

2026/27 Market Valuation Established by Collin County Appraisal District		
(excluding totally exempt property)		$ 5,450,629,128
Less Exemptions/Reductions at 100% Market Value:		
Loss to 10% Home Cap	$ 12,090,297	
Circuit Breaker Limitation	62,751,825	
Productivity Loss	437,863,171	
Over 65	33,466,121	
Disabled Veterans	104,505,740	
Disabled Persons	3,552,048	
Homestead	66,079,669	
Solar	22,686	
Pollution Control	352,788	
Others	25,434,174	746,118,519
2026/27 Taxable Assessed Valuation		$ 4,704,510,609
Outstanding General Obligation Debt as of 8/1/2026		$ 257,590,000
The Certificates		52,015,000
		$ 309,605,000
Less: Self-Supporting Debt (Water & Sewer Revenue) as of 8/1/2026		
Combination Tax and Revenue Certificates of Obligation, Series 2014	$ 3,000,000	
Combination Tax and Revenue Refunding Bonds, Series 2017	3,850,000	
General Obligation Refunding and Improvement Bonds, Series 2021	2,775,000	
Combination Tax and Revenue Certificates of Obligation, Series 2022	61,355,000	
Combination Tax and Revenue Certificates of Obligation, Series 2024	11,445,000	
Combination Tax and Revenue Certificates of Obligation, Series 2025	52,700,000	
The Certificates	52,015,000	
Total Self-Supporting Debt		$ 187,140,000
Net General Obligation Debt Payable from Ad Valorem Taxes as of 8/1/2026		$ 122,465,000
General Obligation Interest and Sinking Fund as of 7/1/2026		$ 26,340
Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation		2.60% (1)

2026 Estimated Population - 36,935

2026/27 Per Capita Taxable Assess Valuation - $ 127,373

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $ 3,316

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(1) As reported by Collin County Appraisal District as of July 21, 2026.
(2) Excludes self-supporting debt.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2027 (1)		2026		2025	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 3,766,178,080	69.10%	$ 3,647,607,752	74.10%	$ 3,312,182,428	75.44%
Real, Residential, Multi-Family	239,757,487	4.40%	180,081,794	3.66%	108,205,213	2.46%
Real, Vacant Lots/Tracts	134,093,619	2.46%	97,055,641	1.97%	107,339,202	2.44%
Real, Acreage (Land Only)	438,655,735	8.05%	292,272,689	5.94%	272,807,642	6.21%
Real, Farm and Ranch Improvements	38,814,883	0.71%	65,381,985	1.33%	32,750,278	0.75%
Real, Commercial	403,107,893	7.40%	306,923,300	6.23%	245,746,814	5.60%
Real, Industrial	4,727,795	0.09%	3,422,740	0.07%	3,273,944	0.07%
Real and Tangible Personal, Utilities	32,086,793	0.59%	29,175,314	0.59%	27,562,746	0.63%
Tangible Personal, Commercial	93,600,635	1.72%	72,800,700	1.48%	71,595,772	1.63%
Tangible Personal, Industrial	491,923	0.01%	512,662	0.01%	602,807	0.01%
Tangible Personal, Mobile Homes	1,656,838	0.03%	1,678,505	0.03%	1,804,795	0.04%
Real Property, Inventory	297,457,447	5.46%	225,895,247	4.59%	206,748,321	4.71%
Total Appraised Value Before Exemptions	$ 5,450,629,128	100.00%	$ 4,922,808,329	100.00%	$ 4,390,619,962	100.00%
Less: Total Exemptions/Reductions	(746,118,519)		(498,252,142)		(526,209,258)	
Adjustments	-		-		-	
Taxable Assessed Value	$ 4,704,510,609		$ 4,424,556,187		$ 3,864,410,704	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2024		2023	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 3,003,154,350	77.32%	$ 2,264,318,933	76.35%
Real, Residential, Multi-Family	30,909,479	0.80%	9,105,109	0.31%
Real, Vacant Lots/Tracts	73,246,318	1.89%	53,811,338	1.81%
Real, Acreage (Land Only)	258,948,920	6.67%	207,350,932	6.99%
Real, Farm and Ranch Improvements	60,884,053	1.57%	43,967,775	1.48%
Real, Commercial	199,162,860	5.13%	168,153,109	5.67%
Real, Industrial	2,983,786	0.08%	2,427,079	0.08%
Real and Tangible Personal, Utilities	24,412,374	0.63%	24,732,539	0.83%
Tangible Personal, Commercial	57,448,432	1.48%	49,589,990	1.67%
Tangible Personal, Industrial	681,658	0.02%	128,770	0.00%
Tangible Personal, Mobile Homes	1,753,530	0.05%	1,914,866	0.06%
Real Property, Inventory	170,258,026	4.38%	140,229,936	4.73%
Total Appraised Value Before Exemptions	$ 3,883,843,786	100.00%	$ 2,965,730,376	100.00%
Less: Total Exemptions/Reductions	(615,927,605)		(484,451,606)	
Adjustments	-		-	
Taxable Assessed Value	$ 3,267,916,181		$ 2,481,278,770	

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(1) As reported by Collin County Appraisal District as of July 21, 2026.

NOTE: Valuations shown are certified taxable assessed values reported by the Collin Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation [(2)]	Taxable Assessed Valuation Per Capita	Net General Obligation (G.O.) Tax Debt [(3)]	Net G.O. Tax Debt Per Capita	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation
2022	18,330	$ 1,775,593,806	$ 96,868	$ 72,253,000	$ 3,942	4.07%
2023	23,960	2,481,278,770	103,559	86,577,000	3,613	3.49%
2024	26,960	3,267,916,181	121,214	96,528,000	3,580	2.95%
2025	28,000	3,864,410,704	138,015	124,529,000	4,447	3.22%
2026	36,935 [(1)]	4,424,556,187	119,793	122,465,000	3,316	2.77%

(1) 2026 estimated derived from the North Central Texas Council of Governments.
(2) As reported by the City.
(3) Excludes self-supporting debt.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2022	$ 0.569500	$ 0.452631	$ 0.116869	$ 10,112,007	97.44%	97.54%
2023	0.539750	0.396533	0.143217	14,130,883	105.74%	107.77%
2024	0.510717	0.365930	0.144787	16,489,618	99.70%	99.75%
2025	0.507200	0.360213	0.146987	19,600,144	94.00%	95.00%
2026	0.525073	0.356071	0.169002	21,767,188	104.22% [(1)]	104.82% [(1)]

(1) Collections as of June 30, 2026.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2026/2027 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Anna Village Residential Ltd	Apartments	$ 55,319,526	1.18%
Grand Anna Owner LLC	Apartments	52,424,189	1.11%
Arden Park Owner TX LLC	Townhomes	41,368,005	0.88%
D R Horton - Texas LTD	Home Builder	33,707,050	0.72%
PC5 Properties LLC	Equipment Dealer	31,779,004	0.68%
BTR at Throckmorton LLC	Apartments	29,580,758	0.63%
ONMIL Cottages at Anna Station LLC	Apartments	27,683,967	0.59%
Meritage Homes of Texas LLC	Home Builder	25,605,522	0.54%
DHIC - Lindsey Place LLC	Apartments	23,042,326	0.49%
CZ GA LLC	Home Builder	21,867,165	0.46%
		$ 342,377,512	7.28%

Source: Appraisal District

GENERAL OBLIGATION DEBT LIMITATION. . . No general obligation debt limitation is imposed on the City under current State law (see "THE CERTIFICATES – Tax Rate Limitation").

TABLE 6 – TAX ADEQUACY

Net General Obligation Debt Service Requirements, FY 2027	$ 7,958,900
$0.1718 I&S Tax Rate Required at 98.50% Collection Rate Produces	$ 7,961,114
Average Net General Obligation Debt Service Requirements, FY 2027-2050(1)	$ 8,052,747
$0.1738 I&S Tax Rate Required at 98.50% Collection Rate Produces	$ 8,053,793
Maximum Net General Obligation Debt Service Requirements, FY 2030(1)	$ 8,908,575
$0.1923 I&S Tax Rate Required at 98.50% Collection Rate Produces	$ 8,911,072

(1) Includes a portion of the Certificates. I&S Tax Rate Requirement calculated using the tax year 2026 certified taxable assessed valuation.

TABLE 7 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2025/26 Taxable Assessed Value	2025/26 Tax Rate	Total GO Tax Debt 8/1/2026	Estimated % Applicable	City's Overlapping GO Tax Debt 8/1/2026
City of Anna	$ 4,424,556,187	$ 0.507200	$ 309,605,000 (1)	100.00%	$ 309,605,000
Anna Independent School District	4,040,708,127	1.239900	437,458,846	86.68%	379,189,328
Blue Ridge Independent School District	538,609,939	1.245200	78,765,000	0.06%	47,259
Collin County	270,998,282,005	0.149343	1,133,210,000	1.64%	18,584,644
Collin County Community College District	245,013,219,037	0.081220	438,250,000	1.64%	7,187,300
Total Direct and Overlapping GO Tax Debt					$ 714,613,531
Ratio of Direct and Overlapping GO Tax Debt to Taxable Assessed Valuation					16.15%
Per Capita Overlapping GO Tax Debt					19,348

(1) Includes the Certificates. Includes self-supporting debt.

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TABLE 8 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	Outstanding Debt Service			The Certificates			Total	Less: Self-	Net General	% of
30-Sep	Principal	Interest	Total	Principal	Interest	Total	Outstanding Debt Service	Supporting Debt Service[1]	Obligation Debt Service	Principal Retired
2026	$ 4,241,000	$ 11,980,464	$ 16,221,464	$ -	$ -	$ -	$ 16,221,464	$ 8,577,736	$ 7,643,727	
2027	5,540,000	11,590,356	17,130,356	-	2,322,390	2,322,390	19,452,746	11,493,846	7,958,900	
2028	6,040,000	11,335,131	17,375,131	-	2,488,275	2,488,275	19,863,406	11,661,906	8,201,500	
2029	6,510,000	11,043,869	17,553,869	880,000	2,466,275	3,346,275	20,900,144	12,690,444	8,209,700	
2030	7,555,000	10,700,270	18,255,270	925,000	2,421,150	3,346,150	21,601,420	12,692,845	8,908,575	10.10%
2031	7,930,000	10,319,199	18,249,199	975,000	2,373,650	3,348,650	21,597,849	12,694,274	8,903,575	
2032	8,325,000	9,925,055	18,250,055	1,025,000	2,323,650	3,348,650	21,598,705	12,694,530	8,904,175	
2033	8,730,000	9,521,214	18,251,214	1,075,000	2,271,150	3,346,150	21,597,364	12,695,289	8,902,075	
2034	9,145,000	9,100,725	18,245,725	1,130,000	2,216,025	3,346,025	21,591,750	12,686,650	8,905,100	
2035	9,590,000	8,657,719	18,247,719	1,190,000	2,158,025	3,348,025	21,595,744	12,692,394	8,903,350	25.75%
2036	10,060,000	8,191,519	18,251,519	1,250,000	2,097,025	3,347,025	21,598,544	12,690,769	8,907,775	
2037	10,525,000	7,717,419	18,242,419	1,315,000	2,032,900	3,347,900	21,590,319	12,689,169	8,901,150	
2038	11,000,000	7,247,569	18,247,569	1,380,000	1,965,525	3,345,525	21,593,094	12,688,769	8,904,325	
2039	11,480,000	6,766,494	18,246,494	1,455,000	1,894,650	3,349,650	21,596,144	12,690,044	8,906,100	
2040	11,985,000	6,262,419	18,247,419	1,525,000	1,820,150	3,345,150	21,592,569	12,689,609	8,902,959	45.49%
2041	12,510,000	5,736,850	18,246,850	1,605,000	1,741,900	3,346,900	21,593,750	12,687,709	8,906,041	
2042	13,050,000	5,192,425	18,242,425	1,685,000	1,659,650	3,344,650	21,587,075	12,686,531	8,900,544	
2043	13,615,000	4,630,788	18,245,788	1,775,000	1,573,150	3,348,150	21,593,938	12,689,344	8,904,594	
2044	12,700,000	4,066,188	16,766,188	1,865,000	1,482,150	3,347,150	20,113,338	12,689,619	7,423,719	
2045	13,270,000	3,494,675	16,764,675	1,960,000	1,386,525	3,346,525	20,111,200	12,686,681	7,424,519	69.08%
2046	13,875,000	2,896,831	16,771,831	2,060,000	1,286,025	3,346,025	20,117,856	12,689,588	7,428,269	
2047	14,035,000	2,276,669	16,311,669	2,165,000	1,180,400	3,345,400	19,657,069	12,687,444	6,969,625	
2048	14,700,000	1,612,841	16,312,841	2,280,000	1,069,275	3,349,275	19,662,116	12,689,016	6,973,100	
2049	12,395,000	957,363	13,352,363	2,390,000	958,500	3,348,500	16,700,863	12,692,363	4,008,500	
2050	13,025,000	325,625	13,350,625	2,500,000	848,475	3,348,475	16,699,100	12,691,350	4,007,750	94.39%
2051	-	-	-	2,615,000	733,388	3,348,388	3,348,388	3,348,388	-	
2052	-	-	-	2,735,000	613,013	3,348,013	3,348,013	3,348,013	-	
2053	-	-	-	2,860,000	487,125	3,347,125	3,347,125	3,347,125	-	
2054	-	-	-	2,990,000	355,500	3,345,500	3,345,500	3,345,500	-	
2055	-	-	-	3,130,000	217,800	3,347,800	3,347,800	3,347,800	-	98.96%
2056	-	-	-	3,275,000	73,688	3,348,688	3,348,688	3,348,688	-	100.00%
	$ 261,831,000	$ 171,549,673	$ 433,380,673	$ 52,015,000	$ 46,517,403	$ 98,532,403	$ 531,913,076	$ 331,003,430	$ 200,909,646	

(1) Includes the Certificates.

TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Interest and Sinking Fund Balance, as of Fiscal Year Ended 9/30/2025	$	489,504
Budgeted Interest and Sinking Fund Tax Levy		7,328,052
Budgeted Delinquent Taxes, Penalties and Interest		87,000
Total Available	$	7,904,556
Less: Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2026 (1)	$	7,643,727
Projected Interest and Sinking Fund Balance as of 9/30/2026	$	260,829

(1) Excludes self-supporting debt.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City has no authorized but unissued General Obligation Debt.

The City may also incur non-voted debts payable from or secured by its collection of taxes and other sources of revenue, including certificates of obligation, tax notes, public property finance contractual obligations, and leases for various purposes.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT

On August 11, 2026, the City Council of the City called for a bond election for November 3, 2026 in which voters may authorize the issuance of up to $60,000,000 in general obligation bonds to fund street improvements. The City cannot predict the outcome of such election. Additionally, the City Council may decide to issue certificates of obligation to pay for a portion of such projects.

TABLE 11 – OTHER OBLIGATIONS

GTUA Collin/Grayson Transmission Project obligations are now indexed to usage and not a flat 25% for Anna.

Contract with GTUA – Cities of Anna and Melissa Project. In 2006 and 2007, GTUA issued $7,300,000 in aggregate principal amount of its Contract Revenue Obligations, Series 2006 and 2007 (Cities of Anna and Melissa Project) (collectively, the "GTUA Anna-Melissa Obligations"), for the construction, acquisition and improvement of wastewater system facilities for use by the Cities of Anna and Melissa. The GTUA Anna-Melissa Obligations are secured by payments to be made by (1) the City of Anna to GTUA pursuant to the GTUA-Anna Water Contract and (2) the Amended and Restated Contract for Water Supply and Sewer Service between GTUA and the City of Melissa, dated as of April 17, 2006, which payments are approximately equal to the debt service payable on the GTUA Anna-Melissa Obligations. Payments required to be made by the City of Anna pursuant to the GTUA-Anna Water Contract, as it relates to the GTUA Anna-Melissa Obligations, range from $171,765 to $325,535 annually through June 1, 2028.

Contract with GTUA – Collin/Grayson Water Transmission Project. In 2004, the City of Anna, along with the City of Van Alstyne, Howe, and Melissa, formed a group called the Collin Grayson Municipal Alliance ("CGMA"). CGMA entered into a long-term contractual obligation with GTUA for the purpose of providing funds for the construction of a transmission water pipeline that will provide water to CGMA cities. The cost of the pipeline is being funded in four phases. Each CGMA city was required to make payments to GTUA in the amount equivalent to their proportionate share of the total obligation based on usage to cover their portion of the cost of the obligation until the pipeline project is completed. As water continues to flow to each CGMA city, the City of Anna shall be charged its percentage or fraction share of debt service on the obligation based upon the amount of water to be paid by the City of Anna under its water contract (i.e. the greater of its minimum take-or-pay amount or the actual amount of water taken divided by the total amount of water to be paid by all CGMA cities. The sum of the four (4) fractional amounts shall always equal 100% of the debt service on the contractual obligation with GTUA. The billing rates for each CGMA City will be calculated to provide funds necessary to cover the contractual obligation, interest, repairs, maintenance, and production costs. The City of Anna's current proportionate share is 51.20%.

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

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

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

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

The assets acquired through financed purchases as of September 30, 2025 are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Fire apparatus	$ 485,068	$ -
Servers	250,000	-
Water meters	-	1,340,010
Sewer cleaner truck	-	441,360
Less: Accumulated depreciation	(430,682)	(1,042,947)
Total	$ 304,386	$ 738,423

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2025 are as follows:

Fiscal Year Ending September 30,	Governmental Activities	Business-type Activities
2026	114,933	201,214
2027	114,933	201,214
2028	114,933	52,035
2029	-	52,035
2030		52,035
2031-2032	-	-
Total minimum lease payments	344,799	558,533
Less: Amount representing interest	(28,090)	(35,824)
Present value of minimum lease payments	316,709	$ 522,709

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

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

	Interest Rate	Lease Terms in Years	Ending Balance
Governmental activities			
Vehicles	Various	5	$ 1,734,985
Total governmental activities			$ 1,734,985
Business-type activities			
Vehicles	Various	5	$ 447,396
Total business-type activities			$ 447,396

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

Fiscal Year Ending September 30,	Governmental Activities	Business-type Activities
2026	647,898	164,396
2027	579,431	158,494
2028	460,077	128,919
2029	263,269	65,194
2030	50,203	-
Total minimum lease payments	2,000,878	517,003
Less: Amount representing interest	(265,893)	(69,607)
Present value of minimum lease payments	1,734,985	$ 447,396

The value of the right-to-use lease assets as of the end of the current fiscal year was $2,786,932 with accumulated amortization of $1,281,364 for the governmental activities, and $737,476 with accumulated amortization of $353,262 for the business-type activities.

