

**CITY OF MANOR, TEXAS
ANNUAL FINANCIAL REPORT
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2021**

CITY OF MANOR, TEXAS

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CITY OF MANOR, TEXAS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Manor, 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 the aggregate remaining fund information of the City of Manor, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 from 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 auditors' 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 auditors consider 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 statements.

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

Opinion

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 aggregate remaining fund information of the City, 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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3-9, budgetary comparison information on page 49, schedule of changes in the City's net pension asset/liability and related ratios - last ten years on page 52-53, Texas Municipal Retirement System Last Ten Years schedule of funding progress on page 55, and Schedule of Changes in the City's Total OPEB Asset/Liability and Related Ratios on page 56-57 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City's internal control over financial reporting and compliance.



Austin, Texas
May 13, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021

This section of the City of Manor's (the City) annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2021. This discussion and analysis should be read in conjunction with the City's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.
- Governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- The financial statements also include notes to the financial statements explaining some of the information in the financial statements and provide more detailed data.
- The report also contains required supplementary information in addition to the basic financial statements themselves. This contains additional information about the City's General Fund budget and information about the City's pension plan.

FIGURE A-1
REQUIRED COMPONENTS OF THE
CITY'S ANNUAL FINANCIAL REPORT

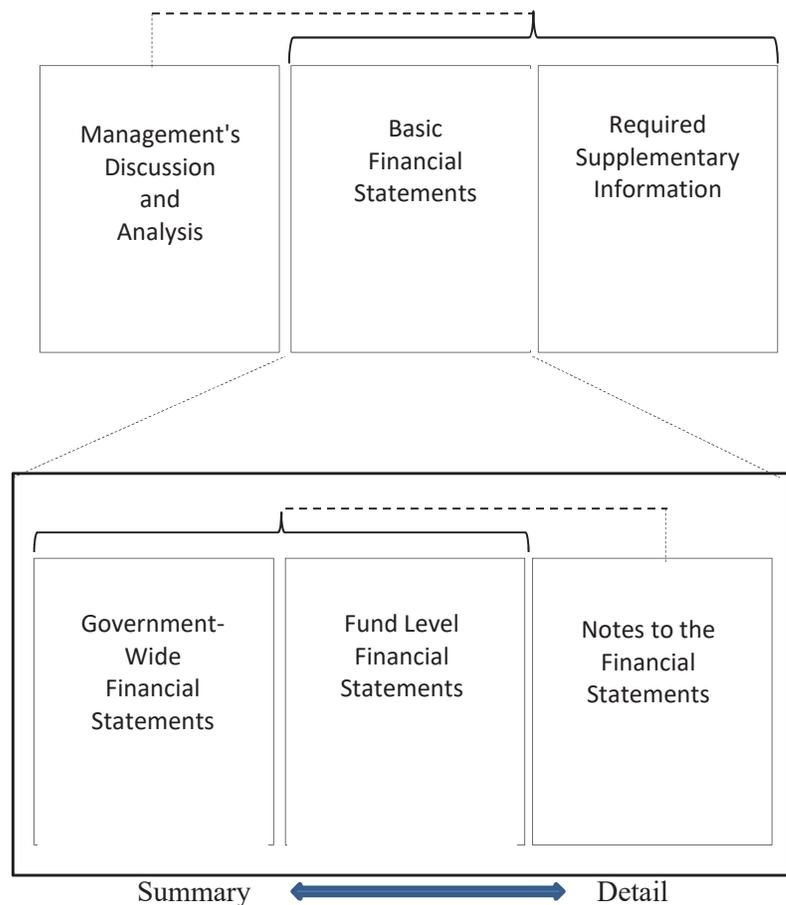


Figure A-1 shows how the parts of this annual report are arranged and related to one another.

The remainder of this overview explains the structure and contents of each of the statements.

CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021

Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector businesses. The statement of net position includes all of the government's assets and liabilities. In the statement of activities, all of the current year's revenues and expenses are accounted for regardless of when cash is received or paid, and all of the City's governmental activities and city services are combined and show how they are financed.

Both government-wide statements report the City's net position and how it has changed. Net position, the difference between the City's assets plus deferred outflows and liabilities plus deferred inflows, is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant (major) funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific revenue sources and spending for particular purposes.

All cities have at least one major fund:

- Governmental fund – The City'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. 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 City's programs. Because these funds do not encompass the additional long-term focus of the government-wide statements, additional information is provided following each fund statement that explains the relationship (or difference) between them.

Other common major funds:

- Some common funds are required by State law, such as the debt service fund, special revenues fund, and capital projects fund.
- Management may establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenue resources, such as special revenue, capital project, and grant funds.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the city government they cover, and the types of information they contain.

CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021

Figure A-2 - Major Features of the City's Government-Wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements		
	Government-Wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units.	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private business: utilities
<i>Required financial statements</i>	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures & Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses & Changes in Net Position Statement of Cash Flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year end; expenditures when goods or services have been received and payment is made during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

THE CITY AS A WHOLE (GOVERNMENT-WIDE)

FINANCIAL HIGHLIGHTS

- The City's total combined net position was \$45,145,273 at September 30, 2021 (See Figure A-3).
- Current year activity resulted in an increase in the City's net position by \$7,589,192 (See Figure A-4).

**CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021**

**Figure A-3
City's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets	\$ 15,298,633	\$ 8,984,784	\$ 18,843,448	\$ 20,065,460	\$ 34,142,081	\$ 29,050,244
Noncurrent assets	7,250,172	7,254,759	30,168,254	26,745,497	37,418,426	34,000,256
Total assets	<u>22,548,805</u>	<u>16,239,543</u>	<u>49,011,702</u>	<u>46,810,957</u>	<u>71,560,507</u>	<u>63,050,500</u>
Deferred outflows	493,788	608,830	33,376	47,713	527,164	656,543
Liabilities:						
Current liabilities	4,882,960	2,259,064	1,073,139	977,163	5,956,099	3,236,227
Long-term liabilities	6,119,170	7,160,736	14,616,566	15,464,343	20,735,736	22,625,079
Total liabilities	<u>11,002,130</u>	<u>9,419,800</u>	<u>15,689,705</u>	<u>16,441,506</u>	<u>26,691,835</u>	<u>25,861,306</u>
Deferred inflows	214,632	249,958	35,931	39,698	250,563	289,656
Net position:						
Investment in capital assets	1,022,634	306,600	15,739,104	12,531,966	16,761,738	12,838,566
Restricted	1,148,411	1,084,655	9,624,743	12,105,988	10,773,154	13,190,643
Unrestricted	9,654,786	5,787,360	7,955,595	5,739,512	17,610,381	11,526,872
Total net position	<u>\$ 11,825,831</u>	<u>\$ 7,178,615</u>	<u>\$ 33,319,442</u>	<u>\$ 30,377,466</u>	<u>\$ 45,145,273</u>	<u>\$ 37,556,081</u>

**CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021**

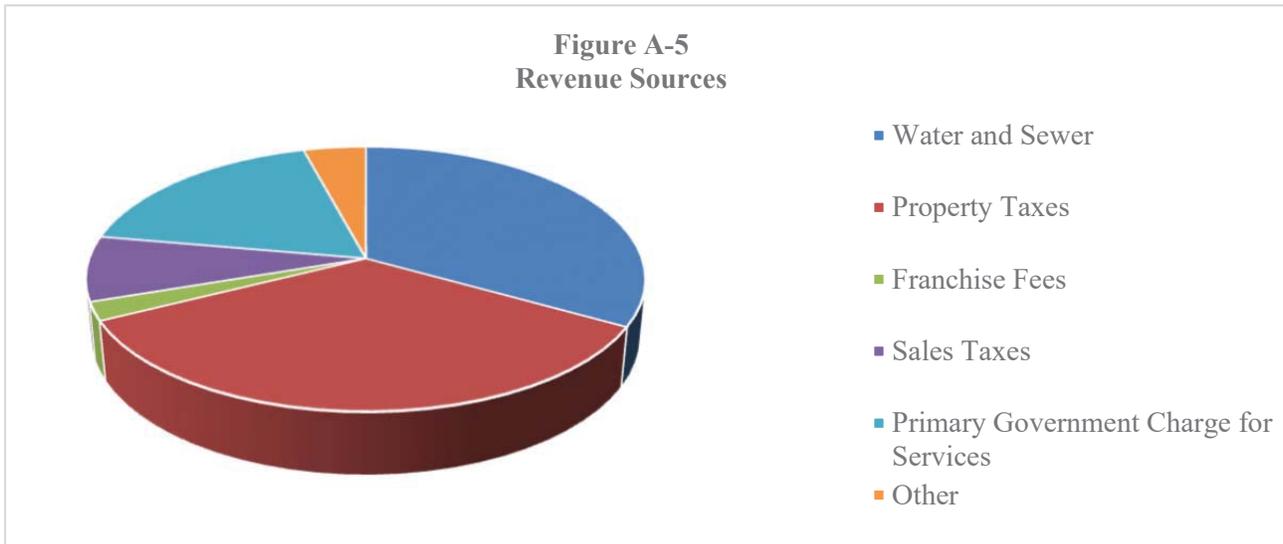
**Figure A-4
Changes in City Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 4,549,820	\$ 5,151,248	\$ 8,351,432	\$ 8,499,391	\$ 12,901,252	\$ 13,650,639
General revenues:						
Taxes	11,299,434	10,138,602	-	-	11,299,434	10,138,602
Interest income	119,990	227,438	875	104,276	120,865	331,714
Other	869,065	316,838	-	-	869,065	316,838
Total revenues	16,838,309	15,834,126	8,352,307	8,603,667	25,190,616	24,437,793
Expenses:						
General government	3,221,827	2,992,245	-	-	3,221,827	2,992,245
Public safety	3,937,397	3,935,964	-	-	3,937,397	3,935,964
Streets	1,187,460	1,138,597	-	-	1,187,460	1,138,597
Municipal court	426,846	574,719	-	-	426,846	574,719
Development services	1,155,364	770,131	-	-	1,155,364	770,131
Sanitation	1,180,105	1,119,795	-	-	1,180,105	1,119,795
Interest and fiscal charges	171,931	189,899	395,821	389,601	567,752	579,500
Water and sewer	-	-	5,924,673	5,757,132	5,924,673	5,757,132
Total expenses	11,280,930	10,721,350	6,320,494	6,146,733	17,601,424	16,868,083
Revenues over(under) expenses	5,557,379	5,112,776	2,031,813	2,456,934	7,589,192	7,569,710
Transfers	(910,163)	(1,177,242)	910,163	1,177,242	-	-
Change in net position	4,647,216	3,935,534	2,941,976	3,634,176	7,589,192	7,569,710
Beginning net position	7,178,615	3,243,081	30,377,466	26,743,290	37,556,081	29,986,371
Ending net position	\$ 11,825,831	\$ 7,178,615	\$ 33,319,442	\$ 30,377,466	\$ 45,145,273	\$ 37,556,081

CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021

CITY REVENUES

The majority of the City's revenue is generated from charges for water and sewer services (33%), property taxes (34%), and primary government charges for services (18%). The remaining is obtained from the grants, contributions, sales taxes, franchise fees, court fees, and other sources (See Figure A-5).



GROWTH TRENDS

Governmental Activities

The City's property tax rate for maintenance and operations (M&O) increased from \$0.5845 to \$0.6009 in the current fiscal year generating \$6,265,984 in M&O taxes, an increase of \$645,865 over the previous fiscal year. While the City's franchise fees increased \$389,221, or 24%, and sales taxes decreased by \$63,081, or 10%. The new M&O tax rate for the year beginning October 1, 2021 is \$0.6034.

Business-Type Activities

Water sales decreased by \$26,137, or 1%, while sewer sales increased by \$90,988, or 4%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

General Fund Budgetary Highlights

General Fund revenues exceeded expenditures and transfers by \$3,340,460 which was \$2,836,891 more than budgeted. See details of budget and actual revenues on page 49.

Capital Assets

During the year ended September 30, 2021, the City invested \$5,285,977 in a broad range of capital assets, including infrastructure, equipment, and buildings (See Figure A-6). These additions were funded from bond proceeds, capital impact fees, general budgeted expenditures, and notes payables.

CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
September 30, 2021

Figure A-6
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 470,607	\$ 470,607	\$ 406,816	\$ 406,816	\$ 877,423	\$ 877,423
Construction in progress	150,983	-	2,048,432	16,864,577	2,199,415	16,864,577
Buildings and equipment	8,015,276	7,481,897	1,633,247	1,570,349	9,648,523	9,052,246
Sidewalks	244,164	244,164	-	-	244,164	244,164
Streets and improvements	7,237,043	7,018,420	12,992	12,992	7,250,035	7,031,412
Water system	-	-	7,465,930	7,465,930	7,465,930	7,465,930
Sewer system	-	-	24,843,198	5,875,654	24,843,198	5,875,654
Total at historical cost	16,118,073	15,215,088	36,410,615	32,196,318	52,528,688	47,411,406
Accumulated depreciation	(8,867,901)	(7,960,329)	(6,242,361)	(5,450,821)	(15,110,262)	(13,411,150)
Net capital assets	\$ 7,250,172	\$ 7,254,759	\$ 30,168,254	\$ 26,745,497	\$ 37,418,426	\$ 34,000,256

Debt Administration

The City's property tax rate for debt services decreased from \$0.2316 to \$0.2152 in the current fiscal year generating \$2,197,846 in debt service taxes, an decrease of \$22,292 over the previous fiscal year. More detailed information about the City's debt is presented in the Notes to the Financial Statements. The new debt service tax rate for the year beginning October 1, 2021 is \$0.1793.

Figure A-7
City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Notes payable	\$ 1,181,688	\$ 1,030,984	\$ 130,418	\$ 171,243	\$ 1,312,106	\$ 1,202,227
Bonds payable	5,045,850	6,128,721	14,429,150	15,247,825	19,475,000	21,376,546
Total	\$ 6,227,538	\$ 7,159,705	\$ 14,559,568	\$ 15,419,068	\$ 20,787,106	\$ 22,578,773

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Next year's proposed General Fund budget is projected to remain consistent with this year's actual revenues.

General fund proposed expenditures are expected to increase by \$3,223,550, resulting in a balanced budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Any questions about this report or need for additional financial information should be addressed to the City of Manor, Attn: City Manager, P.O. Box 387, Manor, TX 78653.

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BASIC FINANCIAL STATEMENTS

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,754,204	\$ 8,649,603	\$ 22,403,807
Receivables, net	396,018	569,102	965,120
Restricted assets:			
Cash and cash equivalents	470,250	9,155,419	9,625,669
Investments	678,161	469,324	1,147,485
Non-current assets:			
Capital assets:			
Non-depreciable	621,590	2,455,248	3,076,838
Depreciable, net	6,628,582	27,713,006	34,341,588
Total assets	22,548,805	49,011,702	71,560,507
DEFERRED OUTFLOWS			
Deferred outflows related to refunding	181,889	-	181,889
Deferred outflows related to OPEB	23,362	3,851	27,213
Deferred outflows related to pensions	288,537	29,525	318,062
Total deferred outflows	493,788	33,376	527,164
LIABILITIES			
Current liabilities:			
Payable from unrestricted assets:			
Accounts payable	361,992	136,788	498,780
Passthrough liabilities	1,026,489	-	1,026,489
Unearned revenue	2,113,676	-	2,113,676
Payable from restricted assets:			
Interest payable	14,995	57,333	72,328
Notes payable, due within one year	464,408	42,122	506,530
Bonds payable, due within one year	901,400	748,600	1,650,000
Non-current liabilities:			
Payable from unrestricted assets:			
Compensated absences	293,805	35,077	328,882
Payable from restricted assets:			
Customer deposits	-	736,715	736,715
Notes payable, due more than one year	717,280	88,296	805,576
Bonds payable, due more than one year	4,144,450	13,680,550	17,825,000
Net OPEB liability	77,060	12,555	89,615
Net pension liability	886,575	151,669	1,038,244
Total liabilities	11,002,130	15,689,705	26,691,835

The accompanying notes are an integral part of this financial statement.

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION - CONTINUED
September 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
DEFERRED INFLOWS			
Deferred inflows related to OPEB	\$ 14,709	\$ 2,361	\$ 17,070
Deferred inflows related to pensions	199,923	33,570	233,493
Total deferred inflows	<u>214,632</u>	<u>35,931</u>	<u>250,563</u>
NET POSITION			
Net investment in capital assets	1,022,634	15,739,104	16,761,738
Restricted	1,148,411	9,624,743	10,773,154
Unrestricted	9,654,786	7,955,595	17,610,381
Total net position	<u>\$ 11,825,831</u>	<u>\$ 33,319,442</u>	<u>\$ 45,145,273</u>

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CITY OF MANOR, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

Function/program activities	Expenses	Charges for Services
Primary government:		
Government activities:		
General government	\$ 3,221,827	\$ 259
Public safety	3,937,397	182,500
Streets	1,187,460	-
Municipal court	426,846	518,164
Development services	1,155,364	2,520,959
Sanitation	1,180,105	1,327,938
Interest on long-term debt	171,931	-
Total government activities	11,280,930	4,549,820
Business-type activities:		
Water	4,030,920	3,864,336
Sewer	1,893,753	4,487,096
Interest on long-term debt	395,821	-
Total business-type activities	6,320,494	8,351,432
Total primary government	17,601,424	12,901,252

General revenues:

Taxes:

 Property

 Sales

 Franchise

 Other

Interest income

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net assets

Net position - beginning of year

Net position - end of year after restatement

The accompanying notes are an integral part of this financial statement.

Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
		Governmental Activities	Business-Type Activities	Total
\$ -	\$ -	\$ (3,221,568)	\$ -	\$ (3,221,568)
-	-	(3,754,897)	-	(3,754,897)
-	-	(1,187,460)	-	(1,187,460)
-	-	91,318	-	91,318
-	-	1,365,595	-	1,365,595
-	-	147,833	-	147,833
-	-	(171,931)	-	(171,931)
-	-	(6,731,110)	-	(6,731,110)
-	-	-	(166,584)	(166,584)
-	-	-	2,593,343	2,593,343
-	-	-	(395,821)	(395,821)
-	-	-	2,030,938	2,030,938
-	-	(6,731,110)	2,030,938	(4,700,172)
		8,671,071	-	8,671,071
		2,001,801	-	2,001,801
		564,795	-	564,795
		61,767	-	61,767
		119,990	875	120,865
		869,065	-	869,065
		(910,163)	910,163	-
		11,378,326	911,038	12,289,364
		4,647,216	2,941,976	7,589,192
		7,178,615	30,377,466	37,556,081
		<u>\$ 11,825,831</u>	<u>\$ 33,319,442</u>	<u>\$ 45,145,273</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF MANOR, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021**

	General Fund	Special Revenues Fund
ASSETS		
Unrestricted		
Cash and cash equivalents	\$ 13,268,552	\$ 714,768
Receivables, net	345,210	-
Restricted assets:		
Cash and cash equivalents	470,250	-
Investments	8,934	383,604
Total assets	\$ 14,092,946	\$ 1,098,372
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 361,992	\$ -
Passthrough liabilities	528,405	488,157
Unearned revenue	2,095,200	-
Total liabilities	2,985,597	488,157
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	118,404	-
Total liabilities	118,404	-
 FUND BALANCES		
Restricted	479,184	610,215
Committed	-	-
Unassigned	10,509,761	-
Total fund balances	10,988,945	610,215
Total liabilities, deferred inflows, and fund balances	\$ 14,092,946	\$ 1,098,372

The accompanying notes are an integral part of this financial statement.

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
\$ (229,118)	\$ 2	\$ 13,754,204
50,808	-	396,018
-	-	470,250
285,623	-	678,161
<u>\$ 107,313</u>	<u>\$ 2</u>	<u>\$ 15,298,633</u>
\$ -	\$ -	\$ 361,992
-	9,927	1,026,489
18,476	-	2,113,676
<u>18,476</u>	<u>9,927</u>	<u>3,502,157</u>
88,837	-	207,241
<u>88,837</u>	<u>-</u>	<u>207,241</u>
-	-	1,089,399
-	(9,925)	(9,925)
-	-	10,509,761
-	(9,925)	11,589,235
<u>\$ 107,313</u>	<u>\$ 2</u>	<u>\$ 15,298,633</u>

The accompanying notes are an integral part of this financial statement.

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CITY OF MANOR, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2021

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$	11,589,235
<p>Amounts reported for governmental activities in the statement of net position are different due to the following:</p>		
Capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.		7,250,172
Certain receivables are not available to pay current-period expenditures and, therefore, are deferred in the funds. This amount includes deferred property taxes.		207,241
Deferred outflows and inflows represent the consumption of net position that is applicable to a future reporting period and are not reported in the funds.		279,156
Certain liabilities related to long-term debt are not reported in the funds, such as accrued interest payable.		(14,995)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(7,484,978)</u>
NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u><u>11,825,831</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF MANOR, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2021

	General Fund	Special Revenues Fund
REVENUES		
Property taxes	\$ 6,265,984	\$ -
Sales tax	2,001,801	-
Franchise taxes	564,795	-
Other taxes	21,529	40,238
Licenses and permits	2,520,959	-
Charge for services	1,327,938	-
Court and police	518,164	-
Public safety	182,500	-
Interest income	119,355	492
Interest income - restricted	-	-
Other	869,324	-
Total revenues	\$ 14,392,349	\$ 40,730
EXPENDITURES		
Current:		
General government	\$ 3,375,551	\$ 31,038
Public safety	3,924,205	-
Streets	881,906	-
Municipal court	426,846	-
Development services	1,146,434	-
Sanitation	1,180,105	-
Capital outlay	116,842	-
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	11,051,889	31,038
Excess (deficiency) of revenues over expenditures	3,340,460	9,692
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	3,340,460	9,692
Fund balances - beginning of year	7,648,485	600,523
Fund balances - end of year	\$ 10,988,945	\$ 610,215

The accompanying notes are an integral part of this financial statement.

<u>Debt Services Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 2,197,846	\$ -	\$ 8,463,830
-	-	2,001,801
-	-	564,795
-	-	61,767
-	-	2,520,959
-	-	1,327,938
-	-	518,164
-	-	182,500
143	-	119,990
-	-	-
-	-	869,324
<u>\$ 2,197,989</u>	<u>\$ -</u>	<u>\$ 16,631,068</u>
\$ 1,200	\$ -	\$ 3,407,789
-	-	3,924,205
-	-	881,906
-	-	426,846
-	-	1,146,434
-	-	1,180,105
-	-	116,842
871,325	-	871,325
135,425	-	135,425
<u>1,007,950</u>	<u>-</u>	<u>12,090,877</u>
<u>1,190,039</u>	<u>-</u>	<u>4,540,191</u>
261,347	-	261,347
<u>(1,171,510)</u>	<u>-</u>	<u>(1,171,510)</u>
<u>(910,163)</u>	<u>-</u>	<u>(910,163)</u>
279,876	-	3,630,028
<u>(279,876)</u>	<u>(9,925)</u>	<u>7,959,207</u>
<u>\$ -</u>	<u>\$ (9,925)</u>	<u>\$ 11,589,235</u>

The accompanying notes are an integral part of this financial statement.

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CITY OF MANOR, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,630,028

Amounts reported for governmental activities in the statement of activities are different due to the following:

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 depreciation exceeded capital outlay expenses in the current period. (4,587)

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 long-term liabilities in the statement of net assets. This is the amount by which debt payments exceeded proceeds and changes in accrued interest and amortization of deferred outflows from refunding. 698,201

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These expenditures include changes in accrued compensation and changes in pension and OPEB benefits and related inflows and outflows. 323,574

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 4,647,216

The accompanying notes are an integral part of this financial statement.

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUND
September 30, 2021

	<u>Water and Sewer System</u>	<u>Capital Impact Fees</u>	<u>Total</u>
ASSETS			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	\$ 8,649,603	\$ -	\$ 8,649,603
Accounts receivable, net	569,102	-	569,102
Restricted assets:			
Cash and cash equivalents	736,715	8,418,704	9,155,419
Investments	-	469,324	469,324
Total current assets	<u>9,955,420</u>	<u>8,888,028</u>	<u>18,843,448</u>
Non-current assets:			
Non-depreciable assets, net	2,455,248	-	2,455,248
Depreciable assets, net	27,713,006	-	27,713,006
Total non-current assets	<u>30,168,254</u>	<u>-</u>	<u>30,168,254</u>
Total assets	<u>40,123,674</u>	<u>8,888,028</u>	<u>49,011,702</u>
DEFERRED OUTFLOWS			
Deferred outflow related to OPEB	3,851	-	3,851
Deferred outflow related to pension	29,525	-	29,525
Total deferred outflows	<u>33,376</u>	<u>-</u>	<u>33,376</u>
LIABILITIES			
Current liabilities:			
Accounts payable	136,788	-	136,788
Interest payable	57,333	-	57,333
Notes payable, due within one year	42,122	-	42,122
Bonds payable, due within one year	748,600	-	748,600
Total current liabilities	<u>984,843</u>	<u>-</u>	<u>984,843</u>
Non-current liabilities:			
Compensated absences	35,077	-	35,077
Customer deposits	736,715	-	736,715
Notes payable, due after one year	88,296	-	88,296
Bonds payable, due after one year	13,680,550	-	13,680,550
Net OPEB liability	12,555	-	12,555
Net pension liability	151,669	-	151,669
Total non-current liabilities	<u>14,704,862</u>	<u>-</u>	<u>14,704,862</u>
Total liabilities	<u>15,689,705</u>	<u>-</u>	<u>15,689,705</u>

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2021

	<u>Water and Sewer System</u>	<u>Capital Impact Fees</u>	<u>Total</u>
DEFERRED INFLOWS			
Deferred inflow related to OPEB	\$ 2,361	\$ -	\$ 2,361
Deferred inflow related to pensions	33,570	-	33,570
Total deferred inflows	<u>35,931</u>	<u>-</u>	<u>35,931</u>
NET POSITION			
Investment in capital assets	15,739,104	-	15,739,104
Restricted	736,715	8,888,028	9,624,743
Unrestricted	<u>7,955,595</u>	<u>-</u>	<u>7,955,595</u>
Total net assets	<u>\$ 24,431,414</u>	<u>\$ 8,888,028</u>	<u>\$ 33,319,442</u>

The accompanying notes are an integral part of this financial statement.

