

**TOWN OF ANTHONY, TEXAS**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

## TABLE OF CONTENTS

	<u>Page</u>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	<b>i - vii</b>
<b>INDEPENDENT AUDITOR’S REPORT</b>	<b>1 - 3</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Statements of Net Position</b>	<b>4 - 5</b>
<b>Statements of Activities</b>	<b>6 - 7</b>
<b>Balance Sheets – Governmental Funds</b>	<b>8 - 9</b>
<b>Statements of Revenues, Expenditures, and Changes in Fund         Balances – Governmental Funds</b>	<b>10 - 11</b>
<b>Statement of Net Position – Proprietary Fund</b>	<b>12</b>
<b>Statement of Revenues, Expenses, and Changes in Fund         Net Position – Proprietary Funds</b>	<b>13</b>
<b>Statement of Cash Flows – Proprietary Fund</b>	<b>14</b>
<b>Statement of Net Position – Fiduciary Fund</b>	<b>15</b>
<b>Statement of Changes in Net Position – Fiduciary Fund</b>	<b>16</b>
<b>Notes to Financial Statement</b>	<b>17 - 46</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>Schedule of Revenues, Expenditures, and Changes in Fund         Balances- Budget and Actual – General Funds</b>	<b>47</b>
<b>Schedule of Revenues, Expenditures, and Changes in Fund         Balances- Budget and Actual – Proprietary Funds</b>	<b>48</b>
<b>Schedule of Changes in Net Pension Liability (Asset) and Related         Ratios – Texas Municipal Retirement System</b>	<b>49 - 50</b>
<b>Schedule of Employer Contributions – Texas Municipal         Retirement System</b>	<b>51</b>
<b>Notes to Required Supplementary Information</b>	<b>52</b>

## **TABLE OF CONTENTS (Continued)**

	<b><u>Page</u></b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards</b>	<b>53 - 54</b>
<b>Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance</b>	<b>55 - 57</b>
<b>Schedule of Expenditures of Federal Awards</b>	<b>58 - 59</b>
<b>Notes to Schedule of Expenditures of Federal Awards</b>	<b>60</b>
<b>Schedule of Findings and Questioned Costs and Responses</b>	<b>61 - 67</b>
<b>Summary Schedule of Prior Audit Findings</b>	<b>68 - 69</b>
<b>Corrective Action Plan- by Town of Anthony, Texas</b>	<b>Attachment A</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Anthony, Texas (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the year ended September 30, 2021. Please read it in conjunction with the Town's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

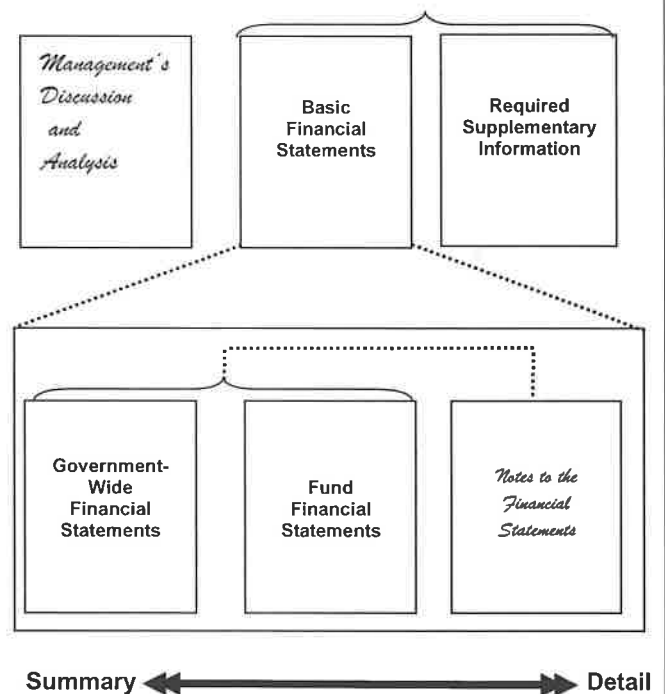
- The Town's total combined assets were \$16,640,529, \$15,170,755, and \$13,706,061 for the years ended September 30, 2021, 2020 and 2019.
- During the year, the Town's expenses were \$4,836,628, \$3,819,180, and \$4,792,640 for the years ended September 30, 2021, 2020 and 2019.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section); the *basic financial statements*; and, required *supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.
- The remaining statements include fund financial statements that focus on individual parts of the government, reporting the Town's operations in more detail than the government-wide statements.
- The governmental funds statements explain how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses.
- Fiduciary fund statements provide information about the financial relationships which the Town acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the Town's Annual Financial Report



**Figure A-2. Major Features of the Board**

			Fund Statements	
Type of Statements	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Town (except fiduciary funds) and the Agency's component units	The activities of the Town that are not proprietary or fiduciary	Activities the Town operates similar to private businesses: self insurance	Instances in which the Town is the trustee or agent for someone else's resources
Required financial statements	▪ Statement of net assets	Balance Sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures & changes in fund balances	Statement of revenues, expenses, and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### **Government-wide Statements**

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets – the difference between the Town's assets and liabilities.

The government-wide financial statements of the Town include the Governmental activities. Most of the Town's services are included, such as sales taxes, property taxes, licenses, and permits, grants, etc.

## 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** – Most of the Town’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending in subsequent year. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

**Proprietary funds** – The Town has one type of proprietary funds which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer fund.

## FINANCIAL ANALYSIS OF THE TOWN’S GOVERNMENT-TYPE ACTIVITIES

- **Total assets:** The Town’s combined total assets were \$8,660,506, \$7,666,275 and \$6,451,732 at September 30, 2021, 2020, and 2019 (Table A-1).

**Table A-1**  
**Town of Anthony, Texas’s Net Position**  
**Governmental Activities**

	September 30, 2021	September 30, 2020	September 30, 2019
Current and Other Assets	\$ 4,335,554	\$ 3,646,655	\$ 2,949,360
Capital and Non-Current Assets	4,324,952	4,019,620	3,502,372
<b>Total Assets</b>	<b>8,660,506</b>	<b>7,666,275</b>	<b>6,451,732</b>
<b>Total Deferred Outflows of Resources</b>	<b>61,707</b>	<b>90,503</b>	<b>116,645</b>
Current Liabilities	1,199,301	736,019	491,526
Long-Term Liabilities	1,901,916	2,163,987	2,491,714
<b>Total Liabilities</b>	<b>3,101,217</b>	<b>2,900,006</b>	<b>2,983,240</b>
<b>Total Deferred Inflows of Resources</b>	<b>99,561</b>	<b>127,615</b>	<b>81,434</b>
Investment in Capital Assets	-	-	-
Restricted	1,303,120	1,228,883	880,919
Unrestricted (deficit)	4,218,315	3,500,274	2,622,784
<b>Total Net Position</b>	<b>\$ 5,521,435</b>	<b>\$ 4,729,157</b>	<b>\$ 3,503,703</b>

**Changes in net position.** The Town's total revenues were \$3,906,839, \$3,600,315, and \$3,268,442 for the years ended September 30, 2021, 2020, and 2019. Majority of the Town's revenues were attributed to property and sales taxes. The total costs of all services were \$3,114,561, \$2,374,861, and \$3,050,101 for the years ending September 30, 2021, 2020, and 2019.

**Table A-2**  
**Town of Anthony, Texas's Statement of Activities**  
**Governmental Activities**

	September 30, 2021	September 30, 2020	September 30, 2019
<b>Revenues</b>			
Charges for services	\$ 647,344	\$ 722,476	\$ 748,869
Grants and contributions	774,379	676,912	398,789
Property and sales taxes	2,449,552	2,177,402	2,042,602
Transfers	-	-	-
Other	35,564	23,525	78,182
<b>Total Revenues</b>	3,906,839	3,600,315	3,268,442
<b>Expenses</b>			
General government	2,580,012	1,749,684	1,780,622
Public Safety	298,988	374,625	888,676
Streets	5,076	2,115	634
Culture and Recreation	44,865	27,655	47,197
Courts	133,847	161,493	274,832
Interest on debt	51,773	59,289	58,140
Other debt service	-	-	-
<b>Total Expenses</b>	3,114,561	2,374,861	3,050,101
<b>Change in Net Position</b>	792,278	1,225,454	218,341
<b>Net Position – Beginning</b>	4,729,157	3,503,703	2,025,262
<b>Prior Period Adjustment</b>	-	-	1,260,100
<b>Net Position – Ending</b>	\$ 5,521,435	\$ 4,729,157	\$ 3,503,703

## CONDENSED STATEMENT OF NET POSITION (BUSINESS-TYPE ACTIVITIES)

- **Total assets:** The Town's combined total assets were \$7,878,093, \$7,366,891, and \$7,081,666 at September 30, 2021, 2020 and 2019 (Table A-3).

**Table A-3**  
**Town of Anthony, Texas**  
**Business-Type Activities**

	<u>September 30,</u> <u>2021</u>	<u>September 30,</u> <u>2020</u>	<u>September 30,</u> <u>2019</u>
Current Assets	\$ 1,745,580	\$ 1,183,867	\$ 762,147
Capital Assets, net	6,132,513	6,183,024	6,319,519
<b>Total Assets</b>	<b>7,878,093</b>	<b>7,366,891</b>	<b>7,081,666</b>
 <b>Total Deferred Outflows of Resources</b>	 <b>40,223</b>	 <b>47,086</b>	 <b>56,018</b>
Current Liabilities	460,824	326,943	463,390
Long-Term Liabilities	2,941,624	3,077,191	3,266,168
<b>Total Liabilities</b>	<b>3,402,448</b>	<b>3,404,134</b>	<b>3,729,558</b>
 <b>Total Deferred Inflows of Resources</b>	 <b>29,356</b>	 <b>38,216</b>	 <b>27,383</b>
Investment in Capital Assets	3,087,311	2,996,745	2,979,972
Unrestricted (deficit)	1,399,201	974,882	400,771
<b>Total Net Position</b>	<b>\$ 4,486,512</b>	<b>\$ 3,971,627</b>	<b>\$ 3,380,743</b>



**Changes in net position.** The Town's total revenues were \$2,236,952, \$2,035,203, and \$1,766,460 for the years ended September 30, 2021, 2020, and 2019. Majority of the Town's revenues were attributed to water and sewer services provided. The total costs of all services were \$1,722,067, \$1,444,319, and \$1,742,539 for the years ending September 30, 2021, 2020, and 2019.

**Table A-4**  
**Town of Anthony, Texas's Statement of Activities**  
**Business-Type Activities**

	September 30, 2021	September 30, 2020	September 30, 2019
<b>Revenues</b>			
Charges for services	\$ 2,230,313	\$ 2,023,059	\$ 1,731,636
Other	6,639	12,144	34,824
Transfers	-	-	-
<b>Total Revenues</b>	<u>2,236,952</u>	<u>2,035,203</u>	<u>1,766,460</u>
<b>Expenses</b>			
Personnel costs	377,336	293,152	402,772
Depreciation	253,938	273,023	265,114
Public service fees	678,690	603,997	596,922
Other costs	412,103	274,147	477,731
<b>Total Expenses</b>	<u>1,722,067</u>	<u>1,444,319</u>	<u>1,742,539</u>
<b>Change in Net Position</b>	514,885	590,884	23,921
<b>Net Position – Beginning</b>	<u>3,971,627</u>	<u>3,380,743</u>	<u>3,356,822</u>
<b>Net Position – Ending</b>	<u>\$ 4,486,512</u>	<u>\$ 3,971,627</u>	<u>\$ 3,380,743</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town Council voted for the No-New-Revenue tax rate of .700000 for FY 2022. The tax rates will remain the same in revenues in FY 2022. The town is able to secure 20% from property taxes to be transferred to a Capital Improvement General Fund account to cover for street infrastructure needs. Water and Sewer rates will continue to raise in 2022 to help ensure that the water fund remains self-sufficient.