TABLE 12 – COMPUTATION OF SELF-SUPPORTING DEBT

Waterworks and Sewer System General Obligation Debt

	FY 2027 Outstanding Principal (1)	FY 2027 Debt Service (P+I)
Combination Tax & Revenue Certificates of Obligation, Series 2014	$ 3,000,000	$ 432,188
Combination Tax & Revenue Refunding Bonds, Series 2017	3,850,000	516,600
General Obligation Refunding and Improvement Bonds, Series 2021	2,775,000	455,850
Combination Tax & Revenue Certificates of Obligation, Series 2022	61,355,000	3,928,088
Combination Tax & Revenue Certificates of Obligation, Series 2024	11,445,000	662,606
Combination Tax & Revenue Certificates of Obligation, Series 2025	52,700,000	3,176,125
The Certificates	52,015,000	2,322,390
	$ 187,140,000	$ 11,493,846
Average Annual Self Supporting Debt Service (2027-2056)(2)		$ 10,747,523
Maximum Annual Self Supporting Debt Service (2033)(2)		$ 12,695,289
Water and Sewer System Revenue Available for Debt Service, FYE 2025		$ 19,238,507
Less: Water and Sewer System Revenue Bonds Debt Service (FY 2027)		-
Net Revenue Available for Water and Sewer General Obligation Debt (3)		$ 19,238,507

(1) Principal outstanding at the beginning of the Fiscal Year.
(2) Includes the Certificates.
(3) The City considers the general obligation debt listed above to be self-supporting. The transfers of water and sewer net revenues to make debt service payments on such general obligation debt is discretionary and may be discontinued by the city, in whole or in part, at any time. In the event the City chooses to discontinue such transfer of System revenues or such System revenues are not available to pay debt service on such general obligation debt, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds of the City in amounts sufficient to pay the debt service on such general obligation debt.

WATERWORKS AND SEWER SYSTEM

The City of Anna is currently served by ground water, through nine water wells located at five different sites. The well systems can produce a total of 3.4 million gallons per day. The City has a total elevated storage capacity of 1,500,000 gallons of water and five ground storage tanks with total storage capacity of 2,500,000 gallons.

In partnership with the cities of Melissa, Van Alstyne, and Howe, Texas, the City is connected to a large diameter water transmission line managed by the Greater Texoma Utility Authority ("GTUA"). The GTUA line provides a connection to the North Texas Municipal Water District's ("NTMWD") water distribution system, providing the City with access to treated surface water. This surface water line is part of the City's long term water supply plan. Currently the City has a maximum allowable take of 5,040 gallons per minute ("gpm") from the GTUA connection, providing the City with a maximum peak flow of treated water supply of 6,706 gpm. Both GTUA and the City are working on capital projects which will increase the maximum treated water supply and storage.

GTUA expanded its Bloomdale Pump Station vault, which increased the GTUA total maximum flow to over 9,000 gpm. The City has completed an expansion of its Collin Pump Station site, which brought the existing 1-million-gallon ground storage tank and new pumps online with adjacent wells to maximize storage and flow. The City is currently constructing a 4-million-gallon ground storage tank at the Collin Pump Station site to further increase storage capacity to a total of 6.5 million gallons. Additional water system expansion projects are identified in the City's capital improvement plan and the GTUA/CGMA capital improvement plan. A development agreement applicable to a development on the east side of the City requires the dedication to the City of a 1.5-3 acre site to be used as a site for a water tower and/or a fire station. The site will be dedicated to the City in 2026 and, assuming it is used for a water tower, will increase storage capacity by 3 million gallons.

The City's sanitary sewer system consists of seven lift stations and two wastewater treatment facilities, being the John R. Geren (Slayter Creek) Wastewater Treatment Plant on the east side of US 75 and the newly constructed Hurricane Creek Regional Wastewater Treatment Plant on the west side of US 75. In addition, the City has two large diameter sewer transmission lines that transport wastewater directly into the NTMWD's wastewater system to the South (Wilson Creek plant). The Slayter Creek Wastewater Treatment Plant is located on Slayter Creek, just north of the confluence of Slayter Creek and Throckmorton Creek. The total treatment capacity of the City's facility is approximately 0.50 million gallons per day ("gpd"). A portion of the NTMWD regional sewer is located along Throckmorton Creek, in the south-central part of the City and the other is located near Clemmons Creek in the southeastern part of the City. The Slayter Creek Wastewater Treatment Plant is currently near capacity. The transmission lines will soon be near capacity. The City recently completed the Slayter Creek Interceptor Sewer project which now conveys wastewater flows in excess of the Slayter Creek Wastewater Treatment capacity to the NTMWD regional wastewater system.

The City recently completed the initial phase of a new Hurricane Creek Regional Wastewater Treatment Plant (Hurricane Creek), which will significantly expand the City's ability to collect and treat wastewater required for new development west of US 75. The temporary treatment plan has been operational since March 2025 and can treat up to 0.5 mgd, while the reaming phases are finished. In July 2025, the City issued certificates of obligation to fund the first expansion of the new plant, to increase the expected treatment capacity to 2 mgd of wastewater. The City intends to use the majority of the proceeds of the Certificates to expand the treatment capacity of the plant to approximately 4 mgd, with plans to gradually expand the plant's treatment capacity to 16 mgd. The City will use the new Hurricane Creek plant to treat wastewater for its own residents as well as provide wholesale treatment for the cities of Van Alstyne and Weston and various water districts in the area.

EMPLOYEE BENEFITS

PLAN DESCRIPTION . . . The City and one of its component units participate as one of over 900 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report ("Annual Report") that can be obtained at www.tmrs.com.

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

Please reference the City's Audit herein for more detailed information.

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FINANCIAL INFORMATION

TABLE 13 – GENERAL FUND REVENUE AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
Revenues	2025	2024	2023	2022	2021
Taxes:					
Property	$ 12,936,501	$ 11,396,738	$ 9,747,479	$ 8,004,989	$ 6,962,798
Sales	6,632,670	5,382,238	4,345,553	3,847,911	2,929,876
Franchise	1,537,055	1,315,462	1,063,275	888,723	726,007
License and permits	4,514,425	5,944,535	5,417,291	5,752,179	4,159,517
Intergovernmental	57,380	57,070	71,767	47,640	140,426
Fines and forfeitures	566,224	456,859	431,589	241,274	124,993
Other revenue	189,630	335,294	46,207	151,464	19,536
Investment earnings	839,636	1,286,598	772,328	90,387	35,095
Charges for services	1,898,270	1,592,244	1,149,590	285,779	161,665
Contributions and donations	4,750	670	575	3,050	614
Total Revenues	$ 29,176,541	$ 27,767,708	$ 23,045,654	$ 19,313,396	$ 15,260,527
Expenditures					
General government	7,433,148	6,406,352	5,666,331	4,973,541	3,250,888
Culture and recreation	2,809,671	2,082,329	1,630,378	1,296,955	1,178,694
Community services	1,343,904	1,004,656	1,132,073	1,145,841	1,198,963
Public Safety	14,233,820	12,020,576	9,170,604	7,039,738	5,763,091
Public Works	1,285,245	1,123,907	1,026,759	638,109	1,238,075
Capital Outlay	944,263	1,946,595	712,235	1,666,327	409,676
Debt service:					
Principal Retirement	646,677	550,974	356,037	690,705	42,366
Interest Expense	149,443	109,206	17,143	13,358	14,993
Total Expenditures	$ 28,846,171	$ 25,244,595	$ 19,711,560	$ 17,464,574	$ 13,096,746
Excess of Revenues over (under) Expenditures	330,370	2,523,113	3,334,094	1,848,822	2,163,781
Other Financing Sources (Revenues)					
Issuance of leases and subscriptions	651,078	1,231,949	-	1,541,966	-
Sale of Capital Assets	151,494	72,730	6,070	-	50,000
Transfers In	-	-	25,000	-	-
Transfers (Out)	(3,925,000)	-	-	-	(2,087,052)
Right-to-use SBITA inception	-	-	78,947	-	-
Right-to-use lease inception	-	-	446,087	-	-
Total other Financing Sources (Uses)	$ (3,122,428)	$ 1,304,679	$ 556,104	$ 1,541,966	$ (2,037,052)
Net Change in Fund Balances	(2,792,058)	3,827,792	3,890,198	3,390,788	126,729
Fund Balances - Beginning	17,681,023	13,853,231	9,963,033	6,572,245	6,445,516
Fund Balances - Ending	$ 14,888,965	$ 17,681,023	$ 13,853,231	$ 9,963,033	$ 6,572,245

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The State of Texas levies a six and one-quarter percent (6 and ¼%) sales and use tax. The State tax, in addition to the City sales and use taxes and that levied by the City's Type B economic development corporation, result in a total sales and use tax within the City of eight and one-quarter percent (8 and ¼%), which under current law is the maximum rate that may be collected within a governmental entity.

The City has adopted the provisions of Chapter 321 of the Texas Tax Code, as amended, which provides for the maximum levy of a one and one quarter percent (1.25%) sales and use tax which may be used by the City for any lawful purpose except that the City may not pledge any of the anticipated sales tax revenue to secure the payment of notes, bonds, certificates or other indebtedness.

Further, the Texas Tax Code provides certain cities the option of assessing a sales and use tax for the benefit of its Type A economic development corporation, and an additional sales and use tax for the benefit of its Type B economic development corporation. Each tax must be approved by a majority of the voters in a local option election.

In 1999, the City's voters approved an additional one-half of one percent (½ of 1%) sales and use tax to be levied and collected for the benefit of the Anna Community Development Corporation (the City's Type B economic development corporation). In 2006, the City's voters approved an additional one-half of one percent (½ of 1%) sales and use tax to be levied and collected for the benefit of the Anna Economic Development Corporation (the City's Type A economic development corporation).

In November 2016, the City held an election to defund the sales and use tax for the Type A Economic Development Corporation, and to increase the sales tax by an additional 0.25% for the Type B Community Development Corporation. In addition, the City sales tax was increased by 0.25% to 1.25%. Revenue from the additional 0.25% will be used to fund road and transportation projects. The sales tax reallocation went into effect on April 1, 2017. **Sales tax proceeds are not pledged for the payment of the Certificates**.

Collections and enforcements of the City's sales and use tax are effected through the offices of the Texas Comptroller of Public Accounts, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. The City then remits 37.5% of such payment to the Anna Community Development Corporation.

Fiscal Year Ended 9/30	Sales Tax Collected (1)	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2022	$ 5,907,928	58.42%	$ 0.3327	$ 322.31
2023	6,697,288	47.39%	0.2699	279.52
2024	8,362,534	50.71%	0.2559	310.18
2025	10,618,922 (2)	55.06%	0.2748	379.25
2026	8,710,645 (3)	40.02%	0.1969	235.84

(1) As reported by the Texas Comptroller of Public Accounts. Includes the sales and use taxes collected for the benefit of the City's Type B economic development corporation, which are not available for the City's general use.
(2) Approximately $1 million of this amount represents a one-time collection of delinquent sales and use taxes from a single taxpayer.
(3) Collections as of July 2026.

SALES TAX SHARING AGREEMENTS

In accordance with provisions of Chapter 380, Texas Local Government Code, the City may establish and provide for the administration of programs for making loans and grants of public money and providing personnel and services of the City to promote state or local economic development and to stimulate business and commercial activity in the City. The City has adopted an economic development policy to include sales and use tax revenue sharing agreements. The City of Anna has three active sales tax sharing agreements: Bloomfield Homes, First Texas Homes, and Home Depot. Additionally, the City has inactive sales tax sharing agreements with Megatel Homes and Riverside (East) Homebuilders.

FINANCIAL POLICIES

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

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

General Fund Balance . . .The General Fund is the operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The City's policy is to maintain a General Fund balance equal to 40% of annual expenditures, but no less than 25%. It is the City's policy to utilize General Fund balance in excess of 40% in one of three ways: (1) transfer to the Governmental Non-Bond Capital Projects Fund for pay for capital projects, (2) transfer to the Equipment Replacement Fund to assist in financing large capital equipment purchases, or (3) to reduce accrued liabilities, including but not limited to TMRS pension liabilities and capital lease liabilities.

Budgetary Procedures . . .The official city budget is prepared for adoption for the Governmental Fund Type and the Proprietary Fund Type during the month of September.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both Texas law and the City's investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law, the City is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Effective September 1, 2019, the investment officer of a local government is allowed to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement.

The City's investment policy authorizes investment of City funds in the investments described in the first paragraph of this section.

Under Texas law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies and adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance, or resolution; (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment activities between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy; (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (6) restrict the investment in mutual funds in the aggregate to no more than 80% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and further restrict the investment in no-load mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer; and (9) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

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TABLE 15 - CURRENT INVESTMENTS

As of March 31, 2026, the City's available funds were invested as follows:

Type of Investment	Market Value	Percent
TexPool	$ 79,200,328	37.49%
Money Market	91,704,744	43.41%
Certificates of Deposits	40,348,427	19.10%
Total	$ 211,253,499	100.00%

TAX MATTERS

OPINION

On the date of initial delivery of the Certificates, McCall, Parkhurst and Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its opinion that, in accordance with Existing Law, (1) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Certificates will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See APPENDIX C – Form of Bond Counsel's Opinion.

In rendering the opinion, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate with respect to the issue, and (b) covenants of the City contained in the Certificate documents relating to certain matters, including arbitrage and the use of the proceeds of the Certificates and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Certificates in order for interest on the Certificates to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Certificates to be included in gross income retroactively to the date of issuance of the Certificates. The opinion of Bond Counsel to the City is conditioned on compliance by the City with the covenants and other requirements described in the preceding paragraph, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Certificates.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the projects being financed or refinanced therewith. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the holders of the Certificates may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT

The initial public offering price to be paid for one or more maturities of the Certificates may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Certificates"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on Existing Law, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT CERTIFICATES BEFORE DETERMINING WHETHER TO PURCHASE THE CERTIFICATES.

Interest on the Certificates may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Certificates, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Certificates, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Certificates under Federal or state law and could affect the market price or marketability of the Certificates. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the respective series of Certificates. The City is required to observe the agreement while it remains obligated to advance funds to pay such Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and the timely notice of specified events to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 14 and in APPENDIX B, which is the City's annual audited financial report. The City will update and provide the information in the numbered tables referred to above within six months after the end of each fiscal year ending in and after 2026. The City will additionally provide audited financial statements within 12 months after the end of each fiscal year ending in or after 2026. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial information of the type described in the numbered tables above by the required time and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by the Rule.

The City's current fiscal year end is September 30. Accordingly, it must provide updated financial and operating data by March 31 of each year and financial statements by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports". For purposes of clauses (15) and (16) above, "Financial Obligation" means (i) a debt obligation, (ii) a derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement for the Certificates from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City believes it has substantially complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATING

The Certificates and the presently outstanding tax supported debt of the City are rated "Aa2" with a stable outlook by Moody's Investors Service ("Moody's"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Certificates.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudence standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

Section 271.051, Texas Local Government Code, provides that the Certificates are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, trustees and guardians, and for the sinking funds of municipalities, school districts, and other political subdivisions or public agencies of the State of Texas. The Certificates are eligible to secure deposits of any public funds of the state, municipalities, school districts, and other political subdivisions of the state, and are legal security for those deposits to the extent of their market value.

General Considerations. For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), the Certificates may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. The City has made no investigation of other laws, rules, regulations, or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish to the Initial Purchaser a complete transcript of proceedings had incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and the Initial Certificate and to the effect that the Certificates are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates, or which would affect the provision made for their payment or security or in any manner questioning the validity of said Certificates will also be furnished to the Initial Purchaser. Though it represents the Municipal Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale and Bidding Instructions, the Official Bid Form or the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal opinion will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System.

The legal opinion to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements, and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and ordinance contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

MUNICIPAL ADVISOR

Hilltop Securities Inc., ("HilltopSecurities") is employed as Municipal Advisor to the City in connection with the issuance of the Certificates. The Municipal Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. HilltopSecurities, in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER

After requesting competitive bids for the Certificates, the City accepted the bid of TRB Securities (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on page 2 of the Official Statement at a price of par plus a cash premium of $839,106.50. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Certificates. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Certificates.

Certification of the Official Statement

At the time of payment for and delivery of the Certificates, the City will furnish to the Initial Purchasers a certificate, executed by a proper City officer, acting in such officer's official capacity, to the effect that to the best of such officer's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Certificates, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

Forward-Looking Statements Disclaimer

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Miscellaneous

The Ordinance authorizing the issuance of the Certificates approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Initial Purchasers.

/s/ PETE CAIN
Mayor
City of Anna, Texas

ATTEST:

/s/ CARRIE LAND
City Secretary
City of Anna, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

LOCATION AND POPULATION

The City is located in the northeastern quadrant of Collin County, approximately 40 miles from Dallas, Texas. The City is traversed by U.S. Highway 75 (Central Expressway), State Highway 5 and FM 455. The City is approximately 15 square miles in area with the U.S. Census population of 8,249 in 2010. The City's 2026 population is estimated to be 36,935.

BUILDING PERMITS

Fiscal Year Ended 9/30	Permits Residential	Permits Commercial
2021	1,125	12
2022	1059	16
2023	859	30
2024	1,259	26
2025	794	12
2026 (1)	541	12

(1) As of July 2026.

LABOR FORCE

Collin County Employment figures, as reflected by the Texas Workforce Commission, are as follows:

	June	Average Annual				
	2026	2025	2024	2023	2022	2021
Civilian Labor Force	704,945	703,565	680,301	644,705	625,323	599,164
Total Employed	672,241	676,281	654,384	622,134	605,500	573,302
Total Unemployed	32,704	27,284	25,917	22,571	19,823	25,862
Unemployment Rate	4.6%	3.9%	3.8%	3.5%	3.2%	4.3%

APPENDIX B

EXCERPTS FROM THE

CITY OF ANNA, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2025

The information contained in this Appendix consists of excerpts from the City of Anna, Texas Annual Comprehensive Financial Report for the Year Ended September 30, 2025 and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

Turning visions into reality

Annual Comprehensive Financial Report
City of Anna, Texas

THE CITY OF
Anna

Fiscal year ended September 30, 2025

City of Anna, Texas
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September 30, 2025

City of Anna, Texas
Table of Contents
September 30, 2025

Statistical Section (Unaudited)

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Introductory Section

THE CITY OF Anna

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THE CITY OF Anna

120 W. 7th St.,
Anna, TX 75409
Phone: 972-924-3325 www.annatexas.gov

March 23, 2026

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

I am pleased to submit the Annual Comprehensive Financial Report of the City of Anna, Texas for the fiscal year ended September 30, 2025. The purpose of the report is to provide the City Council, management, staff, the public, and other interested parties with detailed information reflecting the City's financial condition.