CITY OF MANOR, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended September 30, 2021

	Water and Sewer System	Capital Impact Fees	Total
OPERATING REVENUES			
Water service	\$ 2,885,693	\$ -	\$ 2,885,693
Sewer service	2,409,120	-	2,409,120
Penalties	96,593	-	96,593
Miscellaneous	455	-	455
Capital impact fees	-	2,959,571	2,959,571
Total operating revenues	<u>5,391,861</u>	<u>2,959,571</u>	<u>8,351,432</u>
OPERATING EXPENSES			
Personnel services	819,624	-	819,624
Operations	151,122	535,922	687,044
Utilities	262,866	-	262,866
Insurance	50,019	-	50,019
Materials and supplies	198,538	-	198,538
Maintenance	163,622	671,435	835,057
Water fees	1,674,972	-	1,674,972
Wastewater fees	605,013	-	605,013
Depreciation	791,540	-	791,540
Total operating expenses	<u>4,717,316</u>	<u>1,207,357</u>	<u>5,924,673</u>
OPERATING INCOME	<u>674,545</u>	<u>1,752,214</u>	<u>2,426,759</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	641	234	875
Interest expense	(395,821)	-	(395,821)
Total non-operating revenues (expenses)	<u>(395,180)</u>	<u>234</u>	<u>(394,946)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	279,365	1,752,448	2,031,813
CONTRIBUTIONS AND TRANSFERS			
Transfers in (out)	3,245,361	(3,245,361)	-
Transfers from (to) primary government	910,163	-	910,163
CHANGE IN NET POSITION	4,434,889	(1,492,913)	2,941,976
NET POSITION - BEGINNING OF YEAR	<u>19,996,525</u>	<u>10,380,941</u>	<u>30,377,466</u>
NET POSITION - END OF YEAR	<u>\$ 24,431,414</u>	<u>\$ 8,888,028</u>	<u>\$ 33,319,442</u>

The accompanying notes are an integral part of this financial statement.

CITY OF MANOR, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended September 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 8,322,714
Payments to suppliers	(4,194,749)
Payments to employees and contractors	(879,193)
Net cash flows from operating activities	3,248,772
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Increase in customer deposits	45,962
Increase in restricted assets	2,481,245
Net cash flows from non-capital financing activities	2,527,207
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers from primary government	1,171,510
Additions to capital assets	(4,214,297)
Issuances of notes payable	-
Principal payments on debt	(859,500)
Interest payments on debt	(382,705)
Net cash flows from capital and related financing activities	(4,284,992)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	875
Net cash flows from investing activities	875
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,491,862
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	7,419,088
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,910,950
<hr style="border: 1px solid black;"/>	
RECONCILIATION OF OPERATING INCOME TO NET	
CASH FROM OPERATING ACTIVITIES	
Operating income	\$ 2,426,759
Adjustments not affecting cash:	
Depreciation	791,540
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts receivable	(28,718)
Accounts payable	118,760
Compensated absences	(31,034)
Deferred outflows	14,337
Deferred inflows	(3,767)
Net OPEB liability	1,916
Net pension liability	(41,021)
Net cash flows from operating activities	\$ 3,248,772

The accompanying notes are an integral part of this financial statement.

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CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Manor, Texas (City) is a Home Rule city in which citizens elect the mayor and six council members at large by place. The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting and reporting policies and practices used by the City are described below.

Reporting Entity

The City's basic financial statements include all activities, organizations, and functions for which the City is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's basic financial statements include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is a fiscal dependency by the organization of the City

The above criteria were applied to potential organizations to determine if the entity should be reported as part of the City. It was determined that the City has no component units or related organizations that should be reported within the City's basic financial statements.

Implementation of New Standards

In fiscal year 2021, the City implemented:

GASB Statement No. 84, *Fiduciary Activities* (GASB 84). This statement establishes criteria for identifying fiduciary activities of all state and local governments. Also presented are criteria for types of fiduciary funds and guidelines for recognizing liabilities in fiduciary funds. GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* (GASB 90). This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. None of these GASB Statements had an impact on the financial statements of the City.

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Government-wide financial statements do not provide information by individual fund or fund types, but distinguish between the City's governmental activities and business-type activities on the Statement of Net Position and Statement of Activities. The statements report information on all of the non-fiduciary activities of the primary government and its component units. The City's Statement of Net Position includes both non-current assets and non-current liabilities of the City. Accrual accounting reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. Additionally, the government-wide Statement of Activities reflects depreciation expense on the City's capital assets, including infrastructure.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Statement of Net Position

The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities). The City reports all capital assets, including infrastructure, in the government-wide Statement of Net Position and reports depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of the City is broken down into three categories: 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. Long-term liabilities are reported in two categories: 1) the amount due within one year; and 2) the amount due in more than one year.

Statement of Activities

The government-wide Statement of Activities reports net revenue (expense) in a format that focuses on the cost of each of the City's governmental activities and for each of the City's business-type activities. The expense of individual functions is compared to revenues generated directly by the function (for instance, through user charges or intergovernmental grants). General revenues (including all taxes), investment earnings, special and extraordinary items, and transfers between governmental and business-type activities are reported separately after the total net expenses of the government's functions, ultimately arriving at the change in net position of the period. Program revenues are segregated into three categories: 1) charges for services; 2) program-specific operating grants and contributions; and 3) program-specific capital grants and contributions. Indirect costs are allocated amount functions based on use.

Fund Level Financial Statements

In addition to the government-wide financial statements, the City prepares fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. The focus on the fund financial statements is on the major individual funds of the governmental and business-type activities, as well as any fiduciary funds (by category) and any component units. Fund financial accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The City reports the following major governmental funds:

General Fund

Reports as the primary fund of the City. This fund is used to account for all financial resources not reported in any other funds.

Special Revenue Fund

Established to account for revenues assessed and collected for specific purposes.

Debt Service Fund

Established to account for the accumulation of financial resources for the payment of principal and interest of the City's general obligation debt. The City annually levies *ad valorem* taxes restricted for the retirement of general obligation bonds and interest. This fund reports *ad valorem* taxes collected for debt purposes only.

Capital Projects Fund

Bond Management - Established to account for the capital expenditures of general obligation bond proceeds.

Grants Management - Established to account for the City's capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses.

The City reports the following major enterprise funds:

Water and Sewer Fund

Accounts for the operating activities of the City's water and sewer services.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within fund). Proprietary fund level financial statements also report using the 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 in which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within sixty days of the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for debt principal and interest which are reported expenditures in the year due.

Major revenue sources susceptible to accrual include sales and property taxes. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and included administrative expenses and depreciation of capital assets.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. See Note E for information describing the City's restricted assets.

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

The City's capital assets 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 City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective funds. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as purchases and outlays occur. The cost 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. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. For information describing capital assets. (see Note F)

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

Vehicles	5
Software	5
Machinery and equipment	5-7
Buildings and improvements	10-20
Infrastructure	20-50

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred outflows, found on the government-wide statement of net position, consist of deferred losses on refundings and deferred outflows related to pensions. A deferred loss on refunding occurs when there is a difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. Deferred outflows related to pensions consist of amounts paid into the retirement system after the prescribed measurement date plus the net difference between projected and actual earnings.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows, found on the government-wide statement of net position, consist of deferred inflows related to pensions and deferred professional prosecutor revenue. On the governmental funds balance sheet, deferred inflows consist of deferred property tax revenue, deferred special assessment revenue, and deferred professional prosecutor revenue. All amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Long-Term Debt

In the government-wide and proprietary fund level financial statements, outstanding debt is reported as liabilities. Outstanding debt is reported within governmental activities and business-type activities based on use of proceeds. Bond issue costs are expensed when incurred.

Fund Balance/Net Position

Fund balances/net position are divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable

The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, the assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a city official delegated that authority by City Charter or ordinance.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Revenues and Expenditures/Expenses

Inter-Fund Activity

Inter-fund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as inter-fund 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 or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers-in and transfers-out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, inter-fund receivables and payables, if applicable, are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

Compensated Absences

Compensated absences are reported as accrued in the government-wide financial statements. In the fund level financial statements, only matured compensated absences payable to currently terminating employees are reported.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Final amounts could differ from those estimates.

B. DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits

At September 30, 2021, carrying amounts of the City's cash deposits were \$32,029,476 and bank balances were \$32,901,033. The City's cash deposits at September 30, 2021, were not in excess of FDIC insurance and bank pledges securities.

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

B. DEPOSITS AND INVESTMENTS - CONTINUED

Fair Value Hierarchy

The three levels of the fair value hierarchy under GASB 72 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant and use the best information available under the circumstances.

The City's investments at September 30, 2021, are shown below. These investments are not classified in a level hierarchy as they are recorded at net asset value.

Investment or Investment Type	Maturity	Fair Value
TexPool Investment	N/A	\$ 1,147,485

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (GASB 79). This statement establishes how certain state and local government external investment pools may measure and report their investments. An external investment pool may elect to measure, for reporting purposes, all of its investments at amortized cost if it meets certain criteria. In addition, this statement also establishes additional note disclosures for external investment pools and their participants.

TexPool operates in a manner consistent with the criteria set forth in GASB 79 and therefore uses amortized cost to report net assets to compute share prices. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool does not have any restrictions or limitations on withdrawals.

TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's for review. TexPool is also required to send portfolio information to the office of the State Comptroller of Public Accounts.

Analysis of Specific Deposit and Investment Risks

Professional standards require a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not exposed to a significant amount of credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At September 30, 2021, the City's investment deposits were entirely covered by depository insurance or collateralized with securities held by the pledging financial institution in the City's name.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

B. DEPOSITS AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position:

The governmental fund balance sheet includes a reconciliation between the governmental fund balance on the fund financial statements and total net position of governmental activities on the government-wide financial statements.

Governmental fund balance		\$ 11,589,235
 <u>Difference due to capital assets</u>		
Capital assets	16,118,073	
Accumulated depreciation	(8,867,901)	7,250,172
 <u>Difference due to deferred outflows</u>		
Deferred outflows related to pensions	288,537	
Deferred outflows related to OPEB	23,362	
Deferred loss on refunding	181,889	493,788
 <u>Difference due to current liabilities</u>		
Interest payable		(14,995)
 <u>Difference due to non-current liabilities</u>		
Compensated absences	(293,805)	
Net pension liability	(886,575)	
Net OPEB liability	(77,060)	
Notes payable	(1,181,688)	
Bonds payable	(5,045,850)	(7,484,978)
 <u>Difference due to deferred inflows</u>		
Deferred inflows related to property taxes	207,241	
Deferred inflows related to pensions	(199,923)	
Deferred inflows related to OPEB	(14,709)	(7,391)
 Government-wide net position		 \$ 11,825,831

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - CONTINUED

Explanation of differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the change in governmental fund balance on the fund financial statements and change in total net position of governmental activities on the government-wide financial statements.

Change in governmental fund balance		\$ 3,630,028
<u>Amount by which depreciation exceeds capital outlay expense and other capital related transactions</u>		
Capital outlay	1,071,680	
Depreciation expense	<u>(1,076,267)</u>	(4,587)
<u>Long-term debt and related items</u>		
Debt payments	1,243,389	
Debt issuances	(522,768)	
Accrued interest adjustment	7,237	
Amortization of loss on refunding	<u>(29,657)</u>	698,201
<u>Expenses or revenues that do not require the use of current financial resources or have not matured</u>		
Change in deferred revenue	(14,086)	
Property taxes recorded as deferred inflows	207,241	
Changes in pension expense and deferred outflows and inflows	194,882	
Changes in OPEB expense and deferred outflows and inflows	(12,056)	
Compensated absence adjustment	<u>(52,407)</u>	<u>323,574</u>
Change in government-wide net position		\$ <u>4,647,216</u>

D. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

Sales Tax Receivable

Sales taxes are collected and remitted to the City by the State Comptroller's Office. All sales taxes are collected within sixty days of year end. At fiscal year end, the receivables represent taxes collected but not yet received by the City and are recorded as revenue.

Property Taxes Receivable and Deferred Revenue

Property taxes are assessed and remitted to the City by the Travis County Tax Assessor's Office. Taxes, levied annually on October 1, are due by January 31. The majority of tax payments are received December through March. Lien dates for real property are July.

Allowances for uncollectible tax receivables reported in the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off when deemed uncollectible; however, state statutes prohibit writing off real property taxes without specific authority from the Texas Legislation.

In the governmental fund level financial statements, property taxes receivable are recorded in the General Fund when assessed (October 1). At fiscal year end, property taxes receivables represent delinquent taxes. If delinquent taxes are not paid within sixty days of fiscal year end, they are recorded as deferred revenue.

In the government-wide financial statements, property tax receivables and related revenues include all amounts due to the City regardless of when cash is received.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

D. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE - CONTINUED

At September 30, 2021, receivables for governmental activities are summarized in the government-wide financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Sales tax receivable	\$ 168,991	\$ -	\$ 168,991
Property tax receivable	207,241	(88,858)	118,383
Employee receivable	1,961	-	1,961
Court fines receivable	1,010,083	(979,780)	30,303
Other	76,380	-	76,380
Total receivables	<u>\$ 1,464,656</u>	<u>\$ (1,068,638)</u>	<u>\$ 396,018</u>

Business-Type Activities Receivables

Business-type activities receivables represent amounts due from customers for water, wastewater, and sanitation services. These receivables are due within one month. Receivables are reported net of an allowance for uncollectible accounts and revenues net of what is estimated to be uncollectible. The allowance is estimated using accounts receivable past due more than ninety days.

At September 30, 2021, Business-type activities receivables are summarized in the financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Customer receivables	\$ 583,119	\$ (15,217)	\$ 567,902
NSF checks	1,200	-	1,200
Total receivables	<u>\$ 584,319</u>	<u>\$ (15,217)</u>	<u>\$ 569,102</u>

E. RESTRICTED ASSETS

At September 30, 2021, restricted assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents:			
Debt service (deficit)	\$ -	\$ -	\$ -
Other	(488,231)	-	(488,231)
Parkland project	470,250	-	470,250
Rose Hill Public Improvement District	488,231	-	488,231
Customer deposits	-	736,715	736,715
Capital improvements - water system	-	2,404,649	2,404,649
Capital improvements - sewer system	-	6,014,055	6,014,055
Total cash and cash equivalents	<u>\$ 470,250</u>	<u>\$ 9,155,419</u>	<u>\$ 9,625,669</u>

	Governmental Activities	Business-Type Activities	Total
Investments:			
Parks	\$ 8,934	\$ -	\$ 8,934
Debt service	285,623	-	285,623
Tourism	383,604	-	383,604
Capital improvements - sewer system	-	469,324	469,324
Total investments	<u>\$ 678,161</u>	<u>\$ 469,324</u>	<u>\$ 1,147,485</u>

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

F. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions/ Reclass	Ending Balance
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 470,607	\$ -	\$ -	\$ 470,607
Construction in progress	-	150,983	-	150,983
Total non-depreciable assets	<u>\$ 470,607</u>	<u>\$ 150,983</u>	<u>\$ -</u>	<u>\$ 621,590</u>
Depreciable assets:				
Buildings	\$ 2,419,785	\$ -	\$ -	\$ 2,419,785
Equipment	5,062,112	702,074	(168,695)	5,595,491
Sidewalks	244,164	-	-	244,164
Streets and improvements	7,018,420	218,623	-	7,237,043
Total depreciable assets	14,744,481	920,697	(168,695)	15,496,483
Accumulated depreciation	(7,960,329)	(1,076,267)	168,695	(8,867,901)
Depreciable assets, net	<u>\$ 6,784,152</u>	<u>\$ (155,570)</u>	<u>\$ -</u>	<u>\$ 6,628,582</u>
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 406,816	\$ -	\$ -	\$ 406,816
Construction in progress	16,864,577	4,151,399	(18,967,544)	2,048,432
Total non-depreciable assets	<u>\$ 17,271,393</u>	<u>\$ 4,151,399</u>	<u>\$ (18,967,544)</u>	<u>\$ 2,455,248</u>
Depreciable assets:				
Machinery and equipment	\$ 1,570,349	\$ 62,898	\$ -	\$ 1,633,247
Culverts	12,992	-	-	12,992
Infrastructure - water system	7,465,930	-	-	7,465,930
Infrastructure - sewer system	5,875,654	-	18,967,544	24,843,198
Total depreciable assets	14,924,925	62,898	18,967,544	33,955,367
Accumulated depreciation	(5,450,821)	(791,540)	-	(6,242,361)
Depreciable assets, net	<u>\$ 9,474,104</u>	<u>\$ (728,642)</u>	<u>\$ 18,967,544</u>	<u>\$ 27,713,006</u>

Depreciation expense was charged to the functions as follows:

