

**CITY OF MANOR, TEXAS  
ANNUAL FINANCIAL REPORT  
AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED SEPTEMBER 30, 2023**



# 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 Audit of the Financial Statements**

#### **Opinions**

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **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.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4-11, budgetary comparison information on page 57, schedule of changes in the City's net pension asset/liability and related ratios - last ten years on page 60-61, Texas Municipal Retirement System schedule of funding progress on page 63, and Schedule of Changes in the City's total OPEB asset/liability and related ratios last ten years on page 64-65 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 October 28, 2024, 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.

*Atchley & Associates LLP*

Austin, Texas

October 28, 2024

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





**CITY OF MANOR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2023**

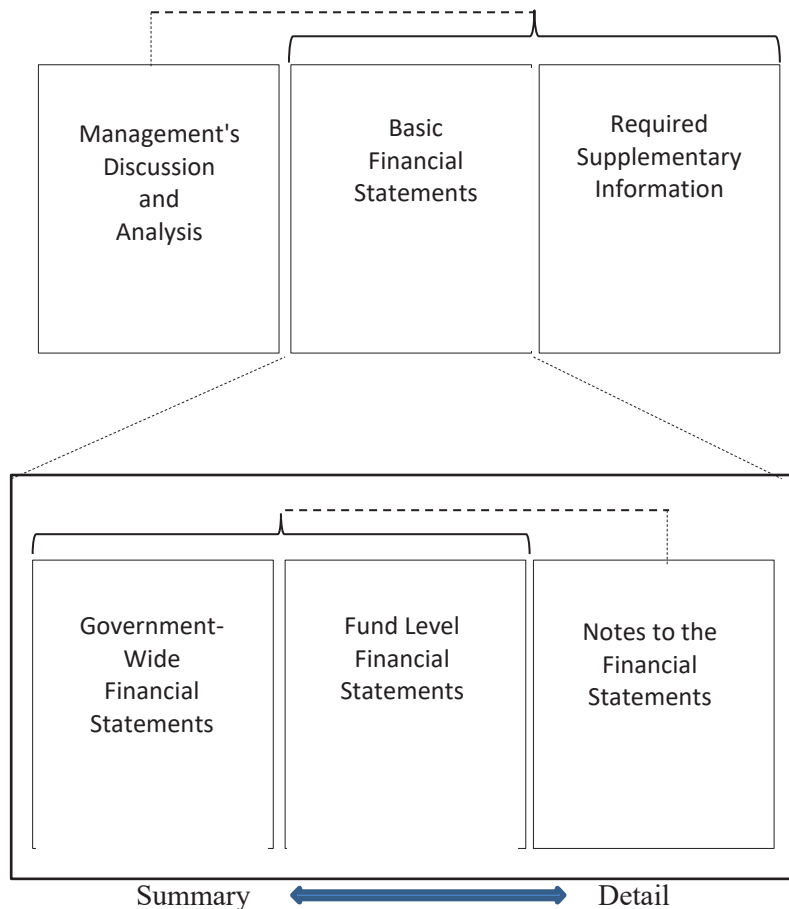
This section of the City of Manor's (the City) annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2023. This discussion and analysis should be read in conjunction with the City's financial statements.

**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, 2023**

**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, 2023**

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

<i>Type of Statements</i>	<b>Government-Wide</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<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 \$67,342,613 at September 30, 2023 (See Figure A-3).
- Current year activity resulted in an increase in the City's net position by \$11,188,891 (See Figure A-4).

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**CITY OF MANOR, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2023**

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Assets:</b>						
Current and other assets	\$ 43,055,348	\$ 38,850,272	\$ 20,511,406	\$ 20,155,816	\$ 63,566,754	\$ 59,006,088
Noncurrent assets	7,471,743	6,946,326	37,952,619	35,086,720	45,424,362	42,033,046
Total assets	<u>50,527,091</u>	<u>45,796,598</u>	<u>58,464,025</u>	<u>55,242,536</u>	<u>108,991,116</u>	<u>101,039,134</u>
Deferred outflows	<u>1,180,960</u>	<u>501,368</u>	<u>134,773</u>	<u>38,969</u>	<u>1,315,733</u>	<u>540,337</u>
<b>Liabilities:</b>						
Current liabilities	10,571,910	10,050,457	1,987,084	2,138,418	12,558,994	12,188,875
Long-term liabilities	16,797,276	19,183,796	12,966,141	13,649,171	29,763,417	32,832,967
Total liabilities	<u>27,369,186</u>	<u>29,234,253</u>	<u>14,953,225</u>	<u>15,787,589</u>	<u>42,322,411</u>	<u>45,021,842</u>
Deferred inflows	<u>555,706</u>	<u>346,101</u>	<u>86,119</u>	<u>57,806</u>	<u>641,825</u>	<u>403,907</u>
<b>Net position:</b>						
Investment in capital assets	(10,924,406)	(14,330,984)	25,295,369	21,661,170	14,370,963	7,330,186
Restricted	1,184,834	1,153,184	9,224,901	8,773,429	10,409,735	9,926,613
Unrestricted	33,522,731	29,895,412	9,039,184	9,001,511	42,561,915	38,896,923
Total net position	<u>\$ 23,783,159</u>	<u>\$ 16,717,612</u>	<u>\$ 43,559,454</u>	<u>\$ 39,436,110</u>	<u>\$ 67,342,613</u>	<u>\$ 56,153,722</u>

**CITY OF MANOR, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2023**

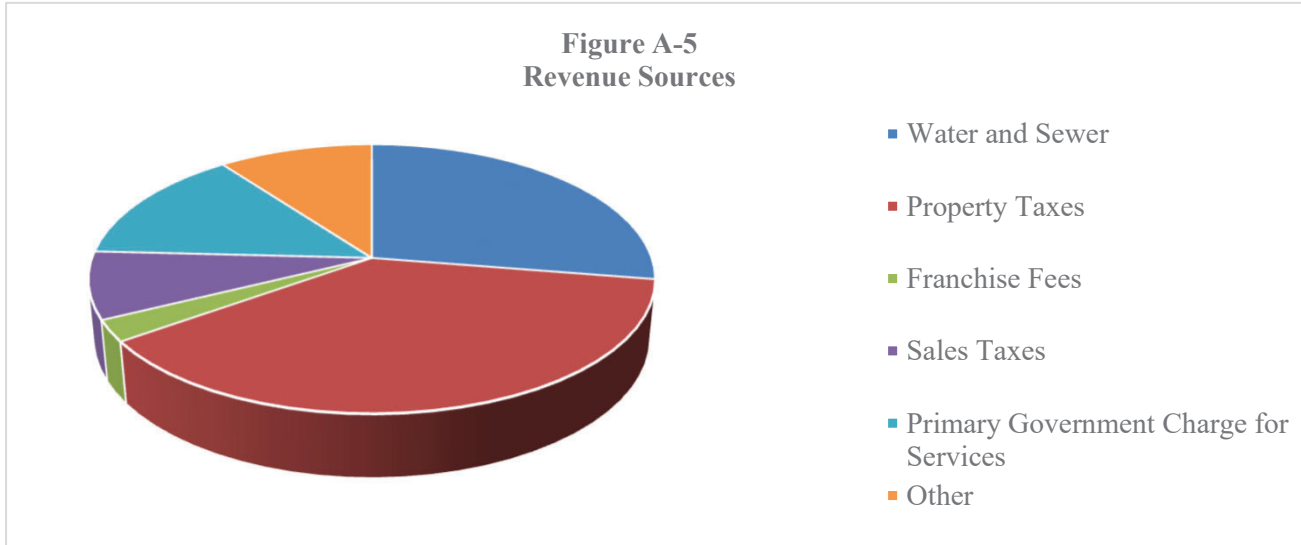
**Figure A-4  
Changes in City Net Position**