The Town applied for a grant with Texas Community Development Block Grant (TxCDBG) to assist in street improvements and Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program to assist the town's infrastructure.

The Town hired economic development consultants for a 900-acre proposed master plan development for the assessment of the location, surrounding developments, area initiatives, and key stakeholders.

## **CONTACTING TOWN OF ANTHONY, TEXAS' FINANCIAL MANAGEMENT.**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk at 401 Wildcat Dr., Anthony, Texas 79821.

RENE D. PEÑA, CPA

MELISA COTA GUEVARA, CPA

MEMBERS OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

4171 N. MESA, SUITE B100

EL PASO, TEXAS 79902-1498

PHONE: 915-542-1733 • FAX: 915-544-5440

email: cpa@cpael Paso.com

## **INDEPENDENT AUDITOR'S REPORT**

**To the Honorable Mayor and Members of the Town Council  
Town of Anthony, Texas**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and fiduciary fund information of the Town of Anthony, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Anthony, Texas's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the fiduciary fund information of the Town of Anthony, Texas, as of September 30, 2021 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.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the TMRS pension system information on pages i-vii and 47-52 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Anthony, Texas's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws. Regulations, contract, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Anthony, Texas' internal control over financial reporting and compliance.

*Reva Browner McDaniel & Co*

El Paso, Texas  
April 24, 2023

TOWN OF ANTHONY, TEXAS

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalent	\$ 3,590,465	\$ 2,112,894	\$ 5,703,359
Receivable, net of allowance			
Grants	144,094	-	144,094
Taxes	28,954	-	28,954
Charges for service	-	204,727	204,727
Due from other funds	572,041	(572,041)	-
Total current assets	<u>4,335,554</u>	<u>1,745,580</u>	<u>6,081,134</u>
Capital Assets			
Land	910,936	13,513	924,449
Other capital assets, net of accumulated depreciation	<u>3,414,016</u>	<u>6,119,000</u>	<u>9,533,016</u>
Total capital assets	<u>4,324,952</u>	<u>6,132,513</u>	<u>10,457,465</u>
Deferred outflows of resources			
pension, net	<u>61,707</u>	<u>40,223</u>	<u>101,930</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ <u>8,722,213</u></b>	<b>\$ <u>7,918,316</u></b>	<b>\$ <u>16,640,529</u></b>

See accompanying notes to financial statements and independent auditor's report.

TOWN OF ANTHONY, TEXAS

STATEMENT OF NET POSITION (Continued)  
SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 164,014	\$ 67,649	\$ 231,663
Deferred revenue	692,030	-	692,030
Wages and benefits payable	33,555	3,095	36,650
Customer deposits	-	242,191	242,191
Notes, leases and obligations, current	37,702	27,889	65,591
Bonds payable, current	272,000	120,000	392,000
Total current liabilities	<u>1,199,301</u>	<u>460,824</u>	<u>1,660,125</u>
Notes, leases, obligation, non-current	177,808	6,888	184,696
Bonds payable, non-current	1,541,000	2,876,912	4,417,912
Net pension liability	183,108	57,824	240,932
Total liabilities	<u>3,101,217</u>	<u>3,402,448</u>	<u>6,503,665</u>
Deferred inflows of resources			
pension, net	<u>99,561</u>	<u>29,356</u>	<u>128,917</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>3,200,778</u>	<u>3,431,804</u>	<u>6,632,582</u>
<b><u>NET POSITION</u></b>			
Investment in capital assets, net of related debt	-	3,087,311	3,087,311
Restricted for:			
Debt service	1,030,775	-	1,030,775
Program	272,345	-	272,345
Unrestricted	<u>4,218,315</u>	<u>1,399,201</u>	<u>5,617,516</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,521,435</u>	<u>\$ 4,486,512</u>	<u>\$ 10,007,947</u>

See accompanying notes to financial statements and independent auditor's report.

TOWN OF ANTHONY, TEXAS

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Program				Net (Expense) Revenue
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS					
Primary Government:					
Governmental Activities					
General government	\$ 2,580,012	\$ 67,738	\$ 262,614	\$ -	\$ (2,249,660)
Public safety	298,988	116,230	511,765	-	329,007
Streets	5,076	138,302	-	-	133,226
Culture and recreation	44,865	-	-	-	(44,865)
Court	133,847	325,074	-	-	191,227
Interest	51,773	-	-	-	(51,773)
Total governmental activities	3,114,561	647,344	774,379	-	(1,692,838)
Business-Type Activities:					
Water, sewer and garbage	1,722,067	2,236,952	-	-	514,885
Total business-type activities	1,722,067	2,236,952	-	-	514,885
Total primary government	\$ 4,836,628	\$ 2,884,296	\$ 774,379	\$ -	\$ (1,177,953)

See accompanying notes to financial statements and independent auditor's report.



TOWN OF ANTHONY, TEXASSTATEMENT OF ACTIVITIES (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in net Assets:			
Net (expense) revenue	\$ (1,692,838)	\$ 514,885	\$ (1,177,953)
General Revenues			
Taxes			
Property and occupancy taxes	1,519,227	-	1,519,227
Sales taxes	930,325	-	930,325
Interest and investment income	-	-	-
Other	35,564	-	35,564
Total general revenues	2,485,116	-	2,485,116
Changes in net position	792,278	514,885	1,307,163
Net position - Beginning of year	4,729,157	3,971,627	8,700,784
Net position - Ending of year	\$ 5,521,435	\$ 4,486,512	\$ 10,007,947

See accompanying notes to the financial statements and independent auditor's report.

TOWN OF ANTHONY, TEXAS

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 3,133,089	\$ 457,376	\$ 3,590,465
Receivables, net of allowance			
Grants	144,094	-	144,094
Taxes	33,836	(4,882)	28,954
Other assets	0	-	-
Due to water and sewer	394,889	177,152	572,041
Due from other funds	<u>(406,011)</u>	<u>406,011</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ 3,299,897</b>	<b>\$ 1,035,657</b>	<b>\$ 4,335,554</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 164,014	\$ -	\$ 164,014
Wages and benefits payable	33,555	-	33,555
Total liabilities	<u>197,569</u>	<u>-</u>	<u>197,569</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenue- property taxes	24,073	4,882	28,955
Unavailable revenue	<u>663,075</u>	<u>-</u>	<u>663,075</u>
Total deferred inflows of resources	<u>687,148</u>	<u>4,882</u>	<u>692,030</u>
<b><u>FUND EQUITY</u></b>			
Restricted for			
Programs	272,345	-	272,345
Capital projects	-	-	-
Debt service	-	1,030,775	1,030,775
Unassigned	<u>2,142,835</u>	<u>-</u>	<u>2,142,835</u>
Total fund equity	<u>2,415,180</u>	<u>1,030,775</u>	<u>3,445,955</u>
<b>TOTAL</b>	<b>\$ 3,299,897</b>	<b>\$ 1,035,657</b>	<b>\$ 4,335,554</b>

See accompanying notes to financial statements and independent auditor's report.

TOWN OF ANTHONY, TEXAS

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

---

**Reconciliation of Balance Sheet of Governmental Fund to the Statement of Net Position:**

**Amounts presented for governmental activities in the Statement of Net Position are different because:**

<b>Total Fund Balances - Governmental</b>	<b>3,445,955</b>
<b>Capital assets net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.</b>	<b>4,324,952</b>
<b>Long-term liabilities on bonds and notes payable are not due and payable in the current period and are not reported in the funds.</b>	<b>(2,028,510)</b>
<b>Long-term liability on net pension, net of the deferred outflows of resources of resources pension.</b>	<b><u>(220,962)</u></b>
<b>Net position of governmental activities</b>	<b><u>\$ 5,521,435</u></b>

TOWN OF ANTHONY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General	Debt Service	Total Governmental Funds
<b>REVENUES</b>			
Sales taxes	\$ 930,325	\$ -	\$ 930,325
Property and occupancy taxes	1,271,088	248,139	1,519,227
Fines and forfeits	325,074	-	325,074
Street rentals	138,302	-	138,302
Licenses and permits	67,738	-	67,738
Impound income	116,230	-	116,230
Grants	774,379	-	774,379
Issuance of debt	103,586	-	103,586
Miscellaneous	35,587	-	35,587
Total revenues	<u>3,762,309</u>	<u>248,139</u>	<u>4,010,448</u>
<b>EXPENDITURES</b>			
General government	2,192,080	-	2,192,080
Public safety	298,988	-	298,988
Streets	5,076	-	5,076
Culture and recreation	44,865	-	44,865
Court	133,847	-	133,847
Capital outlays	649,648	-	649,648
Principal retirements	69,124	239,000	308,124
Interest	41,109	10,664	51,773
Total expenditures	<u>3,434,737</u>	<u>249,664</u>	<u>3,684,401</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	327,572	(1,525)	326,047
<b>FUND BALANCES, Beginning</b>	<u>2,087,608</u>	<u>1,032,300</u>	<u>3,119,908</u>
<b>FUND BALANCES, Ending</b>	<u>\$ 2,415,180</u>	<u>\$ 1,030,775</u>	<u>\$ 3,445,955</u>

See accompanying notes to financial statements and independent auditor's report.

TOWN OF ANTHONY, TEXAS

**RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Total Governmental Funds</u>
Net change in fund balances- total governmental funds	\$ 326,047
Amounts reported governmental activities in the statement of activities are different	
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 expense. This is the amount by which net capital outlays of \$649,648 exceeded depreciation of (\$341,925) in the current year.	307,723
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayment or retirement of debt principal of \$308,124 exceeded issuing new debt (\$103,586).	204,538
The change in net pension liability from year to year that is recorded through the statement of activities and the amortization of the deferred outflow (inflow) of resources related to the pension liability in the current year is (\$46,030).	<u>(46,030)</u>
Change in net position of governmental activities	<u>\$ 792,278</u>

TOWN OF ANTHONY, TEXAS

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2021

	<u>2021</u>
<u>ASSETS</u>	
Current assets	
Cash and cash equivalent	\$ 2,112,894
Receivable, net of allowance	<u>204,727</u>
Total current assets	<u>2,317,621</u>
Capital Assets	
Land	13,513
Other capital assets, net of accumulated depreciation	<u>6,119,000</u>
Total capital assets	<u>6,132,513</u>
Deferred outflows of resources pension , net	<u>40,223</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 8,490,357</u></b>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 67,649
Wages and benefits payable	3,095
Due to other funds	572,041
Customer deposits	242,191
Notes payable, current	27,889
Bonds payable, current	<u>120,000</u>
Total current liabilities	1,032,865
Note payable, non-current	6,888
Bond payable, non-current	2,876,912
Net pension liability	57,824
Deferred inflows of resources pension, net	<u>29,356</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>4,003,845</u></b>
<u>NET POSITION</u>	
Investment in capital assets, net of related debt	3,087,311
Unrestricted net assets	<u>1,399,201</u>
<b>TOTAL NET POSITION</b>	<b><u>4,486,512</u></b>
<b>TOTAL</b>	<b><u>\$ 8,490,357</u></b>

See accompanying notes to financial statements and independent auditor's report.

TOWN OF ANTHONY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>2021</u>
<b>OPERATING REVENUES</b>	
Water fees	\$ 694,874
Sewer fees	720,512
Public service	788,436
Grants	26,491
Other	<u>6,639</u>
Total operating revenues	<u>2,236,952</u>
<b>OPERATING EXPENSES</b>	
Personnel costs	377,336
Repairs and maintenance	13,277
Depreciation and amortization	253,938
Electricity and telephone	91,732
Professional services	130,433
Public service fees	678,690
Interest expense	3,286
Operating supplies and other cost	<u>173,375</u>
Total operating expenses	<u>1,722,067</u>
<b>CHANGE IN NET POSITION</b>	514,885
<b>NET POSITION, Beginning</b>	<u>3,971,627</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 4,486,512</u></u>

See accompanying notes to financial statements and independent auditor's report.