This report satisfies §103.001 of the Texas Local Government Code requiring annual audits of all municipalities and was conducted in accordance with Section 7.18 of the Charter of the City of Anna. State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted audited standards by an independent firm of licensed public accountants. This report is published to fulfill those requirements for the fiscal year ended September 30, 2025.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Because the cost of internal controls should not outweigh their benefits, the City of Anna's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement.

The Annual Comprehensive Financial Report (ACFR) is organized into three major sections: *Introductory, Financial, and Statistical*. The *Introductory Section* provides general information on the government's structure and personnel as well as information useful in assessing the government's financial condition.

The *Financial Section* contains the opinion of the City's independent auditor. The City of Anna's financial statements have been audited by Forvis Mazars, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

Also included in the *Financial Section* is management's discussion and analysis (MD&A) providing users of the basic financial statements a narrative introduction, overview, and analysis of those statements. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The basic financial statements, including the accompanying notes, represent the core of the financial section. These financial statements present the financial condition of the City of Anna as a single entity, as well as the individual funds that account for the City's various governmental and business-type activities.

Profile of the Government

The City of Anna, incorporated in 1913, is located in north central Collin County on U.S. 75, State Highway 5, and State Highway 121, about 40 miles north of Dallas, and is one of the fastest growing cities in the Dallas/Fort Worth Metroplex. The city currently occupies a land area of approximately 15.9 square miles and services approximately 34,100 residents. The City of Anna is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statue to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Anna operates under a home rule charter adopted in 2005, with a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the Mayor and six Council members. The City Council is responsible for, among other things, passing ordinances, resolutions, and regulations governing the City as well as adopting the budget which serves as the foundation for financial planning and control. The City Council appoints the City Manager, who has full responsibility for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and appointing the heads of the various departments. The City Council also appoints the City Attorney, City Secretary, and Municipal Court Judges. The Council is elected on a non-partisan basis. A charter amendment was approved by voters in November 2025. Beginning with the May 2026 election, Council members will serve four-year staggered terms.

The City of Anna provides a full range of services, including police and fire protection; municipal court; parks and recreation; water and sewer services; and the construction and maintenance of streets and other infrastructure. In addition, the City of Anna is also financially accountable for a legally separate economic development corporation, community development corporation, and housing finance corporation which are reported separately within the City of Anna's financial statements. Additional information on these legally separate entities can be found in the Notes to the Financial Statements. For the fiscal year ended September 30, 2025, the city had 203 budgeted full-time equivalent positions.

Financial Information

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

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

City Council is required to adopt an annual operating budget for the ensuing fiscal year. The annual budget serves as the foundation for the City of Anna's financial planning and control. All departments of the City of Anna are required to submit a budget that maintains current service levels and new requests separately to the City Manager. The City Manager and Budget Manager then use these requests as the starting point for developing a proposed budget. In accordance with Section 7.03 of the City Charter, the City Manager and Budget Manager then present a proposed budget to the Council for review no later than August 15. In August and September, the City Council discusses the budget at Council work sessions and meetings. Public hearings will be held on the budget and tax rate where citizens can express their views on particular budget items. These hearings typically occur in early September. The tax rate ordinance and budget ordinance are voted upon at the first regular City Council meeting in September.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the required supplementary information. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental funds subsection of the report.

Local Economy

The City of Anna's economic outlook remains strong. This is demonstrated with local economic indicators such as significant increases in taxable appraisal values and continued sales tax growth. Both residential and commercial growth remains strong in the City of Anna. In FY2025, the city issued 765 single family building permits and 12 commercial building permits.

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 continued increase in property 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. New residential developments will continue to drive more density that will lead to additional retailers, restaurants, medical, and other commercial projects. 2026 will bring an increased focus on Downtown Anna.

Major Initiatives and Long-Term Financial Planning

As Anna continues to grow rapidly, we remain focused on balancing the demands of expansion with the need for sustainable infrastructure, quality services, and a talented workforce. Users of this document, as well as others interested in the programs and services offered by the City of Anna, are encouraged to read the City's 2025-26 Annual Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program.

The City's Annual Budget also includes long-term financial plans for the major operating funds that forecast revenues and expenditures over a five-year horizon. The plans are driven by financial policies adopted by the City Council that are designed to protect the City's financial integrity. The policies include establishing significant fund balances, or reserves, to protect the City from the boom-and-bust economic cycle common to the state and the region.

The first Anna Community Library opened November of 2025 along with the Municipal Complex Plaza. Both projects were funded in the 2021 Bond Election. The new state-of-the-art 32,500 square foot facility is thoughtfully designed to underscore the City of Anna's commitment to fostering a space where neighbors can meet, explore ideas, and building lasting relationships. This new facility will serve as a cornerstone of community life in Anna.

The FY2026 Capital Improvement Program (CIP) totals $109.7 million and includes several transformative projects including construction of a new police station, development of two new parks, respectively named Bryant Park and Finley Park, and the continuing expansion of the Hurricane Creek Wastewater Treatment Plant.

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

Acknowledgments

The presentation of this report could not have been accomplished without the expertise, commitment, and tenacity of the entire staff of the Finance Department. We would like to thank all the departments for their assistance in providing the information necessary to prepare this report. We would also like to thank the Mayor and the City Council for their continued interest

and support for maintaining the highest standards of professionalism in the management of the City of Anna's financial operations.

Respectfully submitted,

Terri Doby

Director of Finance

THE CITY OF Anna

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Anna
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill
Executive Director/CEO

THE CITY OF Anna

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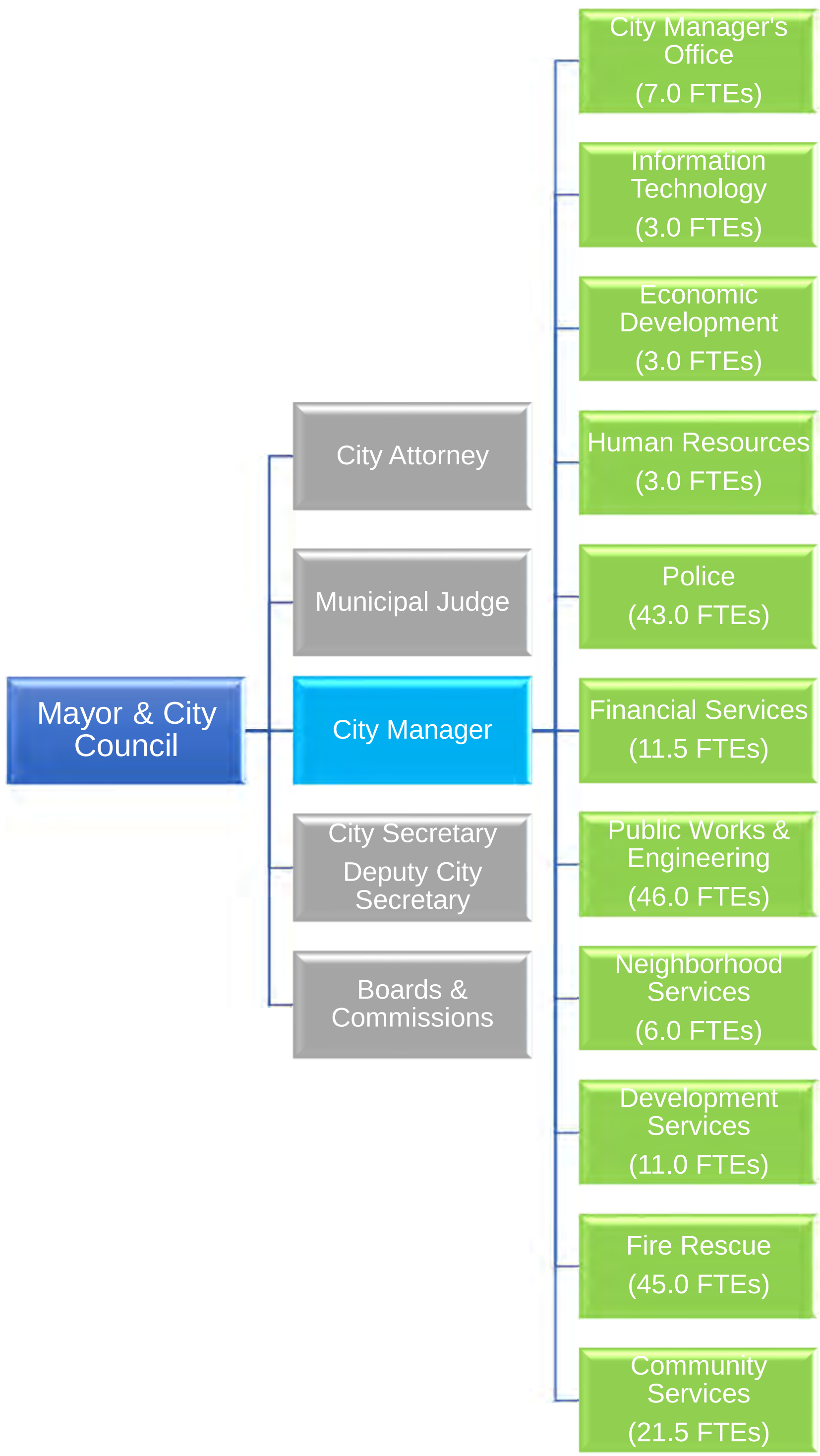
City of Anna, Texas
City Officials Organization Chart



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Pete Cain
Mayor

Kevin Toten
Place 1

Kelly Patterson-Herndon
Place 4

Nathan Bryan
Place 2

Elden Baker
Place 5

Stan Carver II
Place 3

Manny Singh
Place 6

Carrie Land, TRMC, MMC
City Secretary

Marc Marchand
Acting City Manager

Clark McCoy
City Attorney

Terri Doby, CPFO CGFO
Director of Finance

Joseph Cotton
Director of Public Works

Kaleb Kentner
Director of Development Services

Dean Habel
Police Chief

Ray Isom
Fire Chief

Natasha Roach
Interim Director of Economic Development

Jeffrey Freeth
Acting Director of Community Services

Chris Talbot
Director of Information Technology

Stephanie Beitelschies
Director of Human Resources

Kevin Martin
Director of Neighborhood Services

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Financial Section

THE CITY OF Anna

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Independent Auditor's Report

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Forvis Mazars, LLP
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Dallas, TX 75254
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Independent Auditor's Report

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anna, Texas (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension information, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Forvis Mazars, LLP

Dallas, Texas
March 23, 2026

THE CITY OF
Anna

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Management's Discussion and Analysis

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As management of the City of Anna, Texas (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

Financial Highlights

- The City's total combined net position was $447,276,826 at September 30, 2025. Of this, $49,223,970 (unrestricted net position) may be used to meet the City’s ongoing obligations to its citizens and creditors.

- The City had an overall increase in net position of $66,898,980. The increase is primarily a result of an increase of property taxes of $2,798,042 and sales tax of $1,250,432. Additionally, the City continued to receive capital contributions from developers amounting to $56,679,409 in the current year.

- The City's total liabilities increased by $91,506,273. The increase in liabilities is primarily a result of the issuance of certificates of obligation totaling $82,275,000.

- At the close of the current fiscal year, the City’s governmental funds reported combined fund balances of $97,157,231, an increase of $8,211,434. This increase is largely due to the bond proceeds of the certificates of obligation totaling $29,575,000.

- As of the end of the year, the unassigned fund balance of the General Fund was $14,692,970 or 51% of total General Fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements consist of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

The City adopts an annual appropriated budget for its General Fund and Debt Service Fund. There were no budget amendments for either fund during the year.

Proprietary Funds

The City’s proprietary funds are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm water, solid waste collection services, wastewater treatment operations, and Public Facility Corporation. All activities associated with providing water, sewer, storm water, solid waste collection services, and wastewater treatment services are accounted for in the Utility Fund, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that the costs of providing the services to the general public on a continuing basis is financed through charges in a manner similar to a private enterprise.

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

Fiduciary Funds

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

Component Units

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

Notes to Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the City’s financial position. For the City of Anna, net position was $447,276,826 as of September 30, 2025, in the primary government.

The largest portion of the City’s net position, $349,803,823, reflects its investments in capital assets (e.g., land, park improvements, buildings, furniture and fixtures, streets, drainage, machinery and equipment, lease assets, subscription assets, etc.), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

The following reflects the Condensed Statement of Net Position:

Condensed Statement of Net Position

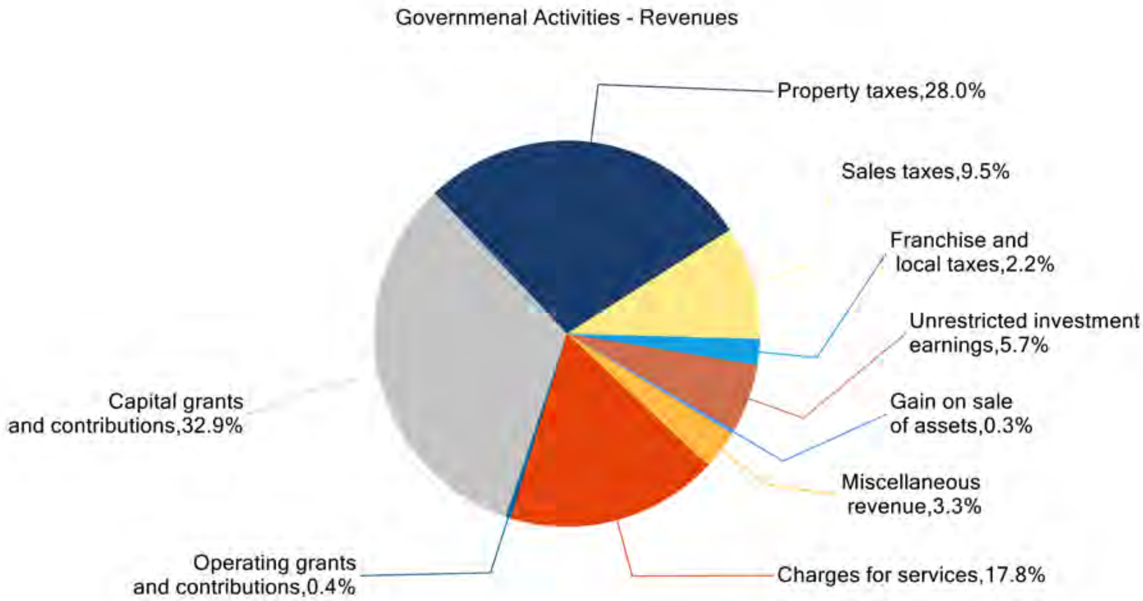
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Cash and investments	$ 101,703,698	$ 30,687,770	$ 118,554,860	$ 13,127,021	$ 220,258,558	$ 43,814,791
Receivables and other assets	2,144,710	68,317,917	5,344,475	94,356,318	7,489,185	162,674,235
Capital assets	252,458,263	207,295,349	275,384,380	183,134,957	527,842,643	390,430,306
Total Assets	356,306,671	306,301,036	399,283,715	290,618,296	755,590,386	596,919,332
Deferred Outflows of Resources						
Deferred outflows	2,038,096	2,050,835	436,262	445,780	2,474,358	2,496,615
Total Deferred Outlows of Resources	2,038,096	2,050,835	436,262	445,780	2,474,358	2,496,615
Liabilities						
Current and other liabilities	7,898,043	10,742,460	19,482,460	8,618,389	27,380,503	19,360,849
Long-term liabilities	136,916,181	106,976,331	144,169,081	90,622,307	281,085,262	197,598,638
Total Liabilities	144,814,224	117,718,791	163,651,541	99,240,696	308,465,765	216,959,487
Deferred Inflows of Resources						
Deferred inflows	685,572	477,729	1,636,581	1,600,886	2,322,153	2,078,615
Total Deferred Inflows of Resources	685,572	477,729	1,636,581	1,600,886	2,322,153	2,078,615
Net Position						
Net investment in capital assets	174,798,727	164,115,311	175,005,096	150,095,510	349,803,823	314,210,821
Restricted	25,077,858	6,326,639	23,171,175	25,893,045	48,249,033	32,219,684
Unrestricted	12,968,386	19,713,402	36,255,584	14,233,939	49,223,970	33,947,341
Total Net Position	$ 212,844,971	$ 190,155,352	$ 234,431,855	$ 190,222,494	$ 447,276,826	$ 380,377,846