	Governmental Activities		Business-Type Activities		Total
	2023	2022	2023	2022	
<b>Revenues:</b>					
Program revenues:					
Charges for services	\$ 4,864,931	\$ 5,727,573	\$ 9,586,083	\$ 12,582,367	\$ 14,451,014
General revenues:					
Taxes	17,048,548	12,984,317	-	-	17,048,548
Interest income	2,248,649	193,672	50,120	3,302	2,298,769
Other	1,032,489	739,710	-	-	1,032,489
<b>Total revenues</b>	<b>25,194,617</b>	<b>19,645,272</b>	<b>9,636,203</b>	<b>12,585,669</b>	<b>34,830,820</b>
					<b>32,230,941</b>
<b>Expenses:</b>					
General government	4,840,117	4,333,261	-	-	4,840,117
Public safety	5,463,281	4,662,515	-	-	5,463,281
Streets	1,950,855	2,609,563	-	-	1,950,855
Municipal court	480,207	454,757	-	-	480,207
Development services	1,386,060	1,008,702	-	-	1,386,060
Sanitation	1,724,313	1,421,286	-	-	1,724,313
Interest and fiscal charges	497,294	263,407	341,079	339,362	838,373
Water and sewer	-	-	6,958,723	6,129,639	6,958,723
<b>Total expenses</b>	<b>16,342,127</b>	<b>14,753,491</b>	<b>7,299,802</b>	<b>6,469,001</b>	<b>23,641,929</b>
					<b>21,222,492</b>
<b>Revenues over(under) expenses</b>	<b>8,852,490</b>	<b>4,891,781</b>	<b>2,336,401</b>	<b>6,116,668</b>	<b>11,188,891</b>
Transfers	(1,786,943)	-	1,786,943	-	-
<b>Change in net position</b>	<b>7,065,547</b>	<b>4,891,781</b>	<b>4,123,344</b>	<b>6,116,668</b>	<b>11,188,891</b>
<b>Beginning net position</b>	<b>16,717,612</b>	<b>11,825,831</b>	<b>39,436,110</b>	<b>33,319,442</b>	<b>45,145,273</b>
<b>Ending net position</b>	<b>\$ 23,783,159</b>	<b>\$ 16,717,612</b>	<b>\$ 43,559,454</b>	<b>\$ 39,436,110</b>	<b>\$ 56,153,722</b>

**CITY OF MANOR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**SEPTEMBER 30, 2023**

**CITY REVENUES**

The majority of the City's revenue is generated from charges for water and sewer services (28%), property taxes (38%), and primary government charges for services (14%). 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) decreased from \$0.6034 to \$0.5090 in the current fiscal year generating \$8,831,665 in M&O taxes, an increase of \$1,392,910 over the previous fiscal year. While the City's franchise fees increased \$359,015, or 15%, and sales taxes increased by \$56,684, or 7%. The new M&O tax rate for the year beginning October 1, 2023, is \$0.4802.

**Business-Type Activities**

Water sales increased by \$729,161, or 20%, while sewer sales increased by \$882,487, or 29%.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**General Fund Budgetary Highlights**

General Fund revenues exceeded expenditures and transfers by \$3,132,820 which was \$2,117,165 more than budgeted. See details of budget and actual revenues on page 57.

**Capital Assets**

During the year ended September 30, 2023, the City invested \$5,359,823 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, 2023**

**Figure A-6**  
**City's Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Land	\$ 724,607	\$ 480,607	\$ 406,816	\$ 406,816	\$ 1,131,423
Construction in progress	276,538	676,268	7,687,563	4,428,876	7,964,101	5,105,144
Buildings and equipment	10,307,717	8,297,618	2,124,014	1,633,247	12,431,731	9,930,865
Sidewalks	244,164	244,164	-	-	244,164	244,164
Streets and improvements	7,237,043	7,237,043	12,992	12,992	7,250,035	7,250,035
Water system	-	-	9,474,596	9,474,596	9,474,596	9,474,596
Sewer system	-	-	26,193,545	26,193,545	26,193,545	26,193,545
<b>Total at historical cost</b>	<b>18,790,069</b>	<b>16,935,700</b>	<b>45,899,526</b>	<b>42,150,072</b>	<b>64,689,595</b>	<b>59,085,772</b>
Accumulated depreciation	(11,318,326)	(9,989,374)	(7,946,907)	(7,063,352)	(19,265,233)	(17,052,726)
<b>Net capital assets</b>	<b>\$ 7,471,743</b>	<b>\$ 6,946,326</b>	<b>\$ 37,952,619</b>	<b>\$ 35,086,720</b>	<b>\$ 45,424,362</b>	<b>\$ 42,033,046</b>

**Debt Administration**

The City's property tax rate for debt services increased from \$0.1793 to \$0.2380 in the current fiscal year generating \$4,177,694 in debt service taxes, an increase of \$1,983,770 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, 2023, is \$0.1988.

**Figure A-7**  
**City's Long-Term Debt**

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Financed purchases	\$ 913,399	\$ 1,162,860	\$ 535,605	\$ 88,297	\$ 1,449,004
Bonds payable	17,482,750	20,266,682	12,657,250	13,425,550	30,140,000	33,692,232
<b>Total</b>	<b>\$ 18,396,149</b>	<b>\$ 21,429,542</b>	<b>\$ 13,192,855</b>	<b>\$ 13,513,847</b>	<b>\$ 31,589,004</b>	<b>\$ 34,943,389</b>

**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 \$3,159,233, 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.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF MANOR, TEXAS**  
**STATEMENT OF NET POSITION - CONTINUED**  
**SEPTEMBER 30, 2023**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 38,807,895	\$ 12,695,243	\$ 51,503,138
Receivables, net	657,976	910,921	1,568,897
Due (to) from other funds	2,404,643	(2,404,643)	-
Restricted assets:			
Cash and cash equivalents	470,250	8,815,355	9,285,605
Investments	714,584	494,530	1,209,114
Non-current assets:			
Capital assets:			
Non-depreciable	1,001,145	8,094,379	9,095,524
Depreciable, net	6,470,598	29,858,240	36,328,838
<b>Total assets</b>	<b>50,527,091</b>	<b>58,464,025</b>	<b>108,991,116</b>
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows related to refunding	122,575	-	122,575
Deferred outflows related to OPEB	24,503	4,151	28,654
Deferred outflows related to pensions	1,033,882	130,622	1,164,504
<b>Total deferred outflows</b>	<b>1,180,960</b>	<b>134,773</b>	<b>1,315,733</b>
<b>LIABILITIES</b>			
Current liabilities:			
Payable from unrestricted assets:			
Accounts payable	1,021,852	627,248	1,649,100
Passthrough liabilities	2,270,572	-	2,270,572
Unearned revenue	4,119,488	-	4,119,488
Payable from restricted assets:			
Interest payable	51,311	36,231	87,542
Financed purchases, due within one year	441,687	44,838	486,525
Bonds payable, due within one year	2,667,000	788,000	3,455,000
Non-current liabilities:			
Payable from unrestricted assets:			
Compensated absences	359,574	65,983	425,557
Payable from restricted assets:			
Customer deposits	-	845,494	845,494
Financed purchases, due more than one year	471,712	490,767	962,479
Bonds payable, due more than one year	14,815,750	11,869,250	26,685,000
Net OPEB liability	60,572	10,556	71,128
Net pension liability	1,089,668	174,858	1,264,526
<b>Total liabilities</b>	<b>27,369,186</b>	<b>14,953,225</b>	<b>42,322,411</b>