TOWN OF ANTHONY, TEXAS

STATEMENT OF CASH FLOW  
 PROPRIETY FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 2,323,983
Cash payments to employees	(372,203)
Payments for interest	(3,286)
Payments for repairs and maintenance	(13,277)
Payments for electricity and telephone	(91,732)
Payments for professional services	(130,433)
Payments for operating supplies and other costs	(704,616)
Net cash provided by operating activities	<u>1,008,436</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>	
Purchase of capital assets	(203,425)
Issuance of new debt	-
Payment on debt	(141,079)
Net cash used in capital and related financing	<u>(344,504)</u>
<b>NET INCREASE IN CASH</b>	663,932
<b>CASH AND CASH EQUIVALENT, Beginning</b>	<u>1,448,962</u>
<b>CASH AND CASH EQUIVALENT, Ending</b>	<u>\$ 2,112,894</u>
<b>RECONCILIATION OF NET INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net income (loss)	\$ 514,885
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	253,938
(Increase) decrease in:	
Accounts receivable	14,751
Deferred outflows of resources pension	6,863
Increase (decrease) in:	
Accounts payable and accrued expenses	59,981
Due from other funds	87,468
Net pension liability	7,130
Customer deposits	72,280
Deferred inflows of resources pension	(8,860)
Net cash provided by operating activities	<u>\$ 1,008,436</u>

See accompanying notes to financial statements and independent auditor's review.



TOWN OF ANTHONY, TEXAS

STATEMENTS OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
SEPTEMBER 30, 2021

---

	Deferred Compensation Plan
	2021
<u>ASSETS</u>	
Investments, at fair value	\$ 465,649
Total Assets	\$ 465,649
<u>LIABILITIES</u>	
Accounts payable	\$ -
Total Liabilities	-
Net position, held in trust for pension benefits	\$ 465,649

See accompanying notes to financial statements and independent auditor's report.

TOWN OF ANTHONY, TEXAS

STATEMENTS OF CHANGES IN NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Deferred Compensation Plan
		2021
<u>ADDITIONS</u>		
Contributions	\$	22,537
Investment income		73,940
Total additions		96,477
<u>DEDUCTIONS</u>		
Benefits		2,000
Administrative expenses		448
Total deductions		2,448
Net increase (decrease)		94,029
Net position - Beginning of the year		371,620
Net position - End of the year	\$	465,649

See accompanying notes to financial statements and independent auditor's report.

**TOWN OF ANTHONY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Town of Anthony, Texas (the Town) is presented to assist in understanding the Town's financial statements. The financial statements and notes are representations of the Town's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as applicable to governments and have been consistently applied in the preparation of the financial statements.

The Town of Anthony, Texas, operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), streets, water and sewer, culture and recreation, public improvements, planning and zoning, and the general administrative services.

**Financial Reporting Entity**

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significant of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluations how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting in the financial reporting entity was made by applying criteria set forth in GASB Statement No. 80. Blended component units, although legally separate entities, are in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluations potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based on the application of these criteria, the Town has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole excluding fiduciary activity such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and the Town's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

**TOWN OF ANTHONY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements report uses this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

The governmental fund financial statements are reported using the current financial resources measurements 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, 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 capital leases are reported as other financing sources.

Property taxes, special assessments, sales taxes, and interests associated with the current fiscal period are all considered to be susceptible to accruals and so have been recognized as revenues of the current fiscal period. Expenditures-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenue. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Town facilities, etc. (b) program-specific operating grants, which includes revenues received from state and federal sources to be used in specified within each program and grant revenue, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used in capital projects (of which there are none). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**TOWN OF ANTHONY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement focus, basis of accounting, and financial statement presentation (Continued)**

Unavailable revenue from property taxes arises only under the modified accrual basis of accounting. The governmental funds report this unavailable revenue as a deferred inflow of resources and recognize revenue in the period that the amount becomes available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the Town to refund all or part of the unused amount.

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. The basis of accounting recognizes revenue in the accounting period in which they are earned and become measurable and express in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the fund Statement of Net Position. Net position is segregated into net investment in capital assets, restricted, and unrestricted.

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Town does not currently employ indirect cost allocation systems.

Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from nonoperation items. Operating revenues include activities that have the characteristics of an exchange transaction, such as (a) sales and services and (b) contracts and grants. Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as (a) investment income and (b) miscellaneous.

Operating expenses include activities that have the characteristics of an exchange transaction, such as (a) employee salaries, benefits, and related expenses; (b) utilities, supplies, and other services; (c) professional fees; (d) repairs and maintenance; (e) depreciation expenses related to Town capital assets and long-term debt. Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital assets-related debt that are defined as nonoperating expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**TOWN OF ANTHONY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement focus, basis of accounting, and financial statement presentation (Continued)**

The net position of the Town is reported in three categories: 1) invested in capital assets, net of related debt; 2) restricted; 3) unrestricted. Restricted net assets result from constraints placed on the use of net position when externally imposing creditors, grantors, laws, and regulations of other governments and/or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town is required to present certain governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following:

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those accounted for in another fund.

**Debt Service Fund** - The Debt Services Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Funds required to service current- year obligations are supplemented by the current-year earning transfers, not prior-year accumulated earnings.

**Capital Projects Fund** – The Capital Projects Fund is used to account for the accumulation of resources for, and payment of expenditures of, the clean water project.

The Town reports the following major proprietary fund:

**Water and Sewer Fund** – The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the stated intent of the governing body is that the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis be financed or recovered primarily through user charges. The Fund has been supplemented significantly by grants for capital improvements.

The Town reports the following fiduciary fund:

**Deferred Compensation Plan Fund** - The Deferred Compensation Plan Fund is used to account for assets held by the Town in a trustee for agency capacity.

**TOWN OF ANTHONY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of reporting cash flows, the Town considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**Interfund Receivables and Payables**

Interfund activity is reported as loans, services provided, reimbursement or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting funds and reduces its related cost a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts, the aging of the accounts receivable, historical experience, and other currently available evidence. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded as revenue when levied net of estimated refunds and uncollectible amounts.

**Property Taxes**

Property taxes are levied on October 1st in conformity with Texas Property Tax Code. Property taxes uncollected after February 1st are considered delinquent. The taxes as an enforceable lien on property as of January 31st of the next year to secure the payment of all taxes, penalties, and interest ultimately imposed. The City of El Paso Tax Assessor Collector collects property taxes for the Town. The Town is permitted by the Texas Property Code to levy taxes for general services, permanent improvements, water works, sewers, and roads, streets, and bridges. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.



**TOWN OF ANTHONY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

The Towns property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40-50
Infrastructure	5-40
Furniture, machinery, and equipment	3-30

**Deferred Revenue**

The Town received a grant from the U.S. Department of Treasury for Coronavirus State and Local Fiscal Recovery Funds. The grant term is from July 21, 2021 through December 24, 2024. The award is to be received through two payments. The first payment was received on August 24, 2021, for \$663,075 and there were no expenses incurred as of September 30, 2021. Therefore, the amount received was recorded as deferred revenue in accordance with GAAP standards.

**Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Town has and \$101,930 that are included in this classification for the year ended September 30, 2021.

**Deferred Inflow of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflow of Resources (Continued)

If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Town has \$128,917 that is included in this classification for the year ended September 30, 2021.

Accrued Expenses

Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through September 30, 2021, along with applicable related payroll taxes and benefits. The Town provides its employees compensated absences for annual leave and sick leave, however amounts earned but not used by the employee's anniversary date are lost and not eligible to be rolled over to the following year.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. For bonds issued after GASB 34 was implemented, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. For fund financial reporting, bond premiums and discounts are recognized in the period the bonds are issued. Bond proceeds are reported as other financing source, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Fund Balance

In the fund financial statements, governmental funds reported the following classifications of fund balance:

Non-spendable: includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted: includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: includes amounts that can be used only for the specific purpose by the Company's highest level of decision-making authority, the Board of Directors. Commitments may be changed or lifted only by the Town taking the same formal action that imposed the constraint originally.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

**Assigned:** includes amounts that are intended to be used for specific purposes, but which do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. For the Town, the Chief Executive Officer has the authority to assign amounts.

**Unassigned:** is the residual classification for the general fund and includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

The Town Council is the highest level of decision-making authority. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment or assignment is the approval of a motion by the council members. The motion must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

When multiple categories of Fund Balance are available for expenditure, the Town will use funds from the most restricted category first and then from the next category in the hierarchy of available funds. The Town does not have a formal minimum fund balance policy.

**Net Position:** Equity is classified as net position and displayed in three components:

- a. **Net investment in capital assets:** Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Position:** Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position:** Net position that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The Town is required by the Texas Constitution to adopt an annual balance budget. The Town officially adopts the annual budget ordinance and all project ordinances and has the authority to amend such ordinances. All budgets are prepared on the modified accrual basis of accounting as required by Texas Law.

Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net position asset or 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 have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Town's annual budget for the General Fund is prepared based on estimated expenditures provided on a unit basis summarized by program category. The budget for the General Fund is prepared on an accounting basis consistent with generally accepted accounting principles with certain adjustments to arrive at a budgetary basis. The budget is submitted to the Town Council and the budget must have the Council's approval. All annual appropriations lapse at the fiscal year end.

The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Funds presents comparisons of the legally adopted budget with actual data on a budgetary basis.

**TOWN OF ANTHONY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**3. DEPOSITS AND COLLATERAL**

**Custodial Credit Risk – Deposits** is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of September 30, 2021, the Town's bank balance was \$4,629,923, of which up to \$250,000 is insured by the Federal Depository Insurance Corporation (FDIC), \$5,000,000 is pledged with a letter of credit through Vantage Bank, and the remaining is covered by pledged securities through Vantage Bank.

