

OFFICIAL STATEMENT DATED April 17, 2024

NEW ISSUE - BOOK-ENTRY-ONLY

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

The 2024 General Obligation Bonds are **not** obligations described in section 103(a) of the Internal Revenue Code of 1986. See "TAX MATTERS" herein.



**\$15,000,000**  
**CITY OF MANOR, TEXAS**  
**(A political subdivision of the State of Texas located in Travis County, Texas)**  
**GENERAL OBLIGATION BONDS, TAXABLE SERIES 2024**

**Dated Date: May 22, 2024 (interest to accrue from  
the Delivery Date)**

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

The City of Manor, Texas General Obligation Bonds, Taxable Series 2024 (the "Bonds") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of Chapters 1251 and 1331 of the Texas Government Code, an election held within the City on November 7, 2023, the City's Home Rule Charter, and an ordinance (the "Ordinance") of the City Council of the City of Manor, Texas (the "City") adopted on April 17, 2024. See "THE BONDS - Authority for Issuance" herein.

The Bonds 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. (See "THE BONDS - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)

Interest on the Bonds will accrue from the Delivery Date (as defined below) and will be payable on August 15 and February 15 of each year, commencing February 15, 2025, 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 Bonds 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 Bonds will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of Bonds representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as the initial paying agent/registrant (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 Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The proceeds of the Bonds will be used for the purpose of paying contractual obligations to be incurred for: promoting economic development throughout the City through (i) planning, designing, constructing, improving, extending and expanding public street, utility, and other infrastructure facilities, including the acquisition of land therefore; (ii) the City's programs for economic development, including the acquisition of improved and unimproved properties and the demolition of existing structures; (iii) making grants and loans of bond proceeds for private commercial, industrial, retail, and healthcare projects and facilities, workforce development programs, residential and mixed-use development, neighborhood revitalization projects, and mixed income development; and (iv) the payment of professional services and costs of issuance related thereto. See "THE BONDS - Use of Proceeds."

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

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

The Bonds 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 Bonds will be available for initial delivery through DTC on or about May 22, 2024 (the "Delivery Date").

**FHN Financial Capital Markets**  
**RBC Capital Markets, LLC**

**\$15,000,000**  
**CITY OF MANOR, TEXAS,**  
**(A political subdivision of the State of Texas located in Travis County, Texas)**  
**GENERAL OBLIGATION BONDS, TAXABLE SERIES 2024**

**CUSIP NO. PREFIX<sup>(1)</sup>: 564088**

<b>Stated Maturity (August 15)</b>	<b>Principal Amount</b>	<b>Interest Rate (%)</b>	<b>Initial Yield (%)<sup>(2)</sup></b>	<b>CUSIP No. Suffix<sup>(1)</sup></b>
2026	\$ 100,000	5.160%	5.160%	CF7
2027	100,000	5.170%	5.170%	CG5
2028	100,000	5.010%	5.010%	CH3
2029	100,000	4.970%	4.970%	CJ9
2030	565,000	4.960%	4.960%	CK6
2031	595,000	5.090%	5.090%	CL4
2032	920,000	5.140%	5.140%	CM2
2033	975,000	5.180%	5.180%	CN0
2034	1,025,000	5.210%	5.210%	CP5
2035	1,080,000	5.270%	5.270%	CQ3
2036	1,140,000	5.350%	5.350%	CR1
2037	1,210,000	5.420%	5.420%	CS9
2038	1,270,000	5.460%	5.460%	CT7
2039	1,340,000	5.530%	5.530%	CU4
2040	1,415,000	5.560%	5.560%	CV2
2041	1,490,000	5.580%	5.580%	CW0
2042	1,575,000	5.600%	5.600%	CX8

(Interest to accrue from the Delivery Date)

The City reserves the right to redeem the Bonds maturing on and after August 15, 2035, in whole or in part, in the principal amount of \$5,000 or any integral multiple thereof (and, if less than all Bonds within a stated maturity are redeemed, selected by lot by the Paying Agent/Registrar), on August 15, 2034, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. See “THE BONDS - Redemption Provisions of the Bonds” herein.