Function:	Governmental Activities	Business-Type Activities	Total
General government	\$ 180,202	\$ -	\$ 180,202
Public safety	330,882	-	330,882
Streets	556,253	-	556,253
Development services	8,930	-	8,930
Water	-	500,839	500,839
Sewer	-	290,701	290,701
Total depreciation expense	<u>\$ 1,076,267</u>	<u>\$ 791,540</u>	<u>\$ 1,867,807</u>

G. INTER-FUND BALANCES AND ACTIVITY

Transfers (To)From Other Funds

Purpose	General Fund	Debt Service Fund	Proprietary Fund	Capital Impact Fees
Property taxes collected for debt payments	\$ -	\$ (1,171,510)	\$ 1,171,510	\$ -
Transfers of funds to cover debt service	-	261,347	(261,347)	-
Transfer of capital assets	-	-	3,245,361	(3,245,361)

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

H. LONG-TERM DEBT

Long-Term Debt Activity

Changes in long-term debt obligations for the year ended September 30, 2021, are as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Notes payable	\$ 1,030,984	\$ 522,768	\$ (372,064)	\$ 1,181,688	\$ 464,408
Bonds payable	5,917,175	-	(871,325)	5,045,850	901,400
Loss on refunding	211,546	-	(29,657)	181,889	29,657
Total governmental activities	<u>\$ 7,159,705</u>	<u>\$ 522,768</u>	<u>\$ (1,273,046)</u>	<u>\$ 6,409,427</u>	<u>\$ 1,395,465</u>

Business-Type Activities:	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Notes payable	\$ 171,243	\$ -	\$ (40,825)	\$ 130,418	\$ 42,122
Bonds payable	15,247,825	-	(818,675)	14,429,150	748,600
Total business-type activities	<u>\$ 15,419,068</u>	<u>\$ -</u>	<u>\$ (859,500)</u>	<u>\$ 14,559,568</u>	<u>\$ 790,722</u>

Debt Service Requirements

Notes Payable

On March 15, 2017, the City entered into financing agreements for vehicles totaling \$222,087 at 2.67% fixed interest rate with yearly payments of \$47,660 due in November. The City's balance remaining on the note payable at September 30, 2021, is \$46,420.

On November 15, 2017, the City entered into financing agreements for vehicles totaling \$277,570 at 2.67% fixed interest rate with yearly payments of \$58,477 due in November. The City's balance remaining on the note payable at September 30, 2021, is \$56,957.

On November 15, 2017, the City entered into financing agreements for vehicles totaling \$441,289 at 2.56% fixed interest rate with yearly payments of \$95,053 due in November. The City's balance remaining on the note payable at September 30, 2021, is \$183,009.

On November 30, 2018, the City entered into financing agreements for vehicles totaling \$582,414 at 3.57% fixed interest rate with yearly payments of \$135,919 due in December. The City's balance remaining on the note payable at September 30, 2021, is \$257,945.

On July 26, 2019, the City entered into financing agreements for vehicles and equipment totaling \$376,450 at 3.175% fixed interest rate with yearly payments of \$82,611 due in July. The City's balance remaining on the note payable at September 30, 2021, is \$232,890.

On September 17, 2020, the City entered into financing agreements for vehicles totaling \$50,302 at 2.77% fixed interest rate with yearly payments of \$10,618 due in October. The City's balance remaining on the note payable at September 30, 2021, is \$30,166.

On November 18, 2020, the City entered into financing agreements for vehicles totaling \$435,599 at 1.942% fixed interest rate with yearly payments of \$92,259 due in December. The City's balance remaining on the note payable at September 30, 2021, is \$435,599.

On November 11, 2020, the City entered into financing agreements for tasers totaling \$87,169 at 0.00% fixed interest rate with yearly payments of \$17,280 due in November. The City's balance remaining on the note payable at September 30, 2021, is \$69,120.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

H. LONG-TERM DEBT - CONTINUED

Notes Payable - Continued

Debt service requirements on long-term notes payable at September 30, 2021, were as follows:

For the years ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 506,530	\$ 33,347	\$ 539,877
2023	414,248	19,461	433,709
2024	194,768	8,000	202,768
2025	106,058	3,481	109,539
2026	90,502	1,757	92,259
	<u>\$ 1,312,106</u>	<u>\$ 66,046</u>	<u>\$ 1,378,152</u>

Bonds Payable

General Obligation Refunding Bonds, Series 2010

On May 15, 2011, the City issued \$935,000 in general obligation bonds, proceeds to be used to refund Series 2009 revenue bonds. Bond interest rates range from 2.83% to 4.70% with semi-annual payments due on March 1 and September 1 of each year until maturity in 2024 or prior redemption.

General Obligation Refunding Bonds, Series 2012

On April 1, 2012, the City issued \$3,510,000 in general obligation bonds, proceeds to be used to refund Series 2001 and 2004 revenue bonds. The bond interest rate of 2.55% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2026 or prior redemption.

Certificate of Obligation Bonds, Series 2012

On September 1, 2012, the City issued \$1,835,000 in certificate of obligation bonds, proceeds to be used for city construction. Bond interest rate of 2.49% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2027 or prior redemption.

General Obligation Refunding Bonds, Series 2015

On February 15, 2015, the City issued \$4,750,000 in general obligation bonds, proceeds to be used to partially refund Series 2007 revenue bonds. Bond interest rate of 2.29% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2026 or prior redemption.

Combination Tax and Revenue Certificate of Obligation Bonds, Series 2016

On August 18, 2016, the City issued \$18,000,000 in certificate of obligation bonds, proceeds to be used for city street and drainage improvements (\$270,000) and water and waste water improvements (\$17,730,000). Bond interest rate of 2.29% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2031 or prior redemption.

Debt service requirements on long-term bond debt at September 30, 2021, were as follows:

For the years ending September 30,	Series 2010 - \$935,000		
	Principal	Interest	Total
2022	\$ -	\$ 11,985	\$ 11,985
2023	-	11,985	11,985
2024	-	11,985	11,985
2025	255,000	11,985	266,985
Total	<u>\$ 255,000</u>	<u>\$ 47,940</u>	<u>\$ 302,940</u>

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

H. LONG-TERM DEBT - CONTINUED

Bonds Payable - Continued

		Series 2012 - \$3,510,000		
		Principal	Interest	Total
For the years ending September 30,				
	2022	\$ 310,000	\$ 27,158	\$ 337,158
	2023	315,000	19,253	334,253
	2024	315,000	11,220	326,220
	2025	60,000	3,188	63,188
	2026	65,000	1,718	66,718
	Total	<u>\$ 1,065,000</u>	<u>\$ 62,537</u>	<u>\$ 1,127,537</u>
		Series 2012 - \$1,835,000		
		Principal	Interest	Total
For the years ending September 30,				
	2022	\$ 130,000	\$ 20,418	\$ 150,418
	2023	130,000	17,181	147,181
	2024	135,000	13,944	148,944
	2025	140,000	10,583	150,583
	2026	140,000	7,097	147,097
	2027	145,000	3,611	148,611
	Total	<u>\$ 820,000</u>	<u>\$ 72,834</u>	<u>\$ 892,834</u>
		Series 2015 - \$4,750,000		
		Principal	Interest	Total
For the years ending September 30,				
	2022	\$ 450,000	\$ 67,441	\$ 517,441
	2023	465,000	57,136	522,136
	2024	485,000	46,487	531,487
	2025	500,000	35,381	535,381
	2026	515,000	23,931	538,931
	2026-2027	530,000	12,137	542,137
	Total	<u>\$ 2,945,000</u>	<u>\$ 242,513</u>	<u>\$ 3,187,513</u>
		Series 2016 - \$18,000,000		
		Principal	Interest	Total
For the years ending September 30,				
	2022	\$ 760,000	\$ 329,531	\$ 1,089,531
	2023	780,000	312,127	1,092,127
	2024	800,000	294,265	1,094,265
	2025	1,170,000	275,945	1,445,945
	2026	1,200,000	249,152	1,449,152
	2027-2031	9,680,000	659,005	10,339,005
	2032	2,180,000	49,922	2,229,922
	Total	<u>\$ 16,570,000</u>	<u>\$ 2,169,947</u>	<u>\$ 18,739,947</u>

Deferred Outflow on Refunding

The City has deferred outflow of \$373,180 related to the Series 2015 refunding. This outflow represents the amount of the new bond principal, less issuance costs, that was greater than the current principal balance of the bonds refunded and will be amortized, straight-line, over the life of the Series 2015 Bond. The deferred outflow remaining balance at September 30, 2021 was \$181,889.