**4. RECEIVABLES**

Receivables consist of the following at September 30, 2021:

	<u>Gross</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net</u>
<b>Governmental Activities</b>			
Taxes	\$ 57,908	\$ (28,954)	\$ 28,954
Grants	144,094	-	144,094
<b>Total Governmental Activities</b>	<u>\$ 202,002</u>	<u>\$ (28,954)</u>	<u>\$ 173,048</u>
<b>Business-Type Activities</b>			
Charges for services	\$ 205,804	\$ (1,077)	\$ 204,727
<b>Total Business-Type Activities</b>	<u>\$ 205,804</u>	<u>\$ (1,077)</u>	<u>\$ 204,727</u>

**5. INTERFUND BALANCES**

Interfund balances are the result of normal operations and are cleared out periodically. Management intends to pay out these balances as funds are available. Interfund balance at September 30, 2021 consisted of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<b>General Fund:</b>		
Capital Projects	\$ 394,889	\$ -
Debt Service	-	406,011
<b>Debt Service:</b>		
General Fund	406,011	-
Water & Sewer Fund	177,152	-
<b>Water &amp; Sewer Fund:</b>		
General Fund	-	394,889
Debt Service	-	177,152
<b>Total</b>	<u>\$ 978,052</u>	<u>\$ 978,052</u>

**TOWN OF ANTHONY, TEXAS**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**6. CAPITAL ASSETS**

A summary of changes in capital assets for governmental activities as of September 30, 2021 is listed as follows:

	Balance 10/1/20	Additions	Transfers/ Disposals	Balance 9/30/21
<b>Capital Assets, not depreciated</b>				
Land	\$ 910,936	\$ -	\$ -	\$ 910,936
Construction in Process	1,306,589	326,922	(316,248)	1,317,263
<b>Capital Assets, depreciated</b>				
Buildings	231,518	55,484	-	287,002
Equipment and furniture	669,352	52,066	(12,000)	709,418
Parks	950,710	-	-	950,710
SIB/Spur 6	399,383	-	-	399,383
Improvements	1,867,417	390,513	-	2,257,930
Police equipment	1,825,783	140,911	-	1,966,694
<b>Total Capital Assets</b>	<b>8,161,688</b>	<b>965,896</b>	<b>(328,248)</b>	<b>8,799,336</b>
<b>Less accumulated depreciation</b>				
Buildings	\$ 146,184	\$ 9,419	\$ -	\$ 155,603
Equipment and furniture	492,052	62,642	(12,000)	542,694
Parks	598,170	58,595	-	656,765
SIB/Spur 6	171,864	9,984	-	181,848
Improvements	1,255,047	83,525	-	1,338,572
Police equipment	1,479,898	119,004	-	1,598,902
<b>Total accumulated depreciation</b>	<b>4,143,215</b>	<b>343,169</b>	<b>(12,000)</b>	<b>4,474,384</b>
<b>Governmental Activities Capital</b>				
Assets, net	\$ 4,018,473	\$ 622,727	\$ (316,248)	\$ 4,324,952

Included in capital assets is \$399,383 from the Spur 6 Road Project. The Town participated in a joint construction project with the State of Texas of the construction of a road. The Town funded approximately \$400,000 of the total of approximately \$9 million; the rest was funded by the state. The \$399,383 has been capitalized as property on the Town's records, the state funding has not.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

6. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the function/programs of the governmental activities of the primary government as follows:

	<u>2021</u>
Governmental Activities:	
General government	\$ 83,619
Public Safety	119,004
Street	67,380
Culture and recreation	<u>73,166</u>
Total depreciation expense-governmental activities	<u>\$ 343,169</u>

A summary of changes in capital assets for the business-type activity at September 30, 2021:

	<u>Balance</u> <u>10/1/20</u>	<u>Additions</u>	<u>Transfers/</u> <u>Disposals</u>	<u>Balance</u> <u>9/30/21</u>
Capital Assets, not depreciated				
Land	\$ 13,513	\$ -	\$ -	\$ 13,513
Construction in progress	-	177,173	-	177,173
Capital Assets, depreciated				
Equipment	594,977	6,100	-	601,077
Water/sewer improvements	7,857,899	20,154	-	7,878,053
Water treatment plant	<u>3,883,663</u>	<u>-</u>	<u>-</u>	<u>3,883,663</u>
Total capital assets	<u>12,350,052</u>	<u>203,427</u>	<u>-</u>	<u>12,553,479</u>
Less accumulated depreciation				
Equipment	\$ 440,196	\$ 27,652	\$ -	\$ 467,848
Water/sewer improvements	5,338,467	148,613	-	5,487,080
Water treatment plant	<u>388,365</u>	<u>77,673</u>	<u>-</u>	<u>466,038</u>
Total accumulated depreciation	<u>6,167,028</u>	<u>253,938</u>	<u>-</u>	<u>6,420,966</u>
Business-Type capital assets, net	<u>\$ 6,183,024</u>	<u>\$ (50,511)</u>	<u>\$ -</u>	<u>\$ 6,132,513</u>

Depreciation expense for the year ended September 30, 2021 for the Water and Sewer fund was \$253,938.

TOWN OF ANTHONY, TEXASNOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

## 7. LONG TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2021:

	Balance 10/1/2020	Adjustment	Retired	Balance 9/30/2021	Due Within One Year
<i>Governmental Activities</i>					
<u>General obligation bonds</u>					
2012 General Obligation					
Refunding Bonds	\$ 867,000	\$ -	\$ 165,000	\$ 702,000	\$ 170,000
2014 Certification of Obligation	306,000	-	74,000	232,000	76,000
2016 Certification of Obligation	905,000	-	26,000	879,000	26,000
Total Bonds and Certificates of Obligation	2,078,000	-	265,000	1,813,000	272,000
<u>Note payable</u>					
Grant Repayment Agreement	155,048	-	19,116	135,932	12,744
Lease Purchase Agreement	-	103,586	24,008	79,578	24,958
Total Notes Payable	155,048	103,586	43,124	215,510	37,702
Total Governmental Activities	2,233,048	103,586	308,124	2,028,510	309,702
<i>Enterprise Activities</i>					
<u>General obligation bonds</u>					
2009 A General Obligation Bond	3,160,000	-	120,000	3,040,000	120,000
Unamortized Discount on 2009A Bond	(48,280)	-	(5,192)	(43,088)	(2,596)
Total General Obligation Bonds	3,111,720	-	114,808	2,996,912	117,404
<u>Note Payable</u>					
Public Property Finance Contract 2018	61,046	-	26,269	34,777	27,889
Total Notes Payable	61,046	-	26,269	34,777	27,889
Total Enterprise Activities	3,172,766	-	141,077	3,031,689	145,293
Total	\$ 5,405,814	\$ 103,586	\$ 449,201	\$ 5,060,199	\$ 454,995



TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

7. LONG TERM DEBT (Continued)

General Obligation Bonds

2009A Series General Obligation Bond

On December 11, 2009, the Town received \$3,927,344 of General Obligation Bonds, Series 2009A to be used in the clean water project. This is net of \$4,000,000 issued with a discount of \$72,656. As this is a non-interest-bearing tax-exempt obligation the discount is amortized as interest expense.

The annual requirements to service the 2009A Series General Obligation Bonds included in the Governmental Activities is as follows:

<u>Year ended</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 120,000	\$ 2,596	\$ 122,596
2023	145,000	2,596	147,596
2024	145,000	2,596	147,596
2025	145,000	2,596	147,596
2026	145,000	2,596	147,596
2027-2031	820,000	12,980	832,980
2032-2036	950,000	12,980	962,980
2037-2039	570,000	4,148	574,148
Total	<u>\$ 3,040,000</u>	<u>\$ 43,088</u>	<u>\$ 3,083,088</u>

2012 General Obligation Refunding Bonds

On September 18, 2012, the Town issued \$2,057,000 of General Obligation Refunding Bonds, Series 2012 with an average interest rate of 2.46% to refund \$2,009,000 of Series 2010 with an average interest rate of 6.25%. The net proceeds from the Series 2012 General Obligation Refunding Bonds were \$2,009,000; after payment of \$48,000 in cost of issuance, these proceeds and an additional \$8,103 were used to pay on September 18, 2012, full redemption price of, including principal and accumulated interest on the 2010 Series General Obligation Bonds. As a result, the 2010 Series Obligations were deceased and the liabilities for those obligations have been removed from the government wide statement of net position. The Town maintains an interest and sinking fund that is pledged as collateral against this bond.

TOWN OF ANTHONY, TEXASNOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

## 7. LONG TERM DEBT (Continued)

General Obligation Bonds (Continued)2012 General Obligation Refunding Bonds (Continued)

The annual requirements to service the 2012 Series General Obligation Refunding Bonds included in the Governmental Activities is as follows:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 170,000	\$ 17,270	\$ 187,270
2023	173,000	13,086	186,086
2024	177,000	8,832	185,832
2025	<u>182,000</u>	<u>4,478</u>	<u>186,478</u>
Total	<u>\$ 702,000</u>	<u>\$ 43,666</u>	<u>\$ 745,666</u>

2014 Series, Combination Tax Surplus Revenue Certificates of Obligation

On August 26, 2014, the Town received \$735,000 of Combination Tax Surplus Revenue Certificates of Obligation, Series 2014 to be used in the waterworks and sewer system, with an average interest rate of 1.275%. The net proceeds from this loan were \$679,157, net of \$55,843 of bond issuance costs. The certificate of obligation is secured by pledge of surplus revenues. The Town maintains an escrow account that is pledged as collateral until the principal and interest on the certificate has been paid.

The annual requirements to service the 2014 Series Combination Tax Surplus Revenue Certificates of Obligation included in the Governmental Activities is as follows:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 76,000	\$ 4,263	\$ 80,263
2023	77,000	2,672	79,672
2024	<u>79,000</u>	<u>916</u>	<u>79,916</u>
Total	<u>\$ 232,000</u>	<u>\$ 7,851</u>	<u>\$ 239,851</u>

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

7. LONG TERM DEBT (Continued)

General Obligation Bonds (Continued)

2016 Series Combination Tax and Surplus Revenue Certificate of Obligation

On January 19, 2017, the Town received \$980,000 of Combination Tax Surplus Revenue Certificates of Obligation, Series 2016 to be used in the waterworks and sewer system, with an average interest rate of 2.77%. The net proceeds from this loan were \$915,705, net of \$64,295 of bond issuance costs. The certificate of obligation is secured by pledge of surplus revenues. The Town maintains an escrow account that is pledged as collateral until the principal and interest on the certificate has been paid.

The annual requirements to service the 2016 Series Combination Tax and Surplus Revenue Certificates of Obligation included in the Governmental Activities is as follows:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 26,000	23,102	\$ 49,102
2023	26,000	22,689	48,689
2024	27,000	22,218	49,218
2025	27,000	21,694	48,694
2026	28,000	21,122	49,122
2027-2031	151,000	95,423	246,423
2031-2036	170,000	74,684	244,684
2037-2041	196,000	48,716	244,716
2042-2046	<u>228,000</u>	<u>17,422</u>	<u>245,422</u>
Total	<u>\$ 879,000</u>	<u>\$ 347,070</u>	<u>\$ 1,226,070</u>

The right to accelerate the debt is not permitted by for any of the certificates noted above.

Notes Payable

Grant Repayment Loan

During fiscal year 2011, it was determined that a grant requirement was not met and that a portion of this grant in the amount of \$254,876 would need to be repaid over a period of 20 years. This is an interest free loan; therefore, imputed interest was calculated with an effective interest rate of 4%.

**TOWN OF ANTHONY, TEXAS****NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021****7. LONG TERM DEBT (Continued)****Notes Payable (Continued)****Grant Repayment Loan (Continued)**

The Town's debt payments on the loan will be as follows:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 12,744	\$ -	\$ 12,744
2023	12,744	-	12,744
2024	12,744	-	12,744
2025	12,744	-	12,744
2026	12,744	-	12,744
2027-2031	63,720	-	63,720
2032	<u>8,492</u>	<u>-</u>	<u>8,492</u>
Total	<u>\$ 135,932</u>	<u>\$ -</u>	<u>\$ 135,932</u>

**Lease Equipment**

During fiscal year 2021, 2 trucks were leased for a total amount of \$103,586 and was financed through a payable. The Town's outstanding note from direct borrowings of \$79,578 principal amount to become immediately due if they default on loan payments. The note is payable monthly beginning October 2020 at 5.5% for 4 years.

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 24,958	\$ 4,084	\$ 29,042
2023	26,495	2,549	29,044
2024	<u>28,125</u>	<u>914</u>	<u>29,039</u>
Total	<u>\$ 79,578</u>	<u>\$ 7,547</u>	<u>\$ 87,125</u>

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

7. LONG TERM DEBT (Continued)

Notes Payable (Continued)

Public Property Finance Contract 2018

During fiscal year 2018, an asphalt zipper was purchased in the amount of \$125,680 and was financed through a note payable. There are no assets pledged as collateral for debt. The Town's outstanding note from direct borrowings of \$34,777 contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if they default on loan payments. The note is payable monthly beginning January 2018 at 6.0% for 5 years.

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 27,889	\$ 1,328	\$ 29,217
2023	<u>6,888</u>	<u>70</u>	<u>6,958</u>
Total	<u>\$ 34,777</u>	<u>\$ 1,398</u>	<u>\$ 36,175</u>

For the year ended September 30, 2021, the Town did not have any lines of credit.