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

**CITY OF MANOR, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>DEFERRED INFLOWS</b>			
Deferred inflows related to OPEB	\$ 59,428	\$ 8,374	\$ 67,802
Deferred inflows related to pensions	496,278	77,745	574,023
<b>Total deferred inflows</b>	<u>555,706</u>	<u>86,119</u>	<u>641,825</u>
<b>NET POSITION</b>			
Net investment in capital assets	(10,924,406)	25,295,369	14,370,963
Restricted	1,184,834	9,224,901	10,409,735
Unrestricted	33,522,731	9,039,184	42,561,915
<b>Total net position</b>	<u>\$ 23,783,159</u>	<u>\$ 43,559,454</u>	<u>\$ 67,342,613</u>

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

**CITY OF MANOR, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2023**

<b>Function/program activities</b>	<b>Expenses</b>	<b>Charges for Services</b>
<b>Primary government:</b>		
Government activities:		
General government	\$ 4,840,117	\$ 232
Public safety	5,463,281	154,327
Streets	1,950,855	-
Municipal court	480,207	570,493
Development services	1,386,060	2,476,482
Sanitation	1,724,313	1,663,397
Interest on long-term debt	497,294	-
Total government activities	16,342,127	4,864,931
Business-type activities:		
Water	4,959,109	4,540,670
Sewer	1,999,614	5,045,413
Interest on long-term debt	341,079	-
Total business-type activities	7,299,802	9,586,083
<b>Total primary government</b>	<b>23,641,929</b>	<b>14,451,014</b>

**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.

<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Primary Government</u>		
		<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ -	\$ -	\$ (4,839,885)	\$ -	\$ (4,839,885)
-	-	(5,308,954)	-	(5,308,954)
-	-	(1,950,855)	-	(1,950,855)
-	-	90,286	-	90,286
-	-	1,090,422	-	1,090,422
-	-	(60,916)	-	(60,916)
-	-	(497,294)	-	(497,294)
-	-	<u>(11,477,196)</u>	-	<u>(11,477,196)</u>
-	-	-	(418,439)	(418,439)
-	-	-	3,045,799	3,045,799
-	-	-	(341,079)	(341,079)
-	-	-	<u>2,286,281</u>	<u>2,286,281</u>
-	-	<u>(11,477,196)</u>	<u>2,286,281</u>	<u>(9,190,915)</u>
		13,113,638	-	13,113,638
		2,804,685	-	2,804,685
		895,816	-	895,816
		234,409	-	234,409
		2,248,649	50,120	2,298,769
		1,032,489	-	1,032,489
		<u>(1,786,943)</u>	<u>1,786,943</u>	<u>-</u>
		<u>18,542,743</u>	<u>1,837,063</u>	<u>20,379,806</u>
		7,065,547	4,123,344	11,188,891
		16,717,612	39,436,110	56,153,722
		<u>\$ 23,783,159</u>	<u>\$ 43,559,454</u>	<u>\$ 67,342,613</u>

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

**CITY OF MANOR, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	<b>General Fund</b>	<b>Special Revenues Fund</b>
<b>ASSETS</b>		
Unrestricted		
Cash and cash equivalents	\$ 22,499,219	\$ 2,114,827
Receivables, net	580,230	-
Due from other funds	-	147,527
Restricted assets:		
Cash and cash equivalents	470,250	-
Investments	9,414	404,207
<b>Total assets</b>	<b>\$ 23,559,113</b>	<b>\$ 2,666,561</b>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 964,794	\$ -
Passthrough liabilities	472,684	1,787,961
Unearned revenue	4,101,012	-
Due to other funds	147,527	-
<b>Total liabilities</b>	<b>5,686,017</b>	<b>1,787,961</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	154,112	-
<b>Total liabilities</b>	<b>154,112</b>	<b>-</b>
 <b>FUND BALANCES</b>		
Restricted	479,664	878,600
Committed	-	-
Unassigned	17,239,320	-
<b>Total fund balances</b>	<b>17,718,984</b>	<b>878,600</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 23,559,113</b>	<b>\$ 2,666,561</b>

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



<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
\$ (852,484)	\$ 15,046,333	\$ 38,807,895
77,746	-	657,976
2,404,643	-	2,552,170
-	-	470,250
300,963	-	714,584
<u>\$ 1,930,868</u>	<u>\$ 15,046,333</u>	<u>\$ 43,202,875</u>
\$ -	\$ 57,058	\$ 1,021,852
-	9,927	2,270,572
18,476	-	4,119,488
-	-	147,527
<u>18,476</u>	<u>66,985</u>	<u>7,559,439</u>
115,775	-	269,887
<u>115,775</u>	<u>-</u>	<u>269,887</u>
1,796,617	-	3,154,881
-	14,979,348	14,979,348
-	-	17,239,320
<u>1,796,617</u>	<u>14,979,348</u>	<u>35,373,549</u>
<u>\$ 1,930,868</u>	<u>\$ 15,046,333</u>	<u>\$ 43,202,875</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, 2023**

<b>TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS</b>	\$	35,373,549
<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, therefore, are not reported in the funds.		7,471,743
Certain receivables are not available to pay current-period expenditures, therefore, are deferred in the funds. This amount includes deferred property taxes.		269,887
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.		625,254
Certain liabilities related to long-term debt are not reported in the funds, such as accrued interest payable.		(51,311)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(19,905,963)</u>
<b>NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u><u>23,783,159</u></u></b>

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, 2023**

	<b>General Fund</b>	<b>Special Revenues Fund</b>
<b>REVENUES</b>		
Property taxes	\$ 8,831,665	\$ -
Sales tax	2,804,685	-
Franchise taxes	895,816	-
Other taxes	35,236	199,173
Licenses and permits	2,476,482	-
Charge for services	1,663,397	-
Court and police	570,493	-
Public safety	154,327	-
Interest income	1,731,505	26,809
Interest income - restricted	-	-
Other	1,031,858	863
<b>Total revenues</b>	<b>20,195,464</b>	<b>226,845</b>
<b>EXPENDITURES</b>		
Current:		
General government	5,247,939	66,658
Public safety	5,387,586	-
Streets	2,120,748	-
Municipal court	480,207	-
Development services	1,375,032	-
Sanitation	1,724,313	-
Capital outlay	303,076	-
Debt service:		
Principal	-	-
Interest	-	-
<b>Total expenditures</b>	<b>16,638,901</b>	<b>66,658</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,556,563</b>	<b>160,187</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Debt issuance proceeds	97,550	-
Debt issuance fees	-	-
Transfers in	-	147,527
Transfers out	(521,293)	-
<b>Total other financing sources (uses)</b>	<b>(423,743)</b>	<b>147,527</b>
<b>Net change in fund balances</b>	<b>3,132,820</b>	<b>307,714</b>
<b>Fund balances - beginning of year</b>	<b>14,586,164</b>	<b>570,886</b>
<b>Fund balances - end of year</b>	<b>\$ 17,718,984</b>	<b>\$ 878,600</b>