Continuing Disclosure

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Disclosure Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operation of the City.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

I. RESTRICTED NET ASSETS

At September 30, 2021, net assets restricted by enabling legislation consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Rose Hill Public Improvement District	\$ 488,231	\$ -	\$ 488,231
Parkland project	470,250	-	470,250
Tourism	383,604	-	383,604
Debt service	285,623	-	285,623
Other	(479,297)	-	(479,297)
Capital improvements	-	9,624,743	9,624,743
Total restricted net assets	<u>\$ 1,148,411</u>	<u>\$ 9,624,743</u>	<u>\$ 10,773,154</u>

J. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts, damage or destruction of assets, error and omissions, injuries to employees, and natural disasters. During fiscal year 2015, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

K. PENSION PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS. This report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153, or by calling 800-924-8677; in addition, the report is available on TMRS's website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City are as follows:

	Plan Year 2019	Plan Year 2020
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	40
Active employees	80
	<u>129</u>

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

K. PENSION PLAN - CONTINUED

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The actuarially determined required employer contribution rate for calendar years 2020, 2019, and 2018 were 9.23%, 4.35%, and 4.38%, respectively. The required contribution rate payable by the employee members for calendar years 2020, 2019, and 2018 was 7%.

Net Pension Asset

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

Actuarial Assumptions

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

Actuarial valuation date	December 31, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	24 Years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	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.
Other Information:	
Notes	1) There were no benefit changes during the year.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period December 31, 2014 – December 31, 2018.

Discount Rate

The discount rate used to measure the total pension asset was 6.75%. System-wide Investment Return Assumption: 6.75% per year, compounded annually, composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return. This rate represents the assumed return, net of all investment expenses.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

K. PENSION PLAN - CONTINUED

Change in Net Pension Asset

	Increase (Decrease)		
	Total Pension	Fiduciary	Net Pension
	Liability / (Asset)	Net Position	Liability / (Asset)
	(a)	(b)	(a-b)
Balances as of December 31, 2019	\$ 5,433,888	\$ 4,110,326	\$ 1,323,562
Changes for the year:			
Service cost	599,998	-	599,998
Interest on total pension liability	383,525	-	383,525
Change in benefit terms including substantively automatic status	-	-	-
Difference between expected and actual experience	(196,958)	-	(196,958)
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(104,072)	-	(104,072)
Contributions - employer	-	430,394	(430,394)
Contributions - employee	-	330,708	(330,708)
Net investment income	-	312,881	(312,881)
Benefit payments	-	(104,072)	104,072
Administrative expenses	-	(2,019)	2,019
Other	-	(81)	81
Net changes	<u>682,493</u>	<u>967,811</u>	<u>(285,318)</u>
Balances as of December 31, 2020	<u>\$ 6,116,381</u>	<u>\$ 5,078,137</u>	<u>\$ 1,038,244</u>

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability / (asset)	<u>\$ 2,133,393</u>	<u>\$ 1,038,244</u>	<u>\$ 161,597</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TMRS's comprehensive annual financial report.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of \$406,735. At September 30, 2021, deferred outflows and inflows of resources related to pensions were reported from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual earnings	\$ 119,272	\$ -
Differences between projected and actual earnings	-	108,936
Changes in assumptions	5,285	-
Contributions made subsequent to measurement date	-	318,062
	<u>\$ 124,557</u>	<u>\$ 426,998</u>

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

K. PENSION PLAN - CONTINUED

The \$318,062 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Years Ending September 30,	
2021	\$ (121,380)
2022	(21,782)
2023	(81,243)
2024	(30,569)
2025	(27,419)
Thereafter	(20,048)
	<u>\$ (302,441)</u>

Funded Status and Funding Process

The fund status as of December 31, 2020, is presented as follows:

(a)	(b)	(c)	(d)	(e)	(f)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (a)/(b)	Unfunded AAL (UAAL) (b) - (a)	Covered Payroll	UAAL as of % of Covered Payroll (d)/(e)
12/31/2018	\$ 3,027,809	\$ 4,607,130	65.7%	\$ 1,579,321	\$ 3,752,058	42.1%
12/31/2019	4,110,326	5,433,888	75.6%	1,323,562	4,338,512	30.5%
12/31/2020	5,078,137	6,116,381	83.0%	1,038,244	4,338,512	23.9%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual amounts are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility actuarial in accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFITS FUND (SDBF)

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term insurance plan operated by the Texas Municipal Retirement System (TMRS) known as Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFITS FUND (SDBF) - CONTINUED

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	7
Active employees	80
	91

Contributions

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer’s yearly contributions for retirees. During the year ended September 30, 2021, the City has not made any contributions to the SDBF.

Actuarial Assumptions

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

Actuarial valuation date	December 31, 2020
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.00%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.
Other Information:	
Notes	No benefit changes during the year.

*The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2020.

Note: The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFITS FUND (SDBF) - CONTINUED

	<u>Change in Net Pension Asset</u>		
	Increase (Decrease)		
	Total Pension Liability / (Asset) (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a-b)
Balances as of December 31, 2019	\$ 76,286	\$ -	\$ 76,286
Changes for the year:			
Service cost	10,866	-	10,866
Interest on total pension liability	2,241	-	2,241
Difference between expected and actual experience	(15,733)	-	(15,733)
Effect of assumptions changes or inputs	16,427	-	16,427
Benefit payments	(472)	-	(472)
Administrative expenses	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Benefit payments	-	-	-
Other	-	-	-
Net changes	<u>13,329</u>	<u>-</u>	<u>13,329</u>
Balances as of December 31, 2020	<u>\$ 89,615</u>	<u>\$ -</u>	<u>\$ 89,615</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 2%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (1%) or one percentage point higher (3%) than the current rate.

	1% Decrease 1.00%	Current Discount Rate 2.00%	1% Increase 3.00%
Net pension liability / (asset)	<u>\$ 118,794</u>	<u>\$ 89,615</u>	<u>\$ 68,537</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TMRS's comprehensive annual financial report.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of \$14,080. At September 30, 2021, deferred outflows and inflows of resources related to pensions were reported from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 17,070	\$ -
Changes in assumptions and other inputs	-	27,213
Contributions made subsequent to measurement date	-	-
	<u>\$ 17,070</u>	<u>\$ 27,213</u>

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2021

L. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFITS FUND (SDBF) - CONTINUED

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Years Ending September 30,		
2021	\$	1,445
2022		1,445
2023		1,445
2024		1,445
2025		1,445
Thereafter		2,918
	<u>\$</u>	<u>10,143</u>

M. HEALTH CARE COVERAGE

During the year ended September 30, 2021, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of \$514,240 to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the City and the licensed insurer is renewable October 1, and terms of coverage and premium costs are included in the contractual provisions.

N. COMMITMENTS AND CONTINGENCIES

Construction Commitments

On April 3, 2019, the City approved a contract with Excel Construction Services LLC for \$16,722,300 for Wilbarger Creek wastewater treatment and collection system. This project will be completed in FY 2022.

On February 5, 2020, the City entered into a contract for the construction of 2 lift stations. This contract has an estimated cost of \$1,931,100 and construction will start later in 2020. These project have been completed during FY 2022.

Grant Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

The City is subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the City's financial position, results of operations, or cash flows.

Arbitrage Rebates

The City invests portions of bond proceeds during construction of related projects and as reserves for debt retirement after construction is complete. Any interest earned on invested bond proceeds over interest paid on bonds must be paid back to the federal government every five years. As of September 30, 2020, the City's arbitrage liability was \$0.

O. SUBSEQUENT EVENTS

On December 1, 2021, the City issued \$6,360,000 in certificate of obligation bonds, proceeds to be used for water and waste water improvements. Bond interest rate of 1.76% with annual payments due on August 15 of each year until maturity in 2036 or prior redemption.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANOR, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND
Year Ended September 30, 2021

	Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 6,097,243	\$ 6,409,019	\$ 6,265,984	\$ (143,035)
Sales taxes	1,381,300	1,381,300	2,001,801	620,501
Franchise taxes	468,000	476,787	564,795	88,008
Other taxes	18,400	20,610	21,529	919
Licenses and permits	1,463,267	2,205,567	2,520,959	315,392
Charge for services	914,500	927,760	1,327,938	400,178
Court and police	670,150	219,362	518,164	298,802
Public safety	154,842	277,066	182,500	(94,566)
Interest	71,600	128,400	119,355	(9,045)
Other	333,483	621,237	869,324	248,087
Total revenues	<u>11,572,785</u>	<u>12,667,108</u>	<u>14,392,349</u>	<u>1,725,241</u>
EXPENDITURES				
General government	3,572,492	3,914,074	3,375,551	538,523
Public safety	4,085,991	4,087,991	3,924,205	163,786
Streets	1,155,408	1,293,508	881,906	411,602
Municipal court	681,128	681,128	426,846	254,282
Development services	1,007,378	1,010,178	1,146,434	(136,256)
Sanitation	1,020,000	1,020,000	1,180,105	(160,105)
Capital outlay	412,280	156,660	116,842	39,818
Debt payments	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>11,934,677</u>	<u>12,163,539</u>	<u>11,051,889</u>	<u>1,111,650</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(361,892)</u>	<u>503,569</u>	<u>3,340,460</u>	<u>2,836,891</u>
OTHER FINANCING SOURCES (USES)				
Capital grants and contributions	-	-	-	-
Transfers (to) from other funds:	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(361,892)	503,569	3,340,460	2,836,891
FUND BALANCE - BEGINNING OF YEAR	7,648,485	7,648,485	7,648,485	-
FUND BALANCE - END OF YEAR	<u>\$ 7,286,593</u>	<u>\$ 8,152,054</u>	<u>\$ 10,988,945</u>	<u>\$ 2,836,891</u>