8. OPERATING LEASES

The Town has an operating lease on a copier under a long-term operating lease. Future minimum payments under this operating lease are as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2022	\$ 5,100
2023	5,100
2024	5,100
2025	5,100
2026	<u>1,275</u>
Total	<u>\$ 21,675</u>

Rental expense for the year ended September 30, 2021, included in the Statement of Activities, totaled \$10,834, respectively, which included additional charges for excess copies.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

9. DEFERRED COMPENSATION PLAN

All full-time employees of the Town of Anthony may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code (IRC) Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). Under the plan, employees may elect to defer a portion of their salaries and defer taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of IRC Section 457, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Town subject only to the claims of the Town's general creditors. In addition, the participants in the plan have rights equal to his or her share of the market value of the plan assets. The Town believes that it is unlikely that plan assets will be needed to satisfy possible claims from general creditors.

As part of its fiduciary role, the Town has an obligation of due care in selecting the third-party administrator. In the opinion of the Town's legal counsel, the Town has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

10. EMPLOYEES' RETIREMENT PLANS

Plan Description

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

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

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

10. EMPLOYEES' RETIREMENT PLANS (Continued)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Pension benefits are provided to all of the Town's full-time employees, with the exception of firefighters. The matching ratio (Town to Employee) is 1-1 and a member is considered vested after 5 years of service. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employee Deposit Rate	Municipal Current Matching Ratio	Vesting Requirement	Service Retirement Eligibilities	Restricted Prior Service Credit	Supp. Death Benefits- Employees	Supp. Death Benefits- Reitees	Cont. Members
5%	1:01	5 Years	5 Yrs/Age 60, 20 Yrs/ Any age	12-05	X	X	36

Employees covered by benefit terms

At December 31, 2020 and 2019 valuation and measurement date, the following number of employees were covered by the benefit terms:

	2020	2019
Inactive employees or beneficiaries currently receiving benefits	9	9
Inactive employees entitled to but not yet receiving benefits	24	21
Active employees	31	35
Total	64	65

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

10. EMPLOYEES' RETIREMENT PLANS (Continued)

Contributions

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the town. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. This match is funded with monthly contributions by the participating municipality at an annual, actuarially determined rate. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. A municipality may elect to increase or reduce its matching ratio effective January 1 of a calendar year.

Employees for the Town of Anthony were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 3.01% and 3.34% in calendar years 2020 and 2019, respectively. The Town's contributions to TMRS for the years ended September 30, 2021 and 2020 was \$45,645 and \$36,039, respectively, and were equal to the required contributions.

Net Pension Liability

The Town's net pension liability was measured as of December 31, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions:



TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

10. EMPLOYEES' RETIREMENT PLANS (Continued)

Actuarial Assumptions (Continued)

	2020	2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years	26 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor	10 Year smoothed market; 12% soft corridor
Inflation	2.50%	2.50%
Salary Increases	3.50% to 11.5% including inflation.	3.50% to 11.5% including inflation.
Investment Rate of Return	6.75%	6.75%
Retirement Age	Experience-based table of rated that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study if the period 2014-2018. Post-retirement: 2019 Municipal Retirees of Texas Mortality tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.	Experience-based table of rated that are specific to the Town's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study if the period 2014-2018. Post-retirement: 2019 Municipal Retirees of Texas Mortality tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Mortality		

The actuarial assumptions used in the December 31, 2020 valuation was developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. It was adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The experience study in TMRS was for the period December 31, 2010 to December 31, 2014. Healthy post-retirement mortality rated, and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

TOWN OF ANTHONY, TEXASNOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

## 10. EMPLOYEES' RETIREMENT PLANS (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table as of December 31, 2020 and 2019:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	<u>100.00%</u>	

Discount Rate

The discount rate is used to measure the Total Pension Liability was 6.75% as of December 31, 2020 and 2019. The long-term municipal bond rate of 2% and 2.75% was incorporated in the discount rate and was based on the Fidelity 20-Year Municipal GO AA Index as of December 31, 2020 and 2019 as this is the weekly rate closest to but no later than the measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer 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 employees. 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.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

10. EMPLOYEES' RETIREMENT PLANS (Continued)

<u>Changes in Net Pension Liability/(Asset)</u>			
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Fiduciary Net Pension</u>	<u>Net Pension Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances as of December 31, 2019	\$ 1,599,990	\$ 1,333,179	\$ 266,811
Changes for the year:			
Service cost	88,540	-	88,540
Interest on total pension liability	108,154	-	108,154
Difference between expected and actual experience	(4,761)	-	(4,761)
Employer contributions	-	45,645	(45,645)
Employee contribution	-	71,592	(71,592)
Change in assumption	-	0	-
Benefit payments	(83,966)	(83,966)	-
Administrative expenses	-	(655)	655
Net investment income	-	101,255	(101,255)
Other	-	(25)	25
Balance as of December 31, 2020	<u>\$ 1,707,957</u>	<u>\$ 1,467,025</u>	<u>\$ 240,932</u>
Balances as of December 31, 2018	\$ 1,519,345	\$ 1,154,824	\$ 364,521
Changes for the year:			
Service cost	77,706	-	77,706
Interest on total pension liability	101,951	-	101,951
Difference between expected and actual experience	(6,129)	-	(6,129)
Employer contributions	-	36,039	(36,039)
Employee contribution	-	60,331	(60,331)
Change in assumption	2,743	-	2,743
Benefit payments	(95,626)	(95,626)	-
Administrative expenses	-	(1,009)	1,009
Net investment income	-	178,650	(178,650)
Other	-	(30)	30
Balance as of December 31, 2019	<u>\$ 1,599,990</u>	<u>\$ 1,333,179</u>	<u>\$ 266,811</u>

TOWN OF ANTHONY, TEXASNOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

## 10. EMPLOYEES' RETIREMENT PLANS (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.75%) in measuring the 2020 and 2019 Net Pension Liability.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
	2020		
Total net pension liability	\$ 482,789	\$ 240,932	\$ 41,581
	2019		
Total net pension liability	\$ 492,966	\$ 266,811	\$ 81,040

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 at [www.tmrs.com](http://www.tmrs.com).

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

At September 30, 2021, the Town reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 25,868	\$ 592
Changes in assumptions	-	6,679
Net difference between projected and actual earnings	83,867	45,792
Changes in proportionate share	19,182	19,182
Contributions made subsequent to measurement date	-	29,685
	\$ 128,917	\$ 101,930

TOWN OF ANTHONY, TEXASNOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

## 10. EMPLOYEES' RETIREMENT PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)

At September 30, 2020, the Town reported its deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 37,195	\$ 1,119
Changes in assumptions	-	14,703
Net difference between projected and actual earnings	109,454	68,687
Changes in proportionate share	19,182	19,182
Contributions made subsequent to measurement date	-	33,898
	<u>\$ 165,831</u>	<u>\$ 137,589</u>

The \$29,685 reported as deferred outflows of resources related to pensions resulting from contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase in net pension asset for the year ending September 30, 2021 . Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amount
2021	\$ (23,983)
2022	(5,168)
2023	(23,772)
2024	(3,358)
2025	(391)
Total	<u>\$ (56,672)</u>

For the year ended September 30, 2021, the Town recognized pension expense of \$37,390.

Payable to the Pension Plan

As of September 30, 2021 and 2020, the Town did not report a payable for an outstanding amount of contributions to the pension plan required for the year ended.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

11. FUND BALANCE

Fund balances in the governmental funds are classified as non-spendable, restricted, committed, assigned, and unassigned in accordance with GASB 54.

Non-spendable fund balance is in a form that is not able to be spent i.e., inventory and prepaid assets. The Town does not have a non-spendable balance as of September 30, 2021.

Restricted fund balances are amounts that are restricted to a specific purpose when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or law or regulations of other governments.

The following amounts are classified as restricted as of September 30, 2021:

	<u>2021</u>
Debt Service	\$ 1,030,775
Hotel/ Motel	<u>272,345</u>
Total	<u>\$ 1,303,120</u>

Committed funds are amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The Town's highest level of decision-making authority is the Town Council. Debt service fund balance in excess of that required to be held in interest and sinking is considered committed. There were no committed funds as of September 30, 2021.

Assigned funds are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The Mayor and the Town Clerk have the authority to assign amounts. Cash received from reimbursement grants are assigned by management to pay additional expenditures related to the grant. The Town had no assigned funds as of September 30, 2021.

Unassigned fund balance is the residual fund balance. Unassigned fund balance for governmental activities is \$2,143,835 as of September 30, 2021.

12. PROPERTY TAXES

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are assessed as of October 1, and may be paid in two installments, due January 31 and June 30. Property tax revenues are recognized when levied to the extent that they result in current receivables. As of September 30, 2021, all taxes received within sixty days of year end were considered by the Town to be collectible within the current period.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

**12. PROPERTY TAXES (Continued)**

Allowances for uncollectible taxes within the General Fund are based upon historical experience in collecting property taxes.

During 2021, the Town is permitted by the Texas Constitution to levy taxes up to \$1.50 per \$100 of assessed property valuation. The tax rate for the year ended September 30, 2021 was \$.710781 per \$100, which means that the Town has a tax margin of approximately \$0.79 per \$100 and could thus theoretically raise up to \$1,597,310 of additional tax revenue annually, based on the year ended September 30, 2021 assessed valuation of \$202,191,106 before this limit is reached.

**13. RISK MANAGEMENT**

The Town is exposed to various risks and loss related to torts, theft of, damage to, and destruction of assets, errors and omissions' injuries and natural disasters. The Town is a participant in an intergovernmental risk pool for its worker's compensation, liability, and property insurance. Participants in this pool are required to pay "premiums" on the insurance selected. Should a loss occur, the Town is liable only for the deductible. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage.

**14. HEALTH INSURANCE**

The Town offers health insurance to its full-time employees with an option to have payroll deductions for additional coverage for family members.

**15. RELATED PARTY TRANSACTIONS**

From time to time, the Town may enter into transactions with related parties through the normal course of business. If a Council member has a conflict of interest, proper documentation is completed, and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the 2020-2021 fiscal year.

**16. BUDGET OVERAGES**

As of September 30, 2021, the comparison between the budget and actual expenditures for the general fund was unfavorable in the amount of \$645,711 and favorable for the proprietary fund of \$156,133.

TOWN OF ANTHONY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

---

**17. CONTINGENCIES**

During the normal course of business, the Town is subject to various legal claims. As of September 30, 2021, management is not aware of any such claims which would have a material adverse effect on the financial statements, and therefore no liability was accrued at September 30, 2021.

The Town participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charges to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required.

**18. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 24, 2023, which is the date the financial statement was available to be issued. The Town was awarded the Coronavirus State and Local Fiscal Recovery Funds (ARPA) from the U.S. Department of Treasury in July 2021 of \$1,326,150.40. These funds are to be used to respond to public health emergency or its negative economic impacts, for workers performing essential work during Covid-19, for the provision of government services to the extent of the reduction in revenue due to the Covid 19 pandemic, or to make necessary investments in water, sewer, or broadband infrastructure. As of September 30, 2021, \$663,075 had been received and is recorded in deferred revenue; however, there were no expenditures charged against this grant.

In December 2019, a novel strain of a coronavirus (SARS-CoV-2) was reported to have surfaced in China. On March 11, 2020, the World Health Organization declared a global pandemic of the novel coronavirus and the disease it causes, coronavirus disease 2019 (COVID-19). Most of our services were under the government mandated closures. The spread of this virus has caused business disruptions to the Town. We are monitoring developments and following guidelines set by the Local, State and Federal Governments so we may continue to serve safely. However, the extent of the impact of the pandemic on the Town will depend on future developments, including the duration and spread of the outbreak and length and extent of guidance and requirements issued by governments; all of which are highly uncertain and cannot be predicated at the time.