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

<b>Debt Services Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
\$ 4,177,694	\$ -	\$ 13,009,359
-	-	2,804,685
-	-	895,816
-	-	234,409
-	-	2,476,482
-	-	1,663,397
-	-	570,493
-	-	154,327
13,330	477,005	2,248,649
-	-	-
-	-	1,032,721
<u>4,191,024</u>	<u>477,005</u>	<u>25,090,338</u>
935	-	5,315,532
-	-	5,387,586
-	-	2,120,748
-	-	480,207
-	-	1,375,032
-	-	1,724,313
-	-	303,076
2,631,700	-	2,631,700
471,235	-	471,235
<u>3,103,870</u>	<u>-</u>	<u>19,809,429</u>
<u>1,087,154</u>	<u>477,005</u>	<u>5,280,909</u>
-	-	97,550
-	-	-
-	-	147,527
-	(1,413,177)	(1,934,470)
<u>-</u>	<u>(1,413,177)</u>	<u>(1,689,393)</u>
1,087,154	(936,172)	3,591,516
709,463	15,915,520	31,782,033
<u>\$ 1,796,617</u>	<u>\$ 14,979,348</u>	<u>\$ 35,373,549</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, 2023**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS**                   \$       3,591,516

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. 525,417

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. 2,855,102

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. 93,512

**CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES** \$       7,065,547

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

**CITY OF MANOR, TEXAS**  
**STATEMENT OF NET POSITION - CONTINUED**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2023**

	<u>Water and Sewer System</u>	<u>Capital Impact Fees</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	\$ 12,695,243	\$ -	\$ 12,695,243
Accounts receivable, net	910,921	-	910,921
Due from other funds	-	-	-
Restricted assets:			
Cash and cash equivalents	845,494	7,969,861	8,815,355
Investments	-	494,530	494,530
<b>Total current assets</b>	<u>14,451,658</u>	<u>8,464,391</u>	<u>22,916,049</u>
Non-current assets:			
Non-depreciable assets, net	8,094,379	-	8,094,379
Depreciable assets, net	29,858,240	-	29,858,240
<b>Total non-current assets</b>	<u>37,952,619</u>	<u>-</u>	<u>37,952,619</u>
<b>Total assets</b>	<u>52,404,277</u>	<u>8,464,391</u>	<u>60,868,668</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred outflow related to OPEB	4,151	-	4,151
Deferred outflow related to pension	130,622	-	130,622
<b>Total deferred outflows</b>	<u>134,773</u>	<u>-</u>	<u>134,773</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	542,264	84,984	627,248
Interest payable	36,231	-	36,231
Passthrough liabilities	-	-	-
Due to other funds	2,404,643	-	2,404,643
Notes payable, due within one year	44,838	-	44,838
Bonds payable, due within one year	788,000	-	788,000
<b>Total current liabilities</b>	<u>3,815,976</u>	<u>84,984</u>	<u>3,900,960</u>
Non-current liabilities:			
Compensated absences	65,983	-	65,983
Customer deposits	845,494	-	845,494
Notes payable, due after one year	490,767	-	490,767
Bonds payable, due after one year	11,869,250	-	11,869,250
Net OPEB liability	10,556	-	10,556
Net pension liability	174,858	-	174,858
<b>Total non-current liabilities</b>	<u>13,456,908</u>	<u>-</u>	<u>13,456,908</u>
<b>Total liabilities</b>	<u>17,272,884</u>	<u>84,984</u>	<u>17,357,868</u>

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



**CITY OF MANOR, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2023**

	<b>Water and Sewer System</b>	<b>Capital Impact Fees</b>	<b>Total</b>
<b>DEFERRED INFLOWS</b>			
Deferred inflow related to OPEB	\$ 8,374	\$ -	\$ 8,374
Deferred inflow related to pensions	77,745	-	77,745
<b>Total deferred inflows</b>	86,119	-	86,119
<b>NET POSITION</b>			
Investment in capital assets	25,295,369	-	25,295,369
Restricted	845,494	8,379,407	9,224,901
Unrestricted	9,039,184	-	9,039,184
<b>Total net assets</b>	\$ 35,180,047	\$ 8,379,407	\$ 43,559,454

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, 2023**

	<b>Water and Sewer System</b>	<b>Capital Impact Fees</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Water service	\$ 3,850,181	\$ -	\$ 3,850,181
Sewer service	3,965,641	-	3,965,641
Penalties	119,214	-	119,214
Miscellaneous	1,610	-	1,610
Capital impact fees	-	1,649,437	1,649,437
Total operating revenues	<u>7,936,646</u>	<u>1,649,437</u>	<u>9,586,083</u>
<b>OPERATING EXPENSES</b>			
Personnel services	942,496	-	942,496
Operations	570,717	315,293	886,010
Utilities	332,340	-	332,340
Insurance	163,171	-	163,171
Materials and supplies	415,082	-	415,082
Maintenance	446,724	79,970	526,694
Water fees	2,319,242	-	2,319,242
Wastewater fees	490,133	-	490,133
Depreciation	883,555	-	883,555
Total operating expenses	<u>6,563,460</u>	<u>395,263</u>	<u>6,958,723</u>
<b>OPERATING INCOME</b>	<u>1,373,186</u>	<u>1,254,174</u>	<u>2,627,360</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	-	50,120	50,120
Interest expense	(341,079)	-	(341,079)
Total non-operating revenues (expenses)	<u>(341,079)</u>	<u>50,120</u>	<u>(290,959)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	1,032,107	1,304,294	2,336,401
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers in (out)	900,943	(900,943)	-
Transfers from (to) primary government	1,786,943	-	1,786,943
<b>CHANGE IN NET POSITION</b>	3,719,993	403,351	4,123,344
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>31,460,054</u>	<u>7,976,056</u>	<u>39,436,110</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 35,180,047</u>	<u>\$ 8,379,407</u>	<u>\$ 43,559,454</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, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 9,381,812
Payments to suppliers	(5,748,814)
Payments to employees and contractors	(953,138)
Net cash flows from operating activities	2,679,860

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Increase in customer deposits	48,121
Increase in restricted assets	(516,192)
Net cash flows from non-capital financing activities	(468,071)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Transfers from primary government	3,801,087
Additions to capital assets	(1,061,568)
Transfers of capital assets from other funds	(2,687,886)
Principal payments on debt	(811,759)
Interest payments on debt	(343,279)
Net cash flows from capital and related financing activities	(1,103,405)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	50,120
Net cash flows from investing activities	50,120

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

1,158,504

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR**

11,045,972

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 12,204,476

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**RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES**