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

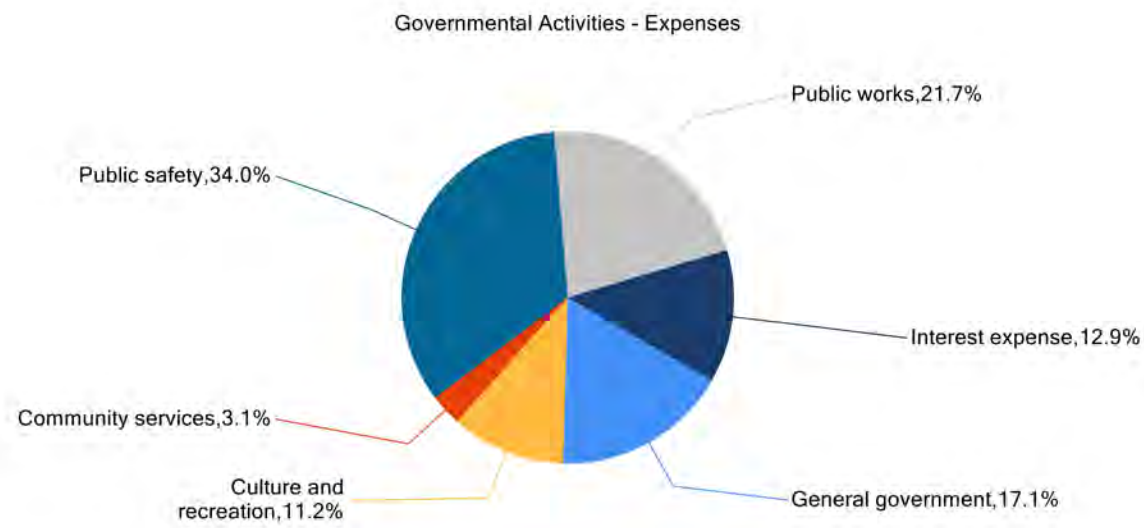
Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 12,370,991	$ 16,692,173	$ 42,691,938	$ 41,482,710	$ 55,062,929	$ 58,174,883
Operating grants and contributions	298,195	186,855	797,402	-	1,095,597	186,855
Capital grants and contributions	22,934,971	55,832,509	33,744,438	28,909,202	56,679,409	84,741,711
General revenues						
Property taxes	19,461,308	16,663,266	-	-	19,461,308	16,663,266
Sales taxes	6,632,670	5,382,238	-	-	6,632,670	5,382,238
Franchise and local taxes	1,537,055	1,315,462	-	-	1,537,055	1,315,462
Grants not restricted to specific programs	-	3,373,552	-	-	-	3,373,552
Unrestricted investment earnings	3,963,511	5,470,612	4,953,020	5,017,120	8,916,531	10,487,732
Gain on sale of assets	176,294	72,730	8,501	-	184,795	72,730
Miscellaneous revenue	2,346,832	2,854,738	1,231,563	1,145,998	3,578,395	4,000,736
Total Revenues	69,721,827	107,844,135	83,426,862	76,555,030	153,148,689	184,399,165
Expenses						
General government	7,794,867	7,229,346	-	-	7,794,867	7,229,346
Culture and recreation	5,107,609	3,396,741	-	-	5,107,609	3,396,741
Community services	1,369,545	1,019,920	-	-	1,369,545	1,019,920
Public safety	15,540,437	13,092,102	-	-	15,540,437	13,092,102
Public works	9,885,719	7,968,688	-	-	9,885,719	7,968,688
Interest expense	5,897,518	5,966,633	-	-	5,897,518	5,966,633
Water and sewer	-	-	40,639,264	30,640,255	40,639,264	30,640,255
Public Facility Corporation	-	-	14,750	14,150	14,750	14,150
Total Expenses	45,595,695	38,673,430	40,654,014	30,654,405	86,249,709	69,327,835
Excess (Deficiency) Before Transfers	24,126,132	69,170,705	42,772,848	45,900,625	66,898,980	115,071,330
Transfers	(1,436,513)	(20,573,336)	1,436,513	20,573,336	-	-
Changes in Net Position	22,689,619	48,597,369	44,209,361	66,473,961	66,898,980	115,071,330
Net Position - Beginning	190,155,352	141,557,983	190,222,494	123,748,533	380,377,846	265,306,516
Net Position - Ending	$ 212,844,971	$ 190,155,352	$ 234,431,855	$ 190,222,494	$ 447,276,826	$ 380,377,846

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



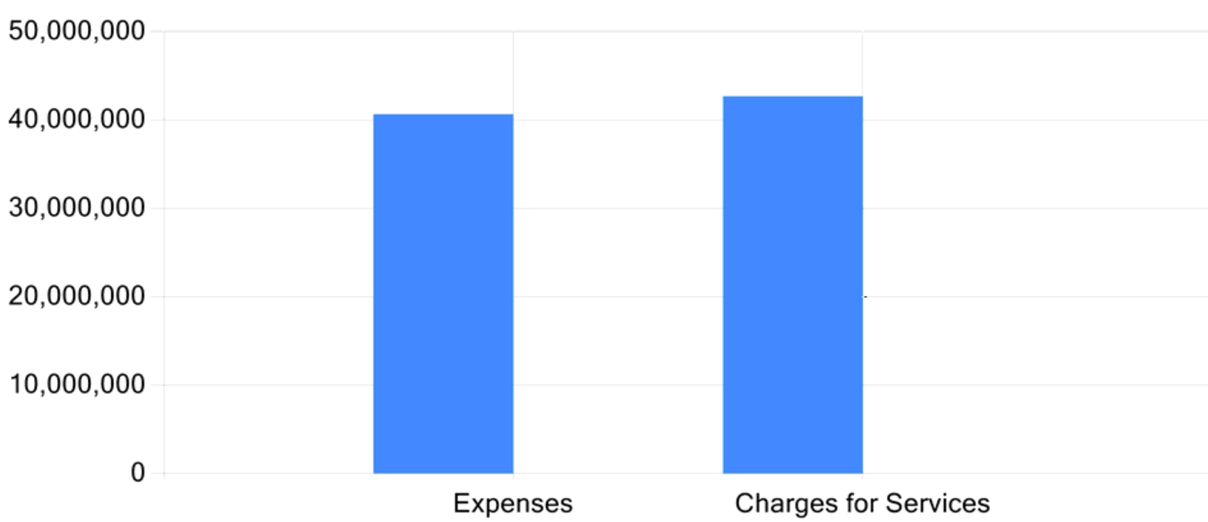
For the year ended September 30, 2025, revenues from governmental activities totaled $69,721,827. Capital grants and contributions, property taxes, and charges for services are the City's largest revenue sources. Capital grants and contributions decreased by $32,897,538 or 58.9% when compared to prior year mainly due to a decrease in contributed capital related to a slow down in developer-initiated infrastructure improvements. This is a result of an increase in negative economic conditions, including rising prices, interest rates, and overall inflation. Property taxes increased by $2,798,042 or 16.8% due to an increase in overall assessed property values. Charges for services decreased by $4,321,182 or 25.9% mainly due to a decrease in park development fee activity, water impact fees, and wastewater impact fees. The following graph shows the governmental function expenses of the City:



For the year ended September 30, 2025, expenses for governmental activities totaled $45,595,695. This represents an increase of $6,922,265 or 17.9% from the prior year. The City's largest increases were in public safety of $2,448,335 or 18.7%, due to increases in full time employees for the fire department to staff and operate Fire Station No. 2, as well as adding additional officers for police.

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

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2025, charges for services by business-type activities totaled $42,691,938. This is an increase of $1,209,228 or 2.9% from the previous year. This increase in revenues is related to an increase of new customers due to population growth within the City. Expenses totaled $40,654,014, which was an increase of $9,999,609, or 32.6% due to an increase in contracted services for various projects performed by the proprietary funds, as well increased developer incentive payments.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of September 30, 2025, the General Fund reflected a total fund balance of $14,888,965. Of this, $14,627 is considered restricted for parks and $181,368 is nonspendable prepaids. Unassigned fund balance totaled $14,692,970 as of year-end. The General Fund saw a significant increase in property taxes and sales tax when compared to the prior year. The increase in property taxes directly relates to the addition of new properties to the tax roll, as well as an increase in property values. The increase in sales is due to increased consumer spending within the City limits.

The Capital Projects Fund had an ending fund balance of $56,038,025 at year-end, or an increase of $9,923,903, due to bond proceeds of $29,575,000 and related premiums of $881,899 offset by capital outlay of $25,959,276.

The Debt Service Fund had an ending fund balance of $489,504 at year-end, or an increase of $33,758, due primarily to an increase in property values offset by debt service payments.

The PID Capital Projects Fund had an ending fund balance of $6,353,628 at year-end, or a decrease of $4,289,917, due to capital project expenditures of $4,297,784 for work done on the Meadow Vista development project.

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

CAPITAL ASSETS

As of the end of the year, the City's governmental activities had invested $252,458,263 in a variety of capital assets and infrastructure, net of accumulated depreciation and amortization. The City's business-type activities had invested $275,384,380 in a variety of capital assets and infrastructure, net of accumulated depreciation and amortization. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

At September 30, 2025, the City had total bonds and certificates, lease and subscription liabilities, and financed purchases outstanding of $264,852,799. During the year, the City made payments on long-term debt totaling $4,542,269. More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Anna is recognized as one of the fastest growing city in the nation, with a booming population, a number of developable sites, multiple north-south-east-west transportation corridors and growing infrastructure to support it.

The development of the City's budget is guided by several factors including the City's strategic plan and prevailing economic conditions. The fiscal year 2026 budget adopted by the City Council adheres to the City's financial policies and preserves the City's strong financial position while providing excellent levels of service. The annual budget is adopted within context of five-year financial plans for the General and Utility funds. The long-term financial plans project major operating revenues and categories of expenses. Changes in fund balances are monitored to ensure that the City is in compliance with adopted fund balance policy.

Major programs in the General Fund continue to focus on public safety, community development and parks to ensure the high quality of life enjoyed by Anna's neighbors.

Revenue assumptions in the General Fund are expected to take into consideration current economic indicators. Revenues, such as property tax revenue and sales tax revenue, are forecasted using both historical results and current trends. Certified taxable property values in Anna totaled $4,374,378,861 for fiscal year 2026, which represented a 14 percent increase from the previous year. The property tax rate increased 0.017873 to $0.525073 per $100 appraised value as compared to the previous fiscal year. Of the 2026 property tax rate, $0.356071 was levied for operations and maintenance and $0.169002 for debt service.

Sales tax collections for the Town were conservatively budgeted from the amount collected in 2025. Sales tax collections were projected to increase slightly in fiscal year 2026 compared to the 2025 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Anna's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, 120 W. 7th Street, Anna, Texas 75409.

THE CITY OF Anna

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Basic Financial Statements

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Government-Wide Financial Statements

City of Anna, Texas
Statement of Net Position
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTLFOWS OF RESOURCES			
Assets			
Cash and cash equivalents	$ 43,003,760	$ 37,709,381	$ 80,713,141
Receivables, net	2,022,501	4,722,700	6,745,201
Inventories	-	587,679	587,679
Prepaids	122,209	34,096	156,305
Restricted Assets			
Restricted cash and cash equivalents	58,699,938	80,845,479	139,545,417
Capital Assets			
Non-depreciable	116,755,635	106,986,887	223,742,522
Net depreciable capital assets	135,702,628	168,397,493	304,100,121
Total Assets	356,306,671	399,283,715	755,590,386
Deferred Outflows of Resources			
Deferred loss on bond refunding	-	48,215	48,215
Deferred outflows - pension	2,003,251	381,418	2,384,669
Deferred outflows - OPEB	34,845	6,629	41,474
Total Deferred Outflows of Resources	2,038,096	436,262	2,474,358
Total Assets and Deferred Outflows of Resources	$ 358,344,767	$ 399,719,977	$ 758,064,744
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities			
Accounts payable and other liabilities	$ 6,536,534	$ 15,761,409	$ 22,297,943
Accrued salaries	647,331	98,605	745,936
Customer deposits	-	1,989,702	1,989,702
Unearned revenue	-	693,788	693,788
Accrued interest payable	714,178	938,956	1,653,134
Noncurrent Liabilities			
Due within one year	2,852,009	2,518,313	5,370,322
Due in more than one year	134,064,172	141,650,768	275,714,940
Total Liabilities	144,814,224	163,651,541	308,465,765
Deferred Inflows of Resources			
Deferred inflows - leases	314,683	-	314,683
Deferred inflows - land agreements	-	1,565,972	1,565,972
Deferred inflows - pension	302,555	57,606	360,161
Deferred inflows - OPEB	68,334	13,003	81,337
Total Deferred Inflows of Resources	685,572	1,636,581	2,322,153
Net Position			
Net investment in capital assets	174,798,727	175,005,096	349,803,823
Restricted for			
Water and sewer improvements	-	23,171,175	23,171,175
Debt service	489,504	-	489,504
Capital projects	24,100,248	-	24,100,248
Culture and recreation	14,627	-	14,627
Public safety	473,479	-	473,479
Community and economic development	-	-	-
Unrestricted	12,968,386	36,255,584	49,223,970
Total Net Position	212,844,971	234,431,855	447,276,826
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 358,344,767	$ 399,719,977	$ 758,064,744

Component Units		
Community Development Corporation	Economic Development Corporation	Housing Finance Corporation
$ 12,489,582	$ 6,529,599	$ 693,642
602,900	-	915
-	-	-
12,194	-	-
-	-	-
3,955,385	-	1,443,404
-	141,792	-
17,060,061	6,671,391	2,137,961
-	-	-
57,536	-	-
1,001	-	-
58,537	-	-
$ 17,118,598	$ 6,671,391	$ 2,137,961
$ 174,701	$ 8,749	$ 915
17,488	-	-
-	-	-
-	-	-
34,027	-	-
366,014	-	-
5,491,657	-	-
6,083,887	8,749	915
-	-	-
-	-	1,389,944
8,690	-	-
1,963	-	-
10,653	-	1,389,944
309,108	141,792	1,443,404
-	-	-
363,948	-	-
-	-	-
-	-	-
-	-	-
10,351,002	6,520,850	-
-	-	(696,302)
11,024,058	6,662,642	747,102
$ 17,118,598	$ 6,671,391	$ 2,137,961

City of Anna, Texas
Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	$ 7,794,867	$ 1,486,381	$ 184,892	$ -
Culture and recreation	5,107,609	1,630,677	-	-
Community services	1,369,545	4,447,312	-	-
Public safety	15,540,437	1,056,291	72,008	-
Public works	9,885,719	3,750,330	41,295	22,934,971
Interest	5,897,518	-	-	-
Total Governmental Activities	45,595,695	12,370,991	298,195	22,934,971
Business-Type Activities				
Water and sewer	40,639,264	41,236,899	797,402	33,744,438
Public Facility Corporation	14,750	1,455,039	-	-
Total Business-type Activities	40,654,014	42,691,938	797,402	33,744,438
Total Primary Government	$ 86,249,709	$ 55,062,929	$ 1,095,597	$ 56,679,409
Component Units				
Community Development Corporation	1,802,959	16,950	-	-
Economic Development Corporation	51,468	86,820	-	-
Housing Finance Corporation	8,271	14,580	-	-
Total Component Units	$ 1,862,698	$ 118,350	$ -	$ -

General Revenues and Transfers:
Taxes:
Property taxes
Sales taxes
Franchise taxes
Unrestricted investment earnings
Miscellaneous
Gain on sale of assets
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, Ending of Year

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Community Development Corporation	Economic Development Corporation	Housing Finance Corporation
$ (6,123,594)	$ -	$ (6,123,594)	$ -	$ -	$ -
(3,476,932)	-	(3,476,932)	-	-	-
3,077,767	-	3,077,767	-	-	-
(14,412,138)	-	(14,412,138)	-	-	-
16,840,877	-	16,840,877	-	-	-
(5,897,518)	-	(5,897,518)	-	-	-
(9,991,538)	-	(9,991,538)	-	-	-
-	35,139,475	35,139,475	-	-	-
-	1,440,289	1,440,289	-	-	-
-	36,579,764	36,579,764	-	-	-
(9,991,538)	36,579,764	26,588,226	-	-	-
			(1,786,009)	-	-
			-	35,352	-
			-	-	6,309
			(1,786,009)	35,352	6,309
19,461,308	-	19,461,308	-	-	-
6,632,670	-	6,632,670	3,979,602	-	-
1,537,055	-	1,537,055	-	-	-
3,963,511	4,953,020	8,916,531	596,854	299,210	30,926
2,346,832	1,231,563	3,578,395	27	-	30,300
176,294	8,501	184,795	-	-	-
(1,436,513)	1,436,513	-	-	-	-
32,681,157	7,629,597	40,310,754	4,576,483	299,210	61,226
22,689,619	44,209,361	66,898,980	2,790,474	334,562	67,535
190,155,352	190,222,494	380,377,846	8,233,584	6,328,080	679,567
$ 212,844,971	$ 234,431,855	$ 447,276,826	$ 11,024,058	$ 6,662,642	$ 747,102

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

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Fund Financial Statements

City of Anna, Texas
Balance Sheet - Governmental Funds
September 30, 2025

	General Fund	Capital Projects	Debt Service Fund	PID Capital Projects
Assets				
Cash and cash equivalents	$ 14,578,683	$ 7,128,582	$ 490,213	$ -
Receivables, net	1,892,482	37,564	35,764	-
Due from other funds	141,650	-	-	-
Prepaids	181,368	808,292	-	-
Restricted cash	14,627	50,054,465	-	6,353,628
Total Assets	$ 16,808,810	$ 58,028,903	$ 525,977	$ 6,353,628
Liabilities				
Accounts payable and other liabilities	$ 860,904	$ 1,990,878	$ 3,500	$ -
Accrued salaries	642,417	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	1,503,321	1,990,878	3,500	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	101,841	-	32,973	-
Deferred inflows - leases	314,683	-	-	-
Total Deferred Inflows of Resources	416,524	-	32,973	-
Fund Balances (Deficit)				
Nonspendable:				
Prepaids	181,368	808,292	-	-
Restricted for:				
Culture and recreation	14,627	-	-	-
Debt service	-	-	489,504	-
Public safety	-	-	-	-
Capital projects	-	55,229,733	-	6,353,628
Unassigned	14,692,970	-	-	-
Total Fund Balances (Deficit)	14,888,965	56,038,025	489,504	6,353,628
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	$ 16,808,810	$ 58,028,903	$ 525,977	$ 6,353,628

Nonmajor Governmental Funds	Total Governmental Funds
$ 20,806,282	$ 43,003,760
56,691	2,022,501
-	141,650
74,734	1,064,394
2,277,218	58,699,938
$ 23,214,925	$ 104,932,243
$ 3,681,252	$ 6,536,534
4,914	647,331
141,650	141,650
3,827,816	7,325,515
-	134,814
-	314,683
-	449,497
74,734	1,064,394
-	14,627
-	489,504
473,479	473,479
18,924,980	80,508,341
(86,084)	14,606,886
19,387,109	97,157,231
$ 23,214,925	$ 104,932,243

THE CITY OF Anna

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CIty of Anna, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2025

Fund Balances - Total Governmental Funds	$ 97,157,231
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities area not current financial resources and, therefore not reported in the governmental funds.	
Capital assets - non-depreciable	116,755,635
Capital assets - net depreciable, less subscription asset recognized as prepaid asset in the fund financial statements of $942,185	134,760,443
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	134,814
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until that time.	
Deferred outflows - pension	2,003,251
Deferred outflows - OPEB	34,845
Deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and is not recognized as an inflow of resources (revenue) until that time.	
Deferred inflows - pension	(302,555)
Deferred inflows - OPEB	(68,334)
Some liabilities, including bonds payable and accrued interest, are not reported as liabilities in the governmenal funds.	
Accrued interest payable	(714,178)
General obligation refunding bonds	(7,949,000)
General obligation bonds	(46,410,000)
Combination tax and revenue refunding certificates of obligation	(69,930,000)
Combination tax and revenue refunding bonds	(240,000)
Arbitrage liability	(1,466,260)
Unamortized premiums	(5,332,585)
Financed purchases	(316,709)
Lease liability	(1,734,985)
Net pension liability	(1,844,005)
Total OPEB liability	(108,631)
Compensated absences	(1,584,006)
Net Position of Governmental Activities	$ 212,844,971