## **REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF ANTHONY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2021**

	<b>FINAL BUDGET</b>	<b>ACTUAL (GAAP BASIS)</b>	<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES</b>			
Sales taxes	\$ 700,200	\$ 930,325	\$ 230,125
Property and occupancy taxes	1,375,523	1,271,088	(104,435)
Fines and forfeits	400,000	325,074	(74,926)
Street rentals	121,220	138,302	17,082
Licenses and permits	77,180	67,738	(9,442)
Impound Income	62,750	116,230	53,480
Grants	-	774,379	774,379
Issuance of debt	-	103,586	103,586
Miscellaneous	52,153	35,587	(16,566)
Total revenues	<u>2,789,026</u>	<u>3,762,309</u>	<u>973,283</u>
<b>EXPENDITURES</b>			
General government	2,433,301	2,910,852	(477,551)
Public safety	127,515	298,988	(171,473)
Streets	15,000	5,076	9,924
Culture and recreation	63,410	44,865	18,545
Court	149,800	133,847	15,953
Interest	-	41,109	(41,109)
Total expenditures	<u>2,789,026</u>	<u>3,434,737</u>	<u>(645,711)</u>
<b>EXCESS OF REVENUES</b>			
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 327,572</u>	<u>\$ 327,572</u>
<b>FUND BALANCES, Beginning</b>		<u>2,087,608</u>	
<b>FUND BALANCES, Ending</b>		<u>\$ 2,415,180</u>	

See accompanying notes to financial statements.

TOWN OF ANTHONY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - BUDGET AND ACTUAL - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE - FAVORABLE (UNFAVORABLE)
<b>OPERATING REVENUES</b>			
Water fees	\$ 612,700	\$ 694,874	\$ 82,174
Sewer fees	507,500	720,512	213,012
Public service	752,000	788,436	36,436
Grants	-	26,491	26,491
Other	6,000	6,639	639
Total operating revenues	<u>1,878,200</u>	<u>2,236,952</u>	<u>358,752</u>
<b>OPERATING EXPENSES</b>			
Personnel costs	413,359	377,336	36,023
Repairs and maintenance	20,000	13,277	6,723
Depreciation and amortization	-	253,938	(253,938)
Electricity and telephone	86,500	91,732	(5,232)
Professional services	111,875	130,433	(18,558)
Public service fees	600,000	678,690	(78,690)
Interest expense	2,500	3,286	(786)
Operating supplies and other cost	643,966	173,375	470,591
Total operating expenses	<u>1,878,200</u>	<u>1,722,067</u>	<u>156,133</u>
<b>EXCESS OF REVENUES</b>			
Excess (Deficiency) of revenues over (under) expenditures	\$ <u>-</u>	514,885	\$ <u>514,885</u>
<b>NET POSITION, Beginning</b>		<u>3,971,627</u>	
<b>NET POSITION, Ending</b>		<u>\$ 4,486,512</u>	

TOWN OF ANTHONY, TEXAS

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND  
RELATED RATIOS - TEXAS MUNICIPAL RETIREMENT SYSTEM  
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Texas Municipal Retirement System</u>		
	Plan Year Ended 12/31/20	Plan Year Ended 12/31/19	Plan Year Ended 12/31/18
<b>TOTAL PENSION LIABILITY</b>			
Service Cost	\$ 88,540	\$ 77,706	\$ 73,339
Interest (on the Total Pension Liability)	108,154	101,951	96,042
Difference between expected and actual experience	(4,761)	(6,129)	1,291
Changes in assumptions	-	2,743	-
Benefit payments, including refunds of employee contributions	<u>(83,966)</u>	<u>(95,626)</u>	<u>(75,007)</u>
Net change in total pension liability	107,967	80,645	95,665
Total pension liability - beginning	<u>1,599,990</u>	<u>1,519,345</u>	<u>1,423,680</u>
Total pension liability - ending	<u>1,707,957</u>	<u>1,599,990</u>	<u>1,519,345</u>
<b>PLAN FIDUCIARY NET POSITION</b>			
Employer contributions	45,645	36,039	34,937
Employee contributions	71,592	60,331	56,328
Net investment income	101,255	178,650	(35,200)
Benefit payments, including refunds of employee contributions	(83,966)	(95,626)	(75,007)
Administrative expenses	(655)	(1,009)	(680)
Other	<u>(25)</u>	<u>(30)</u>	<u>(35)</u>
Net change in plan fiduciary net position	133,846	178,355	(19,657)
Plan fiduciary net position - beginning	<u>1,333,179</u>	<u>1,154,824</u>	<u>1,174,481</u>
Plan fiduciary net position - ending	<u>1,467,025</u>	<u>1,333,179</u>	<u>1,154,824</u>
Net pension liability/(asset), ending	<u>\$ 240,932</u>	<u>\$ 266,811</u>	<u>\$ 364,521</u>
Plan fiduciary net position as a percentage of the total pension liability	85.89%	83.32%	76.01%
Covered - employee payroll	1,421,188	1,206,620	1,126,564
Net pension liability as a percentage of covered employee payroll	16.95%	22.11%	32.36%

GASB 68, paragraph 46 requires that the information on this schedule be presented for the Plan's measurement year (January 1 - December 31) as proposed to the Town's fiscal year.

In accordance with GASB 68, paragraph 138 - "The information for all periods for the 10 year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

TOWN OF ANTHONY, TEXAS

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND  
RELATED RATIOS - TEXAS MUNICIPAL RETIREMENT SYSTEM (Continued)  
YEAR ENDED SEPTEMBER 30, 2021

Plan Year Ended 12/31/17	Plan Year Ended 12/31/16	Plan Year Ended 12/31/15
\$ 79,100	\$ 79,620	\$ 79,549
91,360	89,094	81,884
(21,163)	(58,122)	(6,534)
-	-	50,032
(79,085)	(74,454)	(35,199)
70,212	36,138	169,732
1,353,468	1,317,330	1,147,598
1,423,680	1,353,468	1,317,330
38,002	34,352	36,511
61,034	62,010	64,049
140,667	62,934	1,276
(79,085)	(74,454)	(35,199)
(729)	(710)	(777)
(37)	(38)	(39)
159,852	84,094	65,821
1,014,629	930,535	864,714
1,174,481	1,014,629	930,535
\$ 249,199	\$ 338,839	\$ 386,795
82.50%	74.97%	70.64%
1,220,687	1,240,191	1,280,975
20.41%	27.32%	30.20%

TOWN OF ANTHONY, TEXAS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
YEAR ENDED SEPTEMBER 30, 2021**

	Fiscal Year Ending September 30,				
	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 45,645	\$ 44,762	\$ 38,463	\$ 36,914	\$ 36,982
Contributions in relation to the					\$ 36,511
actuarially determined contribution	45,645	44,762	38,463	36,914	36,982
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 1,421,188	\$ 1,387,648	\$ 1,367,684	\$ 1,239,287	\$ 1,222,222
Contributions as a percentage of					\$ 1,280,975
Covered payroll	3.21%	3.23%	2.81%	2.98%	3.03%
					2.85%

GASB 68, paragraph 46 requires that the information on this schedule be presented for the Town's fiscal year (October 1 - September 30).

In accordance with GASB 68, paragraph 138 - "The information for all periods for the 10 year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

TOWN OF ANTHONY, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2021

---

1. BUDGETARY INFORMATION

The Town of Anthony, Texas, adopts an annual operating budget that includes a complete financial plan for the fiscal year. A proposed budget is presented to the Town Council on or by September 30. The Town Council adopts the final budget by this date, after a series of public workshops and public hearings have been held. Once adopted, the budget can be amended, only after presented and approved by the Town Council.

Budgetary Basis of Accounting

The Town's budget is prepared on a modified accrual basis of accounting.

Departure from the Prescribed Guidelines

The following material departure from the prescribed guidelines exist for the budgetary comparison information:

The Final Budget includes only the general fund.

Excess (Deficiency) Expenditures Over Appropriations

The general fund earned excess revenue over appropriations, resulting in a net overall favorable variance of \$327,572 at September 30, 2021, when comparing revenues and expenditures to the final budget.

The proprietary fund earned excess revenue over appropriations for several functions resulting in a net overall favorable variance of \$514,885 at September 30, 2021, when comparing revenues and expenditures to the final budget.

2. CHANGES OF ASSUMPTIONS

The actuarial assumptions used for the total pension liability calculation as of December 31, 2021 did not change from December 31, 2020 with the exception of the remaining amortization period as noted on footnote number 10 on page 39.

## **SUPPLEMENTARY INFORMATION**



RENE D. PEÑA, CPA

MELISA COTA GUEVARA, CPA

MEMBERS OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

4171 N. MESA, SUITE B100

EL PASO, TEXAS 79902-1498

PHONE: 915-542-1733 • FAX: 915-544-5440

email: cpa@cpael Paso.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**To Mayor and Members of the Town Council  
Town of Anthony, Texas  
Anthony, Texas**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary fund information of Town of Anthony, Texas (the Town) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 24, 2023.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies, in internal control that we consider to material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Refer to 2021-001 and 2021-002.

A *significant deficiency* is deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as significant deficiencies. Refer to 2021-004.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-003, 2020-004, and 2020-005.

#### Town of Anthony, Texas's Response to Findings

The Town of Anthony, Texas's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

#### Purpose of this Report

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

*Rene Brunner McDaniel & Co*

April 24, 2023  
El Paso, TX

RENE D. PEÑA, CPA

MELISA COTA GUEVARA, CPA

MEMBERS OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

4171 N. MESA, SUITE B100

EL PASO, TEXAS 79902-1498

PHONE: 915-542-1733 • FAX: 915-544-5440

email: cpa@cpaelpaso.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**To Mayor and Members of the Town Council  
Town of Anthony, Texas  
Anthony, Texas**

**Report on Compliance for Each Major Federal Program**

We have audited Town of Anthony, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Anthony, Texas's major federal programs for the year ended September 30, 2021. Town of Anthony, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Town of Anthony, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Anthony, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Anthony, Texas's compliance.

### Opinion on Each Major Federal Program

In our opinion, Town of Anthony, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-005 and 2021-006. Our opinion on each major federal program is not modified with respect to these matters.

Town of Anthony, Texas's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Anthony, Texas's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control over Compliance

Management of Town of Anthony, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Anthony, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Anthony, Texas's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-005 and 2020-006, that we consider to be significant deficiencies.

