OFFICIAL STATEMENT DATED NOVEMBER 29, 2023

NEW ISSUE - BOOK-ENTRY-ONLY

Ratings: Moody's – Aa1
(See "OTHER PERTINENT INFORMATION - Ratings" herein)

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Certificates (as hereinafter defined), including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the City (as hereinafter defined) with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Certificates is not subject to the alternative minimum tax imposed on individuals under the Code. For purposes of the 15% federal minimum tax that is imposed on "applicable corporations" (as defined in the 2022 Inflation Reduction Act (the "2022 Act") for taxable years beginning after December 31, 2022, interest on the Certificates will be taken into account in determining "adjusted financial statement income" (as defined in the 2022 Act). See "TAX MATTERS" herein.

$36,245,000
CITY OF MANOR, TEXAS
(A political subdivision of the State of Texas located in Travis County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

Dated Date: December 1, 2023 (interest to accrue from the Delivery Date)

Due: August 15, as shown on the inside cover page

The City of Manor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance (the "Ordinance") of the City Council of the City of Manor, Texas (the "City") was adopted on November 29, 2023. See "THE CERTIFICATES - Authority for Issuance" herein.

The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied against all taxable property therein, within the limits prescribed by law. In addition, the Certificates are further secured by a limited pledge (not to exceed $1,000) of the surplus revenues from the operation of the City's Water and Wastewater Systems, as described in the Ordinance. (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)

Interest on the Certificates will accrue from the Delivery Date (as defined below) and will be payable on August 15, 2024, and each February 15 and August 15 thereafter, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book entry interests in the Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as the initial paying agent/registrar (the "Paying Agent/Registrar") to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The proceeds of the Certificates will be used for the purpose of paying contractual obligations to be incurred for: (1) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of the City's Water and Wastewater Systems including the construction of new plants and facilities, the oversizing and expansion of existing water and sewer lines, the construction of new water and sewer lines, the addition of new water storage tanks and pumps, and the installation and expansion of lift stations; (2) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of the City's parks and recreation facilities and systems including the acquisition of parkland and the installation, maintenance, and expansion of recreation facilities and other park amenities; (3) acquiring real property for public safety facilities including real property to be a site for an emergency medical services facility and a site for a new police station; (4) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of City streets, roads, and highways, bridges, and sidewalks, including drainage, intersection, and shared use pathway improvements; and (5) the payment of professional services and costs of issuance related thereto See "THE CERTIFICATES - Use of Proceeds."

FOR MATURITY SCHEDULE, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES SEE INSIDE PAGE OF THIS FRONT COVER.

This cover page contains certain information for quick reference only. It is not a summary of the Certificates. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Certificates are offered for delivery, when, as and if issued and received by the underwriters named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel. (See Appendix D – Form of Legal Opinion of Bond Counsel.) Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. (See "LEGAL MATTERS" herein.) It is expected that the Certificates will be available for initial delivery through DTC on or about December 19, 2023 (the "Delivery Date").

FHN Financial Capital Markets
RBC Capital Markets, LLC

$36,245,000
CITY OF MANOR, TEXAS,
(A political subdivision of the State of Texas located in Travis County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

CUSIP NO. PREFIX(1): 564088

Stated Maturity (August 15)	Principal Amount	Interest Rate (%)	Initial Yield (%)(2)	CUSIP No. Suffix(1)
2025	$500,000	5.000	3.140	BM3
2026	500,000	5.000	3.060	BN1
2027	500,000	5.000	3.010	BP6
2028	500,000	5.000	2.980	BQ4
2029	500,000	5.000	3.000	BR2
2030	175,000	5.000	3.040	BS0
2031	175,000	5.000	3.050	BT8
2032	2,120,000	5.000	3.040	BU5
2033	2,220,000	5.000	3.040	BV3
2034	2,335,000	5.000	3.110(3)	BW1
2035	2,450,000	5.000	3.200(3)	BX9
2036	2,570,000	5.000	3.310(3)	BY7
2037	3,185,000	5.000	3.440(3)	BZ4
2038	3,350,000	5.000	3.550(3)	CA8
2039	3,520,000	5.000	3.630(3)	CB6
2040	3,695,000	5.000	3.710(3)	CC4
2041	3,880,000	5.000	3.770(3)	CD2
2042	4,070,000	5.000	3.830(3)	CE0

(Interest to accrue from the Delivery Date)

The City reserves the right to redeem the Certificates maturity on and after August 15, 2034 the principal amount of $5,000 or any integral multiple thereof (and, if less than all Certificates within a stated maturity are redeemed, selected by lot by the Paying Agent/Registrar), on August 15, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.

(1) CUSIP numbers are included solely for the convenience of owners of the Certificates. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City's Financial Advisor and the Underwriters do not take any responsibility for the accuracy of such numbers.

(2) Yield represents the initial offering yield to the public which has been established by the Underwriters for offers to the public and which may be subsequently changed by the Underwriters and is the sole responsibility of the Underwriters.

(3) Priced to first optional redemption date of August 15, 2033.

CITY OF MANOR, TEXAS
CITY COUNCIL

Name	Place	Term Expires (November)
Dr. Christopher Harvey	Mayor	2024
Emily Hill	Place 1, Mayor Pro Tem	2024
Anne Weir	Place 2	2026
Maria Amezcua	Place 3	2024
Sonia Wallace	Place 4	2026
Aaron Moreno	Place 5	2024
Deja Hill	Place 6	2026

ADMINISTRATION

Name	Position	Length of Service With City
Scott Moore	City Manager	1.5 years
Lluvia T. Almaraz	City Secretary	7 years

CONSULTANTS AND ADVISORS

AUDITORS
Atchley & Associates LLP

CITY ATTORNEY
The Knight Law Firm, LLP

FINANCIAL ADVISOR TO THE CITY
SAMCO Capital Markets, Inc.

BOND COUNSEL
Bickerstaff Heath Delgado Acosta LLP

UNDERWRITERS' COUNSEL
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

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City of Manor
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Christina M. Lane
Senior Managing Director, Austin
SAMCO Capital Markets, Inc.
6805 N. Capital of Texas Highway, Suite 350
Austin, Texas 78731
(512) 914-0683
clane@samcocapital.com

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representation with respect to the Certificates, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

This Official Statement, which includes the cover page and appendices thereto, does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Certificates by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THIS ISSUE AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

None of the City, the Financial Advisor, or the Underwriters makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company (“DTC”) or its book-entry-only system described under the caption “BOOK-ENTRY-ONLY SYSTEM”” as such information has been provided by DTC.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement, nor any other statement made in connection with the offer or sale of the Certificates, is to be construed as constituting an agreement with the purchasers of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE CERTIFICATES.

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

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in Rule 15c-12.

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer

The City of Manor, Texas (the "City") is a political subdivision and municipal corporation of the State of Texas (the "State"), operating pursuant to its Home Rule Charter, located in Travis County, Texas. The City is located in eastern Travis County, and sits approximately 12 miles east of Austin, Texas. Access to the City is provided by State Highway 290 and FM 973. The City covers approximately 9.76 square miles. The City's location is part of the growing Austin-Round Rock Metroplex and has resulted in rapid growth over the last several years. The City's 2020 census population was 13,652. The City was ranked the 7th fastest growing suburb in America in 2018 and 2019. The City's population estimate as of September 30, 2023 is 20,519. (See "APPENDIX B - General Information Regarding the City of Manor and Its Economy.")

The Certificates

The Certificates are being issued pursuant to Subchapter C, Chapter 271, Texas Local Government Code (the "Certificates of Obligation Act of 1971"), as amended, Chapter 1502, Texas Government Code, as amended, an ordinance (the "Ordinance") adopted by the City Council of the City on November 29, 2023, and the City's Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.

Security

The Certificates constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge, not to exceed $1,000, of the Surplus Revenues (identified and defined in the Ordinance), derived from the operation of the City's Water and Wastewater Systems. (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)

Redemption Provisions

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on and after August 15, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

Tax Matters

In the opinion of Bond Counsel, the interest on the Certificates is excludable from gross income of the owners thereof for purposes of federal income taxation under existing law, subject to matters discussed herein under "TAX MATTERS." (See "TAX MATTERS" and "APPENDIX D - Form of Legal Opinion of Bond Counsel" herein.)

Use of Proceeds

The proceeds of the Certificates will be used for the purpose of paying contractual obligations to be incurred for: (1) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of the City's Water and Wastewater Systems including the construction of new plants and facilities, the oversizing and expansion of existing water and sewer lines, the construction of new water and sewer lines, the addition of new water storage tanks and pumps, and the installation and expansion of lift stations; (2) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of the City's parks and recreation facilities and systems including the acquisition of parkland and the installation, maintenance, and expansion of recreation facilities and other park amenities; (3) acquiring real property for public safety facilities including real property to be a site for an emergency medical services facility and a site for a new police station;

	(4) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of City streets, roads, and highways, bridges, and sidewalks, including drainage, intersection, and shared use pathway improvements; and (5) the payment of professional services and costs of issuance related thereto. (See "THE CERTIFICATES - Use of Proceeds" herein.)
Ratings	Moody's Investors Service, ("Moody's") has assigned an unenhanced, underlying rating of "Aa1" to the Certificates. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Payment Record	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
Future Bond Issues	The City anticipates issuing approximately $15,000,000 of general obligation debt in 2024.
Delivery	When issued, anticipated on or about December 19, 2023.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality of the Certificates by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel.

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OFFICIAL STATEMENT

RELATED TO

$36,245,000
CITY OF MANOR, TEXAS
(A political subdivision of the State of Texas located in Travis County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2023

INTRODUCTION

This Official Statement of the City of Manor, Texas (the "City") is provided to furnish certain information in connection with the sale of the City's $36,245,000 Combination Tax and Revenue Certificates of Obligation, Series 2023 (the "Certificates").

This Official Statement, which includes the cover page and the appendices hereto, provides certain information about the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request from the City and, during the offering period, from the City's Financial Advisor, SAMCO Capital Markets, Inc., 6805 N. Capital of Texas Highway, Suite 350, Austin, Texas 78731, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Official Statement pertaining to the Certificates will be filed by the Underwriters with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the City's undertaking to provide certain information on a continuing basis. Capitalized terms used, but not defined herein, shall have the meanings ascribed thereto in the Ordinance (defined below).

THE CERTIFICATES

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance (the "Ordinance") adopted by the City Council of the City on November 29, 2023.

General Description

The Certificates are dated December 1, 2023 (the "Dated Date") and will accrue interest from the Delivery Date, and such interest shall be payable on August 15, 2024, and each February 15 and August 15 thereafter, until stated maturity or prior redemption. Interest on the Certificates will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Certificates will mature on the dates, in the principal amounts and will bear interest at the rates set forth on the inside cover page of this Official Statement.

Interest on the Certificates is payable to the registered owners appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Certificates is payable at maturity or redemption, upon their presentation and surrender to the Paying Agent/Registrar. The Certificates will be issued only in fully registered form in any integral multiple of $5,000 principal for any one maturity.

Initially the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Certificates will be made to the owners thereof. Notwithstanding the foregoing, as long as the Certificates are held in the Book-Entry-Only System, principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Use of Proceeds

The proceeds of the Certificates will be used for the purpose of paying contractual obligations to be incurred for: (1) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of the City's Water and Wastewater Systems including the construction of new plants and facilities, the oversizing and expansion of existing water and sewer lines, the construction of new water and sewer lines, the addition of new water storage tanks and pumps, and the installation and expansion of lift stations; (2) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of the City's parks and recreation facilities and systems including the acquisition of parkland and the installation, maintenance, and expansion of recreation facilities and other park amenities; (3) acquiring real property for public safety facilities including real property to be a site for an emergency medical services facility and a site for a new police station; (4) designing, constructing, equipping, and acquiring real property for the improvement, expansion, and upgrading of City streets, roads, and highways, bridges, and sidewalks, including drainage, intersection, and shared use pathway improvements; and (5) the payment of professional services and costs of issuance related thereto.

Security for Payment

The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by law. In addition, the Certificates are further secured by a limited pledge (not to exceed $1,000) of the surplus revenues from the operation of the City's Water and Wastewater Systems, as described in the Ordinance. See "AD VALOREM PROPERTY TAXATION" herein.

Redemption Provisions of the Certificates

The City reserves the right to redeem the Certificates maturing on and after August 15, 2034 in whole or in part, in the principal amount of $5,000 or any integral multiple thereof, on August 15, 2033 or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. The years of maturity of the Certificates called for redemption shall be selected by the City.