Operating income	\$ 2,627,360
Adjustments not affecting cash:	
Depreciation	883,555
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts receivable	(204,271)
Accounts payable	(616,142)
Compensated absences	(4,291)
Deferred outflows	(95,804)
Deferred inflows	28,313
Net OPEB liability	(4,265)
Net pension liability	65,405
Net cash flows from operating activities	\$ 2,679,860

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

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**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**

GASB Statement No. 91, Conduit Debt Obligations, is effective for the City in fiscal year 2023. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. The new standard clarifies the definition of a conduit debt obligation, that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of commitments extended by issuers and arrangements associated with conduit debt obligations, and improves required note disclosures. The City does not have conduit debt.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (GASB 96) requires recognition of certain right-to-use subscription assets and corresponding liabilities for subscription-based information technology arrangements (SBITA) that were previously classified as operating subscriptions and recognized as outflows of resources based on the payment provisions of the contract. The City did not have any SBITAs that qualified for GASB 96 implementation.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

GASB Statement No. 99, *Omnibus 2022*, includes certain provisions that were effective for the City in fiscal year 2022 and other provisions that are effective in fiscal year 2023 and 2024. The Statement addresses a variety of topics which include provisions regarding practice issues that have been identified during implementation and application of certain GASB Statements as well as accounting and financial reporting for financial guarantees. The following provisions were effective and implemented in fiscal year 2023: Clarification of GASB Statement No. 87, Leases, as amended and clarification of provisions in GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

**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.

**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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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.

**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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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)

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

***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.



**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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.

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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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.

***Subsequent Events***

Management has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued. See Notes O and P.

**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, 2023, carrying amounts of the City's cash deposits were \$60,788,743 and bank balances were \$61,962,470. The City's cash deposits at September 30, 2023, were in excess of FDIC insurance and bank pledges securities by \$31,563,934.

***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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**B. DEPOSITS AND INVESTMENTS - CONTINUED**

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.

***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, 2023, 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	\$ 1,209,114

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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**B. DEPOSITS AND INVESTMENTS - CONTINUED**

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, 2023, 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.

***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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**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.

<b>Governmental fund balance</b>		\$ 35,373,549
 <b><u>Difference due to capital assets</u></b>		
Capital assets	18,790,069	
Accumulated depreciation	<u>(11,318,326)</u>	7,471,743
 <b><u>Difference due to deferred outflows</u></b>		
Deferred outflows related to pensions	1,033,882	
Deferred outflows related to OPEB	24,503	
Deferred loss on refunding	<u>122,575</u>	1,180,960
 <b><u>Difference due to current liabilities</u></b>		
Interest payable		(51,311)
 <b><u>Difference due to non-current liabilities</u></b>		
Compensated absences	(359,574)	
Net pension liability	(1,089,668)	
Net OPEB liability	(60,572)	
Notes payable	(913,399)	
Bonds payable	<u>(17,482,750)</u>	<u>(19,905,963)</u>
 <b><u>Difference due to deferred inflows</u></b>		
Deferred inflows related to property taxes	269,887	
Deferred inflows related to pensions	(496,278)	
Deferred inflows related to OPEB	<u>(59,428)</u>	<u>(285,819)</u>
 <b>Government-wide net position</b>		 <u><u>\$ 23,783,159</u></u>

**CITY OF MANOR, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2023**

**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.

<b>Change in governmental fund balance</b>		<b>\$ 3,591,516</b>
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**Amount by which depreciation exceeds capital outlay expense and other capital related transactions**

Capital outlay	1,854,369	
Depreciation expense	<u>(1,328,952)</u>	525,417

**Long-term debt and related items**

Debt payments	3,264,226	
Debt issuances	(383,065)	
Accrued interest adjustment	3,598	
Amortization of loss on refunding	<u>(29,657)</u>	2,855,102

**Expenses or revenues that do not require the use of current financial resources or have not matured**

Property taxes recorded as deferred inflows	104,279	
Changes in pension expense and deferred outflows and inflows	70,510	
Changes in OPEB expense and deferred outflows and inflows	(23,488)	
Compensated absence adjustment	<u>(57,789)</u>	<u>93,512</u>

<b>Change in government-wide net position</b>		<b><u><u>\$ 7,065,547</u></u></b>
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**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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

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

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.

At September 30, 2023, receivables for governmental activities are summarized in the government-wide financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Sales tax receivable	\$ 229,427	\$ -	\$ 229,427
Property tax receivable	269,887	(88,858)	181,029
Employee receivable	1,961	-	1,961
Court fines receivable	862,874	(836,988)	25,886
Other	219,673	-	219,673
Total receivables	\$ 1,583,822	\$ (925,846)	\$ 657,976

***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, 2023, Business-type activities receivables are summarized in the financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Customer receivables	\$ 911,070	\$ (1,349)	\$ 909,721
NSF checks	1,200	-	1,200
Total receivables	\$ 912,270	\$ (1,349)	\$ 910,921

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**E. RESTRICTED ASSETS**

At September 30, 2023, restricted assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<b>Cash and cash equivalents:</b>			
Other	\$ (1,316,354)	\$ -	\$ (1,316,354)
Parkland project	470,250	-	470,250
Rose Hill Public Improvement District	1,316,354	-	1,316,354
Customer deposits	-	845,494	845,494
Capital improvements - water system	-	2,848,376	2,848,376
Capital improvements - sewer system	-	5,121,485	5,121,485
Total cash and cash equivalents	<u>\$ 470,250</u>	<u>\$ 8,815,355</u>	<u>\$ 9,285,605</u>

	Governmental Activities	Business-Type Activities	Total
<b>Investments:</b>			
Parks	\$ 9,414	\$ -	\$ 9,414
Debt service	300,963	-	300,963
Tourism	404,207	-	404,207
Capital improvements - sewer system	-	494,530	494,530
Total investments	<u>\$ 714,584</u>	<u>\$ 494,530</u>	<u>\$ 1,209,114</u>

**F. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions/ Reclass	Ending Balance
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Land	\$ 480,607	\$ 244,000	\$ -	\$ 724,607
Construction in progress	676,268	-	(399,730)	276,538
Total non-depreciable assets	<u>\$ 1,156,875</u>	<u>\$ 244,000</u>	<u>\$ (399,730)</u>	<u>\$ 1,001,145</u>
Depreciable assets:				
Buildings	\$ 2,626,731	\$ -	\$ -	\$ 2,626,731
Equipment	5,670,887	1,610,369	399,730	7,680,986
Sidewalks	244,164	-	-	244,164
Streets and improvements	7,237,043	-	-	7,237,043
Total depreciable assets	<u>15,778,825</u>	<u>1,610,369</u>	<u>399,730</u>	<u>17,788,924</u>
Accumulated depreciation	(9,989,374)	(1,328,952)	-	(11,318,326)
Depreciable assets, net	<u>\$ 5,789,451</u>	<u>\$ 281,417</u>	<u>\$ 399,730</u>	<u>\$ 6,470,598</u>