(1) CUSIP numbers are included solely for the convenience of owners of the Bonds. 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.

**CITY OF MANOR, TEXAS  
CITY COUNCIL**

<u>Name</u>	<u>Place</u>	<u>Term Expires (November)</u>
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**

<u>Name</u>	<u>Position</u>	<u>Length of Service With City</u>
Scott Moore	City Manager	1.5 years
Lluvia T. Almaraz	City Secretary	7 years
Belen Pena	Director of Finance	1 month

**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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## 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 Bonds, 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 Bonds 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 BONDS 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 BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS 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 Bonds 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 Bonds, is to be construed as constituting an agreement with the purchasers of the Bonds. 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 BONDS.

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 15c2-12.

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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 Bonds 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.*

<b>The Issuer</b>	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 Travis County, Texas.”)
<b>The Bonds</b>	The Bonds are being issued pursuant to Chapters 1251 and 1331 of the Texas Government Code, an election held within the City on November 7, 2023, the City’s Home Rule Charter, and an ordinance (the "Ordinance") adopted by the City Council of the City on April 17, 2024. (See "THE BONDS - Authority for Issuance" herein.)
<b>Paying Agent/Registrar</b>	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
<b>Security</b>	The Bonds 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. (See "THE BONDS - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)
<b>Redemption Provisions</b>	The Issuer reserves the right, at its sole option, to redeem Bonds stated to mature on and after August 15, 2035, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. (See "THE BONDS - Redemption Provisions" herein.)
<b>Tax Matters</b>	In the opinion of Bond Counsel, the interest on the Bonds is not 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.)
<b>Use of Proceeds</b>	The proceeds of the Bonds will be used for the purpose of paying contractual obligations to be incurred: for promoting economic development throughout the City through (i) planning, designing, constructing, improving, extending and expanding public street, utility, and other infrastructure facilities, including the acquisition of land therefore; (ii) the City’s programs for economic development, including the acquisition of improved and unimproved properties and the demolition of existing structures; (iii) making grants and loans of bond proceeds for private commercial, industrial, retail, and healthcare projects and facilities, workforce development programs, residential and mixed-use development, neighborhood revitalization projects, and mixed income development; and (iv) the payment of professional services and costs of issuance related thereto. (See "THE BONDS - Use of Proceeds" herein.)
<b>Ratings</b>	Moody’s Investors Service, (“Moody’s”) has assigned an unenhanced, underlying rating of “Aa1” to the Bonds. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
<b>Payment Record</b>	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
<b>Future Bond Issues</b>	The City does not anticipate issuing general obligation or Utility System supported debt in 2025/2026.
<b>Delivery</b>	When issued, anticipated on or about May 22, 2024.

**Legality**

Delivery of the Bonds 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 Bonds by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel.

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**OFFICIAL STATEMENT**

**RELATED TO**

**\$15,000,000**

**CITY OF MANOR, TEXAS**

**(A political subdivision of the State of Texas located in Travis County, Texas)**

**GENERAL OBLIGATION BONDS, TAXABLE SERIES 2024**

**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 \$15,000,000 General Obligation Bonds, Taxable Series 2024 (the “Bonds”).

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 Bonds 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 BONDS**

**Authority for Issuance**

The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of Chapters 1251 and 1331 of the Texas Government Code, an election held within the City on November 7, 2023, the City’s Home Rule Charter, and an ordinance (the “Ordinance”) adopted by the City Council of the City on April 17, 2024.

**General Description**

The Bonds are dated May 22, 2024 (the “Dated Date”) and will accrue interest from the Delivery Date (defined below), and such interest shall be payable on August 15 and February 15 in each year, commencing February 15, 2025, until stated maturity or prior redemption. Interest on the Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds 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 Bonds 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 Bonds is payable at maturity or redemption, upon their presentation and surrender to the Paying Agent/Registrar. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 principal for any one maturity.