Selection of Certificates for Redemption

If less than all of the Certificates are redeemed within a stated maturity at any time, the Certificates to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot or other customary method in multiples of $5,000 within any stated maturity.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books relating to the Certificates kept by the Paying Agent/Registrar (the "Security Register") at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE CERTIFICATEHOLDERS FAILED TO RECEIVE SUCH NOTICE.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the designated corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the registered owner. If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as provided in the Ordinance, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and on the redemption date designated in such notice, interest on said Certificate (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Certificate shall not be deemed to be Outstanding.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will mail any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates held by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Legality

The Certificates are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the Certificates. A form of the legal opinion of Bond Counsel appears in APPENDIX D attached hereto.

Delivery

When issued; anticipated on or about December 19, 2023.

Payment Record

The City has never defaulted with respect to the payment of the principal and interest requirements on any of its bonded indebtedness.

Future Bond Issues

The City anticipates issuing approximately $15,000,000 of general obligation debt in 2024.

Defeasance

Any Certificate will be deemed paid and shall no longer be considered to be outstanding within the meaning of the Ordinance when payment of the principal of and interest on such Certificate to its stated maturity or redemption date will have been made or will have been provided by depositing with the Paying Agent/Registrar, or an authorized escrow agent, (1) cash in an amount sufficient to make such payment, (2) Government Obligations (defined below) of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Government Obligations. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's financial advisor, the Paying Agent/Registrar, or such other qualified institution as specified in the Ordinance.

The Ordinance provides that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. The City has additionally reserved the right in the Ordinance, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Obligations originally deposited, to reinvest the uninvested money for such deposit for such defeasance, and to withdraw for the benefit of the City money in excess of the amount required for the defeasance. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Obligations, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) and (b) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid for purposes of applying any debt limitation on indebtedness or for purposes of taxation. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendments

The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of all of the registered owners of the Certificates then outstanding, no such amendment, addition, or rescission may (1) make any change in the maturity of any of the outstanding Certificates; (2) reduce the rate of interest borne by any of the outstanding Certificates; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Certificates; (4) modify the terms of payment or of interest or redemption premium on outstanding Certificates or any of them or impose any condition with respect to such payment; or (5) change the minimum percentage. amount of the Certificates necessary to be held by Registered Owners for consent to such amendment.

Defaults and Remedies

If the City defaults in the payment of principal or interest, or redemption price, on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Texas cities are generally immune from suits for money damages for breach of contracts under the doctrine of sovereign immunity. The Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In Wasson Interests, Ltd., v. City of Jacksonville, 489 S.W.3rd 427 (Tex. 2016) ("*Wasson*") the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the *Wasson* opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code

("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

REGISTRATION, TRANSFER, AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. The Certificates will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. If the Certificates are not held in the Book-Entry-Only System, interest on the Certificates will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date (see "REGISTRATION, TRANSFER, AND EXCHANGE - Record Date" herein) or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner, and principal of the Certificates will be paid to the registered owner at stated maturity or earlier redemption upon presentation to the Paying Agent/Registrar.

Successor Paying Agent/Registrar

The City covenants that until the Certificates are paid it will at all times maintain and provide a Paying Agent/Registrar. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the City shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City will promptly cause a notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall give the address of the new Paying Agent/Registrar.

Record Date

The record date ("Record Date") for determining the person entitled to the payment of interest on a Certificate is the last business day of the month next preceding each interest payment date.

If the date for the payment of the principal of or interest on the Certificates is a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment is the next succeeding day which is not such a day and payment on such date will have the same force and effect as if made on the original date payment was due.

Special Record Date for Interest Payment

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Registration, Transferability and Exchange

In the event the Book-Entry-Only System shall be discontinued, printed certificates will be issued to the registered owners of the Certificates and thereafter the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the designated office of the Paying Agent/Registrar or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and at the same maturity or maturities as the Certificate or Certificates surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Limitation on Transferability of Certificates Called for Redemption

Neither the City nor the Paying Agent/Registrar are required (1) to make any transfer or exchange during a period beginning at the opening of business 45 days before the day of the first mailing of a notice of redemption of Certificates and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Certificates so selected for redemption when such redemption is scheduled to occur within 45 calendar days; provided however, that such limitation of transfer is not applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

Replacement Certificates

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate of like kind and in the same amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and in substitution for a Certificate which has been destroyed, stolen, or lost, such new Certificate will be delivered only (a) upon filing with the City and the Paying Agent/Registrar evidence satisfactory to establish to the City and the Paying Agent/Registrar that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the City and the Paying Agent/Registrar with Certificate or indemnity satisfactory to them. The person requesting the authentication and delivery of a new Certificate must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of premium, if any, and interest on the Certificates are to be paid to and credited by DTC, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Underwriters believe the source of such information to be reliable, but neither the City nor the Underwriters takes responsibility for the accuracy or completeness thereof.

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

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

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

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

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such

Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Principal, interest and all other payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but none of the City, the City's Financial Advisor or the Underwriters take any responsibility for the accuracy thereof.

NONE OF THE CITY, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE CERTIFICATES. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE CERTIFICATES PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE

CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Certificates will be applied approximately as follows:

Sources	
Par Amount of Certificates	$ 36,245,000.00
Reoffering Premium on the Certificates	4,310,322.95
Total Sources	$ 40,555,322.95
Uses	
Deposit to Project Fund	$ 40,000,000.00
Underwriters' Discount	219,755.60
Cost of Issuance	335,567.35
Total Uses	$ 40,555,322.95

INVESTMENT POLICIES

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

Legal Investments

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest- bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) interest-bearing banking deposits, other than those described by clause (7), if (A) the funds invested in the banking deposits are invested through (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution as described in clause (8)(A), above, arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by Paragraph (A); (ii) an entity described by Section 2257.041(d) of the Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and

Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit or share certificates (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their respective successors), or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits or, (ii) where the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (iii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3- 3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), and require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer (as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003) or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, and that complies with SEC Rule 2a-7; and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES

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

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

ADDITIONAL PROVISIONS

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization (i) is dependent on an analysis of the makeup of the City's entire portfolio, (ii) requires an interpretation of subjective investment standards, or (iii) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Current Investments*

As of October 31, 2023, the following percentages of the City's investable funds were invested as indicated below:

Category of Investments	Amount	Percentage	Term of Investments
Depository Bank – Cash	$29,166,012	100.00%	N/A
Money Market Fund	$33,388,903	100.00%	N/A
Investment Pools	$1,214,617	100.00%	N/A
Total	$63,769,532	100.00%	

* *Unaudited. All accounts are interest bearing.*

PENSION FUND AND OTHER POST-EMPLOYMENT BENEFITS

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments." The objective of this Statement is to enhance the clarity and usefulness of the general-purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors. The City implemented GASB 34 for its fiscal year ending September 30, 2003. While adoption of this Statement altered the presentation of some financial information, there was no material adverse impact to the City's financial position, results of operation, or cash flows. In June 2012, Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) was issued to improve accounting and financial reporting by state and local governments regarding pensions. GASB Statement No. 68 requires reporting entities, such as the City, to recognize their proportionate share of the net pension liability and operating statement activity related to changes in collective pension liability. This means that reporting entities, such as the City, that contribute to the Texas Municipal Retirement System pension plan will report a liability on the face of their government-wide financial statements. Such reporting began with the City's fiscal year ended September 30, 2019. GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits. See Note K – Pension Plan in the Notes to Basic Financial Statements September 30, 2022 included in "APPENDIX C - Excerpts from the City of Manor, Texas Audited Financial Statements for the Year Ended September 30, 2022."

The City provides certain other post-retirement benefits to retired employees and their dependents that fall within the scope of Governmental Accounting Standards Board's Statement of General Accounting Standards No. 45 ("GASB 45"), Accounting by Employers for Other Post-Employment Benefits ("OPEB").

GASB 45, which sets forth standards for the measurement, recognition, and display of post-employment benefits other than pensions (such as health and life insurance for current and future retirees), applies to the City and requires implementation by the City for the fiscal year that began October 1, 2008. GASB 45 requires the City to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 must be recorded as a liability in the employer's financial statements.

During fiscal year 2008, the City implemented GASB 45. See Note L - Other Post-Employment Benefits (OPEB) in the Notes to Basic Financial Statements September 30, 2022 included in "APPENDIX C - Excerpts from the City of Manor, Texas Audited Financial Statements for the Year Ended September 30, 2022."

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title 1 of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Travis Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

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

The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least once every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies."

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The City does not offer an additional homestead exemption.

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Freeport and Goods-In-Transit Exemptions

Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally, inventory, that is stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

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

Temporary Exemption for Qualified Property Damaged by a Disaster

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

Tax Increment Reinvestment Zones and Chapter 380 Economic Development Agreements

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing reinvestment zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value," and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. The City has created a TIRZ for the promotion of economic development.

Cities are also authorized, pursuant to Chapter 380 of the Texas Local Government Code ("Chapter 380"), to establish programs to promote State or local economic development and to stimulate business and commercial activity. In accordance with programs established pursuant to Chapter 380, a City may make loans or grant public funds for economic development purposes; however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by the voters of the City. The City has entered into such Chapter 380 agreements in recent years.

Tax Abatement Agreements

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

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

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

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

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

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

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

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

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

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

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

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

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

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

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

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year. The City has authorized the additional one-half cent sales and use tax for property tax reduction. See "APPENDIX A – Table 3 - Municipal Sales Tax".

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

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

Debt Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney

General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

City and Taxpayer Remedies

Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $57,216,456 for the 2023 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases. See "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations." The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

City's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. See "AD VALOREM PROPERTY TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster" herein for a discussion of the applicability of this section of the Property Tax Code.

City Application of the Property Tax Code

The City does not grant a local exemption to the market value of the residence homestead of person 65 years of age or older.

The City does not grant an additional exemption of the market value of residence homestead.

The City does not provide an additional freeze on total amount of ad valorem taxes levied on the residence of a disabled person or persons 65 years of age or older.

The City does not tax nonbusiness personal property.

The City is one of the few communities in Central Texas that offer a "Triple Freeport" exemption on qualified inventories.

The City does not collect the one-half cent sales tax for economic development.

The City does participate in a Tax Increment Reinvestment Zone for economic development.

TAX MATTERS

Tax Exemption

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Certificates will not be includable in the gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the City with the requirements of the Code. Interest on the Certificates is not subject to the alternative minimum tax imposed on individuals under the Code. For purposes of the 15% federal minimum tax that is imposed on "applicable corporations" (as defined in the 2022 Inflation Reduction Act (the "2022 Act")) for taxable years beginning after December 31, 2022, interest on the Certificates will be taken into account in determining "adjusted financial statement income" (as defined in the 2022 Act).

In rendering its opinion, Bond Counsel has relied on the City's covenants contained in the Ordinance and the City's covenants contained in the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Certificates and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Certificates being subject to federal income tax from the date of issue of the Certificates. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Certificates that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions.

The United States Internal Revenue Service (the "Service") has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Registered Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit regardless of the ultimate outcome of the audit.

Collateral Federal Income Tax Consequences

Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchaser should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to obligation holders of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Certificates received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Certificates

The initial public offering price of certain Certificates (the "Discount Certificates") may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of such Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income. Owners of Discount Certificates should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Certificates (the "Premium Certificates") may be greater than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Premium Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Certificates. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

State, Local and Foreign Taxes

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

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the federal and State tax matters referred to above or adversely affect the market value or marketability of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Certificates.

Prospective purchasers of the Certificates should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains an obligated person with respect to the Certificates within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of certain specified events to the Municipal Securities Rulemaking Board (the "MSRB"). The information provided to the MSRB will be available to the public free of charge via the Electronic Municipal Market Access ("EMMA") system through an internet website accessible at www.emma.msrb.org., as described below under "Availability of Information from MSRB" below.

Annual Reports

The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in Tables 1 through 5 and 7 of Appendix A to this Official Statement. The Issuer will update and provide this information within six months after the end of each fiscal year ending in or after 2023. The Issuer will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in and after 2023. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Issuer will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX C or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation. The City will provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule.

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

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) redemption calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Certificates; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning as ascribed to it under federal securities laws. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports". Neither the Certificates nor the Ordinance make provisions for liquidity enhancement or debt service reserves.