**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**F. CAPITAL ASSETS - CONTINUED**

<b>Business-Type Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Reclass</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 406,816	\$ -	\$ -	\$ 406,816
Construction in progress	4,428,876	3,258,687	-	7,687,563
Total non-depreciable assets	<u>\$ 4,835,692</u>	<u>\$ 3,258,687</u>	<u>\$ -</u>	<u>\$ 8,094,379</u>
Depreciable assets:				
Machinery and equipment	\$ 1,633,247	\$ 490,767	\$ -	\$ 2,124,014
Culverts	12,992	-	-	12,992
Infrastructure - water system	9,474,596	-	-	9,474,596
Infrastructure - sewer system	26,193,545	-	-	26,193,545
Total depreciable assets	<u>37,314,380</u>	<u>490,767</u>	<u>-</u>	<u>37,805,147</u>
Accumulated depreciation	<u>(7,063,352)</u>	<u>(883,555)</u>	<u>-</u>	<u>(7,946,907)</u>
Depreciable assets, net	<u>\$ 30,251,028</u>	<u>\$ (392,788)</u>	<u>\$ -</u>	<u>\$ 29,858,240</u>

Depreciation expense was charged to the functions as follows:

Function:	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General government	\$ 222,509	\$ -	\$ 222,509
Public safety	408,566	-	408,566
Streets	686,849	-	686,849
Development services	11,028	-	11,028
Water	-	559,060	559,060
Sewer	-	324,495	324,495
Total depreciation expense	<u>\$ 1,328,952</u>	<u>\$ 883,555</u>	<u>\$ 2,212,507</u>

**G. INTER-FUND BALANCES AND ACTIVITY**

**Transfers (To)From Other Funds**

<u>Purpose</u>	<u>General Fund</u>	<u>Special Revenues Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Fund</u>	<u>Capital Impact Fees</u>
Transfer of capital assets	\$ (373,766)	\$ -	\$ (1,413,177)	\$ 2,687,886	\$ (900,943)
Transfer of funds	(147,527)	147,527	-	-	-

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**H. LONG-TERM DEBT**

**Long-Term Debt Activity**

Changes in long-term debt obligations for the year ended September 30, 2023, are as follows:

<b>Governmental Activities:</b>	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Financed purchases	\$ 1,162,860	\$ 383,065	\$ (632,526)	\$ 913,399	\$ 441,687
Bonds payable	20,114,450	-	(2,631,700)	17,482,750	2,667,000
Loss on refunding	152,232	-	(29,657)	122,575	29,657
Total governmental activities	<u>\$ 21,429,542</u>	<u>\$ 383,065</u>	<u>\$ (3,293,883)</u>	<u>\$ 18,518,724</u>	<u>\$ 3,138,344</u>

<b>Business-Type Activities:</b>	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Financed purchases	\$ 88,297	\$ 490,767	\$ (43,459)	\$ 535,605	\$ 44,838
Bonds payable	13,425,550	-	(768,300)	12,657,250	788,000
Total business-type activities	<u>\$ 13,513,847</u>	<u>\$ 490,767</u>	<u>\$ (811,759)</u>	<u>\$ 13,192,855</u>	<u>\$ 832,838</u>

**Debt Service Requirements**

***Financed Purchases***

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, 2023, is \$80,068.

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, 2023, is \$10,331.

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, 2023, is \$266,368.

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, 2023, is \$34,560.

On March 12, 2021, the City entered into financing agreements for equipment totaling \$285,515 at 0% fixed interest rate with annual payments of \$57,103, maturing on April 22, 2025. The City's balance remaining on the note payable at September 30, 2023, is \$114,206.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**H. LONG-TERM DEBT - CONTINUED**

*Financed Purchases - Continued*

On May 31, 2022, the City entered into financing agreements for equipment totaling \$475,126 at 3.00% fixed interest rate with monthly payments of \$8,547, maturing on May 30, 2027. The City's balance remaining on the note payable at September 30, 2023, is \$355,154.

On March 1, 2023, the City entered into financing agreements for vehicles totaling \$588,317 at 5.47% fixed interest rate with yearly payments of \$137,657 due in March. The City's balance remaining on the note payable at September 30, 2023, is \$588,317.

Debt service requirements on long-term notes payable at September 30, 2023, were as follows:

For the years ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 450,525	\$ 49,561	\$ 500,086
2025	370,417	36,438	406,855
2026	306,763	25,709	332,472
2027	190,783	14,659	205,442
2028	130,516	7,139	137,655
	\$ 1,449,004	\$ 133,506	\$ 1,582,510

*Bonds Payable*

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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**H. LONG-TERM DEBT - CONTINUED**

*Bonds Payable - Continued*

Combination Tax and Revenue Certificate of Obligation Bonds, Series 2021

On December 1, 2021, the City issued \$6,360,000 in combined tax and revenue certificate of obligation bonds, proceeds to be used for the improvement and expansion of the City's water and sewer system. Bond interest rate of 1.76% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2036 or prior redemption.

Tax Note, Series 2022

On September 22, 2022, the City issued \$10,000,000 in tax notes, proceeds to be used for the improvement and expansion of the City's water and sewer system. Bond interest rate of 2.97% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2039 or prior redemption.

Debt service requirements on long-term bond debt at September 30, 2023, were as follows:

		Series 2012 - \$3,510,000		
		Principal	Interest	Total
For the years ending September 30,				
	2024	\$ 315,000	\$ 11,220	\$ 326,220
	2025	60,000	3,188	63,188
	2026	65,000	1,718	66,718
	Total	\$ 440,000	\$ 16,126	\$ 456,126

		Series 2012 - \$1,835,000		
		Principal	Interest	Total
For the years ending September 30,				
	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	\$ 560,000	\$ 35,235	\$ 595,235

		Series 2015 - \$4,750,000		
		Principal	Interest	Total
For the years ending September 30,				
	2024	\$ 485,000	\$ 46,487	\$ 531,487
	2025	500,000	35,381	535,381
	2026	515,000	23,931	538,931
	2027	530,000	12,137	542,137
	Total	\$ 2,030,000	\$ 117,936	\$ 2,147,936

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**H. LONG-TERM DEBT - CONTINUED**

*Bonds Payable - Continued*

		Series 2016 - \$18,000,000		
		Principal	Interest	Total
For the years ending September 30,				
	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	1,290,000	221,672	1,511,672
	2028	2,015,000	192,131	2,207,131
	2029-2031	6,375,000	294,494	6,669,494
	Total	\$ 12,850,000	\$ 1,527,659	\$ 14,377,659
		Series 2021 CO - \$6,360,000		
		Principal	Interest	Total
For the years ending September 30,				
	2024	\$ 380,000	\$ 98,472	\$ 478,472
	2025	390,000	91,784	481,784
	2026	395,000	84,920	479,920
	2027	405,000	77,968	482,968
	2028	410,000	70,840	480,840
	2029-2033	2,190,000	242,528	2,432,528
	2034 - 2036	1,425,000	50,512	1,475,512
	Total	\$ 5,595,000	\$ 717,024	\$ 6,312,024
		Series 2022 Tax Notes - \$10,000,000		
		Principal	Interest	Total
For the years ending September 30,				
	2024	\$ 1,340,000	\$ 257,351	\$ 1,597,351
	2025	1,380,000	217,553	1,597,553
	2026	1,420,000	176,567	1,596,567
	2027	1,465,000	134,393	1,599,393
	2028	1,505,000	90,882	1,595,882
	2029-2031	1,555,000	46,184	1,601,184
	Total	\$ 8,665,000	\$ 922,930	\$ 9,587,930

**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, 2023 was \$122,575.

**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, 2023**

**I. RESTRICTED NET ASSETS**

At September 30, 2023, net assets restricted by enabling legislation consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Rose Hill Public Improvement District	\$ 1,316,354	\$ -	\$ 1,316,354
Parkland project	470,250	-	470,250
Tourism	404,207	-	404,207
Debt service	300,963	-	300,963
Other	(1,306,940)	-	(1,306,940)
Capital improvements	-	9,224,901	9,224,901
Total restricted net assets	<u>\$ 1,184,834</u>	<u>\$ 9,224,901</u>	<u>\$ 10,409,735</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](http://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:

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**K. PENSION PLAN - CONTINUED**

	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	56
Active employees	82
	<u>151</u>

**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 2022, 2021, and 2020 were 8.16%, 8.85%, and 9.23%, respectively. The required contribution rate payable by the employee members for calendar years 2022, 2021, and 2020 was 7%.