City of Anna, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2025

	General Fund	Capital Projects	Debt Service Fund	PID Capital Projects
Revenues				
Property taxes	$ 12,936,501	$ -	$ 5,619,509	$ -
Sales taxes	6,632,670	-	-	-
Charges for services	1,898,270	-	-	-
Licenses and permits	4,514,425	-	-	-
Fines and forfeitures	566,224	-	-	-
Franchise and local taxes	1,537,055	-	-	-
Investment income	839,636	2,064,568	86,613	476,494
Other revenues	189,630	-	-	-
Intergovernmental	57,380	184,892	-	-
Contributions and donations	4,750	-	-	-
Total Revenues	29,176,541	2,249,460	5,706,122	476,494
Expenditures				
Current				
General government	7,433,148	232,839	-	-
Culture and recreation	2,809,671	105,616	-	-
Community services	1,343,904	-	-	-
Public safety	14,233,820	147,054	-	-
Public works	1,285,245	2,633	-	259,888
Debt service				
Principal	646,677	-	1,574,000	-
Interest and fiscal charges	149,443	-	4,098,364	-
Debt issuance costs	-	260,038	-	-
Capital outlay	944,263	25,959,276	-	4,297,784
Total Expenditures	28,846,171	26,707,456	5,672,364	4,557,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	330,370	(24,457,996)	33,758	(4,081,178)
Other Financing Sources (Uses)				
Transfers in	-	3,925,000	-	-
Transfers out	(3,925,000)	-	-	(208,739)
Issuance of leases	651,078	-	-	-
Issuance of debt	-	29,575,000	-	-
Issuance of bond premiums	-	881,899	-	-
Sale of general capital assets	151,494	-	-	-
Total Other Financing Sources (Uses)	(3,122,428)	34,381,899	-	(208,739)
Net Change in Fund Balances	(2,792,058)	9,923,903	33,758	(4,289,917)
Fund Balances, Beginning of Year	17,681,023	46,114,122	455,746	10,643,545
Fund Balances, End of Year	$ 14,888,965	$ 56,038,025	$ 489,504	$ 6,353,628

Nonmajor Governmental Funds	Total Governmental Funds
$ 887,011	$ 19,443,021
-	6,632,670
5,376,932	7,275,202
-	4,514,425
15,140	581,364
-	1,537,055
496,200	3,963,511
2,157,202	2,346,832
51,173	293,445
-	4,750
8,983,658	46,592,275
60,003	7,725,990
1,155,012	4,070,299
-	1,343,904
17,412	14,398,286
913,792	2,461,558
-	2,220,677
-	4,247,807
-	260,038
1,735,230	32,936,553
3,881,449	69,665,112
5,102,209	(23,072,837)
208,739	4,133,739
-	(4,133,739)
-	651,078
-	29,575,000
-	881,899
24,800	176,294
233,539	31,284,271
5,335,748	8,211,434
14,051,361	88,945,797
$ 19,387,109	$ 97,157,231

City of Anna, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 8,211,434
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. Capital contributions are only recognized on the statement of activities.	
Capital outlay (excluding capital asset additions included in prepaids)	32,936,553
Depreciation and amortization expense	(9,544,818)
Capital contributions	22,934,971
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) and the transfer of capital assets from governmental activities to business-type activities to decrease net position.	(1,436,513)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in compensated absences	(138,185)
Increase in accrued interest payable	(204,331)
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	735
Changes to other postemployment benefits liability and related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(15,872)
Various other reclassification and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes the change in unavailable revenues from the prior year.	18,287
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Lease proceeds	(651,078)
Issuance of bonds	(29,575,000)
Premium of bonds	(881,899)
Arbitrage liability	(1,466,260)
Amortization of debt premium	280,918
General, certificate of obligation, and revenue bond principal payments	1,574,000
Lease principal payments	523,519
Subscription principal payments	26,306
Financed purchase payments	96,852
Change in Net Position of Governmental Activities	$ 22,689,619

Proprietary Fund Financial Statements

THE CITY OF Anna

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City of Anna, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
ASSETS			
Current Assets			
Cash and cash equivalents	$ 32,842,658	$ 4,866,723	$ 37,709,381
Receivables, net	4,464,976	257,724	4,722,700
Inventories	587,679	-	587,679
Total Current Assets	37,895,313	5,124,447	43,019,760
Noncurrent Assets			
Restricted cash and cash equivalents	80,845,479	-	80,845,479
Prepaids	34,096	-	34,096
Capital assets			
Non-depreciable	101,142,762	5,844,125	106,986,887
Net depreciable capital assets	168,397,493	-	168,397,493
Total Noncurrent Assets	350,419,830	5,844,125	356,263,955
Total Assets	388,315,143	10,968,572	399,283,715
Deferred Outflows of Resources			
Deferred loss on bond refunding	48,215	-	48,215
Deferred outflows - pension	381,418	-	381,418
Deferred outflows - OPEB	6,629	-	6,629
Total Deferred Outflows of Resources	436,262	-	436,262
LIABILITIES			
Current Liabilities			
Accounts payable	$ 15,761,409	$ -	$ 15,761,409
Salaries payable	98,605	-	98,605
Accrued interest payable	938,956	-	938,956
Customer deposits	1,989,702	-	1,989,702
Unearned revenue	88,946	604,842	693,788
Compensated absences	20,395	-	20,395
Lease liability	134,311	-	134,311
Bonds payable - current	2,177,000	-	2,177,000
Financed purchases - current	186,607	-	186,607
Total Current Liabilities	21,395,931	604,842	22,000,773
Noncurrent Liabilities			
Bonds payable	138,563,541	-	138,563,541
Arbitrage liability	1,882,719	-	1,882,719
Financed purchases	336,101	-	336,101
Compensated absences	183,553	-	183,553
Lease liability	313,085	-	313,085
Net pension liability	351,098	-	351,098
Total OPEB liability	20,671	-	20,671
Total Noncurrent Liabilities	141,650,768	-	141,650,768
Total Liabilities	163,046,699	604,842	163,651,541
Deferred Inflows of Resources			
Deferred inflows - pension	57,606	-	57,606
Deferred inflows - OPEB	13,003	-	13,003
Deferred inflows - land agreement	-	1,565,972	1,565,972
Total Deferred Inflows of Resources	70,609	1,565,972	1,636,581
Net Position			
Net investment in capital assets	169,160,971	5,844,125	175,005,096
Restricted for			
Water and sewer improvements - impact fees	23,171,175	-	23,171,175
Unrestricted	33,301,951	2,953,633	36,255,584
Total Net Position	$ 225,634,097	$ 8,797,758	$ 234,431,855

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City of Anna, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2025

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
Operating Revenues			
Water	$ 14,016,798	$ -	$ 14,016,798
Sewer	10,884,800	-	10,884,800
Sanitation	4,106,236	-	4,106,236
Stormwater	444,042	-	444,042
Service charges	1,468,022	-	1,468,022
Connection fees	494,285	-	494,285
Developer fees	9,604,376	-	9,604,376
Miscellaneous	329,007	2,525,787	2,854,794
Total Operating Revenues	41,347,566	2,525,787	43,873,353
Operating Expenses			
Personnel services	2,829,299	-	2,829,299
Contracted services	17,267,949	14,750	17,282,699
Repairs and maintenance	1,409,590	-	1,409,590
Supplies	251,751	-	251,751
Utilities	845,258	-	845,258
Depreciation	6,949,579	-	6,949,579
Other expenses	4,283,077	-	4,283,077
Total Operating Expenses	33,836,503	14,750	33,851,253
Operating Income	7,511,063	2,511,037	10,022,100
Nonoperating Revenues (Expenses)			
Investment income	4,777,865	175,155	4,953,020
Intergovernmental revenue	797,402	-	797,402
Gain on sale of capital assets	8,501	-	8,501
Interest expense	(6,752,613)	-	(6,752,613)
Total Nonoperating Revenues (Expenses)	(1,168,845)	175,155	(993,690)
Income Before Capital Contributions	6,342,218	2,686,192	9,028,410
Capital contributions	35,180,951	-	35,180,951
Change in Net Position	41,523,169	2,686,192	44,209,361
Net Position, Beginning of Year	184,110,928	6,111,566	190,222,494
Net Position, End of Year	$ 225,634,097	$ 8,797,758	$ 234,431,855

City of Anna, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
Cash Flows From Operating Activities			
Receipts from customers and users	$ 41,785,074	$ 2,755,962	$ 44,541,036
Payments to suppliers	(23,427,021)	(43,120)	(23,470,141)
Payments to employees	(2,810,181)	-	(2,810,181)
Net Cash Provided by Operating Activities	15,547,872	2,712,842	18,260,714
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(54,525,655)	-	(54,525,655)
Proceeds from sale of assets	8,501		8,501
Proceeds from bond issuance	54,058,671	-	54,058,671
Principal payments bond payable	(1,975,000)	-	(1,975,000)
Principal payments on financed purchases	(182,193)	-	(182,193)
Principal payments on leases	(138,093)	-	(138,093)
Principal payments on subscriptions	(26,306)	-	(26,306)
Interest paid	(4,387,276)	-	(4,387,276)
Impact fees received	797,402	-	797,402
Net Cash Used for Capital and Related Financing Activities	(6,369,949)	-	(6,369,949)
Cash Flows From Investing Activities			
Investment earnings	4,777,865	175,155	4,953,020
Net cash provided by investing activities	4,777,865	175,155	4,953,020
Net increase in cash and cash equivalents	13,955,788	2,887,997	16,843,785
Cash and Cash Equivalents, Beginning of Year	99,732,349	1,978,726	101,711,075
Cash and Cash Equivalents, End of Year	$ 113,688,137	$ 4,866,723	$ 118,554,860
Reconciliation to Statement of Net Position			
Cash and cash equivalents	$ 32,842,658	$ 4,866,723	$ 37,709,381
Restricted cash and cash equivalents	80,845,479	-	80,845,479
	$ 113,688,137	$ 4,866,723	$ 118,554,860

	Utility Fund	Nonmajor Public Facility Corporation	Total Proprietary Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 7,511,063	$ 2,511,037	$ 10,022,100
Adjustments to reconcile operating income to cash provided by operating activities:			
Depreciation expense	6,949,579	-	6,949,579
(Increase) decrease in assets and deferred outflows			
Accounts receivable	437,507	-	437,507
Prepaids	(9,713)	-	(9,713)
Deferred outflows - pension	647	-	647
Deferred outflows - OPEB	1,780	-	1,780
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable	541,253	(12,015)	529,238
Accrued expenses	136,729	-	136,729
Total pension liability	(53,013)	-	(53,013)
Total OPEB liabilitiy	1,419	-	1,419
Compensated absences	(21,429)	-	(21,429)
Unearned revenue	-	230,175	230,175
Deferred inflows - pension	52,227	-	52,227
Deferred inflows - OPEB	(177)	-	(177)
Deferred inflows - land lease	-	(16,355)	(16,355)
Net Cash Provided by Operating Activities	$ 15,547,872	$ 2,712,842	$ 18,260,714
Schedule of Non-Cash Capital and Related Financing Activities			
Capital assets in accounts payable and change in retainage payable	$ 13,220,869	$ -	$ 13,220,869
Contributions of capital assets	$ 33,744,438	$ -	$ 33,744,438
Transfer of capital assets from governmental activities	$ 1,436,513	$ -	$ 1,436,513

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Fiduciary Fund Financial Statements

City of Anna, Texas
Statement of Fiduciary Net Position
Custodial Funds
September 30, 2025

	PID Custodial Fund
ASSETS	
Cash and cash equivalents - restricted	$ 10,789,353
Total Assets	10,789,353
LIABILITIES	
Accounts payable and accrued liabilities	18,912
Total Liabilities	18,912
NET POSITION	
Restricted for PID debt service	10,770,441
Total Net Position	$ 10,770,441

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

City of Anna, Texas
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended September 30, 2025

	PID Custodial Fund
ADDITIONS	
Special assessments	$ 6,750,393
Investment earnings	545,403
Other income	188,105
Total Additions	7,483,901
DEDUCTIONS	
Contract services	587,707
Principal	946,000
Interest and fiscal charges	4,509,692
Total Deductions	6,043,399
Change in Net Position	1,440,502
Net Position, Beginning of Year	9,329,939
Net Position, End of Year	$ 10,770,441

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Notes to the Financial Statements

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Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

Blended Component Units

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

Anna Tax Increment Reinvestment Zone 2, 3, 4, 5, and 6 (TIRZ), were formed to finance and make public improvements under the authority of the Tax Increment Financing Act. The TIRZ are governed by separate boards of directors that are substantively the same as City Council. The City approves TIRZ budgets and any debt issuances, and the TIRZ provide services entirely to the City.

Discretely Presented Component Units

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

Anna Economic Development Corporation

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

Anna Community Development Corporation

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

Anna Housing Finance Corporation

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

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

B. Government-wide Financial Statements

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

Additionally, the City reports the following nonmajor governmental funds:

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

The City reports the following major enterprise fund:

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

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

The City reports the following fiduciary fund:

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. Fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and balances in local government investment pools.

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

2. Investments

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

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

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

3. Receivables and Interfund Transactions

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

4. Inventories and Prepaid Items

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

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

5. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, machinery and equipment, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and water and sewer systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

6. Deferred Outflows/Inflows of Resources

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

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

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

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

In the governmental funds balance sheet:

- Unavailable revenues from property taxes are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Related to lessor arrangements under GASB 87, lease revenue is deferred and recognized as revenue over the life of the lease term. This deferred inflow is recorded at both the fund level and government-wide financial statements.

<u>In the government-wide and proprietary fund statements of net position</u>:

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

- Related to lessor arrangements under GASB 87, lease revenue is deferred and recognized as revenue over the life of the lease term. This deferred inflow is recorded at both the fund level and government-wide financial statements.

7. Compensated Absences

Vacation and sick leave are accrued as liabilities as employees earn the benefit to the extent that they meet all of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not that the City will compensate.

For the government-wide financial statements, as well as the proprietary fund financial statements, outstanding compensated absences are recorded as a liability based on the last-in-first-out (LIFO) method.

The change in compensated absences is presented as a net amount, in accordance with GASB 101 in *Note 6, Long-Term Liabilities*.

8. Leases

<u>Lessee</u>

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

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

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

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

- The lease term includes the noncancellable period of the lease.

- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lessor

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

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

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

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

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

9. Subscription-Based Information Technology Arrangements (SBITAs)

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

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

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

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

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

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

10. Long-Term Obligations

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

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

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

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

11. Pensions

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

12. Other Postemployment Benefits (OPEB)

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

13. Net Position Flow Assumptions

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

14. Fund Balance Flow Assumptions

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

15. Fund Balance Policies

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

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

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

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

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

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

16. Estimates

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

17. Adoption of New Accounting Standards

The City adopted GASB Statement No. 101, *Compensated Absences* (GASB 101) for the year ended September 30, 2025. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. The adoption of GASB 101 had no impact on the City's beginning of year net position.

The City adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102) for the year ended September 30, 2025. The new accounting guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The adoption of GASB 102 had no impact on the City's beginning of year net position.

18. Future Accounting Pronouncements

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

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

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

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

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

GASB Statement No. 105*, Subsequent Events (GASB 105)*

GASB 105 seeks to improve the financial reporting requirements for subsequent events, thereby enhancng consistency in the application and better meeting the information needs of the financial statement users. The City first expects to first apply GASB 105 during the year ending September 30, 2027. The impact of applying the Statement has not been determined by management of the City.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

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

Note 3. Deposits and Investments

Deposits

State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2025, with collateral required by state statutes. At year-end, the carrying amount of the City's deposits (including component units and fiduciary funds) was $151,682,489 and the bank balance was $152,887,006. Of the bank balance, federal depository insurance covered $250,000 and the remainder was covered by collateral held by the pledging financial institution's agent in the City's name.

Cash, cash equivalents, and investments as of September 30, 2025 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position

Primary Government	
Cash and cash equivalents	$ 80,713,141
Restricted cash and cash equivalents	139,545,417
Total Primary Government	220,258,558
Fidcuciary Fund	
Cash and cash equivalents	10,789,353
Component Units	
Cash and cash equivalents	19,712,823
Total Cash, Cash Equivalents, and Investments	$ 250,760,734
Cash on hand	$ 2,100
Deposits with financial institution	168,057,378
Investment pools/Certificates of deposit	82,701,256
Total Cash, Cash Equivalents, and Investments	$ 250,760,734

As of September 30, 2025, the City had the following investments:

	Value	Weighted Average Maturity (Days)
TexPool	$ 77,701,256	40
Certificates of deposit	5,000,000	
Total	$ 82,701,256	

Interest rate risk

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

Credit risk

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

As of September 30, 2025, the City's investment in TexPool was rated "AAAm" by Standard & Poor’s. The certificates of deposit are unrated but were fully collateralized.

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities, to the extent the deposits exceed FDIC coverage. As of September 30, 2025, the combined values of pledged securities and FDIC coverage exceeded bank balances for the City.

Custodial credit risk – investments

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

Concentration of credit risk

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

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

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

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

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

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

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

Note 4: Receivables

Amounts recorded as receivable for the primary government as of September 30, 2025 are as follows:

	General	Capital Projects	Debt Service Fund	Nonmajor Governmental	Utility Fund	Nonmajor Proprietary	Total
Property taxes	$ 106,699	$ -	$ 35,764	$ -	$ -	$ -	$ 142,463
Sales taxes	1,003,892	-	-	-	-	-	1,003,892
Accounts	458,475	37,564	-	1,125	5,133,063	257,724	5,887,951
Interest	-	-	-	-	14,379	-	14,379
Due from other governments	-	-	-	55,566	-	-	55,566
Lease receivable	323,416	-	-	-	-	-	323,416
Less: Allowance	-	-	-	-	(682,466)	-	(682,466)
Totals	**$ 1,892,482**	**$ 37,564**	**$ 35,764**	**$ 56,691**	**$ 4,464,976**	**$ 257,724**	**$ 6,745,201**

The utility fund accounts receivable include unbilled charges for services rendered at September 30, 2025.