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. As used in this section, the term "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The City intends the words used in the above clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information from MSRB

The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB. This information will be available from the MSRB via its EMMA system at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

Except as described below, during the past five years, the City has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

Due to an administrative oversight, the City did not file notice of its Incurrence of Financial Obligation of the Issuer on time for the following transactions: Combination Tax and Revenue Certificates of Obligation Series 2021; and Tax

Notes, Series 2022. The City also did not timely file its fiscal year ended September 30, 2020 audited financial statements. The City filed a Notice of Failure to timely file with EMMA notice of the Certificates of Obligation, Series 2021 on November 17, 2023. The City filed a Notice of Failure to timely file with EMMA notice of the Tax Notes, Series 2022 on April 24, 2023. The City filed a Notice of Material Event with EMMA regarding its late filing of its September 30, 2020 audited financial statements on November 17, 2023. The City has put procedures in place to ensure that it timely files its Incurrence of Financial Obligation notices for new incurrences of financial obligations and its financial information.

LEGAL MATTERS

Legal Opinions

The delivery of the Certificates is subject to the approval of the Attorney General of Texas to the effect that the Certificates are valid and legally binding obligations of the City and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS." The form of Bond Counsel's opinion is attached hereto as Appendix D. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

Bond Counsel has been engaged by and only represents the City in the issuance of the Certificates. Except as hereinafter noted, Bond Counsel has not verified and has not passed upon, and assumes no responsibility for the accuracy, completeness or fairness of the information and statements contained in the Official Statement. In the performance of its duties, Bond Counsel has reviewed the information relating to the Certificates and the Ordinance contained under the captions: "THE CERTIFICATES" (exclusive of the last paragraph of subcaption "Notice of Redemption," as to which no opinion is expressed"), "TAX MATTERS," "LEGAL MATTERS" (exclusive of the last two sentences of the second paragraph of "Legal Opinions," and subcaption "Legal Investments and Eligibility to Secure Public Funds in Texas," as to which no opinion is expressed), "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings," as to which no opinion is expressed), "OTHER PERTINENT INFORMATION – Registration and Qualification of Certificates for Sale," and "APPENDIX D – FORM OF OPINION OF BOND COUNSEL" contained in the Official Statement, and Bond Counsel is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas, whose legal fee is contingent on the successful issuance of the Certificates.

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

Litigation

In the opinion of various officials of the City, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the City in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the City.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, as amended, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the PFIA, the Certificates must have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. (See "OTHER PERTINENT INFORMATION – Ratings" herein.) In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

FORWARD LOOKING STATEMENTS

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

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

Ratings

Moody's Investors Service ("Moody's") has assigned an unenhanced, underlying rating of "Aa1" to the Certificates. An explanation of the rating may be obtained from Moody's. The rating of the Certificates by Moody's reflects only the view of Moody's at the time the rating is given, and the City makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by Moody's, if, in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources that are believed to be reliable. All of the summaries of the statutes, documents, and the Ordinance contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City at the initial offering prices to the public as shown on page i of this Official Statement, less an Underwriters' discount of $219,755.60. The Underwriters will be obligated to purchase all of the Certificates, if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the City in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has drafted this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and initial delivery of the Certificates.

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

Authorization of the Official Statement

This Official Statement has been approved as to form and content and the use thereof in the offering of the Certificates has been authorized, ratified and approved by the City Council on the date of sale, and the Underwriters will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the City.

The Ordinance approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto issued on behalf of the City and authorized its further use in the reoffering of the Certificates by the Underwriters in accordance with the provisions of the Rule.

CITY OF MANOR, TEXAS

/s/ Dr. Christopher Harvey

MAYOR

CITY OF MANOR, TEXAS

ATTEST:

/s/ Lluvia T. Almaraz

City Secretary

City of Manor, Texas

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APPENDIX A

SELECTED FINANCIAL INFORMATION OF THE CITY OF MANOR, TEXAS

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VALUATION AND DEBT DATA

Table 1 - General Purpose, General Obligation Bonds and Certificates

2023 Total Appraised Valuation	$2,644,653,489
Less Exemptions and Exclusions	454,011,138
2023 Net Taxable Assessed Valuation (100% of market value) [1]	$2,190,642,351

[1] *Source: Travis Central Appraisal District. The Appraisal Review Board approved Certified Values as of October 19, 2023.*

Outstanding Debt By Issues	Amount Outstanding At 11-29-2023[1]
General Obligation Refunding Bonds, Series 2010	90,000
General Obligation Refunding Bonds, Series 2012	440,000
Combination Tax & Revenue Certificates of Obligation, Series 2012	560,000
General Obligation Refunding Bonds, Series 2015	2,030,000
Combination Tax & Revenue Certificates of Obligation, Series 2016	12,850,000
Combination Tax & Revenue Certificates of Obligation, Series 2021	5,595,000
Tax Notes, Series 2022	8,665,000
The Certificates	36,245,000
Total General Obligation Debt	$66,475,000
Less: Self-supporting Debt	-0-
Net Tax Supported General Obligation Debt	$66,475,000
Less: Interest and Sinking Fund Balance (as of 9-30-2023)	551,522
Net General Obligation Debt Outstanding	65,923,478
Ratio Net Tax Supported General Obligation Debt to 2023 Net Taxable Assessed Valuation	3.03%
Ratio Net General Obligation Debt to 2023 Net Taxable Assessed Valuation	3.01%

[1] *Unaudited.*

2010 U.S. Census Population – 5,037
2020 U.S. Census Population – 13,652
2023 Estimated Population – 20,519
Per Capita 2023 Net Taxable Assessed Valuation - $106,761.65
Per Capita Total Net Tax Supported General Obligation Debt - $3,239.68
Per Capita Net General Obligation Debt - $3,212.80

Future Issues

On November 7, 2023, the voters approved the following general obligation bonds: $15,000,000 for Economic Development Projects; $61,695,000 for Parks, Trails and Recreation Center; and $90,105,000 for new City Hall and Library Facilities.

TAXATION DATA

Tax Rate Distribution

Tax Year	2023	2022	2021	2020	2019
Local Maintenance	$0.4802	$0.5090	$0.6034	$0.6009	$0.5845
Interest and Sinking Fund	0.1987	0.2380	0.1793	0.2152	0.2316
Totals	$0.6789	$0.7470	$0.7827	$0.8161	$0.8161

Table 2 - Tax Collection Data

Taxes are due October 1 and become delinquent after January 31. No split payments or discounts are allowed. Penalties and Interest: (a) a delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of twenty percent (20%) of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage of collections set forth below exclude penalties and interest.

Tax Year	Taxable Assessed Valuation(1)(3)	Tax Rate	% Collections (2)(3) Current	Total	Year Ending
2014	326,653,480	0.7118	98.42%	101.76%	09-30-15
2015	388,726,173	0.7118	99.53%	100.63%	09-30-16
2016	483,559,599	0.7738	99.17%	100.26%	09-30-17
2017	601,767,745	0.7722	98.98%	100.21%	09-30-18
2018	807,369,022	0.7522	98.21%	100.25%	09-30-19
2019	952,539,543	0.8161	97.79%	99.79%	09-30-20
2020	1,037,246,370	0.8161	98.61%	99.48%	09-30-21
2021	1,211,771,570	0.7827	98.55%	98.87%	09-30-22
2022	1,769,425,728	0.7470	98.88%	98.77%	09-30-23
2023	2,190,208,399	0.6789	(in the process of collection)		09-30-24

(1) *Travis Central Appraisal District.*
(2) *Collections as of October 17, 2023. Travis County Tax Office.*
(3) *Unaudited.*

Taxable Assessed Valuation for Tax Years 2014-2023

Tax Year	Net Taxable Assessed Valuation	Change from Preceding Year Amount	Percent
2014	$326,653,480	65,795,323	25.22%
2015	388,726,173	62,072,693	19.00%
2016	483,559,599	94,833,426	24.40%
2017	601,767,745	118,208,146	24.45%
2018	807,369,022	205,601,277	34.17%
2019	952,539,543	145,170,521	17.98%
2020	1,037,246,370	84,706,827	8.89%
2021	1,211,771,570	174,525,200	16.83%
2022	1,769,425,728	557,654,158	46.02%
2023	2,190,642,351	421,216,623	23.81%

Source: Travis Central Appraisal District.

Non-Funded Debt

Capital Leases

The City has entered into lease agreements to finance the acquisition of police vehicles, police equipment, heavy equipment, public works equipment and vehicles.

The outstanding balance on the City's financed purchases as of October 31, 2023, was $660,883.

Source: City of Manor.

Schedule of Delinquent Taxes Receivable as of October 17, 2023. (Unaudited)

Year Ended 9/30	Ending Balance
2013	$ 1,327.01
2014	2,194.20
2015	2,386.37
2016	2,814.88
2017	5,065.84
2018	8,342.81
2019	20,623.99
2020	49,387.54
2021	56,810.21
2022	113,314.24
Total	$262,267.09

Source: Travis County Tax Office.

Table 3 - Municipal Sales Taxes

The City has adopted the provisions of Municipal Sales and Use Tax Act V.T.C.A, Tax Code, Chapter 321, which grants the City power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the bonds in this report. Net allocations on fiscal year basis are as follows:

Fiscal Year	Rate	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2014	1.00%	$ 725,470	30.85%	0.22
2015	1.00%	825,171	29.53%	0.21
2016	1.00%	1,013,215	26.69%	0.21
2017	1.00%	1,069,277	22.78%	0.18
2018	1.00%	1,172,927	19.09%	0.15
2019	1.00%	1,381,282	17.45%	0.15
2020	1.00%	1,630,746	19.05%	0.16
2021	1.00%	2,096,605	21.89%	0.17
2022	1.00%	2,496,863	18.57%	0.14
2023	1.00%	2,342,787	15.75%	0.11

Source: Comptroller of Texas.

Table 4 - Top 10 Taxpayers and Their 2023 Valuations

Name	Type of Property	2023 Net Taxable Assessed Valuation	Percent of Total 2023 Assessed Valuation
Grassdale at Manor LLC	Apartments	$71,776,285	3.28%
CV QOZP Prose Manor LLC	Apartments	65,000,000	2.97%
Manor Grand LLC	Apartments	45,822,492	2.09%
Wal-Mart Real Estate Business	Commercial – Retail	21,206,149	0.97%
Hill Lane Owner LLC	Commercial	18,351,497	0.84%
Greenfield OZ RE Investments	Land	13,324,375	0.61%
Shadowglen Development	Developer – Residential	12,865,453	0.59%
Ryan Companies US Inc.	Commercial	12,800,000	0.58%
River City Partners Ltd.	Dealership	11,508,310	0.53%
Landmark at Manor Prop	Land	9,934,202	0.45%
Total		$282,588,763	12.90%

Source: Travis Central Appraisal District.

Table 5 - Taxpayers by Classification

Classification	2023 Assessed Valuation	Percent of Total	2022 Assessed Valuation	Percent of Total	2021 Assessed Valuation	Percent of Total
Single Family Residential	$1,547,876,313	69.63%	$1,310,416,428	74.06%	$940,105,651	77.58%
Multi-Family Residential	186,263,995	8.38%	140,145,460	7.92%	6,494,556	0.54%
Vacant-Platted Lots	56,310,140	2.53%	34,871,792	1.97%	23,899,687	1.97%
Colonia Lots and Land Tracts	2,209,145	0.10%	441,829	0.02%	441,829	0.04%
Qualified Open Space	258,833	0.01%	384,232	0.02%	423,253	0.03%
Farm or Ranch Improvements on Qualified Space	113,593	0.01%	595,023	0.03%	174,532	0.01%
Rural Land, Non-qualified Space	62,968,919	2.83%	34,962,615	1.98%	28,463,772	2.35%
Commercial Real Property	207,602,975	9.34%	148,891,111	8.41%	135,723,880	11.20%
Industrial Real Property	5,033,503	0.23%	3,636,081	0.21%	3,443,683	0.28%
Utilities	6,213,116	0.28%	4,364,271	0.25%	4,351,854	0.36%
Commercial Personal Property	36,499,573	1.64%	29,733,835	1.68%	33,667,645	2.78%
Industrial Personal Property	7,208,959	0.32%	7,637,936	0.43%	7,721,117	0.64%
Mobile Homes	912,840	0.04%	972,508	0.05%	649,403	0.05%
Residential Inventory	63,401,820	2.85%	47,783,733	2.70%	20,408,795	1.68%
Special Inventory	7,768,627	0.35%	7,075,401	0.40%	5,801,910	0.48%
Net Taxable Assessed Valuation	$2,190,642,351	100.00%	$1,769,425,728	100.00%	$1,211,771,570	100.00%

Source: Travis Central Appraisal District.