**Net Pension Asset**

The City's net pension asset was measured as of December 31, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**K. PENSION PLAN - CONTINUED**

**Actuarial Assumptions**

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	22 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	There were no benefit changes during the year.

The actuarial assumptions used in the December 31, 2021, 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, 2023**

**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, 2021	\$ 7,007,618	\$ 6,292,696	\$ 714,922
Changes for the year:			
Service cost	711,850	-	711,850
Interest on total pension liability	488,011	-	488,011
Change in benefit terms including substantively automatic status	-	-	-
Difference between expected and actual experience	(241,140)	-	(241,140)
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(267,511)	-	(267,511)
Contributions - employer	-	471,641	(471,641)
Contributions - employee	-	397,681	(397,681)
Net investment income	-	(460,975)	460,975
Benefit payments	-	(267,511)	267,511
Administrative expenses	-	(3,975)	3,975
Other	-	4,745	(4,745)
Net changes	691,210	141,606	549,604
Balances as of December 31, 2022	\$ 7,698,828	\$ 6,434,302	\$ 1,264,526

**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)	\$ 2,594,774	\$ 1,264,526	\$ 202,446

**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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**K. PENSION PLAN - CONTINUED**

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

For the year ended September 30, 2023, the City recognized pension expense of \$448,058. At September 30, 2023, 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- actuarial (gains) or losses	\$ 311,487	\$ 59,118
Changes in assumptions	3,013	-
Differences between projected and actual earnings on pension plan investments	259,523	708,585
Contributions made subsequent to measurement date	-	396,801
	\$ 574,023	\$ 1,164,504

The \$396,801 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, 2023. 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,	
2024	\$ 2,482
2025	53,156
2026	56,310
2027	127,828
2028	(33,892)
Thereafter	(12,204)
	\$ 193,680

**Funded Status and Funding Process**

The fund status as of December 31, 2022, 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)
12/31/2020	\$ 5,078,137	\$ 6,116,381	83.0%	\$ 1,038,244	\$ 4,724,397	22.0%
12/31/2021	6,292,696	7,007,618	89.8%	714,922	4,773,033	15.0%
12/31/2022	6,434,302	7,698,828	83.6%	1,264,526	5,681,162	22.3%

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**K. PENSION PLAN - CONTINUED**

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.

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	12
Active employees	82
	<hr/> 102

**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, 2023, the City has not made any contributions to the SDBF.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

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

**Actuarial Assumptions**

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	December 31, 2022
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
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 set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by 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, 2022.

Note: The actuarial assumptions used in the December 31, 2022 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, 2023**

**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, 2021	\$ 106,970	\$ -	\$ 106,970
Changes for the year:			
Service cost	16,475	-	16,475
Interest on total pension liability	2,115	-	2,115
Difference between expected and actual experience	2,842	-	2,842
Effect of assumptions changes or inputs	(56,706)	-	(56,706)
Benefit payments	(568)	-	(568)
Administrative expenses	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Benefit payments	-	-	-
Other	-	-	-
Net changes	<u>(35,842)</u>	<u>-</u>	<u>(35,842)</u>
Balances as of December 31, 2022	<u>\$ 71,128</u>	<u>\$ -</u>	<u>\$ 71,128</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 4.05%, 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 (3.05%) or one percentage point higher (5.05%) than the current rate.

	1% Decrease 3.05%	Current Discount Rate 4.05%	1% Increase 5.05%
Net pension liability / (asset)	<u>\$ 91,684</u>	<u>\$ 71,128</u>	<u>\$ 56,158</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, 2023, the City recognized pension expense of \$26,661. At September 30, 2023, deferred outflows and inflows of resources related to pensions were reported from the following sources:

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**L. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFITS FUND (SDBF)**  
**- CONTINUED**

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 14,696	\$ 2,533
Changes in assumptions and other inputs	53,106	26,121
Contributions made subsequent to measurement date	-	-
	\$ 67,802	\$ 28,654

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

<u>Years Ending September 30,</u>	
2024	\$ (4,179)
2025	(4,179)
2026	(4,179)
2027	(4,370)
2028	(4,496)
Thereafter	(17,745)
	\$ (39,148)

**M. HEALTH CARE COVERAGE**

During the year ended September 30, 2023, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of \$695,522 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**

**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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**N. COMMITMENTS AND CONTINGENCIES - CONTINUED**

**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, 2023, the City's arbitrage liability was \$0.

**O. SPECIAL ASSESSMENT REVENUE BONDS**

The City has no direct or contingent liability or moral obligation for the payment of this debt; therefore, this debt is not recorded as long-term debt of the City.

In January 2020 the City issued \$3,120,000 of Special Assessment Revenue Bonds, Senior Series 2020 related to the Lagos Public Improvement District, Major Improvement Area Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2023, is \$2,760,000.

In May 2021, the City issued \$7,305,000 of Special Assessment Revenue Bonds, Senior Series 2021 related to the Manor Heights Public Improvement District, Major Improvement Area #1-2 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2023, is \$7,155,000.

In May 2021, the City issued \$8,080,000 of Special Assessment Revenue Bonds, Senior Series 2021 related to the Manor Heights Public Improvement District, Major Improvement Area Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2023, is \$7,930,000.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2023**

**O. SPECIAL ASSESSMENT REVENUE BONDS - CONTINUED**

In July 2023, the City issued \$4,280,000 of Special Assessment Revenue Bonds, Senior Series 2023 related to the Manor Heights Public Improvement District, Improvement Area #3 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2023, is \$4,280,000.

In June 2024, the City issued \$5,400,000 of Special Assessment Revenue Bonds, Senior Series 2024 related to the Manor Heights Public Improvement District, Improvement Area #4 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures.

**P. SUBSEQUENT EVENTS**

Combination Tax and Revenue Certificate of Obligation Bonds, Series 2023

On December 1, 2023, the City issued \$36,245,000 in combined tax and revenue certificate of obligation bonds, proceeds to be used for the improvement and expansion of the City's water and sewer system. Bond interest rate of 5.00% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2042 or prior redemption.