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CITY OF MANOR, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2021

A. GENERAL FUND BUDGETARY ANALYSIS

Budgetary Information

The City Council adopts an annual budget prepared on a non-GAAP cash basis. City management may transfer part or all of any unencumbered appropriation balance within specific categories (i.e., personnel, operations, supplies, or capital outlay) within programs; however, any revisions that alter the total expenditures of the categories must be approved by the City Council. The City, for management purposes, adopts budgets for all funds. Legal budgets are also adopted for all funds, and the legal level of control is the fund level.

Capital projects are funded through capital grants or general obligation debt authorized for specific purposes.

All unused appropriations, except appropriations for capital expenditures, lapse at the close of the fiscal year to the extent they have not been expended or encumbered. An appropriation for capital expenditures shall continue in force until the purpose for which it was made is accomplished or abandoned. No supplemental budgetary appropriations occurred in the debt service fund or in the general fund. Revised budgets, if any, are used for budget versus actual comparisons.

B. BUDGET VERSUS ACTUAL RESULTS

Operating revenues in the general fund were greater than budgeted by \$1,725,241, and operating expenditures were less than budgeted by \$1,111,650, resulting in an overall operating variance favorable of \$2,836,891. Due to favorable operating results, there was an overall increase in fund balance of \$3,340,460 for the City's general fund.

CITY OF MANOR, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION ASSET/LIABILITY
AND RELATED RATIOS
LAST TEN YEARS*
(Unaudited)

	<u>2021</u>	<u>2020</u>
Total Pension Liability (Asset)		
Service cost	\$ 599,998	\$ 550,557
Interest on total pension liability	383,525	327,129
Change in benefit terms including substantively automatic status	-	-
Effect of plan changes	-	-
Difference between expected and actual experience	(196,958)	28,739
Effect of assumptions changes or inputs	-	(7,557)
Benefit payments, including refunds of employee contributions	<u>(104,072)</u>	<u>(72,110)</u>
Net change in total pension liability (asset)	682,493	826,758
Total pension liability (asset), beginning	<u>5,433,888</u>	<u>4,607,130</u>
Total pension liability (asset), ending (a)	<u><u>\$ 6,116,381</u></u>	<u><u>\$ 5,433,888</u></u>
Fiduciary Net Position		
Employer contributions	\$ 430,394	\$ 384,826
Employee contributions	330,708	303,696
Net investment income	312,881	468,829
Benefit payments, including refunds of employee contributions	(104,072)	(72,110)
Administrative expenses	(2,019)	(2,645)
Other	<u>(81)</u>	<u>(79)</u>
Net change in fiduciary net position	967,811	1,082,517
Fiduciary net position, beginning	<u>4,110,326</u>	<u>3,027,809</u>
Fiduciary net position, ending (b)	<u><u>\$ 5,078,137</u></u>	<u><u>\$ 4,110,326</u></u>
Net pension liability (asset), ending = (a) - (b)	<u><u>\$ 1,038,244</u></u>	<u><u>\$ 1,323,562</u></u>
Fiduciary net position as a % of total pension liability (asset)	83.03%	75.64%
Covered employee payroll	\$ 4,724,397	\$ 4,338,512
Net pension liability (asset) as a % of covered employee payroll	21.98%	30.51%

* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

2019	2018	2017	2016	2015
\$ 473,885	\$ 312,499	\$ 263,418	\$ 217,127	\$ 131,462
276,744	169,207	144,524	122,699	103,455
1,049,303	-	-	-	-
-	-	-	-	25,647
22,226	39,102	11,751	14,209	26,291
-	-	-	68,829	-
(57,375)	(57,953)	(99,189)	(16,304)	(41,958)
<u>1,764,783</u>	<u>462,855</u>	<u>320,504</u>	<u>406,560</u>	<u>244,897</u>
<u>2,842,347</u>	<u>2,379,492</u>	<u>2,058,988</u>	<u>1,652,428</u>	<u>1,407,531</u>
<u>\$ 4,607,130</u>	<u>\$ 2,842,347</u>	<u>\$ 2,379,492</u>	<u>\$ 2,058,988</u>	<u>\$ 1,652,428</u>
\$ 160,213	\$ 145,755	\$ 96,836	\$ 81,392	\$ 42,366
187,603	171,891	144,102	126,237	100,392
(84,618)	312,128	133,631	2,638	91,356
(57,375)	(57,953)	(99,189)	(16,304)	(41,958)
(1,635)	(1,619)	(1,511)	(1,607)	(953)
(85)	(82)	(81)	(79)	(78)
<u>204,103</u>	<u>570,120</u>	<u>273,788</u>	<u>192,277</u>	<u>191,125</u>
<u>2,823,706</u>	<u>2,253,586</u>	<u>1,979,798</u>	<u>1,787,521</u>	<u>1,596,396</u>
<u>\$ 3,027,809</u>	<u>\$ 2,823,706</u>	<u>\$ 2,253,586</u>	<u>\$ 1,979,798</u>	<u>\$ 1,787,521</u>
<u>\$ 1,579,321</u>	<u>\$ 18,641</u>	<u>\$ 125,906</u>	<u>\$ 79,190</u>	<u>\$ (135,093)</u>
65.72%	99.34%	94.71%	96.15%	108.18%
\$ 3,752,058	\$ 3,437,829	\$ 2,882,032	\$ 2,524,736	\$ 2,007,847
42.09%	0.54%	4.37%	3.14%	-6.73%

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**CITY OF MANOR, TEXAS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS
 (Unaudited)**

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (a)/(b)	Unfunded AAL (UAAL) (b) - (a)	Covered Payroll	UAAL as a Percentage of Covered Payroll (d)/(e)
12/31/2018	\$ 3,027,809	\$ 4,607,130	65.7%	\$ 1,579,321	\$ 3,752,058	42.1%
12/31/2019	4,110,326	5,433,888	75.6%	1,323,562	4,338,512	30.5%
12/31/2020	5,078,137	6,116,381	83.0%	1,038,244	4,338,512	23.9%

CITY OF MANOR, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB ASSET/LIABILITY
AND RELATED RATIOS
LAST TEN YEARS*
(Unaudited)

	2021
Total OPEB Liability (Asset)	
Service cost	\$ 10,866
Interest on total OPEB liability	2,241
Effect of plan changes	-
Difference between expected and actual experience	(15,733)
Effect of assumptions changes or inputs	16,427
Benefit payments	(472)
Net change in total OPEB liability (asset)	13,329
Total OPEB liability (asset), beginning	76,286
Total OPEB liability (asset), ending (a)	\$ 89,615
Covered payroll	\$ 4,724,397
Net OPEB liability (asset) as a % of covered payroll	1.90%

* Fiscal year 2018 was the first year of implementation, therefore only three years are shown.

CITY OF MANOR, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB ASSET/LIABILITY
AND RELATED RATIOS
LAST TEN YEARS*
(Unaudited)

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 6,508	\$ 6,003	\$ 4,813
2,089	1,860	1,648
-	-	-
(1,673)	(2,490)	-
16,515	(5,293)	5,549
(434)	-	-
<u>23,005</u>	<u>80</u>	<u>12,010</u>
<u>53,281</u>	<u>53,201</u>	<u>41,191</u>
<u>\$ 76,286</u>	<u>\$ 53,281</u>	<u>\$ 53,201</u>
\$ 4,338,512	\$ 3,752,058	\$ 3,437,829
1.76%	1.42%	1.55%

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**INDEPENDENT AUDITORS' 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 the Honorable Mayor and
Members of the City Council
City of Manor, 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 aggregate remaining fund information of the City of Manor, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 13, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 an 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.

A handwritten signature in black ink that reads "Atchley & Associates, LLP". The signature is written in a cursive, flowing style.

Austin, Texas
May 13, 2022

**CITY OF MANOR, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2021**

Financial Statement Findings

None

CITY OF MANOR, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2021

Prior Audit Findings

None