Table 6 - Direct and Estimated Gross Overlapping Funded Debt Payable from Ad Valorem Taxes

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

	Gross Debt		Percent	Amount
Political Subdivision	Amount	As Of	Overlapping	Overlapping
Austin CCD	$562,445,000	9/30/2023	0.44%	$2,474,758
Elgin ISD	194,920,000	9/30/2023	0.71%	1,383,932
Manor ISD	501,474,999	9/30/2023	15.21%	76,274,347
Presidential Glen MUD [1]	17,980,000	9/30/2023	100.00%	17,980,000
Travis Co	900,550,000	9/30/2023	0.53%	4,772,915
Travis Co Healthcare District	173,145,000	9/30/2023	0.53%	917,669
Travis Co MUD #2	28,060,518	9/30/2023	2.50%	701,513
Total Net Overlapping Debt				$ 104,505,134
Manor, City of	66,475,000	11/29/2023	100.00%	66,475,000
Total Direct and Estimated Overlapping Debt				$170,980,134
Ratio Total Direct and Estimated Overlapping Debt to 2023 Net Taxable Assessed Valuation ... ($2,190,642,351)				7.81%

(1) *Only residents of Presidential Glen MUD are responsible for this Debt.*

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ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2023/24

Interest and Sinking Fund Balance at 9-30-2023	$551,522	
Estimated Income from $0.1987 Interest & Sinking Fund Taxes Collected Using 2023 Taxable Assessed Valuation of $2,190,642,351 at 98% Collections	4,265,750	
Other Funds Available at 9-30-2023	21,975,908	(1)
Estimated Total Funds Available	26,793,180	
2023/24 Net Debt Service Requirement (Includes the Certificates)	5,456,884	

(1) *Includes $8,442,919 from Impact Fees, and $13,532,989 from the Utility Fund.*

CONSOLIDATED DEBT SERVICE REQUIREMENTS

Fiscal Year 30-Sept	Currently Outstanding Debt Service	Plus: The Certificates Principal Due 8/15	Interest Due 2/15	Interest Due 8/15	Total	Grand Total Of All Debt Service
2024	4,268,853.50			1,188,030.56	1,188,030.56	5,456,884.06
2025	4,274,432.00	500,000.00	906,125.00	906,125.00	2,312,250.00	6,586,682.00
2026	4,278,323.00	500,000.00	893,625.00	893,625.00	2,287,250.00	6,565,573.00
2027	4,284,780.00	500,000.00	881,125.00	881,125.00	2,262,250.00	6,547,030.00
2028	4,283,853.00	500,000.00	868,625.00	868,625.00	2,237,250.00	6,521,103.00
2029	4,300,795.00	500,000.00	856,125.00	856,125.00	2,212,250.00	6,513,045.00
2030	2,709,816.50	175,000.00	843,625.00	843,625.00	1,862,250.00	4,572,066.50
2031	2,718,586.00	175,000.00	839,250.00	839,250.00	1,853,500.00	4,572,086.00
2032	485,920.00	2,120,000.00	834,875.00	834,875.00	3,789,750.00	4,275,670.00
2033	488,088.00	2,220,000.00	781,875.00	781,875.00	3,783,750.00	4,271,838.00
2034	490,080.00	2,335,000.00	726,375.00	726,375.00	3,787,750.00	4,277,830.00
2035	491,896.00	2,450,000.00	668,000.00	668,000.00	3,786,000.00	4,277,896.00
2036	493,536.00	2,570,000.00	606,750.00	606,750.00	3,783,500.00	4,277,036.00
2037		3,185,000.00	542,500.00	542,500.00	4,270,000.00	4,270,000.00
2038		3,350,000.00	462,875.00	462,875.00	4,275,750.00	4,275,750.00
2039		3,520,000.00	379,125.00	379,125.00	4,278,250.00	4,278,250.00
2040		3,695,000.00	291,125.00	291,125.00	4,277,250.00	4,277,250.00
2041		3,880,000.00	198,750.00	198,750.00	4,277,500.00	4,277,500.00
2042		4,070,000.00	101,750.00	101,750.00	4,273,500.00	4,273,500.00
	33,568,959.00	36,245,000.00	11,964,405.56	12,588,625.00	60,798,030.56	94,366,989.56

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Table 7 - COMPARATIVE CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND BALANCE

The following statements reflect the historical operations of the City. Such summary has been prepared for inclusion herein based upon information obtained from the City's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended September 30				
	2023*	**2022**	**2021**	**2020**	**2019**
REVENUES					
Property Taxes	$8,831,665	$7,438,755	$6,265,984	$5,620,119	$3,959,924
Sales Tax	2,808,340	2,445,670	2,001,801	1,612,580	1,309,647
Franchise Tax	895,816	839,132	564,795	627,876	632,127
Other Taxes	38,843	32,010	21,529	20,195	18,300
Licenses and Permits	2,473,774	3,554,654	2,520,959	3,206,805	2,319,518
Charge for Services	1,663,397	1,470,041	1,327,938	1,151,072	1,014,605
Court and Police	690,727	562,555	518,164	664,576	1,060,761
Public Safety	-0-	139,901	182,500	128,416	232,727
Interest Income	-0-	157,023	119,355	221,389	191,332
Interest Income - Restricted	-0-	-0-	-0-	9	9
Other	2,135,492	740,132	869324	317,217	237,409
Total Revenues	$19,538,054	$17,379,873	$14,392,349	$13,570,254	$10,976,359
EXPENDITURES					
General Government	5,357,594	4,246,510	3,375,551	2,856,444	2,364,994
Public Safety	5,645,209	4,673,053	3,924,205	3,811,647	3,432,094
Streets	4,188,061	1,888,125	881,906	929,511	1,020,855
Municipal Court	468,289	454,757	426,846	574,719	662,491
Development Services	1,521,792	999,396	1,146,434	761,029	632,036)
Sanitation	-0-	1,421,286	1,180,105	1,119,795	937,134
Capital Projects/Outlay	-0-	99,527	116,842	240,873	110,931
Total Expenditures	17,180,946	13,782,654	11,051,889	10,294,018	9,160,535
Excess of Revenues Over (Under) Expenditures	2,357,106	3,597,219	3,340,460	3,276,236	1,815,824
Total Other Financing Sources (Uses)	-0-	-0-	-0-	-0-	-0-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,357,106	3,597,219	3,340,460	3,276,236	1,815,824
Fund Balance at Beginning of Year	14,586,164	10,988,945	7,648,485	4,372,249	2,556,425
Fund Balance - September 30	$16,943,271 **	$14,586,164	$10,988,945	$7,648,485	$4,372,249

Source: City's Comprehensive Annual Financial Reports.
* *Unaudited. As of September 30, 2023.*
** *The City has an additional $5,840,930 in its General Fund. This amount includes funds provided to the City from the Federal Government through the CARES Act that must be spent by 2025. There are projects planned for these funds and are currently in process.*

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF MANOR AND ITS ECONOMY

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The following information has been provided for informational purposes only.

Historical Employment in Travis County (Average Annual)

	Average Annual				
	2022	2021	2020	2019	2018
Civilian Labor Force	822,494	778,563	735,013	731,331	713,786
Total Employed	799,306	747,009	688,176	712,144	693,275
Total Unemployed	23,188	31,554	46,837	19,187	20,511
Unemployment Rate	2.8%	4.1%	6.4%	2.6%	2.9%

Source: Texas Workforce Commission.

Major Employers in Travis County

Employer	Product or Service	Employees
State of Texas	Government	59,035
The University of Texas at Austin	Education & Research	37,067
H.E.B. Grocery Co.	Grocery Stores	19,008
City of Austin	Government	16,427
Wal-Mart Stores, Inc.	Retail	15,000
Dell Inc.	Electronics	14,030
Federal Government	Government	12,982
Amazon.com, LLC	Retail	11,000
Austin ISD	Education	10,858

Source: The Municipal Advisory Council of Texas.

Major Employers in City of Manor

Employer	Product or Service	Employees
Manor ISD	Education	1,368
Whole Foods Distribution Center	Distribution	98
5F Mechanical	Construction	90
Wal-Mart	Grocery	87
Riata Ford	Auto Dealership	76

Source: City of Manor.

Building Permits in City of Manor

Year Ended	Commercial		Residential		
30-Sep	Number[1]	Value ($)	Number	Value ($)	Grand Total ($)
2018	30	37,718,084	558	143,927,683	181,645,767
2019	10	16,405,970	611	174,338,256	190,744,226
2020	10	77,161,580	823	243,226,846	320,338,427
2021	14	28,849,537	345	102,871,225	131,720,762
2022	24	79,017,054	907	298,015,274	377,032,328
2023	13	14,188,746	550	178,069,554	192,258,300
2024[2]	2	4,464,352	98	30,169,885	34,634,237

Source: City of Manor.

(1) Includes multi-family new building permits.

(2) As of December 1, 2023.

Surrounding Economic Activity

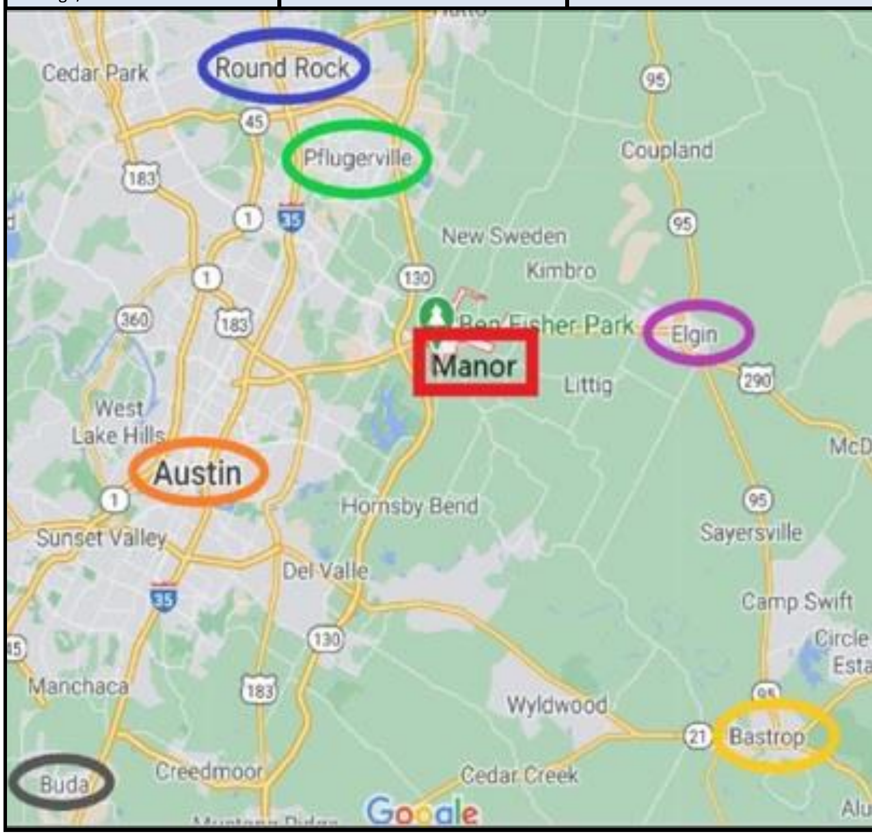
The major employers in municipalities surrounding the City are set forth in the table below.

City of Elgin, TX	
Approximately 12 Miles from Manor	
Employer	Employees
Elgin ISD	664
Wal-Mart	225
HEB Grocery	200
ACME Brick Company	162
Hanson Brick Company	80
City of Elgin	67
Southside Market & BBQ	65
Elgin-Butler Brick	60
Elgin Veterinary Hospital	40
Meyer Sausage/Smokehouse	25

City of Pflugerville, TX	
Approximately 12 Miles from Manor	
Employer	Employees
Amazon	1,547
Pflugerville ISD	1,400
City of Pflugerville	407
Wal-Mart	325
Brandt	306
Mtech	268
Cash Construction Company	250
ESD	250
Curative	248
Costo	155

City of Austin, TX	
Approximately 15 Miles from Manor	
Employer	Employees
State Government	39,685
University of Texas at Austin	28,061
HEB	19,008
Ascension Seton	15,218
Federal Government	15,000
Wal-Mart Stores	15,000
City of Austin	14,964
Dell Computer Corporation	13,000
Amazon	11,000
Austin ISD	10,940

City of Round Rock, TX	
Approximately 15 Miles from Manor	
Employer	Employees
Dell Technologies	13,000
Round Rock ISD	6,750
City of Round Rock	1,021
Kalahari Resorts & Conventions	1,000
Round Rock Premium Outlets	800
Ascension Seton Medical Center Williamson	750
Baylor Scott & White Healthcare	750
St. David's Round Rock Medical Center	689
Emerson Automation Solutions	682
Amazon	600



City of Bastrop, TX	
Approximately 28 Miles from Manor	
Employer	Employees
Bastrop ISD	1,427
Hyatt Regency Lost Pines Resort	650
Bastrop County	464
MD Anderson Cancer Center	439
H.E.B Grocery Co.	408
Wal-Mart	311
Agilent/Stratagene	306
Bastrop FCI	276
Buc-ee's	169
Bluebonnet Electric Co-Op	168

City of Buda, TX	
Approximately 30 Miles from Manor	
Employer	Employees
Capital Excavation	315
HEB Grocery	249
Wal-Mart	240
ProBuild	222
Fat Quarter Shop	215
Cabela's	196
Texas Lehigh Cement	180
US Foods	159
Hays Community YMCA	157
Capital Spectrum	150

Source: Municipal Advisory Council of Texas.