Note 5. Capital, Lease and Subscription Assets

The following is a summary of changes in capital assets for governmental activities for the year ended September 30, 2025:

Governmental Activities

	Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
Capital Assets, not Being Depreciated/Amortized					
Land	$ 5,185,089	$ 16,911,817	$ -	$ (1,436,513)	$ 20,660,393
Construction in progress	77,004,026	22,220,788	-	(3,129,572)	96,095,242
Total Capital Assets, not Being Depreciated/Amortized	82,189,115	39,132,605	-	(4,566,085)	116,755,635
Capital, Lease and Subscription Assets, Being Depreciated/Amortized					
Park improvements	17,077,304	-	-	508,629	17,585,933
Buildings	41,132,177	36,582	-	1,664,726	42,833,485
Furniture and fixtures	1,176,231	-	-	-	1,176,231
Streets and drainage	89,443,261	15,499,971	-	956,217	105,899,449
Machinery and equipment	7,626,433	551,288	-	-	8,177,721
Lease assets - vehicles	2,970,002	651,078	(834,148)	-	2,786,932
Subscription assets - software subscriptions	748,411	272,721	(78,947)	-	942,185
Total Capital, Lease and Subscription Assets Being Depreciated/Amortized	160,173,819	17,011,640	(913,095)	3,129,572	179,401,936
Less Accumulated Depreciation/ Amortization for					
Park improvements	4,131,150	892,845	-	-	5,023,995
Buildings	1,904,806	2,066,455	-	-	3,971,261
Furniture and fixtures	135,665	117,627	-	-	253,292
Streets and drainage	23,682,956	4,785,497	-	-	28,468,453
Machinery and equipment	3,642,240	930,876	-	-	4,573,116
Lease assets - vehicles	1,506,978	608,534	(834,148)	-	1,281,364
Subscription assets - software subscriptions	63,790	142,984	(78,947)	-	127,827
Total Accumulated Depreciation/ Amortization	35,067,585	9,544,818	(913,095)	-	43,699,308
Total Capital, Lease and Subscription Assets Being Depreciated/Amortized, Net	125,106,234	7,466,822	-	3,129,572	135,702,628
Governmental Activities Capital, Lease and Subscription Assets, Net	$ 207,295,349	$ 46,599,427	$ -	$ (1,436,513)	$ 252,458,263

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

Governmental Activities

General government	$	97,658
Culture and recreation		973,229
Community services		20,976
Public safety		1,030,876
Public works		7,422,079
Total Depreciation and Amortization Expense - Governmental Activities	$	9,544,818

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2025:

	Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
Business-Type Activities					
Capital assets, not being depreciated/amortized					
Land	$ 10,292,844	$ 225,000	$ -	$ 1,436,513	$ 11,954,357
Construction in progress	33,742,937	61,976,581	-	(686,988)	95,032,530
Total capital assets, not being depreciated/amortized	44,035,781	62,201,581	-	749,525	106,986,887
Capital, lease and subscription assets, being depreciated/amortized					
Furniture and fixtures	5,620	16,014	-	-	21,634
Buildings and improvements	900,597	151,500	-	-	1,052,097
Machinery and equipment	3,157,749	1,250,954	-	-	4,408,703
Lease assets - vehicles	1,092,354	-	(354,878)	-	737,476
Subscription assets - software subscriptions	78,947	-	(78,947)	-	-
Water treatment system	44,396,415	12,395,638	-	-	56,792,053
Stormwater drainage system	45,758,813	11,553,717	-	-	57,312,530
GTUA water improvements	17,189,179	-	-	-	17,189,179
GTUA sewer improvements	939,796	-	-	-	939,796
Water and sewer system	62,282,320	10,193,085	-	686,988	73,162,393
Total capital, lease and subscription assets being depreciated/amortized	175,801,790	35,560,908	(433,825)	686,988	211,615,861

	Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
Less accumulated depreciation/amortization for					
Furniture and fixtures	5,620	1,601	-	-	7,221
Buildings and improvements	911,705	338,529	-	-	1,250,234
Machinery and equipment	1,145,844	199,802	-	-	1,345,646
Lease assets - vehicles	551,191	156,949	(354,878)	-	353,262
Subscription assets - software subscriptions	52,632	26,315	(78,947)	-	-
Water treatment system	8,370,729	2,440,536	-	-	10,811,265
Stormwater drainage system	6,710,416	2,039,854	-	-	8,750,270
GTUA water improvements	6,619,585	249,500	-	-	6,869,085
GTUA sewer improvements	880,208	25,728	-	-	905,936
Water and sewer system	11,454,684	1,470,765	-	-	12,925,449
Total accumulated depreciation/amortization	36,702,614	6,949,579	(433,825)	-	43,218,368
Total capital, lease and subscription assets being depreciated/amortized, net	139,099,176	28,611,329	-	686,988	168,397,493
Business-Type Activities Capital, Lease and Subscription Assets, Net	$ 183,134,957	$ 90,812,910	$ -	$ 1,436,513	$ 275,384,380

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

Water and sewer	$ 6,949,579
Total Depreciation and Amortization Expense - Business-Type Activities	$ 6,949,579

The following is a summary of changes in capital assets for the discretely presented component units for the year ended September 30, 2025:

	Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
Community Development Corporation					
Capital assets, not being depreciated/amortized					
Land	$ 3,955,385	$ -	$ -	$ -	$ 3,955,385
Total capital assets, not being depreciated/amortized	3,955,385	-	-	-	3,955,385
Community Development Corporation Capital Assets, Net	$ 3,955,385	$ -	$ -	$ -	$ 3,955,385

	Beginning Balance	Additions	Deletions	Adjustments/ Transfers	Ending Balance
Economic Development Corporation					
Capital assets, being depreciated/ amortized					
Buildings and improvements	$ 661,828	$ -	$ -	$ -	$ 661,828
Total depreciable assets	661,828	-	-	-	661,828
Less accumulated depreciation for Buildings and improvements	487,305	32,731	-	-	520,036
Total accumulated depreciation	487,305	32,731	-	-	520,036
Economic Development Corporation Capital Assets, Net	$ 174,523	$ (32,731)	$ -	$ -	$ 141,792

	Beginning Balance	Additions	Dispositions	Adjustments/ Transfers	Ending Balance
Housing Finance Corporation					
Capital assets, not being depreciated/amortized					
Land	$ 1,443,404	$ -	$ -	$ -	$ 1,443,404
Total capital assets, not being depreciated/amortized	1,443,404	-	-	-	1,443,404
Housing Finance Corporation Capital Assets, Net	$ 1,443,404	$ -	$ -	$ -	$ 1,443,404

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

Projects	Activity Type	Approved Construction Budget	Stored and Completed to Date	Remaining Commitment
CP - Ferguson Parkway	General Government	$ 2,110,254	$ 2,093,254	$ 17,000
Fire Engine No.3	General Government	1,500,000	1,483,120	16,880
Community Library	General Government	22,000,000	19,190,246	2,809,754
Municipal Complex Plaza	General Government	3,800,000	2,148,002	1,651,998
Draxxon Drone Trailer	General Government	270,244	-	270,244
Bryant Park Improvements	General Government	928,000	180,326	747,674
Slayter Creek Park Facility Improvements	General Government	1,557,750	96,834	1,460,916
Trails - Pecan Grove Trail	General Government	1,500,500	1,497,293	3,207
Anna Crossing Park	General Government	5,256,440	439,722	4,816,718
Natural Springs Park - Dog Park Irrigation	General Government	175,000	4,800	170,200
Wayfinding Signs	General Government	79,290	50,285	29,005
Hurricane Creek Wastewater Treatment Plant	Utility	100,000,000	70,763,281	29,236,719
Hurricane Creek Line Interceptor North	Utility	18,522,594	7,698,641	10,823,953
Throckmorton Lift Station	Utility	558,800	27,000	531,800
Leonard Avenue	General Government	4,200,000	4,015,926	184,074
Riggins Street Pavement & Drainage Improvements	General Government	551,368	-	551,368
Gateway Signs on US 75	General Government	54,970	16,729	38,241
SH 5 Utility Relocation - Project A	Utility	3,489,023	2,255,699	1,233,324
FM455 Water Line	Utility	4,727,100	1,088,137	3,638,963
SH 5 Utility Relocation - Project B	Utility	1,500,000	509,677	990,323
Quail Creek Run Water Line	Utility	457,946	-	457,946
Collin Pump Station Ground Storage Tank No. 2	Utility	12,079,888	10,142,781	1,937,107
4th Street Pavement Improvements	Utility	571,702	-	571,702
Rosamon Parkway Improvement	General Government	13,850,000	-	13,850,000
Total		$ 199,740,869	$ 123,701,753	$ 76,039,116

The remaining commitments above will be primarily financed through completion of construction with the resources of the capital projects funds, supplemented by the general fund and issuance of debt, as needed.

Note 6: Long-term Liabilities

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2025. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds, notes and other payables:					
General obligation refunding bonds	$ 8,478,000	$ -	$ (529,000)	$ 7,949,000	$ 1,240,000
General obligation bonds	47,190,000	-	(780,000)	46,410,000	549,000
Combination tax and revenue certificates of obligation	40,595,000	29,575,000	(240,000)	69,930,000	250,000
Combination tax and revenue refunding bonds	265,000	-	(25,000)	240,000	25,000
Arbitrage liability	-	1,466,260	-	1,466,260	-
Financed purchases	413,561	-	(96,852)	316,709	101,084
Lease liability	1,607,426	651,078	(523,519)	1,734,985	528,524
Subscription liability	26,306	-	(26,306)	-	-
Unamortized premiums	4,731,604	881,899	(280,918)	5,332,585	-
Total bonds, notes and other payables, net	103,306,897	32,574,237	(2,501,595)	133,379,539	2,693,608
Other liabilities:					
Compensated absences	1,445,821	138,185	-	1,584,006	158,401
Net pension liability	2,122,439	-	(278,434)	1,844,005	-
Total other postemployment benefit liability	101,174	7,457	-	108,631	-
Total Governmental Activities	$ 106,976,331	$ 32,719,879	$ (2,780,029)	$ 136,916,181	$ 2,852,009

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Bonds, notes and other payables:					
Combination tax and revenue certificates of obligation	$ 78,770,000	$ 52,700,000	$ (1,310,000)	$ 130,160,000	$ 1,660,000
Combination tax and revenue				-	
refunding bonds	4,987,000	-	(645,000)	4,342,000	492,000
General obligation refunding bonds	2,820,000	-	(20,000)	2,800,000	25,000
Arbitrage liability	-	1,882,719	-	1,882,719	-
Financed purchases	704,902	-	(182,193)	522,709	186,607
Lease liability	585,489	-	(138,093)	447,396	134,311
Subscription liability	26,306	-	(26,306)	-	-
Unamortized premiums	2,079,870	1,567,820	(209,149)	3,438,541	-
Total bonds, notes and other payables, net	89,973,567	56,150,539	(2,530,741)	143,593,365	2,497,918
Other liabilities:					
Compensated absences	225,377	-	(21,430)	203,947	20,395
Net pension liability	404,111	-	(53,013)	351,098	-
Total other postemployement benefit liability	19,252	1,419	-	20,671	-
Total Business-Type Activities	$ 90,622,307	$ 56,151,958	$ (2,605,184)	$ 144,169,081	$ 2,518,313

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Units - CDC					
Bonds, notes and other payables:					
Sales tax revenue bonds	$ 2,270,000	$ -	$ (135,000)	$ 2,135,000	$ 150,000
Notes payable	2,105,650	2,359,136	(2,455,650)	2,009,136	133,331
Sales tax notes payable	1,712,354	-	(75,564)	1,636,790	80,617
Total bonds, notes and other payables, net	6,088,004	2,359,136	(2,666,214)	5,780,926	363,948
Other liabilities:					
Compensated absences	19,639	1,022	-	20,661	2,066
Net pension liability	60,962	-	(7,998)	52,964	-
Total other postemployment				-	
benefit liability	2,906	214	-	3,120	-
Total Component Units - CDC	**$ 6,171,511**	**$ 2,360,372**	**$ (2,674,212)**	**$ 5,857,671**	**$ 366,014**

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, total OPEB liability, and net pension liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
Governmental Activities		
General obligation refunding bonds		
Series 2014B	2.23 - 2.40%	$ 214,000
Series 2021	2.00-5.00%	7,735,000
Total general obligation refunding bonds		7,949,000
General obligation bonds		
Series 2022	4.00-5.00%	31,480,000
Series 2023	4.00-5.00%	14,930,000
Total general obligation bonds		46,410,000
Combination tax and revenue certificates of obligation		
Series 2018	3.00-4.00 %	29,760,000
Series 2024	4.00-6.00%	10,835,000
Series 2025	5.00%	29,335,000
Total combination tax and revenue certificates of obligation		69,930,000
Combination tax and revenue refunding bonds		
Series 2017	2.00 - 4.00 %	240,000
Total combination tax and revenue refunding bonds		240,000
Financed purchases		
2018 Pierce Enforcer Fire Apparatus	3.86%	159,600
2024 Servers	4.90%	157,109
Total financed purchases		316,709
Total Governmental Activities Long-Term Debt		**$ 124,845,709**

Description	Interest Rates	Balance
Business-Type Activities		
Combination tax & revenue certificates of obligation		
Series 2014	2.00 - 3.65 %	$ 3,315,000
Series 2022	4.00 - 5.00 %	62,570,000
Series 2024	4.00 - 6.00 %	11,575,000
Series 2025	5.00%	52,700,000
Total combination tax & revenue certificates of obligation		130,160,000
Combination tax and revenue refunding bonds		
Series 2014A	3.15 - 3.60%	332,000
Series 2017	2.00 - 4.00 %	4,010,000
Total combination tax and revenue refunding bonds		4,342,000
General obligation refunding bonds		
Series 2021	2.00-5.00 %	2,800,000
Total general obligation refunding bonds		2,800,000
Financed purchases		
2017 AMI Meters	2.00%	289,640
2021 Sewer Cleaner Truck	3.73%	233,069
Total financed purchases		522,709
Total Business-Type Activities Long-Term Debt		$ 137,824,709

Description	Interest Rates	Balance
Component Units		
Sales Tax Revenue Bonds		
CDC - Sales Tax Revenue Bonds - Series 2012B	3.30%	$ 870,000
CDC - Sales Tax Revenue Bonds - Series 2016	1.90% - 4.50%	1,265,000
Total sales tax revenue bonds		2,135,000
Notes payable		
CDC - Notes Payable	5.15% - 6.88%	2,009,136
CDC - Sales Tax Notes Payable	6.25%	1,636,790
Total notes payable		3,645,926
Total CDC Long-Term Debt		$ 5,780,926

The annual requirements to amortize general obligation bonds, certificates of obligation outstanding, and sales tax revenue bonds at year end were as follows:

	Governmental Activities					
Year Ending	General Obligation Refunding Bonds & General Obligation Bonds		Combination Tax and Revenue Certificates of Obligation		Combination Tax and Revenue Refunding Bonds	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,789,000	$ 2,306,263	$ 250,000	$ 1,698,428	$ 25,000	$ 9,100
2027	2,035,000	2,219,925	435,000	1,724,000	75,000	7,100
2028	2,025,000	2,131,650	810,000	1,708,125	75,000	4,100
2029	2,125,000	2,034,650	870,000	1,683,125	65,000	1,300
2030	2,235,000	1,925,650	1,700,000	1,653,750	-	-
2031-2035	12,990,000	7,812,750	9,815,000	7,261,475	-	-
2036-2040	16,305,000	4,484,234	12,260,000	5,344,125	-	-
2041-2045	11,430,000	1,417,866	20,650,000	2,874,700	-	-
2046-2050	3,425,000	186,519	23,140,000	579,500	-	-
Total	$ 54,359,000	$ 24,519,507	$ 69,930,000	$ 24,527,228	$ 240,000	$ 21,600

	Business-Type Activities					
	Combination Tax and Revenue Certificates of Obligation		Combination Tax and Revenue Refunding Certificates of Obligation		General Obligation Refunding Bonds	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,660,000	$ 6,102,835	$ 492,000	$ 163,176	$ 25,000	$ 134,725
2027	2,295,000	5,904,006	370,000	146,600	330,000	125,850
2028	2,395,000	5,803,306	380,000	131,600	355,000	108,725
2029	2,510,000	5,690,994	565,000	112,700	375,000	90,475
2030	2,620,000	5,566,170	605,000	89,300	395,000	71,225
2031-2035	17,665,000	25,604,161	1,930,000	116,600	1,320,000	89,875
2036-2040	26,485,000	20,228,109	-	-	-	-
2041-2045	33,065,000	13,641,509	-	-	-	-
2046-2050	41,465,000	5,247,084	-	-	-	-
Total	$ 130,160,000	$ 93,788,174	$ 4,342,000	$ 759,976	$ 2,800,000	$ 620,875

	CDC					
Year Ending	Sales Tax Revenue Bonds		Sales Tax Notes Payable		Notes Payable	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 150,000	$ 86,013	$ 80,617	$ 104,871	$ 133,331	$ 100,950
2027	170,000	81,050	86,008	99,479	138,887	95,394
2028	190,000	75,390	91,760	93,728	144,819	89,462
2029	210,000	68,950	97,896	87,591	101,151	83,130
2030	235,000	61,730	104,443	81,044	107,911	76,370
2031-2035	905,000	178,515	636,808	290,630	597,723	287,607
2036-2040	275,000	27,675	539,258	63,578	785,314	110,460.00
Total	$ 2,135,000	$ 579,323	$ 1,636,790	$ 820,921	$ 2,009,136	$ 843,373

Total matured and unmatured bonds outstanding related to special assessment and special tax districts are $72,636,000 at September 30, 2025. The City acts as an agent for the property owners in collecting special assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, when appropriate, and are not an obligation of the City. The City is not liable for repayment of the special district bonds, and accordingly, they are not reflected in accompanying basic financial statements. Cash held on deposit and corresponding amounts payable for the districts are reported in the Public Improvement District Custodial Fund.

In fiscal year 2025, the City issued $82,275,000 of Combination Tax and Revenue Certificates of Obligation bonds, Series 2025 dated July 8, 2025 with a premium of approximately $2.4 million bearing an interest rate of 5.0%. The Bonds will be used for the purpose of i) constructing acquiring an equipping a new police station; ii) acquiring, constructing, installing, and equipping additions, improvements, extensions, and equipment for the City's sewer system, including the Hurricane Cree Regional Wastewater Treatment Plant and related infrastructure improvements, and the acquisition of land and interest in land as necessary therefor; and iii) legal, fiscal and engineering fees in connection with such projects.

In fiscal year 2025, the CDC refinanced its outstanding note. The new notes were issued in the form of two different series. $1,442,382 of Sales Tax Note, Series A was issued on September 12, 2025 bearing an interest rate of 5.15%. $916,754 of Sales Tax Note, Series B was issued on September 12, 2025 bearing an interest rate of 6.88%. The refinancing was to achieve debt savings, and the CDC also paid a lump sum payment of $500,000 on the Series B note to reduce the principal balance.