Initially the Bonds 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 Bonds will be made



to the owners thereof. Notwithstanding the foregoing, as long as the Bonds are held in the Book-Entry-Only System, principal of, premium, if any, and interest on the Bonds 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 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

### **Use of Proceeds**

The proceeds of the Bonds will be used for the purpose of paying contractual obligations to be incurred: for promoting economic development throughout the City through (i) planning, designing, constructing, improving, extending and expanding public street, utility, and other infrastructure facilities, including the acquisition of land therefore; (ii) the City's programs for economic development, including the acquisition of improved and unimproved properties and the demolition of existing structures; (iii) making grants and loans of bond proceeds for private commercial, industrial, retail, and healthcare projects and facilities, workforce development programs, residential and mixed-use development, neighborhood revitalization projects, and mixed income development; and (iv) the payment of professional services and costs of issuance related thereto. (See "THE BONDS - Use of Proceeds" herein.)

### **Security for Payment**

The Bonds 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. See "AD VALOREM PROPERTY TAXATION" herein.

### **Redemption Provisions of the Bonds**

The City reserves the right to redeem the Bonds maturing on and after August 15, 2035, in whole or in part, in the principal amount of \$5,000 or any integral multiple thereof, on August 15, 2034, 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 Bonds called for redemption shall be selected by the City.

### **Selection of Bonds for Redemption**

If less than all of the Bonds are redeemed within a stated maturity at any time, the Bonds 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 Bonds, 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 Bonds 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 BONDHOLDERS FAILED TO RECEIVE SUCH NOTICE.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds 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 Bonds, 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 Bonds, 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 Bonds, will mail any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds 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 Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds held by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds 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 Bonds from the Beneficial Owners. Any such selection of Bonds 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 Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. See “BOOK-ENTRY-ONLY SYSTEM” herein.

### **Legality**

The Bonds 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 Bonds deposited with DTC or will be printed on the Bonds. A form of the legal opinion of Bond Counsel appears in APPENDIX D attached hereto.

### **Delivery**

When issued; anticipated on or about May 22, 2024 (the “Delivery Date”).

### **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 does not anticipate issuing general obligation or Utility System supported debt in 2025/2026.

### **Defeasance**

Any Bond 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 Bond 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, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm less than “AAA” or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Bonds. 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 Bonds, 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) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Bonds (“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 Bonds, registered owners of Bonds 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 Bonds 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 Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds 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 Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds 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 Bonds 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 Bonds then outstanding, no such amendment, addition, or rescission may (1) make any change in the maturity of any of the outstanding Bonds; (2) reduce the rate of interest borne by any of the outstanding Bonds; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Bonds; (4) modify the terms of payment or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or (5) change the minimum percentage. amount of the Bonds 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 Bonds 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 Bonds, if there is no other available remedy at law to compel performance of the Bonds 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 Bonds 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.3d 427 (Tex. 2016) (“*Wasson*”) the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to 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 Bonds. 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 Bonds 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.

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**Sources and Uses of Funds**

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

<u>Sources</u>	
Par Amount of Bonds	\$ <u>15,000,000.00</u>
Total Sources	\$ 15,000,000.00
<u>Uses</u>	
Deposit to Project Fund	\$ 14,738,668.75
Underwriters' Discount	99,481.25
Cost of Issuance	<u>161,850.00</u>
Total Uses	\$ 15,000,000.00

**REGISTRATION, TRANSFER, AND EXCHANGE**

**Paying Agent/Registrar**

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. The Bonds 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 Bonds are not held in the Book-Entry-Only System, interest on the Bonds 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 "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 Bonds 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 Bonds 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 Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City will promptly cause a notice thereof to be sent to each registered owner of the Bonds 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 Bond 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 Bonds 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 Bonds will be issued to the registered owners of the Bonds and thereafter the Bonds 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 Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds 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 Bonds issued in an exchange or transfer of Bonds 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 Bonds 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 Bonds 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 Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein.