APPENDIX C

THE CITY OF MANOR, TEXAS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2022

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CITY OF MANOR, TEXAS
ANNUAL FINANCIAL REPORT
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2022

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CITY OF MANOR, TEXAS

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CITY OF MANOR, TEXAS

TABLE OF CONTENTS - Continued

ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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, 2022, 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, 2022, 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.

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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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 58, 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 May 9, 2023, 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
May 9, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022

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, 2022. 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

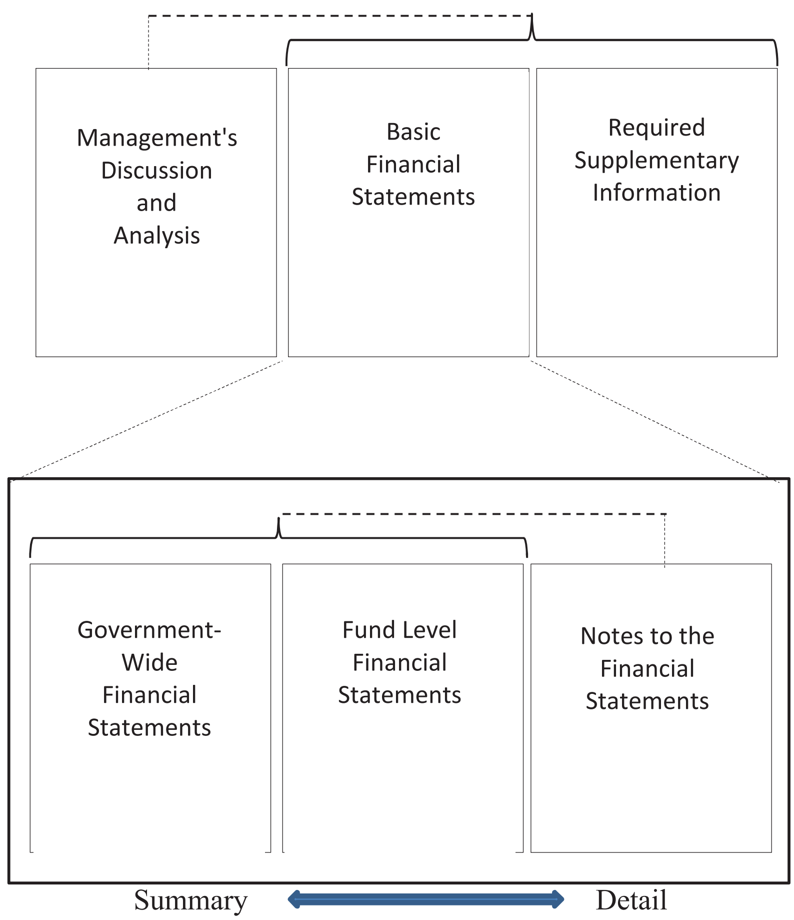

Figure A-1 shows how the parts of this annual report are arranged and related to one another.

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

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.

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

		Fund Statements	
Type of Statements	**Government-Wide**	**Governmental Funds**	**Proprietary Funds**
Scope	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
Required financial statements	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
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	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
Type of inflow/outflow information	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 $56,510,904 at September 30, 2022 (See Figure A-3).

- Current year activity resulted in an increase in the City’s net position by $11,365,631 (See Figure A-4).

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Figure A-3
City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	$ 38,850,272	$ 15,298,633	$ 20,155,816	$ 18,843,448	$ 59,006,088	$ 34,142,081
Noncurrent assets	6,946,326	7,250,172	35,086,720	30,168,254	42,033,046	37,418,426
Total assets	45,796,598	22,548,805	55,242,536	49,011,702	101,039,134	71,560,507
Deferred outflows	501,368	493,788	38,969	33,376	540,337	527,164
Liabilities:						
Current liabilities	10,050,457	4,882,960	2,138,418	1,073,139	12,188,875	5,956,099
Long-term liabilities	19,183,796	6,119,170	13,649,171	14,616,566	32,832,967	20,735,736
Total liabilities	29,234,253	11,002,130	15,787,589	15,689,705	45,021,842	26,691,835
Deferred inflows	346,101	214,632	57,806	35,931	403,907	250,563
Net position:						
Investment in capital assets	(14,330,984)	1,022,634	21,661,170	15,739,104	7,330,186	16,761,738
Restricted	1,153,184	1,148,411	8,773,429	9,624,743	9,926,613	10,773,154
Unrestricted	29,895,412	9,654,786	9,001,511	7,955,595	38,896,923	17,610,381
Total net position	$ 16,717,612	$ 11,825,831	$ 39,436,110	$ 33,319,442	$ 56,153,722	$ 45,145,273

CITY OF MANOR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022

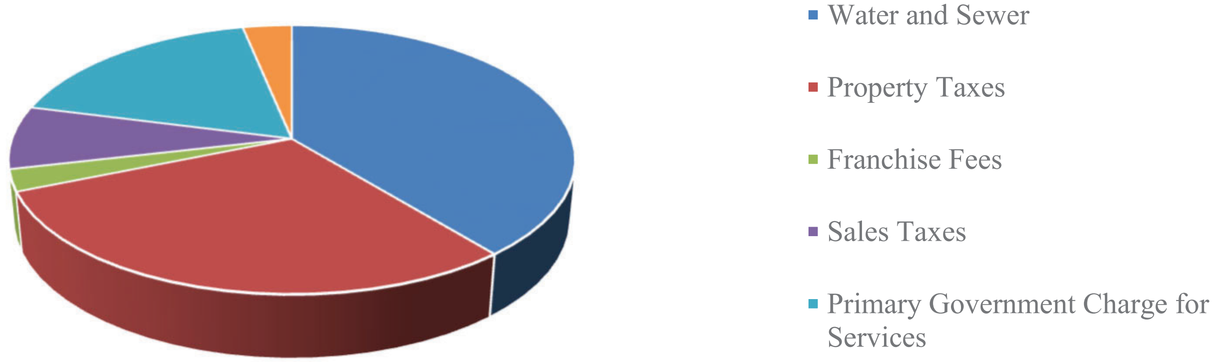
Figure A-4
Changes in City Net Position

	Governmental Activities		Business-Type Activities		Total	
Revenues:	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	$ 5,727,573	$ 4,549,820	$ 12,582,367	$ 8,351,432	$ 18,309,940	$ 12,901,252
General revenues:						
Taxes	12,984,317	11,299,434	-	-	12,984,317	11,299,434
Interest income	193,672	119,990	3,302	875	196,974	120,865
Other	739,710	869,065	-	-	739,710	869,065
Total revenues	19,645,272	16,838,309	12,585,669	8,352,307	32,230,941	25,190,616
Expenses:						
General government	4,333,261	3,221,827	-	-	4,333,261	3,221,827
Public safety	4,662,515	3,937,397	-	-	4,662,515	3,937,397
Streets	2,609,563	1,187,460	-	-	2,609,563	1,187,460
Municipal court	454,757	426,846	-	-	454,757	426,846
Development services	1,008,702	1,155,364	-	-	1,008,702	1,155,364
Sanitation	1,421,286	1,180,105	-	-	1,421,286	1,180,105
Interest and fiscal charges	263,407	171,931	339,362	395,821	602,769	567,752
Water and sewer	-	-	6,129,639	5,924,673	6,129,639	5,924,673
Total expenses	14,753,491	11,280,930	6,469,001	6,320,494	21,222,492	17,601,424
Revenues over(under) expenses	4,891,781	5,557,379	6,116,668	2,031,813	11,008,449	7,589,192
Transfers	-	(910,163)	-	910,163	-	-
Change in net position	4,891,781	4,647,216	6,116,668	2,941,976	11,008,449	7,589,192
Beginning net position	11,825,831	7,178,615	33,319,442	30,377,466	45,145,273	37,556,081
Ending net position	$ 16,717,612	$ 11,825,831	$ 39,436,110	$ 33,319,442	$ 56,153,722	$ 45,145,273

CITY REVENUES

The majority of the City's revenue is generated from charges for water and sewer services (39%), property taxes (30%), and primary government charges for services (18%). The remaining is obtained from the grants, contributions, sales taxes, franchise fees, court fees, and other sources (See Figure A-5).

Figure A-5
Revenue Sources



GROWTH TRENDS

Governmental Activities

The City's property tax rate for maintenance and operations (M&O) increased from $0.6009 to $0.6034 in the current fiscal year generating $7,438,755 in M&O taxes, an increase of $1,172,771 over the previous fiscal year. While the City's franchise fees increased $443,869, or 22%, and sales taxes increased by $274,337, or 49%. The new M&O tax rate for the year beginning October 1, 2022 is $0.5090.

Business-Type Activities

Water sales increased by $726,094, or 25%, while sewer sales increased by $674,034, or 28%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

General Fund Budgetary Highlights

General Fund revenues exceeded expenditures and transfers by $3,597,219 which was $2,577,901 less than budgeted. See details of budget and actual revenues on page 58.

Capital Assets

During the year ended September 30, 2022, the City invested $10,046,641 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.

Figure A-6
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 480,607	$ 470,607	$ 406,816	$ 406,816	$ 887,423	$ 877,423
Construction in progress	676,268	150,983	4,428,876	2,048,432	5,105,144	2,199,415
Buildings and equipment	8,297,618	8,015,276	1,633,247	1,633,247	9,930,865	9,648,523
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	7,465,930	9,474,596	7,465,930
Sewer system	-	-	26,193,545	24,843,198	26,193,545	24,843,198
Total at historical cost	**16,935,700**	**16,118,073**	**42,150,072**	**36,410,615**	**59,085,772**	**52,528,688**
Accumulated depreciation	(9,989,374)	(8,867,901)	(7,063,352)	(6,242,361)	(17,052,726)	(15,110,262)
Net capital assets	**$ 6,946,326**	**$ 7,250,172**	**$ 35,086,720**	**$ 30,168,254**	**$ 42,033,046**	**$ 37,418,426**

Debt Administration

The City's property tax rate for debt services decreased from $0.2152 to $0.1793 in the current fiscal year generating $2,193,924 in debt service taxes, an decrease of $3,922 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, 2022 is $0.2380.

Figure A-7
City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Financed purchases	$ 1,162,860	$ 1,181,688	$ 88,297	$ 130,418	$ 1,251,157	$ 1,312,106
Bonds payable	20,114,450	5,227,739	13,425,550	14,429,150	33,540,000	19,656,889
Total	**$ 21,277,310**	**$ 6,409,427**	**$ 13,513,847**	**$ 14,559,568**	**$ 34,791,157**	**$ 20,968,995**

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 $3,497,848, 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
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 36,780,498	$ 11,045,972	$ 47,826,470
Receivables, net	526,091	706,650	1,232,741
Due (to) from other funds	390,499	(390,499)	-
Restricted assets:			
Cash and cash equivalents	470,250	8,321,067	8,791,317
Investments	682,934	472,626	1,155,560
Non-current assets:			
Capital assets:			
Non-depreciable	1,156,875	4,835,692	5,992,567
Depreciable, net	5,789,451	30,251,028	36,040,479
Total assets	45,796,598	55,242,536	101,039,134
DEFERRED OUTFLOWS			
Deferred outflows related to refunding	152,232	-	152,232
Deferred outflows related to OPEB	32,995	5,298	38,293
Deferred outflows related to pensions	316,141	33,671	349,812
Total deferred outflows	501,368	38,969	540,337
LIABILITIES			
Current liabilities:			
Payable from unrestricted assets:			
Accounts payable	1,629,259	1,243,390	2,872,649
Passthrough liabilities	1,233,263	-	1,233,263
Unearned revenue	4,040,109	-	4,040,109
Payable from restricted assets:			
Interest payable	54,909	38,431	93,340
Financed purchases, due within one year	461,217	43,459	504,676
Bonds payable, due within one year	2,631,700	768,300	3,400,000
Non-current liabilities:			
Payable from unrestricted assets:			
Compensated absences	301,785	70,274	372,059
Payable from restricted assets:			
Customer deposits	-	797,373	797,373
Financed purchases, due more than one year	701,643	44,838	746,481
Bonds payable, due more than one year	17,482,750	12,657,250	30,140,000
Net OPEB liability	92,149	14,821	106,970
Net pension liability	605,469	109,453	714,922
Total liabilities	29,234,253	15,787,589	45,021,842