Financed Purchases

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

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

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

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

The assets acquired through financed purchases as of September 30, 2025 are as follows:

	Governmental Activities	Business-type Activities
Assets		
Fire apparatus	$ 485,068	$ -
Servers	250,000	-
Water meters	-	1,340,010
Sewer cleaner truck	-	441,360
Less: Accumulated depreciation	(430,682)	(1,042,947)
Total	$ 304,386	$ 738,423

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2025 are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2026	$ 114,933	$ 201,214
2027	114,933	201,214
2028	114,933	52,035
2029	-	52,035
2030	-	52,035
2031-2032	-	-
Total minimum future lease payments	344,799	558,533
Less:amount representing interest	(28,090)	(35,824)
Present value of minimum lease payments	$ 316,709	$ 522,709

Lease Liability

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

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

	Interest Rate	Lease Term in Years	Ending Balance
Governmental Activities			
Vehicles	Various	5	$ 1,734,985
Total Governmental Activities			$ 1,734,985
Business-Type Activities			
Vehicles	Various	5	$ 447,396
Total Business-Type Activities			$ 447,396

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

Year Ending September 30,	Governmental Activities	Business-type Activities
2026	$ 647,898	$ 164,396
2027	579,431	158,494
2028	460,077	128,919
2029	263,269	65,194
2030	50,203	-
Total minimum future lease payments	2,000,878	517,003
Less: amount representing interest	(265,893)	(69,607)
Present value of minimum lease payments	$ 1,734,985	$ 447,396

The value of the lease assets as of the end of the current fiscal year was $2,786,932 with accumulated amortization of $1,281,364 for the governmental activities, and $737,476 with accumulated amortization of $353,262 for the business-type activities.

Note 7. Interfund Balances and Activity

Interfund balances during the year were as follows:

Receivable Fund	Payable Fund	Amounts
General Fund	Nonmajor Governmental Funds	$ 141,650
Total		$ 141,650

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

Transfers between funds during the year were as follows:

Transfers Out	Transfers In	Amounts	Reason
General Fund	Capital Projects Fund	$ 3,925,000	Future infrastructure investments
PID Capital Projects Funds	Nonmajor Governmental Funds	208,739	PID fees earned during the year
Total		$ 4,133,739	

Note 8. Defined Benefit Pension Plan

Plan Description

The City and one of its component units participate as one of over 900 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

Benefits Provided

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

At retirement, the member’s benefit is calculated based on the sum of the member’s contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and with the actuarial constraints also in the statutes.

The plan provisions are adopted by City were as follows:

	2025
Employee deposit rate	7.00%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility	60/5, 0/20
(expressed as age/years of service)	100% Repeating
Updated service credit	Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	107
Active employees	187
Total	318

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.25% and 14.60% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $2,459,758, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Private Markets	4.0%	7.30%
Total	100.0%	

Discount Rate

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

Changes in Net Pension Liability

At September 30, 2025, the City reported the following changes in net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2023	$ 19,755,190	$ 17,228,640	2,526,550
Changes for the year:			
Service cost	2,962,866	-	2,962,866
Interest	1,423,984	-	1,423,984
Difference between expected and actual experience	187,129	-	187,129
Contributions - employer	-	2,081,894	(2,081,894)
Contributions - employee	-	1,022,685	(1,022,685)
Net investment income (loss)	-	1,812,646	(1,812,646)
Benefit payments, including refunds of employee contributions	(427,876)	(427,876)	-
Administrative expense	-	(11,530)	11,530
Other changes	-	(269)	269
Net changes	4,146,103	4,477,550	(331,447)
Balance at December 31, 2024	$ 23,901,293	$ 21,706,190	$ 2,195,103

At September 30, 2025, the component unit reported the following changes in net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2023	$ 551,795	$ 490,833	$ 60,962
Changes for the year:			
Service cost	71,489	-	71,489
Interest	34,358	-	34,358
Difference between expected and actual experience	4,515	-	4,515
Contributions - employer	-	50,233	(50,233)
Contributions - employee	-	24,676	(24,676)
Net investment income (loss)	-	43,736	(43,736)
Benefit payments, including refunds of employee contributions	(10,324)	(10,324)	-
Administrative expense	-	(278)	278
Other changes	-	(7)	7
Net changes	100,038	108,036	(7,998)
Balance at December 31, 2024	$ 651,833	$ 598,869	$ 52,964

Of the ending net pension liability balance, $2,195,103 and $52,964 was allocated to the primary government and the discretely presented component unit, Community Development Corporation, respectively.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

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

	1% Decrease in DIscount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability/(asset)	$ 6,756,922	$ 2,195,103	$ (1,422,590)
Component unit's net pension liability/(asset)	163,033	52,964	(34,325)
Total	$ 6,919,955	$ 2,248,067	$ (1,456,915)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2025, the City recognized pension expense of $2,400,937 and the component unit recognized pension expense of $57,931.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 572,505	$ 27,212
Changes in actuarial assumptions	19,456	-
Difference between projected and actual investment earnings	-	332,949
Contributions subsequent to the measurement date	1,792,708	-
Total	$ 2,384,669	$ 360,161

At September 30, 2025, the component unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 13,814	$ 657
Changes in actuarial assumptions	467	-
Difference between projected and actual investment earnings	-	8,033
Contributions subsequent to the measurement date	43,255	-
Total	$ 57,536	$ 8,690

$1,835,963 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Of the deferred outflows of resources total, $2,384,669 and $57,536 was allocated to the primary government and discretely presented component unit, respectively. Of the deferred inflows of resources total, $360,161 and $8,690 was allocated to the primary government and discretely presented component unit, respectively. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	City	Component Unit
2026	$ 155,652	$ 3,756
2027	253,221	6,110
2028	(133,775)	(3,228)
2029	(80,010)	(1,931)
2030	29,518	712
Thereafter	7,194	172
Total	$ 231,800	$ 5,591

Note 9. Other Postemployment Benefits Plan

Plan Description

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

Benefits Provided

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

Contributions

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

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	12
Active employees	187
Total	218

Accounting Policy

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

Actuarial Assumptions

Significant methods and assumptions used in the December 31, 2024 actuarial valuation are as follows:

Inflation	2.5% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.08% as of December 31, 2024 (3.77% as of December 31, 2023)
Retirees' share of benefit related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Rates - services retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period December 31, 2022.

Total OPEB Liability

The City and the discretely presented component unit, Community Development Corporation, total OPEB liability of $132,422 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date. The total OPEB liability and related information are as follows for the City and the component unit at September 30, 2025:

	Total OPEB Liability - City	Total OPEB Liability - Component Unit	Total
Balance at December 31, 2023	$ 120,426	$ 2,906	$ 123,332
Changes for the year:			
Service cost	18,992	459	19,451
Interest on Total OPEB Liability	4,870	118	4,988
Difference between expected and actual experience	(4,728)	(114)	(4,842)
Changes of assumptions or other inputs	(8,798)	(213)	(9,011)
Benefit payments	(1,460)	(36)	(1,496)
Net changes	8,876	214	9,090
Balance at December 31, 2024	$ 129,302	$ 3,120	$ 132,422

Of the ending total OPEB liability, $129,302 and $3,120 was allocated to the primary government and discretely presented component unit, respectively.

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

For the year ended September 30, 2025, the City recognized OPEB expense of $17,344 and the component unit recognized OPEB expense of $420.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,482	$ 28,637
Changes in actuarial assumptions and other inputs	23,484	52,700
Contributions made subsequent to the measurement date	13,508	-
Total	$ 41,474	$ 81,337

At September 30, 2025, the component unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 108	$ 691
Changes in actuarial assumptions and other inputs	567	1,272
Contributions made subsequent to the measurement date	326	-
Total	$ 1,001	$ 1,963

Benefit payments subsequent to the measurement date and before fiscal year-end of $13,834 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2026. Of the deferred outflows of resources total, $41,474 and $1,001 was allocated to the primary government and discretely presented component unit, respectively. Of the deferred inflows of resources total, $81,337 and $1,963 was allocated to the primary government and discretely presented component unit, respectively.

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

Fiscal Year	City	Component Unit
2026	$ (6,643)	$ (160)
2027	(6,898)	(166)
2028	(6,498)	(157)
2029	(10,129)	(244)
2030	(11,597)	(280)
Thereafter	(11,606)	(281)
Total	$ (53,371)	$ (1,288)

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1- percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

	1% Decrease (2.77)%	Discount Rate (3.77)%	1% Increase (4.77)%
City	$ 160,683	$ 129,302	$ 105,512
Component Unit	3,884	3,120	2,550
	$ 164,567	$ 132,422	$ 108,062

Note 10. Villages of Hurricane Creek Public Improvement District

On November 13, 2018, the City of Anna City Council approved Ordinance No. 2018-01-506 authorizing the creation of a Public Improvement District. The Hurricane Creek Public Improvement District consists of approximately 368.20 acres within the jurisdictions of the city. This district was created in accordance with Chapter 372.003 of the Texas Local Government Code, as amended.

On March 28, 2019 the City of Anna City Council approved the issuance and sale of two Special Assessment Revenue Bonds in the amounts of $7,735,000 and $3,535,000 known as Hurricane Creek Public Improvement District Improvement Area #1 Project and Hurricane Creeks Public Improvement District Improvement Major Improvement Area Project, respectively. These bonds were authorized in order to finance the projects benefiting the entire Hurricane Creek Public Improvement District including certain roadway, water, sewer, and drainage improvements.

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

Note 11. Sherley Tract Public Improvement District

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

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

Note 12. AnaCapri Public Improvement District

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

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

Note 13. The Woods at Lindsey Place Public Improvement District

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

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

Note 14. Meadow Vista Public Improvement District

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

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

Note 15. Risk Management

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

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Required Supplementary Information

THE CITY OF Anna

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City of Anna, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 13,093,602	$ 13,093,602	$ 12,936,501	$ (157,101)
Sales taxes	5,220,000	5,220,000	6,632,670	1,412,670
Charges for services	1,000,000	1,000,000	1,898,270	898,270
License and permits	4,757,000	4,757,000	4,514,425	(242,575)
Fines and forfeitures	400,000	400,000	566,224	166,224
Franchise and local taxes	1,030,000	1,030,000	1,537,055	507,055
Investment income	800,000	800,000	839,636	39,636
Other revenues	-	-	189,630	189,630
Intergovernmental	-	-	57,380	57,380
Contributions and donations	-	-	4,750	4,750
Total Revenues	26,300,602	26,300,602	29,176,541	2,875,939
Expenditures				
Current				
General government	6,770,349	6,770,349	7,433,148	(662,799)
Culture and recreation	2,135,046	2,135,046	2,809,671	(674,625)
Community services	706,174	706,174	1,343,904	(637,730)
Public safety	13,706,860	13,706,860	14,233,820	(526,960)
Public works	2,938,847	2,938,847	1,285,245	1,653,602
Debt service				
Principal	-	-	646,677	(646,677)
Interest and fiscal charges	-	-	149,443	(149,443)
Capital outlay	-	-	944,263	(944,263)
Total Expenditures	26,257,276	26,257,276	28,846,171	(2,588,895)
Excess (Deficiency) of Revenues Over (Under) Expenditures	43,326	43,326	330,370	287,044
Other Financing Sources (Uses)				
Transfers out	(800,000)	(800,000)	(3,925,000)	(3,125,000)
Issuance of leases and subscriptions	-	-	651,078	651,078
Proceeds from sale of capital assets	-	-	151,494	151,494
Total Other Financing Sources (Uses)	(800,000)	(800,000)	(3,122,428)	(2,322,428)
Net Change in Fund Balance	(756,674)	(756,674)	(2,792,058)	(2,035,384)
Beginning Fund Balance	17,681,023	17,681,023	17,681,023	-
Ending Fund Balance	$ 16,924,349	$ 16,924,349	$ 14,888,965	$ (2,035,384)

City of Anna, Texas
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios - TMRS
Last Ten Measurement Periods

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 3,034,355	$ 2,575,484	$ 2,179,066	$ 1,689,215	$ 1,282,488	$ 1,008,055	$ 860,365	$ 698,771	$ 608,067	$ 527,867
Interest	1,458,342	1,217,083	973,142	789,622	665,239	546,834	464,692	398,225	343,924	309,015
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	191,644	(41,017)	633,772	301,846	31,578	294,521	13,331	(9,109)	(60,518)	(110,141)
Change of assumptions	-	28,396	-	-	-	47,825	-	-	-	19,349
Benefit payments, including refunds of employee contributions	(438,200)	(432,148)	(308,348)	(305,245)	(374,666)	(185,961)	(204,657)	(163,326)	(101,394)	(109,637)
Net change in total pension liability	$ 4,246,141	$ 3,347,798	$ 3,477,632	$ 2,475,438	$ 1,604,639	$ 1,711,274	$ 1,133,731	$ 924,561	$ 790,079	$ 636,453
Total pension liability - beginning	$ 20,306,985	$ 16,959,187	$ 13,481,555	$ 11,006,117	$ 9,401,478	$ 7,690,204	$ 6,556,473	$ 5,631,912	$ 4,841,833	$ 4,205,380
Total Pension Liability - Ending (a)	$ 24,553,126	$ 20,306,985	$ 16,959,187	$ 13,481,555	$ 11,006,117	$ 9,401,478	$ 7,690,204	$ 6,556,473	$ 5,631,912	$ 4,841,833
Plan Fiduciary Net Position										
Contributions - employer	$ 2,132,127	$ 1,835,718	$ 1,497,200	$ 1,240,283	$ 927,155	$ 747,632	$ 618,080	$ 516,066	$ 442,230	$ 386,733
Contributions - employee	1,047,361	913,292	772,327	616,181	460,616	356,743	298,589	249,306	217,388	194,478
Net investment income (loss)	1,856,382	1,610,122	(938,459)	1,300,777	631,955	991,697	(175,951)	641,130	257,535	4,915
Benefit payments, including refunds of employee contributions	(438,200)	(432,148)	(308,348)	(305,245)	(374,666)	(185,961)	(204,657)	(163,326)	(101,394)	(109,637)
Administrative expense	(11,808)	(10,163)	(8,072)	(5,991)	(4,073)	(5,580)	(3,389)	(3,315)	(2,902)	(2,992)
Other	(276)	(71)	9,632	41	(158)	(168)	(176)	(169)	(156)	(148)
Net change in plan fiduciary net position	4,585,586	3,916,750	1,024,280	2,846,046	1,640,829	1,904,363	532,496	1,239,692	812,701	473,349
Plan fiduciary net position - beginning	17,719,473	13,802,723	12,778,443	9,932,397	8,291,568	6,387,205	5,854,709	4,615,017	3,802,316	3,328,967
Plan Fiduciary Net Position - Ending (b)	$ 22,305,059	$ 17,719,473	$ 13,802,723	$ 12,778,443	$ 9,932,397	$ 8,291,568	$ 6,387,205	$ 5,854,709	$ 4,615,017	$ 3,802,316
Net Pension Liability - Ending (a)-(b)	$ 2,248,067	$ 2,587,512	$ 3,156,464	$ 703,112	$ 1,073,720	$ 1,109,910	$ 1,302,999	$ 701,764	$ 1,016,895	$ 1,039,517
Plan fiduciary net position as a percentage of total pension liability	90.84%	87.26%	81.39%	94.78%	90.24%	88.19%	83.06%	89.30%	81.94%	78.53%
Covered payroll	$ 14,962,305	$ 13,047,032	$ 11,033,246	$ 8,802,581	$ 6,580,234	$ 5,096,334	$ 4,265,561	$ 3,561,515	$ 1,194,348	$ 2,778,260
Net Pension Liability as a Percentage of Covered Payroll	15.02%	19.83%	28.61%	7.99%	16.32%	21.78%	30.55%	19.70%	85.14%	37.42%

City of Anna, Texas
Required Supplementary Information
Schedule of Employer Contributions to Pension Plan - TMRS
Last Ten Fiscal Years

	2024	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 2,459,758	$ 2,030,652	$ 1,772,903	$ 1,434,265	$ 1,094,001	$ 906,255	$ 701,932	$ 592,188	$ 490,248	$ 444,631
Contributions in relation to the actuarially determined contribution	2,459,758	2,030,652	1,772,903	1,434,265	1,094,001	906,255	701,932	592,188	490,248	444,631
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 16,952,596	$ 14,297,097	$ 12,629,182	$ 10,388,515	$ 7,764,378	$ 6,373,692	$ 4,798,511	$ 4,086,822	$ 3,396,686	$ 3,140,567
Contributions as a percentage of covered payroll	14.51%	14.20%	14.04%	13.81%	14.09%	14.22%	14.63%	14.49%	14.43%	14.16%

[1]. GASB 68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

City of Anna, Texas
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios - TMRS
Last Eight Measurement Periods

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	$ 19,451	$ 18,266	$ 28,686	$ 24,647	$ 16,451	$ 9,173	$ 8,958	$ 6,767
Interest (on the Total OPEB Liability)	4,988	4,643	3,205	3,019	2,584	2,306	1,996	1,716
Change of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(4,842)	(10,576)	(15,859)	(10,814)	11,180	(964)	(3,622)	-
Changes in assumptions or other inputs	(9,011)	6,143	(68,636)	6,365	23,878	18,247	(5,341)	5,334
Benefit payments	(1,496)	(1,305)	(2,207)	(1,761)	(658)	(510)	-	-
Net change in total OPEB liability	9,090	17,171	(54,811)	21,456	53,435	28,252	1,991	13,817
Total OPEB liability - beginning	$ 123,332	$ 106,161	$ 160,972	$ 139,516	$ 86,081	$ 57,829	$ 55,838	$ 42,021
Total OPEB Liability - Ending [1]	$ 132,422	$ 123,332	$ 106,161	$ 160,972	$ 139,516	$ 86,081	$ 57,829	$ 55,838
Covered-employee payroll	$ 14,962,305	$ 13,047,032	$ 11,033,246	$ 8,802,581	$ 6,580,234	$ 5,096,334	$ 4,265,563	$ 3,561,515
Total OPEB liability as a percentage of covered-employee payroll	0.89%	0.95%	0.96%	1.83%	2.12%	1.69%	1.36%	1.57%

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

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

City of Anna, Texas
Required Supplementary Information
Schedule of OPEB Contributions - TMRS
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 20,838	$ 22,874	$ 1,592	$ 2,078	$ 7,636	$ 8,286	$ 6,238	$ 4,496
Contributions in relation to the actuarially determined contribution	20,838	22,874	1,592	2,078	7,636	8,286	6,238	4,496
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 16,952,596	$ 14,297,097	$ 12,629,182	$ 10,388,515	$ 7,764,378	$ 6,373,692	$ 4,798,511	$ 4,086,822
Contributions as a percentage of covered-employe payroll	0.12%	0.16%	0.01%	0.02%	0.10%	0.13%	0.13%	0.11%

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

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Combining and Individual Fund Financial Statements and Schedules

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Nonmajor Governmental Funds
Special Revenue Funds Descriptions

Roadway Impact Fee Service Area 1
Accounts for revenue and expenditures from developer impact fees for future strategic roadway improvements for service area 1.