Town of Anthony, Texas's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Anthony, Texas's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Rena Browner McDaniel & Co*

El Paso, Texas  
April 24, 2023

TOWN OF ANTHONY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2021**

	Assistance Listing Number	Pass-Through Grantors Award Number	Direct Awards	Pass-Through Awards	Total	Subrecipient Expenditures
<u>Executive Office of the President -</u>						
<u>Office of National Drug Control Policy</u>						
Direct Programs:						
High Intensity Drug Trafficking Areas Program	95.001	G19W00HA	\$ 34,118	\$ -	\$ 34,118	\$ -
High Intensity Drug Trafficking Areas Program	95.001	G20W00HA	50,080	-	50,080	-
Total Executive Office of the President			84,198	-	84,198	-
<u>Department of Housing and Urban Development</u>						
Pass-Through:						
Texas Department of Agriculture	14.228	7218001	-	124,901	124,901	-
Community Development Block Grant *	14.228	7219009	-	91,726	91,726	-
Community Development Block Grant *						
Total U.S. Department of Agriculture			-	216,627	216,627	-
<u>U.S. Department of Treasury</u>						
Pass-Through:						
County of El Paso	21.019	2020-0532	-	262,614	262,614	-
Coronavirus Relief Fund*						
Total U.S. Department of Treasury			-	262,614	262,614	-
<u>U.S. Department of Homeland Security</u>						
Pass-through:						
Texas Office of the Governor	97.067	3007305	-	33,099	33,099	-
Homeland Security Grant Program	97.067	3007306	-	57,929	57,929	-
Homeland Security Grant Program						
Total U.S. Department of Homeland Security			\$ -	\$ 91,028	\$ 91,028	\$ -

TOWN OF ANTHONY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Assistance Listing Number	Pass-Through Grantors Award Number	Direct Awards	Pass-Through Awards	Total	Subrecipient Expenditures
<u>U.S. Department of Justice</u>						
<u>Pass-through:</u>						
Texas Office of the Governor-Criminal Justice Division	16.034	4161301	\$ -	\$ 37,414	\$ 37,414	\$ -
Coronavirus Emergency Supplemental Funding			-	37,414	37,414	-
Total U.S. Department of Justice						
<u>Environmental Protection Agency</u>						
<u>Pass-through:</u>						
Texas Water Development Board						
Capitalization Grants for Drinking Water State	66.468	L1000269	-	232,000	232,000	-
Revolving Funds- ARRA			-	232,000	232,000	-
Total Environmental Protection			\$ 84,198	\$ 839,683	\$ 923,881	\$ -
<b>TOTAL FEDERAL AWARDS</b>						

\* Major Program

TOWN OF ANTHONY, TEXAS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2021**

---

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Anthony, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town has not elected to use the 10 percent minimum indirect cost rate allowed under the Uniform Guidance.

**3. CONTINGENCIES**

The entity had in effect for the fiscal year ended September 30, 2021, the following insurance coverage:

Automobile	\$ 1,000,000
Employment Practices	\$ 2,000,000
Errors and Omissions	\$ 2,000,000
General Liability	\$ 2,000,000



TOWN OF ANTHONY, TEXAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2021**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes        No

Significant deficiency(es) identified not considered to be material weaknesses?

  X   Yes        none reported

Noncompliance material to financial statements noted?

  X   Yes        No

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?

       Yes   X   No

Significant deficiency(es) identified not considered to be material weaknesses?

  X   Yes        none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

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

  X   Yes        No

Identification of major programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

14.228

Community Development Block Grant

21.019

Coronavirus Relief Fund

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

Town of Anthony, Texas qualified as a low-risk auditee        Yes   X   No

**TOWN OF ANTHONY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2021**

---

**Section II – Financial Statement Findings**

**Current Year**

**Finding 2021-001 – 2021-004**

**Prior Year**

**Findings 2020-001-2020-005**

**Section III – Findings and Questioned Costs for Federal Awards**

**Current Year**

**Finding 2021-005 and 2021-006**

**Prior Year Findings**

**Finding 2020-006 and 2020-007**

TOWN OF ANTHONY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2021

---

FINANCIAL STATEMENT FINDINGS

2021-001 (2020-001, 2019-001, 2018-001, 2017-001, 2016-002, 2015-002 and 2014-002)  
Internal Control over Financial Reporting – Reconciliations: Lack of accurate information in the Statement of Net Position and Statement of Activities (Material Weakness)

**Criteria:** The Town of Anthony, Texas, is required to maintain internal controls over financial reporting to provide a high level of assurance that the financial records are recorded properly and that related financial reports are presented properly. Materially accurate internal reports on budgetary, financial position and daily transactions should be prepared monthly and reconciled to the underlying support.

**Condition:** As noted in prior years, the Town did not reconcile all accounts and funds throughout the year and as such significant adjustments were required.

**Cause:** There has been turnover in the position of Town Clerk and Accountant and monthly reconciliation procedures have not been performed for all necessary account in a timely manner. In addition, the Town of Anthony, TX does not utilize a fund accounting software, because of this, different companies were set up in QuickBooks to accommodate different funds. The Town transition from a desktop version to an online version and because of this, the water and sewer fund was not transferred, and transactions were not recorded throughout the fiscal year. Additionally, the water and sewer billing software was not integrated into the accounting system and manual entries are required to record the activity. The support for cash, accounts receivable on water services and grants were not reconciled to the general ledger on a timely basis. No inventory nor list of property, plant and equipment was maintained or updated during the year. Certain liability accounts were not reconciled to the trial balance on a monthly basis.

**Effect:** The Town operated with inadequate controls over several aspects for the financial operations which resulted in general ledger accounts not being accurately reconciled throughout the year. The audit was delayed and numerous adjustments were required at year end. Whenever accurate monthly financial reports are not consistently prepared and presented, poor financial decisions and overspending can occur.

**Recommendation:** The Town should implement procedures and assign staff to prepare monthly reconciliations of all necessary general ledger accounts to supporting documentation to ensure that the data is correct and properly reported for all funds. Review and oversight of *accounting* matters should be maintained monthly to ensure adequate financial statements are prepared.

**Views of Responsible Officials and Planned Corrective Actions:** See Corrective Action Plan.

TOWN OF ANTHONY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2021

---

FINANCIAL STATEMENT FINDINGS (Continued)

2020-002 (2020-003, 2019-003, 2018-004, 2017-004) Internal Control over Journal Entries  
(Material Weakness)

Criteria: The Town is required to maintain internal controls over financial reporting to provide a high level of assurance that the financial records are recorded properly, and that adequate documentation is maintained to support all transactions recorded.

Condition: During the course of our audit, we noted several instances where large journal entries were processed and recorded in order to adjust the balance at year end to support or to remove old outstanding balances. In addition, journal entries are processed and recorded without proper documentation or approval and/or no supporting documentation at all.

Cause: The Town has not adopted procedures over recording journal entries.

Effect: The Town operated with inadequate controls over journal entries. As a result, inappropriate entries could have been posted to the general ledger.

Recommendation: We recommend the Town implement procedures for the review and approval of journal entries. The procedures should include proper maintaining of all supporting documentation for journal entries and management should ensure monthly reconciliation occur to prevent large adjustments at year end.

Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan.

TOWN OF ANTHONY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2021

---

FINANCIAL STATEMENT FINDINGS (Continued)

2021-003 (2020-004, 2019-006, 2018-007, 2017-008) State Compliance: Public Funds Investment Act

Criteria: The Town is required to comply with the Public Funds Investment Act, Government Code 2256.

Condition: The Town has not adopted an investment policy and as such, do not have a list of qualified brokers authorized to engage in investment transactions with the Town. The Town has not reviewed or adopted a list in FY 2020. Required training was not completed and quarterly investment reports were not presented to Council.

Cause: The funds subject to the Public Funds Investment Act relate to the money in escrow that the Town received from the Texas Water Development Board for the wastewater construction project. The Town has experienced turnover and current management was unaware that the Act applied to these funds.

Effect: The Town is not in compliance with the Public Funds Investment Act, Government Code 2256 and therefore, not fulfilling its fiduciary duty in its entirety.

Recommendation: We recommend the Town adopt a formal Investment policy and renew it annually. The policy should formally appoint the investment officer serving you. The policy should identify who reviews the Public Funds Investment Act in its entirety to ensure future compliance with the Act. The investment policy should list qualified brokers authorized to engage in investment transactions with the Town needs. The investment officer should prepare quarterly investment reports with all the required financial data and verification from authorized brokers that they have received, reviewed, and complied with the Town's investment policy.

Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan.

**TOWN OF ANTHONY, TEXAS**

**SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2021**

---

**FINANCIAL STATEMENT FINDINGS (Continued)**

**2021-004 (2020-005, 2019-007, 2018-008, 2017-009) Financial Statement Preparation:  
Internal Control over financial reporting– Significant Deficiency**

**Criteria:** Government Auditing Standards requires that a significant deficiency in internal controls be reported when an entity does not have the ability to report financial data in accordance with GAAP.

**Condition:** Like other entities with limited resources in its Finance Department, the Town relies on the external auditor to prepare the annual financial audit report. As a result of this, an internal financial statement was not timely prepared or reviewed by management.

**Cause:** The Town has had significant difficulties in retaining both a city administrator and chief accountant who have had the capacity to prepare and analyze financial reports. This problem is exacerbated due to the fact that the Towns budget and control of expenditures did not provide for adequate budget in this area.

**Effect:** The Government Auditing Standards Board believes this situation could result in a stronger possibility that misstatements of the financial statements may not be prevented or detected in a timely manner.

**Recommendation:** We recommend that the Town put in place the appropriate personnel who are capable of administering a financial budget and reporting the data correctly.

**Views of Responsible Officials and Planned Corrective Actions:** See Corrective Action Plan.

TOWN OF ANTHONY, TEXAS

SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2021

---

FINDINGS FOR FEDERAL AWARDS

2021-005 (2020-006, 2019-004, 2018-005, 2017-006) Grant Compliance

**Criteria:** For municipalities receiving funding from the Texas Water Development Board (TWDB), annual audited financial reports are required to be submitted within 180 days after year end.

**Condition:** The Town did not submit its 2021 annual audit financial report within the allocated time frame.

**Cause:** Due to turnover in personnel at the Town, the audit was not completed before the deadline.

**Effect:** The Town is not in compliance with the grant agreement with TWDB.

**Recommendation:** We recommend the Town hire the necessary personnel to oversee the finances of the Town to ensure compliance with reporting deadlines.

**Views of Responsible Officials and Planned Corrective Actions:** See Corrective Action Plan.

2021-006 (2020-007) Data Collection Form: Timely Submission - Significant Deficiency

**Criteria:** The OMB Circular A-133 and Uniform Guidance require entities who spend \$750,000 or more in federal awards to obtain a single audit and submit a data collection form either 30 days after receipt of the auditor's report or nine months after the end of the fiscal year, whichever comes first.

**Condition:** The Town has not submitted the data collection form within the specified deadline of June 30, 2022.

**Cause:** The Town has had significant difficulties in retaining both a Town Clerk and Accountant who have the capacity to prepare and analyze financial reports. This caused the audit to be delayed and therefore a late data collection form submission.

**Effect:** The Town is not in compliance with the OMB Circular A-133 and Uniform Guidance and therefore, the Town has the possibility of not being able to renew contracts in the future.

**Recommendation:** We recommend that the Town plan and coordinate a single audit prior to deadline to ensure timely submission of the data collection form.

**Views of Responsible Officials and Planned Corrective Actions:** See Corrective Action Plan.

**TOWN OF ANTHONY, TEXAS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

---

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

**2020-001, 2019-001, 2018-001, 2017-001, 2016-002, 2015-002 and 2014-002: Internal Control over Financial Reporting – Reconciliations: Lack of accurate information in the Statement of Net Position and Statement of Activities (Material Weakness)**

**Condition:** The Town did not reconcile all accounts and funds throughout the year and as such significant adjustments were required.

**Status:** This has not yet been resolved. See current year finding 2021-001

**2020-002, 2019-002, 2018-002, 2017-002: Internal Control over Cash Disbursements\_(Material Weakness)**

**Condition:** During the course of our audit, we noted numerous instances where disbursements were processed without proper documentation or approval and/or no supporting documentation.

**Status:** This has been resolved.

**2020-003, 2019-003, 2018-004, 2017-004: Internal Control over Journal Entries (Material Weakness)**

**Condition:** Several instances where large journal entries were processed and recorded in order to adjust the balance at year end to support or to remove old outstanding balances. In addition, journal entries are processed and recorded without proper documentation or approval and/or no supporting documentation at all.

**Status:** This has not yet been resolved. See current year finding 2021-002

**2020-004, 2019-006, 2018-007, 2017-008: State Compliance: Public Funds Investment Act**

**Condition:** The Town has not adopted an investment policy and as such, do not have a list of qualified brokers authorized to engage in investment transactions with the Town. The Town has not reviewed or adopted a list in FY 2019. Required training was not completed and quarterly investment reports were not presented to Council.