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

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION - CONTINUED
SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS			
Deferred inflows related to OPEB	$ 12,855	$ 2,083	$ 14,938
Deferred inflows related to pensions	333,246	55,723	388,969
Total deferred inflows	346,101	57,806	403,907
NET POSITION			
Net investment in capital assets	(14,330,984)	21,661,170	7,330,186
Restricted	1,153,184	8,773,429	9,926,613
Unrestricted	29,895,412	9,001,511	38,896,923
Total net position	$ 16,717,612	$ 39,436,110	$ 56,153,722

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

CITY OF MANOR, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

Function/program activities	**Expenses**	**Charges for Services**
Primary government:		
Government activities:		
General government	$ 4,333,261	$ 422
Public safety	4,662,515	139,901
Streets	2,609,563	-
Municipal court	454,757	562,555
Development services	1,008,702	3,554,654
Sanitation	1,421,286	1,470,041
Interest on long-term debt	263,407	-
Total government activities	14,753,491	5,727,573
Business-type activities:		
Water	4,230,300	4,739,678
Sewer	1,899,339	7,842,689
Interest on long-term debt	339,362	-
Total business-type activities	6,469,001	12,582,367
Total primary government	21,222,492	18,309,940

General revenues:
Taxes:
Property
Sales
Franchise
Other
Interest income
Miscellaneous
Transfers
Total general revenues and transfers
Changes in net assets

Net position - beginning of year

Net position - end of year after restatement

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

Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
		Primary Government		
Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
$ -	$ -	$ (4,332,839)	$ -	$ (4,332,839)
-	-	(4,522,614)	-	(4,522,614)
-	-	(2,609,563)	-	(2,609,563)
-	-	107,798	-	107,798
-	-	2,545,952	-	2,545,952
-	-	48,755	-	48,755
-	-	(263,407)	-	(263,407)
-	-	(9,025,918)	-	(9,025,918)
-	-	-	509,378	509,378
-	-	-	5,943,350	5,943,350
-	-	-	(339,362)	(339,362)
-	-	-	6,113,366	6,113,366
-	-	(9,025,918)	6,113,366	(2,912,552)
		9,591,046	-	9,591,046
		2,445,670	-	2,445,670
		839,132	-	839,132
		108,469	-	108,469
		193,672	3,302	196,974
		739,710	-	739,710
		-	-	-
		13,917,699	3,302	13,921,001
		4,891,781	6,116,668	11,008,449
		11,825,831	33,319,442	45,145,273
		$ 16,717,612	$ 39,436,110	$ 56,153,722

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

CITY OF MANOR, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Special Revenues Fund
ASSETS		
Unrestricted		
Cash and cash equivalents	$ 20,691,610	$ 1,015,070
Receivables, net	493,185	-
Due from other funds	-	-
Restricted assets:		
Cash and cash equivalents	470,250	-
Investments	8,997	386,304
Total assets	$ 21,664,042	$ 1,401,374
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ 1,567,993	$ 60,631
Passthrough liabilities	453,479	769,857
Unearned revenue	4,021,633	-
Due to other funds	940,100	-
Total liabilities	6,983,205	830,488
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	94,673	-
Total liabilities	94,673	-
FUND BALANCES		
Restricted	479,247	570,886
Committed	-	-
Unassigned	14,106,917	-
Total fund balances	14,586,164	570,886
Total liabilities, deferred inflows, and fund balances	$ 21,664,042	$ 1,401,374

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
$ (851,629)	$ 15,925,447	$ 36,780,498
32,906	-	526,091
1,330,599	-	1,330,599
-	-	470,250
287,633	-	682,934
$ 799,509	$ 15,925,447	$ 39,790,372
$ 635	$ -	$ 1,629,259
-	9,927	1,233,263
18,476	-	4,040,109
-	-	940,100
19,111	9,927	7,842,731
70,935	-	165,608
70,935	-	165,608
709,463	-	1,759,596
-	15,915,520	15,915,520
-	-	14,106,917
709,463	15,915,520	31,782,033
$ 799,509	$ 15,925,447	$ 39,790,372

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, 2022

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$ 31,782,033
Amounts reported for governmental activities in the statement of net position are different due to the following:	
Capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.	6,946,326
Certain receivables are not available to pay current-period expenditures and, therefore, are deferred in the funds. This amount includes deferred property taxes.	165,608
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.	155,267
Certain liabilities related to long-term debt are not reported in the funds, such as accrued interest payable.	(54,909)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(22,276,713)
NET POSITION - GOVERNMENTAL ACTIVITIES	$ 16,717,612

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, 2022

	General Fund	Special Revenues Fund
REVENUES		
Property taxes	$ 7,438,755	$ -
Sales tax	2,445,670	-
Franchise taxes	839,132	-
Other taxes	32,010	76,459
Licenses and permits	3,554,654	-
Charge for services	1,470,041	-
Court and police	562,555	-
Public safety	139,901	-
Interest income	157,023	4,757
Interest income - restricted	-	-
Other	740,132	-
Total revenues	17,379,873	81,216
EXPENDITURES		
Current:		
General government	4,246,510	120,545
Public safety	4,673,053	-
Streets	1,888,125	-
Municipal court	454,757	-
Development services	999,396	-
Sanitation	1,421,286	-
Capital outlay	99,527	-
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	13,782,654	120,545
Excess (deficiency) of revenues over expenditures	3,597,219	(39,329)
OTHER FINANCING SOURCES (USES)		
Bond issuance proceeds	-	-
Bond issuance fees	-	-
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	3,597,219	(39,329)
Fund balances - beginning of year	10,988,945	610,215
Fund balances - end of year	$ 14,586,164	$ 570,886

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

Debt Services Fund	Capital Projects Fund	Total Governmental Funds
$ 2,193,924	$ -	$ 9,632,679
-	-	2,445,670
-	-	839,132
-	-	108,469
-	-	3,554,654
-	-	1,470,041
-	-	562,555
-	-	139,901
2,010	29,882	193,672
-	-	-
-	-	740,132
2,195,934	29,882	19,686,905
1,235	-	4,368,290
-	-	4,673,053
-	-	1,888,125
-	-	454,757
-	-	999,396
-	-	1,421,286
-	278,441	377,968
1,291,400	-	1,291,400
193,836	-	193,836
1,486,471	278,441	15,668,111
709,463	(248,559)	4,018,794
-	16,360,000	16,360,000
-	(185,996)	(185,996)
-	-	-
-	-	-
-	16,174,004	16,174,004
709,463	15,925,445	20,192,798
-	(9,925)	11,589,235
$ 709,463	$ 15,915,520	$ 31,782,033

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, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	20,192,798
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.		(303,846)
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.		(15,119,343)
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.		122,172
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	$	4,891,781

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

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022

	Water and Sewer System	Capital Impact Fees	Total
ASSETS			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	$ 11,045,972	$ -	$ 11,045,972
Accounts receivable, net	706,650	-	706,650
Due from other funds	-	940,100	940,100
Restricted assets:			
Cash and cash equivalents	797,373	7,523,694	8,321,067
Investments	-	472,626	472,626
Total current assets	12,549,995	8,936,420	21,486,415
Non-current assets:			
Non-depreciable assets, net	4,835,692	-	4,835,692
Depreciable assets, net	30,251,028	-	30,251,028
Total non-current assets	35,086,720	-	35,086,720
Total assets	47,636,715	8,936,420	56,573,135
DEFERRED OUTFLOWS			
Deferred outflow related to OPEB	5,298	-	5,298
Deferred outflow related to pension	33,671	-	33,671
Total deferred outflows	38,969	-	38,969
LIABILITIES			
Current liabilities:			
Accounts payable	283,026	960,364	1,243,390
Interest payable	38,431	-	38,431
Due to other funds	1,330,599	-	1,330,599
Notes payable, due within one year	43,459	-	43,459
Bonds payable, due within one year	768,300	-	768,300
Total current liabilities	2,463,815	960,364	3,424,179
Non-current liabilities:			
Compensated absences	70,274	-	70,274
Customer deposits	797,373	-	797,373
Notes payable, due after one year	44,838	-	44,838
Bonds payable, due after one year	12,657,250	-	12,657,250
Net OPEB liability	14,821	-	14,821
Net pension liability	109,453	-	109,453
Total non-current liabilities	13,694,009	-	13,694,009
Total liabilities	16,157,824	960,364	17,118,188

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

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUND
SEPTEMBER 30, 2022

	Water and Sewer System	Capital Impact Fees	Total
DEFERRED INFLOWS			
Deferred inflow related to OPEB	$ 2,083	$ -	$ 2,083
Deferred inflow related to pensions	55,723	-	55,723
Total deferred inflows	57,806	-	57,806
NET POSITION			
Investment in capital assets	21,661,170	-	21,661,170
Restricted	797,373	7,976,056	8,773,429
Unrestricted	9,001,511	-	9,001,511
Total net assets	$ 31,460,054	$ 7,976,056	$ 39,436,110

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, 2022

	Water and Sewer System	Capital Impact Fees	Total
OPERATING REVENUES			
Water service	$ 3,611,787	$ -	$ 3,611,787
Sewer service	3,083,154	-	3,083,154
Penalties	121,065	-	121,065
Miscellaneous	1,063	-	1,063
Capital impact fees	-	5,765,298	5,765,298
Total operating revenues	6,817,069	5,765,298	12,582,367
OPERATING EXPENSES			
Personnel services	887,992	-	887,992
Operations	151,814	765,138	916,952
Utilities	317,898	-	317,898
Insurance	65,804	-	65,804
Materials and supplies	267,578	-	267,578
Maintenance	162,029	242,379	404,408
Water fees	1,919,428	-	1,919,428
Wastewater fees	528,588	-	528,588
Depreciation	820,991	-	820,991
Total operating expenses	5,122,122	1,007,517	6,129,639
OPERATING INCOME	1,694,947	4,757,781	6,452,728
NON-OPERATING REVENUES (EXPENSES)			
Interest income	-	3,302	3,302
Interest expense	(339,362)	-	(339,362)
Total non-operating revenues (expenses)	(339,362)	3,302	(336,060)
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	1,355,585	4,761,083	6,116,668
CONTRIBUTIONS AND TRANSFERS			
Transfers in (out)	5,673,055	(5,673,055)	-
Transfers from (to) primary government	-	-	-
CHANGE IN NET POSITION	7,028,640	(911,972)	6,116,668
NET POSITION - BEGINNING OF YEAR	24,431,414	8,888,028	33,319,442
NET POSITION - END OF YEAR	$ 31,460,054	$ 7,976,056	$ 39,436,110

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 12,444,819
Payments to suppliers	(3,314,054)
Payments to employees and contractors	(876,463)
Net cash flows from operating activities	8,254,302
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Increase in customer deposits	60,658
Increase in restricted assets	831,050
Net cash flows from non-capital financing activities	891,708
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers from primary government	390,499
Additions to capital assets	(5,739,457)
Principal payments on debt	(1,045,721)
Interest payments on debt	(358,264)
Net cash flows from capital and related financing activities	(6,752,943)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	3,302
Net cash flows from investing activities	3,302
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,396,369
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8,649,603
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 11,045,972

RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating income	$ 6,452,728
Adjustments not affecting cash:	
Depreciation	820,991
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts receivable	(137,548)
Accounts payable	1,106,602
Compensated absences	35,197
Deferred outflows	(5,593)
Deferred inflows	21,875
Net OPEB liability	2,266
Net pension liability	(42,216)
Net cash flows from operating activities	$ 8,254,302

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

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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. 87, *Leases,* (GASB 87) requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. There is no restatement nor cumulative effect as prior periods are not presented as part of the audited financial statements.

For those leases where the underlying lease asset transferred ownership, the City followed the provisions applicable to capital assets and to long-term debt or payables, depending on the financing as directed by GASB 87. Additional information on financed purchases can be found in Note H.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* establishes accounting requirements for interest cost incurred before the end of a construction period and enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. This statement has no impact on the City.

GASB Statement 92, *Omnibus 2020,* addresses a variety of topics and includes specific provisions about the following: The effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, Leases; For interim financial reports, reporting of intraentity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended,* and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits*; The applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The applicable portions of this statement were implemented by the City in fiscal year 2022.