Roadway Impact Fee Service Area 2
Accounts for revenue and expenditures from developer impact fees for future strategic roadway improvements for service area 2.

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

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

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

Grant Fund
Accounts for the proceeds and expenditures relating to all grants.

Road Capital Development Agreement Fund
Accounts for negotiated developer agreements for road and street impact fees.

Tax Increment Reinvestment Zone Numbers 2, 3, 4, 5, and 6
Accounts for financing resources to pay for infrastructure costs to facilitate the mixed-use development projects.

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

Other Special Revenue Fund
Accounts for all other miscellaneous restricted funds not described in other special revenue funds.

City of Anna, Texas
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2025

	Roadway Impact Fee SVC Area 1	Roadway Impact Fee SVC Area 2	State Police Seizure Fund	Fire Dept. Capital Impr. Fund	Park Development Fund
Assets					
Cash and cash equivalents	$ 8,073,161	$ 1,432,725	$ 16,469	$ 105,746	$ 4,246,949
Receivables, net	-	-	-	-	-
Prepaids	-	-	-	-	74,734
Restricted cash	-	-	-	-	-
Total Assets	$ 8,073,161	$ 1,432,725	$ 16,469	$ 105,746	$ 4,321,683
Liabilities					
Accounts payable and other liabilities	$ 191,278	$ 530,415	$ -	$ -	$ 113,870
Accrued salaries	-	-	-	-	4,914
Due to other funds	-	-	-	-	-
Total Liabilities	191,278	530,415	-	-	118,784
Fund Balances (Deficit)					
Nonspendable					
Prepaids	-	-	-	-	74,734
Restricted for					
Public safety	-	-	16,469	105,746	-
Capital projects	7,881,883	902,310	-	-	4,128,165
Unassigned	-	-	-	-	-
Total Fund Balances (Deficit)	7,881,883	902,310	16,469	105,746	4,202,899
Total Liabilities and Fund Balances (Deficit)	$ 8,073,161	$ 1,432,725	$ 16,469	$ 105,746	$ 4,321,683

Grant Fund	Road Capital Development Agreement Fund	TIRZ 2	TIRZ 3	TIRZ 4	TIRZ 5	TIRZ 6	PID Fee Fund
$ -	$ 3,303,455	$ -	$ -	$ -	$ -	$ -	$ 3,277,638
55,566	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	572,370	195,011	222,687	21,112	279,225	986,813
$ 55,566	$ 3,303,455	$ 572,370	$ 195,011	$ 222,687	$ 21,112	$ 279,225	$ 4,264,451
$ -	$ 2,820,543	$ -	$ -	$ -	$ -	$ -	$ 25,146
-	-	-	-	-	-	-	-
141,650	-	-	-	-	-	-	-
141,650	2,820,543	-	-	-	-	-	25,146
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	482,912	572,370	195,011	222,687	21,112	279,225	4,239,305
(86,084)	-	-	-	-	-	-	-
(86,084)	482,912	572,370	195,011	222,687	21,112	279,225	4,239,305
$ 55,566	$ 3,303,455	$ 572,370	$ 195,011	$ 222,687	$ 21,112	$ 279,225	$ 4,264,451

THE CITY OF Anna

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City of Anna, Texas
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2025

	Other Special Revenue Fund	Total Nonmajor Governmental Funds
Assets		
Cash and cash equivalents	$ 350,139	$ 20,806,282
Receivables, net	1,125	56,691
Prepaids	-	74,734
Restricted cash	-	2,277,218
Total Assets	$ 351,264	$ 23,214,925
Liabilities		
Accounts payable and other liabilities	$ -	$ 3,681,252
Accrued salaries	-	4,914
Due to other funds	-	141,650
Total Liabilities	-	3,827,816
Fund Balances (Deficit)		
Nonspendable		
Prepaids	-	74,734
Restricted for		
Public safety	351,264	473,479
Capital projects	-	18,924,980
Unassigned	-	(86,084)
Total Fund Balances (Deficit)	351,264	19,387,109
Total Liabilities and Fund Balances (Deficit)	$ 351,264	$ 23,214,925

City of Anna, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Roadway Impact Fee SVC Area 1	Roadway Impact Fee SVC Area 2	State Police Seizure Fund	Fire Dept. Capital Impr. Fund	Park Development Fund
Revenues					
Property taxes	$ -	$ -	$ -	$ -	$ -
Charges for services	2,546,559	1,186,571	-	17,200	1,626,602
Fines and forfeitures	-	-	-	-	-
Investment income (loss)	165,075	53,719	311	6,248	127,818
Other revenues	-	-	-	-	2,776
Intergovernmental	-	-	-	-	-
Total Revenues	2,711,634	1,240,290	311	23,448	1,757,196
Expenditures					
Current					
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	1,155,012
Public safety	-	-	500	15,690	-
Public works	196,213	424,512	-	-	-
Capital outlay	-	1,107,878	-	138,256	489,096
Total Expenditures	196,213	1,532,390	500	153,946	1,644,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,515,421	(292,100)	(189)	(130,498)	113,088
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Sale of general capital assets	-	-	-	-	24,800
Total Other Financing Sources (Uses)	-	-	-	-	24,800
Net Change in Fund Balances	2,515,421	(292,100)	(189)	(130,498)	137,888
Fund Balances (Deficit), Beginning of Year	5,366,462	1,194,410	16,658	236,244	4,065,011
Fund Balances (Deficit), End of Year	$ 7,881,883	$ 902,310	$ 16,469	$ 105,746	$ 4,202,899

Grant Fund	Road Capital Development Agreement Fund	TIRZ #2	TIRZ #3	TIRZ #4	TIRZ #5	TIRZ #6
$ -	$ -	$ 388,519	$ 128,996	$ 217,803	$ 5,654	$ 146,039
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(37,435)	87,814	-	-	-	-	-
-	-	-	-	-	-	-
51,173	-	-	-	-	-	-
13,738	87,814	388,519	128,996	217,803	5,654	146,039
5,000	-	-	-	-	-	-
-	-	-	-	-	-	-
1,222	-	-	-	-	-	-
36,934	-	246,560	135	9,438	-	-
-	-	-	-	-	-	-
43,156	-	246,560	135	9,438	-	-
(29,418)	87,814	141,959	128,861	208,365	5,654	146,039
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(29,418)	87,814	141,959	128,861	208,365	5,654	146,039
(56,666)	395,098	430,411	66,150	14,322	15,458	133,186
$ (86,084)	$ 482,912	$ 572,370	$ 195,011	$ 222,687	$ 21,112	$ 279,225

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City of Anna, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	PID Fee Fund	Other Special Revenue Fund	Total Nonmajor Governmental Funds
Revenues			
Property taxes	$ -	$ -	$ 887,011
Charges for services	-	-	5,376,932
Fines and forfeitures	-	15,140	15,140
Investment income (loss)	84,494	8,156	496,200
Other revenues	2,106,300	48,126	2,157,202
Intergovernmental	-	-	51,173
Total Revenues	2,190,794	71,422	8,983,658
Expenditures			
Current			
General government	51,745	3,258	60,003
Culture and recreation	-	-	1,155,012
Public safety	-	-	17,412
Public works	-	-	913,792
Capital outlay	-	-	1,735,230
Total Expenditures	51,745	3,258	3,881,449
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,139,049	68,164	5,102,209
Other Financing Sources (Uses)			
Transfers in	208,739	-	208,739
Sale of general capital assets	-	-	24,800
Total Other Financing Sources (Uses)	208,739	-	233,539
Net Change in Fund Balances	2,347,788	68,164	5,335,748
Fund Balances (Deficit), Beginning of Year	1,891,517	283,100	14,051,361
Fund Balances (Deficit), End of Year	$ 4,239,305	$ 351,264	$ 19,387,109

City of Anna, Texas
Balance Sheet - CDC
Community Development Corporation
September 30, 2025

		Anna Community Development Corporation
ASSETS		
Cash and cash equivalents	$	12,489,582
Receivables, net		602,900
Prepaid expenses		12,194
Total Assets	$	13,104,676
LIABILITIES		
Accounts payable	$	182,018
Accrued liabilities		10,171
Total Liabilities		192,189
FUND BALANCES		
Restricted for:		
Community Development		12,912,487
Total Fund Balances		12,912,487
Total Liabilities and Fund Balances	$	13,104,676

City of Anna, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position - CDC
Community Development Corporation
September 30, 2025

Total Fund Balance	$ 12,912,487
Amounts reported in the statement of net position are different because:	
Capital assets reported in the government-wide financials are not financial resources and, therefore, are not reported in the fund financial statements.	3,955,385
The following deferred outflows of resources and deferred inflows of resources are not reported in the fund financial statements:	
Deferred outflows of resources - OPEB	1,001
Deferred outflows of resources - pension	57,536
Deferred inflows of resources - OPEB	(1,963)
Deferred inflows of resources - pension	(8,690)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	
Long-term liabilities consist of:	
Sales tax revenue bonds	(2,135,000)
Notes payable	(2,009,136)
Sales tax notes payable	(1,636,790)
Compensated absences	(20,661)
Accrued interest payable	(34,027)
Total OPEB liability	(3,120)
Net pension liability	(52,964)
Total Net Position	$ 11,024,058

City of Anna, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balance - CDC
Community Development Corporation
For the Year Ended September 30, 2025

	Anna Community Development Corporation
Revenues	
Sales taxes	$ 3,979,602
Contributions	27
Investment income	596,854
Miscellaneous	16,950
Total Revenues	4,593,433
Expenditures	
Current:	
Community and economic development	1,515,497
Debt service:	
Principal retirement	917,329
Interest and fiscal charges	297,033
Total Expenditures	2,729,859
Excess of Revenues Over Expenditures	1,863,574
Other Financing Sources (Uses)	
Issuance of notes payable	2,359,136
Payment to escrow agent for refunded notes payable	(1,748,885)
Total Other Financing Sources	610,251
Change in Fund Balance	2,473,825
Fund Balance, Beginning of Year	10,438,662
Fund Balance, End of Year	$ 12,912,487

City of Anna, Texas
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities - CDC
Community Development Corporation
For the Year Ended September 30, 2025

Net Change in Fund Balance	$ 2,473,825
Amounts reported in the statement of activities are different because:	
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilties in the Statement of Net Position	
Principal payments on bonds and notes payable	917,329
Payment to escrow agent for refunded notes payable	1,748,885
Notes payable issued	(2,359,136)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the fund financial statements.	
Change in accrued interest payable	11,029
Change in compensated absences	(1,022)
Change in net pension liability and related deferred inflows and outflows	19
Change in total OPEB liability and related deferred inflows and outflows	(455)
Change in Net Position	$ 2,790,474

City of Anna, Texas
Balance Sheet - EDC
Economic Development Corporation
September 30, 2025

	Anna Economic Development Corporation
ASSETS	
Cash and cash equivalents	$ 6,529,599
Total Assets	$ 6,529,599
LIABILITIES	
Accounts payable	$ 8,749
Total Liabilities	8,749
FUND BALANCES	
Restricted for:	
Economic Development	6,520,850
Total Fund Balances	6,520,850
Total Liabilities and Fund Balances	$ 6,529,599

City of Anna, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position - EDC
Economic Development Corporation
September 30, 2025

Total Fund Balance	$ 6,520,850
Amounts reported in the statement of net position are different because:	
Capital assets used in and reflected in the government-wide financials are not financial resources and, therefore, are not reported in the fund financial statements.	141,792
Total Net Position	$ 6,662,642

City of Anna, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances - EDC
Economic Development Corporation
For the Year Ended September 30, 2025

	Anna Economic Development Corporation
Revenues	
Charges for services	$ 86,820
Investment income	299,210
Total Revenues	386,030
Expenditures	
Current:	
Community and economic development	18,737
Total Expenditures	18,737
Net Change in Fund Balance	367,293
Fund Balance, Beginning of Year	6,153,557
Fund Balance, End of Year	$ 6,520,850

City of Anna, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - EDC
Economic Development Corporation
For the Year Ended September 30, 2025

Net Change in Fund Balance	$	367,293
Amounts reported in the statement of activities are different because:		
Depreciation is not recognized as an expense in fund financial statements since it does not require the use of current financial resources.		(32,731)
Change in Net Position	$	334,562

City of Anna, Texas
Statement of Net Position - HFC
Housing Finance Corporation
September 30, 2025

	Anna Housing Finance Corporation
ASSETS	
Cash and cash equivalents	$ 693,642
Receivables, net	915
Capital assets:	
Non-depreciable	1,443,404
Total Assets	$ 2,137,961
LIABILITIES	
Accounts payable	$ 915
Total Liabilities	915
Deferred Inflows of Resources	
Deferred inflows - land lease	1,389,944
Total Deferred Inflows of Resources	1,389,944
NET POSITION	
Net investment in capital assets	1,443,404
Unrestricted	(696,302)
Total Net Position	747,102
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,137,961

City of Anna, Texas
Statement of Revenues, Expenses, and Changes in Net Position - HFC
Housing Finance Corporation
For the Year Ended September 30, 2025

	Anna Housing Finance Corporation
Operating Revenues	
Charges for services	$ 14,580
Investment income	30,926
Other revenues	30,300
Total Operating Revenues	75,806
Operating Expenses	
Community and economic development	8,271
Total Operating Expenses	8,271
Operating Income	67,535
Change in Net Position	67,535
Net Position, Beginning of Year	679,567
Net Position, End of Year	$ 747,102

City of Anna, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDC
Community Development Corporation
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales and use tax	$ 3,000,000	$ 3,000,000	$ 3,979,602	$ 979,602
Contributions	-	-	27	27
Investment earnings	40,000	40,000	596,854	556,854
Miscellaneous	-	-	16,950	16,950
Total Revenues	3,040,000	3,040,000	4,593,433	1,553,433
Expenditures				
Current:				
Community and economic development	2,280,400	2,280,400	1,515,497	764,903
Debt service:				
Principal retirement	367,329	367,329	917,329	(550,000)
Interest and fiscal charges	271,412	271,412	297,033	(25,621)
Capital outlay	525,000	525,000	-	525,000
Total Expenditures	3,444,141	3,444,141	2,729,859	714,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(404,141)	(404,141)	1,863,574	2,267,715
Other Financing Sources (Uses)				
Issuance of notes payable	-	-	2,359,136	2,359,136
Payment for refunded notes payable	-	-	(1,748,885)	(1,748,885)
Total Other Financing Sources (Uses)	-	-	610,251	610,251
Net Change in Fund Balance	(404,141)	(404,141)	2,473,825	2,877,966
Fund Balance, Beginning of Year	10,438,662	10,438,662	10,438,662	-
Fund Balance, End of Year	$ 10,034,521	$ 10,034,521	$ 12,912,487	$ 2,877,966

City of Anna, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - EDC
Economic Development Corporation
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	$ 78,120	$ 78,120	$ 86,820	$ 8,700
Investment income	150,000	150,000	299,210	149,210
Total Revenues	228,120	228,120	386,030	157,910
Expenditures				
Current:				
Community and economic development	524,800	524,800	18,737	506,063
Total Expenditures	524,800	524,800	18,737	506,063
Net Change in Fund Balance	(296,680)	(296,680)	367,293	663,973
Fund Balance, Beginning of Year	6,153,557	6,153,557	6,153,557	-
Fund Balance, End of Year	$ 5,856,877	$ 5,856,877	$ 6,520,850	$ 663,973

City of Anna, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 5,446,556	$ 5,446,556	$ 5,619,509	$ 172,953
Investment income	4,000	4,000	86,613	82,613
Total Revenues	5,450,556	5,450,556	5,706,122	255,566
Expenditures				
Debt service:				
Principal	1,574,000	1,574,000	1,574,000	-
Interest and fiscal charges	4,178,056	4,178,056	4,098,364	79,692
Total Expenditures	5,752,056	5,752,056	5,672,364	79,692
Net Change in Fund Balance	(301,500)	(301,500)	33,758	335,258
Fund Balances, Beginning of Year	455,746	455,746	455,746	-
Fund Balances, End of Year	$ 154,246	$ 154,246	$ 489,504	$ 335,258

City of Anna, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Grant Fund
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ -	$ -	$ 51,173	$ 51,173
Investment income (loss)	35,000	35,000	(37,435)	(72,435)
Total Revenues	35,000	35,000	13,738	(21,262)
Expenditures				
General government	-	-	5,000	(5,000)
Public safety	-	-	1,222	(1,222)
Public works	-	-	36,934	(36,934)
Capital outlay	2,357,871	2,357,871	-	2,357,871
Total Expenditures	2,357,871	2,357,871	43,156	2,314,715
Net Change in Fund Balance	(2,322,871)	(2,322,871)	(29,418)	2,293,453
Fund Balances (Deficit), Beginning of Year	(56,666)	(56,666)	(56,666)	-
Fund Balances (Deficit), End of Year	$ (2,379,537)	$ (2,379,537)	$ (86,084)	$ 2,293,453

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Certificates, assuming no material changes in facts or law.

CITY OF ANNA, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2026, DATED AUGUST 1, 2026,
IN THE AGGREGATE PRINCIPAL AMOUNT OF $52,015,000

AS BOND COUNSEL FOR THE ISUER (the “Issuer”) of the Certificates described above (the “Certificates”), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates and in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the “Ordinance”). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance and sale of the Certificates, including executed Certificate Number T-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued, and delivered in accordance with law; and that, except as may be limited by laws applicable to the Issuer relating to sovereign immunity of political subdivisions, bankruptcy, reorganization and other similar matters affecting creditors’ rights generally or by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from surplus revenues of the Issuer’s waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer’s revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the Issuer’s waterworks and sewer system, as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of and assessed valuation of taxable property within, and the sufficiency of the pledged revenues of, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

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Investment Banking Solutions