**Status:** This has not yet been resolved. See current year finding 2021-003.



**TOWN OF ANTHONY, TEXAS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

---

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS (Continued)**

**2020-005, 2019-007, 2018-008, 2017-009: Financial Statement Preparation: Internal Control over financial reporting-- Significant Deficiency**

**Condition:** Like other entities with limited resources in its Finance Department, the Town relies on the external auditor to prepare the annual financial audit report. As a result of this, an internal financial statement was not timely prepared or reviewed by management.

**Status:** This has not yet been resolved. See current year finding 2021-004.

**2020-006, 2019-004, 2018-005, 2017-006: Grant Compliance**

**Condition:** The Town did not submit its annual audit financial report within the allocated time frame.

**Status:** This has not yet been resolved. See current year finding 2021-005.

**2020-007 Data Collection Form: Timely Submission - Significant Deficiency**

**Condition:** The Town has not submitted the data collection form within the specified deadline of June 30, 2021.

**Status:** This has not yet been resolved. See current year finding 2021-006.

## **ATTACHMENT A**



HONORABLE MAYOR  
Benjamin C. Romero Jr

MAYOR PRO-TEM  
Eluterio F. Alfaro, Place # 4

TOWN CLERK  
Valerie M. Armendariz

#### TOWN COUNCIL

Jose G. Garcia, Place # 1

Shawn Weeks, Place #2

Soledad Flores, Place # 3

Eduardo Chavez, Place # 5

## TOWN OF ANTHONY, TEXAS

### SCHEDULE OF FINDINGS AND RESPONSES SEPTEMBER 30, 2021

#### FINANCIAL STATEMENT FINDINGS

**2021-001 (2020-001, 2019-001, 2018-001, 2017-001, 2016-002, 2015-002 and 2014-002) Internal Control over Financial Reporting – Reconciliations: Lack of accurate information in the Statement of Net Position and Statement of Activities (Material Weakness)**

**Criteria:** The Town of Anthony, Texas, is required to maintain internal controls over financial reporting to provide a high level of assurance that the financial records are recorded properly and that related financial reports are presented properly. Materially accurate internal reports on budgetary, financial position and daily transactions should be prepared monthly and reconciled to the underlying support.

**Condition:** As noted in prior years, the Town did not reconcile all accounts and funds throughout the year and as such significant adjustments were required.

**Cause:** There has been turnover in the position of Town Clerk and Accountant and monthly reconciliation procedures have not been performed for all necessary account in a timely manner. In addition, the Town of Anthony, TX does not utilize a fund accounting software, because of this, different companies were set up in QuickBooks to accommodate different funds. Additionally, the water and sewer billing software was not integrated into the accounting system and manual entries are required to record the activity. The support for cash, accounts receivable on water services and grants were not reconciled to the general ledger on a timely basis. No inventory nor list of property, plant and equipment was maintained or updated during the year. Certain liability accounts were not reconciled to the trial balance on a monthly basis.

**Effect:** The Town operated with inadequate controls over several aspects for the financial operations which resulted in general ledger accounts not being accurately reconciled throughout the year. The audit was delayed and numerous adjustments were required at year end. Whenever accurate monthly financial reports are not consistently prepared and presented, poor financial decisions and overspending can occur.

**Recommendation:** The Town should implement procedures and assign staff to prepare monthly reconciliations of all necessary general ledger accounts to supporting documentation to ensure that the data is correct and properly reported for all funds. Review and oversight of *accounting* matters should be maintained monthly to ensure adequate financial statements are prepared.

**Views of Responsible Officials and Planned Corrective Actions:** Town Clerk and Finance Department will begin implementation of a new accounting software in July 2023 that is compatible with all departments to streamline processes and better serve the citizens. The town needs a system that integrates accounting management for utility management, municipal court, permits, code and police department. Policies have been established to list expectations and procedures that are to be performed to ensure that completeness of reconciliations on a timely basis.



**HONORABLE MAYOR**  
Benjamin C. Romero Jr

**MAYOR PRO-TEM**  
Eluterio F. Alfaro, Place # 4

**TOWN CLERK**  
Valerie M. Armendariz

**TOWN COUNCIL**

Jose G. Garcia, Place # 1  
Shawn Weeks, Place #2  
Soledad Flores, Place # 3  
Eduardo Chavez, Place # 5

## **TOWN OF ANTHONY, TEXAS**

### **FINANCIAL STATEMENT FINDINGS (Continued)**

#### **2021-002 (2020-003, 2019-003, 2018-004, 2017-004) Internal Control over Journal Entries (Material Weakness)**

**Criteria:** The Town is required to maintain internal controls over financial reporting to provide a high level of assurance that the financial records are recorded properly, and that adequate documentation is maintained to support all transactions recorded.

**Condition:** During the course of our audit, we noted several instances where large journal entries were processed and recorded in order to adjust the balance at year end to support or to remove old outstanding balances. In addition, journal entries are processed and recorded without proper documentation or approval and/or no supporting documentation at all.

**Cause:** The Town has not adopted procedures over recording journal entries.

**Effect:** The Town operated with inadequate controls over journal entries. As a result, inappropriate entries could have been posted to the general ledger.

**Recommendation:** We recommend the Town implement procedures for the review and approval of journal entries. The procedures should include proper maintaining of all supporting documentation for journal entries and management should ensure monthly reconciliation occur to prevent large adjustments at year end.

**Views of Responsible Officials and Planned Corrective Actions:** The Town has been implementing the appropriate procedures and controls for methods including authorization, approval and review by assigning different personnel for checks & balances. There are more requirements when payment requests are being processed: purchase orders, quotes, receipts and signature of received products. There has been an increase in ACH or EFT payments to ensure payments are made on time and reviewed thoroughly, especially grants and large amounts.



**HONORABLE MAYOR**  
Benjamin C. Romero Jr

**MAYOR PRO-TEM**  
Eluterio F. Alfaro, Place # 4

**TOWN CLERK**  
Valerie M. Armendariz

**TOWN COUNCIL**

Jose G. Garcia, Place # 1

Shawn Weeks, Place #2

Soledad Flores, Place # 3

Eduardo Chavez, Place # 5

## **TOWN OF ANTHONY, TEXAS**

---

### **FINANCIAL STATEMENT FINDINGS (Continued)**

**2021-003 (2020-004, 2019-006, 2018-007, 2017-008) State Compliance: Public Funds Investment Act**

**Criteria:** The Town is required to comply with the Public Funds Investment Act, Government Code 2256.

**Condition:** The Town has not adopted an investment policy and as such, do not have a list of qualified brokers authorized to engage in investment transactions with the Town. The Town has not reviewed or adopted a list in FY 2020. Required training was not completed and quarterly investment reports were not presented to Council.

**Cause:** The funds subject to the Public Funds Investment Act relate to the money in escrow that the Town received from the Texas Water Development Board for the wastewater construction project. The Town has experienced turnover and current management was unaware that the Act applied to these funds.

**Effect:** The Town is not in compliance with the Public Funds Investment Act, Government Code 2256 and therefore, not fulfilling its fiduciary duty in its entirety.

**Recommendation:** We recommend the Town adopt a formal Investment policy and renew it annually. The policy should formally appoint the investment officer serving you. The policy should identify who reviews the Public Funds Investment Act in its entirety to ensure future compliance with the Act. The investment policy should list qualified brokers authorized to engage in investment transactions with the Town needs. The investment officer should prepare quarterly investment reports with all the required financial data and verification from authorized brokers that they have received, reviewed, and complied with the Town's investment policy.

**Views of Responsible Officials and Planned Corrective Actions:** The Town has adopted an investment policy and is effective as of May 9, 2022. The Town Clerk and Chief of Police have been designated the investment officers and have since attended training to ensure that the policy is following the Public Investment Act.



HONORABLE MAYOR  
Benjamin C. Romero Jr

MAYOR PRO-TEM  
Eluterio F. Alfaro, Place # 4

TOWN CLERK  
Valerie M. Armendariz

## TOWN COUNCIL

Jose G. Garcia, Place # 1  
Shawn Weeks, Place #2  
Soledad Flores, Place # 3  
Eduardo Chavez, Place # 5

## TOWN OF ANTHONY, TEXAS

---

### FINANCIAL STATEMENT FINDINGS (Continued)

#### 2021-004 (2020-005, 2019-007, 2018-008, 2017-009) Financial Statement Preparation: Internal Control over financial reporting– Significant Deficiency

**Criteria:** Government Auditing Standards requires that a significant deficiency in internal controls be reported when an entity does not have the ability to report financial data in accordance with GAAP.

**Condition:** Like other entities with limited resources in its Finance Department, the Town relies on the external auditor to prepare the annual financial audit report. As a result of this, an internal financial statement was not timely prepared or reviewed by management.

**Cause:** The Town has had significant difficulties in retaining both a city administrator and chief accountant who have had the capacity to prepare and analyze financial reports. This problem is exacerbated since the Town's budget and control of expenditures did not provide for adequate budget in this area.

**Effect:** The Government Auditing Standards Board believes this situation could result in a stronger possibility that misstatements of the financial statements may not be prevented or detected in a timely manner.

**Recommendation:** We recommend that the Town put in place the appropriate personnel who are capable of administering the financial budget and reporting the data correctly.

**Views of Responsible Officials and Planned Corrective Actions:** The Town has been approving additional training for Town Clerk and has hired an Accounting Manager and Accounting Clerk that is qualified. Financial reports are now being prepared timely and approved by Council.

### FINDINGS FOR FEDERAL AWARDS



**HONORABLE MAYOR**  
Benjamin C. Romero Jr

**MAYOR PRO-TEM**  
Eluterio F. Alfaro, Place # 4

**TOWN CLERK**  
Valerie M. Armendariz

**TOWN COUNCIL**

Jose G. Garcia, Place # 1  
Shawn Weeks, Place #2  
Soledad Flores, Place # 3  
Eduardo Chavez, Place # 5

## **TOWN OF ANTHONY, TEXAS**

---

### **2021-005 (2020-006, 2019-004, 2018-005, 2017-006) Grant Compliance**

**Criteria:** For municipalities receiving funding from the Texas Water Development Board (TWDB), annual audited financial reports are required to be submitted within 180 days after year end.

**Condition:** The Town did not submit its 2021 annual audit financial report within the allocated time frame.

**Cause:** Due to turnover in personnel at the Town, the audit was not completed before the deadline.

**Effect:** The Town is not in compliance with the grant agreement with TWDB.

**Recommendation:** We recommend the Town hire the necessary personnel to oversee the finances of the Town to ensure compliance with reporting deadlines.

**Views of Responsible Officials and Planned Corrective Actions:** The Town has hired an Accounting Manager and Accounting Clerk to help ensure compliance with such deadlines.

### **2021-006 (2020-007) Data Collection Form: Timely Submission - Significant Deficiency**

**Criteria:** The OMB Circular A-133 and Uniform Guidance require entities who spend \$750,000 or more in federal awards to obtain a single audit and submit a data collection form either 30 days after receipt of the auditor's report or nine months after the end of the fiscal year, whichever comes first.

**Condition:** The Town has not submitted the data collection form within the specified deadline of June 30, 2022.

**Cause:** The Town has had significant difficulties in retaining both a Town Clerk and Accountant who have the capacity to prepare and analyze financial reports. This caused the audit to be delayed and therefore a late data collection form submission.

**Effect:** The Town is not in compliance with the OMB Circular A-133 and Uniform Guidance and therefore, the Town has the possibility of not being able to renew contracts in the future.

**Recommendation:** We recommend that the Town plan and coordinate a single audit prior to deadline to ensure timely submission of the data collection form.

**Views of Responsible Officials and Planned Corrective Actions:** The Town has hired an Accounting Manager and Accounting Clerk to help ensure compliance with such deadlines and understands the importance of meeting the requirements.