GASB Statement 93, *Replacement of Interbank Offered Rates,* includes certain provisions that are effective in fiscal year 2022 and other provisions in fiscal year 2023. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The City does not participate in hedge accounting nor derivatives; therefore, this statement has no impact on the City.

GASB Statement No. 99, *Omnibus 2022,* includes certain provisions effective for the City in fiscal year 2022 and other provisions 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 in fiscal year 2022: extension of the use of the London Interbank Offered Rate, accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification to GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,* addresses a variety of topics and includes specific provisions about the following: (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Travis City's Section 457 Deferred Compensation plan does not meet the definition of a pension plan because only employees make contributions to the plan and no benefit is provided; therefore, this statement has no impact on the City.

Government-Wide Financial Statements

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

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Statement of Activities

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

Fund Level Financial Statements

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

The City reports the following major governmental funds:

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

Special Revenue Fund
Established to account for revenues assessed and collected for specific purposes.

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

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

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

The City reports the following major enterprise funds:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

The City's capital assets and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective funds. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of $5,000 or more as purchases and outlays occur. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. For information describing capital assets. (see Note F)

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

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

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:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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.

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.

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, 2022, carrying amounts of the City's cash deposits were $56,617,787 and bank balances were $55,861,885. The City's cash deposits at September 30, 2022, were in excess of FDIC insurance and bank pledges securities by $29,490,263.

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.

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 mean

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, 2022, 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	$ 1,155,560

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.

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, 2022, 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.

C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Governmental fund balance		$ 31,782,033
Difference due to capital assets		
Capital assets	16,935,700	
Accumulated depreciation	(9,989,374)	6,946,326
Difference due to deferred outflows		
Deferred outflows related to pensions	316,141	
Deferred outflows related to OPEB	32,995	
Deferred loss on refunding	152,232	501,368
Difference due to current liabilities		
Interest payable		(54,909)
Difference due to non-current liabilities		
Compensated absences	(301,785)	
Net pension liability	(605,469)	
Net OPEB liability	(92,149)	
Notes payable	(1,162,860)	
Bonds payable	(20,114,450)	(22,276,713)
Difference due to deferred inflows		
Deferred inflows related to property taxes	165,608	
Deferred inflows related to pensions	(333,246)	
Deferred inflows related to OPEB	(12,855)	(180,493)
Government-wide net position		$ 16,717,612

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

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

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

Change in governmental fund balance		$ 20,192,798
Amount by which depreciation exceeds capital outlay expense and other capital related transactions		
Capital outlay	817,627	
Depreciation expense	(1,121,473)	(303,846)
Long-term debt and related items		
Debt payments	1,785,353	
Debt issuances	(16,835,125)	
Accrued interest adjustment	(39,914)	
Amortization of loss on refunding	(29,657)	(15,119,343)
Expenses or revenues that do not require the use of current financial resources or have not matured		
Property taxes recorded as deferred inflows	(41,633)	
Changes in pension expense and deferred outflows and inflows	175,387	
Changes in OPEB expense and deferred outflows and inflows	(3,602)	
Compensated absence adjustment	(7,980)	122,172
Change in government-wide net position		$ 4,891,781

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.

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, 2022, receivables for governmental activities are summarized in the government-wide financial

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Sales tax receivable	$ 233,082	$ -	$ 233,082
Property tax receivable	165,608	(88,858)	76,750
Employee receivable	1,961	-	1,961
Court fines receivable	917,524	(889,999)	27,525
Other	186,773	-	186,773
Total receivables	$ 1,504,948	$ (978,857)	$ 526,091

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, 2022, Business-type activities receivables are summarized in the financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Customer receivables	$ 706,799	$ (1,349)	$ 705,450
NSF checks	1,200	-	1,200
Total receivables	$ 707,999	$ (1,349)	$ 706,650

CITY OF MANOR, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

E. RESTRICTED ASSETS

At September 30, 2022, restricted assets consisted of the following:

Cash and cash equivalents:	Governmental Activities	Business-Type Activities	Total
Other	$ (769,931)	$ -	$ (769,931)
Parkland project	470,250	-	470,250
Rose Hill Public Improvement District	769,931	-	769,931
Customer deposits	-	797,373	797,373
Capital improvements - water system	-	2,491,008	2,491,008
Capital improvements - sewer system	-	5,032,686	5,032,686
Total cash and cash equivalents	$ 470,250	$ 8,321,067	$ 8,791,317

Investments:	Governmental Activities	Business-Type Activities	Total
Parks	$ 8,997	$ -	$ 8,997
Debt service	287,633	-	287,633
Tourism	386,304	-	386,304
Capital improvements - sewer system	-	472,626	472,626
Total investments	$ 682,934	$ 472,626	$ 1,155,560

F. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions/ Reclass	Ending Balance
Non-depreciable assets:				
Land	$ 470,607	$ 10,000	$ -	$ 480,607
Construction in progress	150,983	732,231	(206,946)	676,268
Total non-depreciable assets	$ 621,590	$ 742,231	$ (206,946)	$ 1,156,875
Depreciable assets:				
Buildings	$ 2,419,785	$ 206,946	$ -	$ 2,626,731
Equipment	5,595,491	75,396	-	5,670,887
Sidewalks	244,164	-	-	244,164
Streets and improvements	7,237,043	-	-	7,237,043
Total depreciable assets	15,496,483	282,342	-	15,778,825
Accumulated depreciation	(8,867,901)	(1,121,473)	-	(9,989,374)
Depreciable assets, net	$ 6,628,582	$ (839,131)	$ -	$ 5,789,451

F. CAPITAL ASSETS - CONTINUED

Business-Type Activities:	Beginning Balance	Additions	Deletions/ Reclass	Ending Balance
Non-depreciable assets:				
Land	$ 406,816	$ -	$ -	$ 406,816
Construction in progress	2,048,432	5,673,055	(3,292,611)	4,428,876
Total non-depreciable assets	$ 2,455,248	$ 5,673,055	$ (3,292,611)	$ 4,835,692
Depreciable assets:				
Machinery and equipment	$ 1,633,247	$ -	$ -	$ 1,633,247
Culverts	12,992	-	-	12,992
Infrastructure - water system	7,465,930	2,008,666	-	9,474,596
Infrastructure - sewer system	24,843,198	1,350,347	-	26,193,545
Total depreciable assets	33,955,367	3,359,013	-	37,314,380
Accumulated depreciation	(6,242,361)	(820,991)	-	(7,063,352)
Depreciable assets, net	$ 27,713,006	$ 2,538,022	$ -	$ 30,251,028

Depreciation expense was charged to the functions as follows:

Function:	Governmental Activities	Business-Type Activities	Total
General government	$ 187,770	$ -	$ 187,770
Public safety	344,780	-	344,780
Streets	579,617	-	579,617
Development services	9,306	-	9,306
Water	-	519,474	519,474
Sewer	-	301,517	301,517
Total depreciation expense	$ 1,121,473	$ 820,991	$ 1,942,464

G. INTER-FUND BALANCES AND ACTIVITY

Transfers (To)From Other Funds

Purpose	General Fund	Debt Service Fund	Proprietary Fund	Capital Impact Fees
Transfers of funds to cover debt service	$ -	$ 261,347	$ (261,347)	$ -
Transfer of capital assets	-	-	5,673,055	(5,673,055)

H. LONG-TERM DEBT

Long-Term Debt Activity

Changes in long-term debt obligations for the year ended September 30, 2022, are as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Financed purchases	$ 1,181,688	$ 475,125	$ (493,953)	$ 1,162,860	$ 461,217
Bonds payable	5,045,850	16,360,000	(1,291,400)	20,114,450	2,631,700
Loss on refunding	181,889	-	(29,657)	152,232	29,657
Total governmental activities	$ 6,409,427	$ 16,835,125	$ (1,815,010)	$ 21,429,542	$ 3,122,574

Business-Type Activities:	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Financed purchases	$ 130,418	$ -	$ (42,121)	$ 88,297	$ 43,459
Bonds payable	14,429,150	-	(1,003,600)	13,425,550	768,300
Total business-type activities	$ 14,559,568	$ -	$ (1,045,721)	$ 13,513,847	$ 811,759

Debt Service Requirements

Financed Purchases

On November 15, 2017, the City entered into financing agreements for vehicles totaling $441,289 at 2.56% fixed interest rate with yearly payments of $95,053 due in November. The City's balance remaining on the note payable at September 30, 2022, is $92,648.

On November 30, 2018, the City entered into financing agreements for vehicles totaling $582,414 at 3.57% fixed interest rate with yearly payments of $135,919 due in December. The City's balance remaining on the note payable at September 30, 2022, is $131,234.

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, 2022, is $157,674.

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, 2022, is $20,384.

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, 2022, is $351,797.

H. LONG-TERM DEBT - CONTINUED

Financed Purchases - Continued

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, 2022, is $51,840.

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, 2022, is $445,581.

Debt service requirements on long-term notes payable at September 30, 2022, were as follows:

	Governmental Activities		
For the years ending September 30,	Principal	Interest	Total
2023	$ 504,676	$ 31,592	$ 536,268
2024	287,946	17,380	305,326
2025	202,069	10,027	212,096
2026	189,433	5,383	194,816
2026	67,033	751	67,784
	$ 1,251,157	$ 65,133	$ 1,316,290

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.

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, 2022, were as follows:

	Series 2012 - $3,510,000		
For the years ending September 30,	Principal	Interest	Total
2023	$ 315,000	$ 19,253	$ 334,253
2024	315,000	11,220	326,220
2025	60,000	3,188	63,188
2026	65,000	1,718	66,718
Total	$ 755,000	$ 35,379	$ 790,379

	Series 2012 - $1,835,000		
For the years ending September 30,	Principal	Interest	Total
2023	$ 130,000	$ 17,181	$ 147,181
2024	135,000	13,944	148,944
2025	140,000	10,583	150,583
2026	140,000	7,097	147,097
2027	145,000	3,611	148,611
Total	$ 690,000	$ 52,416	$ 742,416

	Series 2015 - $4,750,000		
For the years ending September 30,	Principal	Interest	Total
2023	$ 465,000	$ 57,136	$ 522,136
2024	485,000	46,487	531,487
2025	500,000	35,381	535,381
2026	515,000	23,931	538,931
2027	530,000	12,137	542,137
Total	$ 2,495,000	$ 175,072	$ 2,670,072

H. LONG-TERM DEBT - CONTINUED

Bonds Payable - Continued

	Series 2016 - $18,000,000		
For the years ending September 30,	Principal	Interest	Total
2023	$ 780,000	$ 312,127	$ 1,092,127
2024	800,000	294,265	1,094,265
2025	1,170,000	275,945	1,445,945
2026	1,200,000	249,152	1,449,152
2027	1,290,000	221,672	1,511,672
2027-2031	8,390,000	486,625	8,876,625
Total	$ 13,630,000	$ 1,839,786	$ 15,469,786

	Series 2021 CO - $6,360,000		
For the years ending September 30,	Principal	Interest	Total
2023	$ 375,000	$ 105,072	$ 480,072
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
2027-2031	2,145,000	280,280	2,425,280
2032	1,880,000	83,600	1,963,600
Total	$ 5,970,000	$ 822,096	$ 6,792,096

	Series 2022 Tax Notes - $10,000,000		
For the years ending September 30,	Principal	Interest	Total
2023	$ 1,335,000	$ 266,475	$ 1,601,475
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
2027-2031	3,060,000	137,066	3,197,066
Total	$ 10,000,000	$ 1,189,405	$ 11,189,405

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, 2022 was $152,232.

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.

I. RESTRICTED NET ASSETS

At September 30, 2022, net assets restricted by enabling legislation consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Rose Hill Public Improvement District	$ 769,931	$ -	$ 769,931
Parkland project	470,250	-	470,250
Tourism	386,304	-	386,304
Debt service	287,633	-	287,633
Other	(760,934)	-	(760,934)
Capital improvements	-	8,773,429	8,773,429
Total restricted net assets	$ 1,153,184	$ 8,773,429	$ 9,926,613

J. RISK MANAGEMENT

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

K. PENSION PLAN

Plan Description

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

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

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

K. PENSION PLAN - CONTINUED

	Plan Year 2020	Plan Year 2021
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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	44
Active employees	76
	131

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 2021, 2020, and 2019 were 8.85%, 9.23%, and 4.35%, respectively. The required contribution rate payable by the employee members for calendar years 2021, 2020, and 2019 was 7%.

Net Pension Asset

The City’s net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

K. PENSION PLAN - CONTINUED

Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	December 31, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	23 Years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
	Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	
Notes	1) There were no benefit changes during the year.

The actuarial assumptions used in the December 31, 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.