General Obligation Bonds, Series 2024

On May 22, 2024, the City issued \$15,000,000 in general obligation bonds, proceeds to be used for the acquisition of real property for economic development purposes. Bond interest rates vary from 4.96% to 5.60% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2042 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, 2023**

	<b>Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Property taxes	\$ 9,042,774	\$ 9,039,679	\$ 8,831,665	\$ (208,014)
Sales taxes	2,134,325	2,134,325	2,804,685	670,360
Franchise taxes	942,511	966,419	895,816	(70,603)
Other taxes	16,705	28,376	35,236	6,860
Licenses and permits	3,106,550	3,112,428	2,476,482	(635,946)
Charge for services	1,120,000	1,120,000	1,663,397	543,397
Court and police	418,298	459,079	570,493	111,414
Public safety	76,850	109,486	154,327	44,841
Interest	50,000	1,537,435	1,731,505	194,070
Other	366,786	579,498	1,031,858	452,360
Total revenues	<u>17,274,799</u>	<u>19,086,725</u>	<u>20,195,464</u>	<u>1,108,739</u>
<b>EXPENDITURES</b>				
General government	5,334,031	5,527,574	5,247,939	279,635
Public safety	6,081,667	6,201,725	5,387,586	814,139
Streets	2,197,475	2,629,911	2,120,748	509,163
Municipal court	596,512	596,512	480,207	116,305
Development services	1,318,760	1,368,994	1,375,032	(6,038)
Sanitation	1,500,000	1,500,000	1,724,313	(224,313)
Capital outlay	246,354	246,354	303,076	(56,722)
Debt payments	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>17,274,799</u>	<u>18,071,070</u>	<u>16,638,901</u>	<u>1,432,169</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>-</u>	<u>1,015,655</u>	<u>3,556,563</u>	<u>2,540,908</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuances	-	-	97,550	97,550
Transfers (to) from other funds:	-	-	(521,293)	(521,293)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(423,743)</u>	<u>(423,743)</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	-	1,015,655	3,132,820	2,117,165
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	<u>14,586,164</u>	<u>14,586,164</u>	<u>14,586,164</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>				
	<u><u>\$ 14,586,164</u></u>	<u><u>\$ 15,601,819</u></u>	<u><u>\$ 17,718,984</u></u>	<u><u>\$ 2,117,165</u></u>

**CITY OF MANOR, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2023**

**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 \$1,108,739, and operating expenditures were less than budgeted by \$1,432,169, resulting in an overall favorable operating variance of \$2,540,908. Due to favorable operating results, there was an overall increase in fund balance of \$3,132,820 for the City's general fund.

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**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)**

	2023	2022	2021	2020
<b>Total Pension Liability (Asset)</b>				
Service cost	\$ 711,850	\$ 605,221	\$ 599,998	\$ 550,557
Interest on total pension liability	488,011	426,594	383,525	327,129
Change in benefit terms including substantively automatic status	-	-	-	-
Effect of plan changes	-	-	-	-
Difference between expected and actual experience	(241,140)	57,592	(196,958)	28,739
Effect of assumptions changes or inputs	-	-	-	(7,557)
Benefit payments, including refunds of employee contributions	(267,511)	(198,170)	(104,072)	(72,110)
Net change in total pension liability (asset)	691,210	891,237	682,493	826,758
Total pension liability (asset), beginning	7,007,618	6,116,381	5,433,888	4,607,130
Total pension liability (asset), ending (a)	<u>\$ 7,698,828</u>	<u>\$ 7,007,618</u>	<u>\$ 6,116,381</u>	<u>\$ 5,433,888</u>
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 471,641	\$ 418,118	\$ 430,394	\$ 384,826
Employee contributions	397,681	334,112	330,708	303,696
Net investment income	(460,975)	663,540	312,881	468,829
Benefit payments, including refunds of employee contributions	(267,511)	(198,170)	(104,072)	(72,110)
Administrative expenses	(3,975)	(3,063)	(2,019)	(2,645)
Other	4,745	22	(81)	(79)
Net change in fiduciary net position	141,606	1,214,559	967,811	1,082,517
Fiduciary net position, beginning	6,292,696	5,078,137	4,110,326	3,027,809
Fiduciary net position, ending (b)	<u>\$ 6,434,302</u>	<u>\$ 6,292,696</u>	<u>\$ 5,078,137</u>	<u>\$ 4,110,326</u>
Net pension liability (asset), ending = (a) - (b)	<u>\$ 1,264,526</u>	<u>\$ 714,922</u>	<u>\$ 1,038,244</u>	<u>\$ 1,323,562</u>
Fiduciary net position as a % of total pension liability (asset)	83.58%	89.80%	83.03%	75.64%
Covered employee payroll	\$ 5,681,162	\$ 4,773,033	\$ 4,724,397	\$ 4,338,512
Net pension liability (asset) as a % of covered employee payroll	22.26%	14.98%	21.98%	30.51%

\* Fiscal year 2015 was the first year of implementation, therefore only nine 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)
	1,764,783	462,855	320,504	406,560	244,897
	2,842,347	2,379,492	2,058,988	1,652,428	1,407,531
\$	4,607,130	\$ 2,842,347	\$ 2,379,492	\$ 2,058,988	\$ 1,652,428
\$	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)
	204,103	570,120	273,788	192,277	191,125
	2,823,706	2,253,586	1,979,798	1,787,521	1,596,396
\$	3,027,809	\$ 2,823,706	\$ 2,253,586	\$ 1,979,798	\$ 1,787,521
\$	1,579,321	\$ 18,641	\$ 125,906	\$ 79,190	\$ (135,093)
	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)
12/31/2020	\$ 5,078,137	\$ 6,116,381	83.0%	\$ 1,038,244	\$ 4,724,397	22.0%
12/31/2021	6,292,696	7,007,618	89.8%	714,922	4,773,033	15.0%
12/31/2022	6,434,302	7,698,828	83.6%	1,264,526	5,681,162	22.3%

**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>2023</u>	<u>2022</u>	<u>2021</u>
<b>Total OPEB Liability (Asset)</b>			
Service cost	\$ 16,475	\$ 13,842	\$ 10,866
Interest on total OPEB liability	2,115	1,926	2,241
Effect of plan changes	-	-	-
Difference between expected and actual experience	2,842	(2,418)	(15,733)
Effect of assumptions changes or inputs	(56,706)	4,482	16,427
Benefit payments	<u>(568)</u>	<u>(477)</u>	<u>(472)</u>
Net change in total OPEB liability (asset)	(35,842)	17,355	13,329
Total OPEB liability (asset), beginning	<u>106,970</u>	<u>89,615</u>	<u>76,286</u>
Total OPEB liability (asset), ending (a)	<u>\$ 71,128</u>	<u>\$ 106,970</u>	<u>\$ 89,615</u>
Covered payroll	\$ 5,681,162	\$ 4,773,033	\$ 4,724,397
Net OPEB liability (asset) as a % of covered payroll	1.25%	2.24%	1.90%

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

<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)	-	-
23,005	80	12,010
53,281	53,201	41,191
\$ 76,286	\$ 53,281	\$ 53,201
\$ 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 28, 2024.

**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.

*Atchley & Associates LLP*

Austin, Texas

October 28, 2024

**CITY OF MANOR, TEXAS  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2023**

Financial Statement Findings

None

**CITY OF MANOR, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2023**

Prior Audit Findings

None