K. PENSION PLAN - CONTINUED

Change in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability / (Asset) (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a-b)
Balances as of December 31, 2020	$ 6,116,381	$ 5,078,137	$ 1,038,244
Changes for the year:			
Service cost	605,221	-	605,221
Interest on total pension liability	426,594	-	426,594
Change in benefit terms including substantively automatic status	-	-	-
Difference between expected and actual experience	57,592	-	57,592
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(198,170)	-	(198,170)
Contributions - employer	-	418,118	(418,118)
Contributions - employee	-	334,112	(334,112)
Net investment income	-	663,540	(663,540)
Benefit payments	-	(198,170)	198,170
Administrative expenses	-	(3,063)	3,063
Other	-	22	(22)
Net changes	891,237	1,214,559	(323,322)
Balances as of December 31, 2021	$ 7,007,618	$ 6,292,696	$ 714,922

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)	$ 1,953,531	$ 714,922	$ (277,345)

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.

K. PENSION PLAN - CONTINUED

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

For the year ended September 30, 2022, the City recognized pension expense of $433,674. At September 30, 2022, 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	$ 56,208	$ -
Differences between projected and actual earnings on pension plan investments	328,612	-
Changes in assumptions	4,149	-
Contributions made subsequent to measurement date	-	349,812
	$ 388,969	$ 349,812

The $349,812 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, 2022. 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,	
2023	$ 272,764
2024	(136,509)
2025	(85,835)
2026	(82,681)
2027	(11,160)
Thereafter	4,264
	$ (39,157)

Funded Status and Funding Process

The fund status as of December 31, 2021, 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)
12/31/2019	$ 4,110,326	$ 5,433,888	75.6%	$ 1,323,562	$ 4,338,512	30.5%
12/31/2020	5,078,137	6,116,381	83.0%	1,038,244	4,724,397	22.0%
12/31/2021	6,292,696	7,007,618	89.8%	714,922	4,773,033	15.0%

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	8
Active employees	76
	90

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, 2022, the City has not made any contributions to the SDBF.

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

Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	December 31, 2021
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	1.84%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.
Other Information:	
Notes	No benefit changes during the year.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

Note: 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 to December 31, 2018.

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

Change in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability / (Asset) (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a-b)
Balances as of December 31, 2020	$ 89,615	$ -	$ 89,615
Changes for the year:			
Service cost	13,842	-	13,842
Interest on total pension liability	1,926	-	1,926
Difference between expected and actual experience	(2,418)	-	(2,418)
Effect of assumptions changes or inputs	4,482	-	4,482
Benefit payments	(477)	-	(477)
Administrative expenses	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Benefit payments	-	-	-
Other	-	-	-
Net changes	17,355	-	17,355
Balances as of December 31, 2021	$ 106,970	$ -	$ 106,970

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 1.84%, 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 (0.84%) or one percentage point higher (2.84%) than the current rate.

	1% Decrease 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
Net pension liability / (asset)	$ 140,528	$ 106,970	$ 82,424

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, 2022, the City recognized pension expense of $17,438. At September 30, 2022, deferred outflows and inflows of resources related to pensions were reported from the following sources:

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	$ 17,092	$ -
Changes in assumptions and other inputs	-	27,629
Contributions made subsequent to measurement date	-	-
	$ 17,092	$ 27,629

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

Years Ending September 30,	
2023	$ 1,670
2024	1,670
2025	1,670
2026	1,670
2027	1,479
Thereafter	2,378
	$ 10,537

M. HEALTH CARE COVERAGE

During the year ended September 30, 2022, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of $542,345 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.

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, 2022, the City's arbitrage liability was $0.

O. SUBSEQUENT EVENTS

On February 15, 2023, the City entered into an agreement with a Contractor to work on the Bell Farms and Presidential Glen Lift Station Improvements Project. This project has a contracted amount of $1,731,127.

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.

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, 2022

	Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 7,411,430	$ 7,409,652	$ 7,438,755	$ 29,103
Sales taxes	1,932,496	2,381,579	2,445,670	64,091
Franchise taxes	589,511	839,133	839,132	(1)
Other taxes	15,705	32,010	32,010	-
Licenses and permits	1,886,197	3,554,579	3,554,654	75
Charge for services	1,117,130	1,470,041	1,470,041	-
Court and police	444,756	565,334	562,555	(2,779)
Public safety	215,954	139,892	139,901	9
Interest	100,000	157,023	157,023	-
Other	562,260	3,430,655	740,132	(2,690,523)
Total revenues	14,275,439	19,979,898	17,379,873	(2,600,025)
EXPENDITURES				
General government	4,475,702	4,268,386	4,246,510	21,876
Public safety	5,060,564	4,673,248	4,673,053	195
Streets	1,510,405	1,888,143	1,888,125	18
Municipal court	707,874	454,791	454,757	34
Development services	925,425	999,397	999,396	1
Sanitation	1,350,000	1,421,286	1,421,286	-
Capital outlay	245,470	99,527	99,527	-
Debt payments	-	-	-	-
Interest	-	-	-	-
Total expenditures	14,275,440	13,804,778	13,782,654	22,124
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1)	6,175,120	3,597,219	(2,577,901)
OTHER FINANCING SOURCES (USES)				
Capital grants and contributions	-	-	-	-
Transfers (to) from other funds:	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(1)	6,175,120	3,597,219	(2,577,901)
FUND BALANCE - BEGINNING OF YEAR	10,988,945	10,988,945	10,988,945	-
FUND BALANCE - END OF YEAR	$ 10,988,944	$ 17,164,065	$ 14,586,164	$ (2,577,901)

CITY OF MANOR, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2022

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 less than budgeted by $2,600,025, and operating expenditures were more than budgeted by $22,124, resulting in an overall unfavorable operating variance of $2,577,901. Due to favorable operating results, there was an overall increase in fund balance of $3,597,219 for the City's general fund.

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

	2022	2021
Total Pension Liability (Asset)		
Service cost	$ 605,221	$ 599,998
Interest on total pension liability	426,594	383,525
Change in benefit terms including substantively automatic status	-	-
Effect of plan changes	-	-
Difference between expected and actual experience	57,592	(196,958)
Effect of assumptions changes or inputs	-	-
Benefit payments, including refunds of employee contributions	(198,170)	(104,072)
Net change in total pension liability (asset)	891,237	682,493
Total pension liability (asset), beginning	6,116,381	5,433,888
Total pension liability (asset), ending (a)	$ 7,007,618	$ 6,116,381
Fiduciary Net Position		
Employer contributions	$ 418,118	$ 430,394
Employee contributions	334,112	330,708
Net investment income	663,540	312,881
Benefit payments, including refunds of employee contributions	(198,170)	(104,072)
Administrative expenses	(3,063)	(2,019)
Other	21	(81)
Net change in fiduciary net position	1,214,558	967,811
Fiduciary net position, beginning	5,078,137	4,110,326
Fiduciary net position, ending (b)	$ 6,292,695	$ 5,078,137
Net pension liability (asset), ending = (a) - (b)	$ 714,923	$ 1,038,244
Fiduciary net position as a % of total pension liability (asset)	89.80%	83.03%
Covered employee payroll	$ 4,773,033	$ 4,724,397
Net pension liability (asset) as a % of covered employee payroll	14.98%	21.98%

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

2020	2019	2018	2017	2016	2015
$ 550,557	$ 473,885	$ 312,499	$ 263,418	$ 217,127	$ 131,462
327,129	276,744	169,207	144,524	122,699	103,455
-	1,049,303	-	-	-	-
-	-	-	-	-	25,647
28,739	22,226	39,102	11,751	14,209	26,291
(7,557)	-	-	-	68,829	-
(72,110)	(57,375)	(57,953)	(99,189)	(16,304)	(41,958)
826,758	1,764,783	462,855	320,504	406,560	244,897
4,607,130	2,842,347	2,379,492	2,058,988	1,652,428	1,407,531
$ 5,433,888	$ 4,607,130	$ 2,842,347	$ 2,379,492	$ 2,058,988	$ 1,652,428
$ 384,826	$ 160,213	$ 145,755	$ 96,836	$ 81,392	$ 42,366
303,696	187,603	171,891	144,102	126,237	100,392
468,829	(84,618)	312,128	133,631	2,638	91,356
(72,110)	(57,375)	(57,953)	(99,189)	(16,304)	(41,958)
(2,645)	(1,635)	(1,619)	(1,511)	(1,607)	(953)
(79)	(85)	(82)	(81)	(79)	(78)
1,082,517	204,103	570,120	273,788	192,277	191,125
3,027,809	2,823,706	2,253,586	1,979,798	1,787,521	1,596,396
$ 4,110,326	$ 3,027,809	$ 2,823,706	$ 2,253,586	$ 1,979,798	$ 1,787,521
$ 1,323,562	$ 1,579,321	$ 18,641	$ 125,906	$ 79,190	$ (135,093)
75.64%	65.72%	99.34%	94.71%	96.15%	108.18%
$ 4,338,512	$ 3,752,058	$ 3,437,829	$ 2,882,032	$ 2,524,736	$ 2,007,847
30.51%	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)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Funded Ratio (a)/(b)	(d) Unfunded AAL (UAAL) (b) - (a)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (d)/(e)
12/31/2019	$ 4,110,326	$ 5,433,888	75.6%	$ 1,323,562	$ 4,338,512	30.5%
12/31/2020	5,078,137	6,116,381	83.0%	1,038,244	4,724,397	22.0%
12/31/2021	6,292,696	7,007,618	89.8%	714,922	4,773,033	15.0%

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)

	2022	2021	2020
Total OPEB Liability (Asset)			
Service cost	$ 13,842	$ 10,866	$ 6,508
Interest on total OPEB liability	1,926	2,241	2,089
Effect of plan changes	-	-	-
Difference between expected and actual experience	(2,418)	(15,733)	(1,673)
Effect of assumptions changes or inputs	4,482	16,427	16,515
Benefit payments	(477)	(472)	(434)
Net change in total OPEB liability (asset)	17,355	13,329	23,005
Total OPEB liability (asset), beginning	89,615	76,286	53,281
Total OPEB liability (asset), ending (a)	$ 106,970	$ 89,615	$ 76,286
Covered payroll	$ 4,773,033	$ 4,724,397	$ 4,338,512
Net OPEB liability (asset) as a % of covered payroll	2.24%	1.90%	1.76%

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

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

2019	2018
$ 6,003	$ 4,813
1,860	1,648
-	-
(2,490)	-
(5,293)	5,549
-	-
80	12,010
53,201	41,191
$ 53,281	$ 53,201
$ 3,752,058	$ 3,437,829
1.42%	1.55%

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ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 9, 2023.

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.

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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
May 9, 2023

CITY OF MANOR, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2022

Financial Statement Findings

None

CITY OF MANOR, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2022

Prior Audit Findings

None

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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Bickerstaff
Heath Delgado Acosta LLP

$36,245,000
CITY OF MANOR, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2023

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the City of Manor, Texas (the "City") of its $36,245,000 aggregate original principal amount of Combination Tax and Revenue Certificates of Obligation, Series 2023, dated December 1, 2023 (the "Certificates").

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Certificates for the sole purpose of rendering an opinion with respect to the legality and validity of the Ordinance (as defined below) and the Certificates under the Constitution and laws of the State of Texas, and with respect to the excludability of the interest on the Certificates from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the City.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and the Home Rule Charter of the City. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant, a transcript of certified proceedings of the City and other pertinent instruments authorizing and relating to the issuance of the Certificates, including (1) the ordinance (the "Ordinance") authorizing the issuance of the Certificates, (2) the registered Initial Certificate numbered I-1, and (3) the Arbitrage and Tax Certificate of the City.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Certificates are valid and legally binding obligations of the City enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.

2. The Certificates are secured by and payable from the levy of a direct and continuing annual ad valorem tax upon all taxable property within the City, within limits prescribed by law, sufficient for said purposes, and a limited

pledge, not to exceed $1,000, of the Surplus Revenues of the City's Water and Wastewater Systems, as provided in the Ordinance.

3. Under existing statutes, regulations, rulings and court decisions, interest on the Certificates will not be includible in the gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the City with the requirements of the Code. Interest on the Certificates is not subject to the alternative minimum tax imposed on individuals under the Code. For purposes of the 15% federal minimum tax that is imposed on "applicable corporations" (as defined in the 2022 Inflation Reduction Act (the "2022 Act")) for taxable years beginning after December 31, 2022, interest on the Certificates will be taken into account in determining "adjusted financial statement income" (as defined in the 2022 Act).

In rendering this opinion, we have assumed continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Certificates and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Certificates being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Certificates.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the City has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

Financial Advisory Services
Provided By:

SAMCO Capital