### **Limitation on Transferability of Bonds 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 Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds 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 Bonds**

If any Bond is mutilated, destroyed, stolen or lost, a new Bond of like kind and in the same amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen, or lost, such new Bond 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 Bond has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the City and the Paying Agent/Registrar with Bond or indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond 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 Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, while the Bonds 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 Bonds, 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 Bonds), 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 Bonds. The Bonds 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 Bonds, 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 Bonds. 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and all other payments on the Bonds 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 Bonds 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 Bonds 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, Bond Bonds will be printed and delivered. Thereafter, the Bonds 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 BONDS. 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 BONDS 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**

**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) Bonds of deposit or share Bonds (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 Bonds 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 Bonds 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 Bonds 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 April 10, 2024, the following percentages of the City's investable funds were invested as indicated below:

<u>Category of Investments</u>	<u>Amount</u>	<u>Percentage</u>	<u>Term of Investments</u>
Depository Bank - Cash	53,906,422	100.00%	N/A
Money Market Fund	31,174,977	100.00%	N/A
Investment Pools	<u>1,241,899</u>	<u>100.00%</u>	N/A
Total	86,323,297	100.00%	

\* *Unaudited.*

(1) *This bond issue will reimburse the City \$10,924,000 for funds used to purchase land for economic development purposes.*

## **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, 2016. GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits. See Note J - Employees’ Retirement Systems 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, 2009. 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 2009, the City implemented GASB 45. See Note K - Other Post-Employment Benefits Other Than Pensions - Retiree Health Benefits in the Notes to Basic Financial Statements September 30, 2023 included in “APPENDIX C - Excerpts from the City of Manor, Texas Audited Financial Statement for the year ended September 30, 2023.”

## **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. Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026 unless extended by the Legislature, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

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 exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

## **Local Option Freeze for the Elderly and Disabled**

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

## **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. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas

Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

### **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 two TIRZs 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 three 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 not entered into 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 – Municipal Sales Tax Collections".

**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 Bonds.**



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. The issuance of the Bonds does not result in the City's violation of the foregoing.

### **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**

*General.* The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Bonds (the "Taxable Obligations") and is based on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Taxable Obligations and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-through entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or

Railroad Retirement benefits, taxpayers who may be subject to the branch profits tax or, personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Taxable Obligations as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Taxable Obligations as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term "U.S. Holder" means a beneficial owner of a Taxable Obligation who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Taxable Obligation that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF TAXABLE OBLIGATIONS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE TAXABLE OBLIGATIONS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE TAXABLE OBLIGATIONS.

THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE TAXABLE OBLIGATIONS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

#### **Certain U.S. Federal Income Tax Consequences to U.S. Holders**

*Periodic Interest Payments and Original Issue Discount.* The Taxable Obligations are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Taxable Obligations or original issue discount, if any, accruing on the Taxable Obligations will be includable in "gross income" within the meaning of Section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

*Disposition of Taxable Obligations.* An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Taxable Obligations equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Taxable Obligations. Generally, a U.S. Holder's tax basis in the Taxable Obligations will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Taxable Obligations has been held for more than one year.

*Defeatance of the Taxable Obligations.* Defeatance of any Taxable Obligation may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

*State, Local and Other Tax Consequences.* Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Taxable Obligations under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject

to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Taxable Obligations. PROSPECTIVE PURCHASERS OF THE TAXABLE OBLIGATIONS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

### **Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders**

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Taxable Obligation, will not be subject to U.S. federal income or withholding tax in respect of a Taxable Obligation, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Taxable Obligation.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

### **Information Reporting and Backup Withholding**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Taxable Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 of the Code or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

## **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 Bonds. The City is required to observe the agreement for so long as it remains an obligated person with respect to the Bonds 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](http://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 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 2024. 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 Bonds 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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) redemption calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, 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 Bonds; (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 Bonds 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](http://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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds. 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 Bonds in the primary offering of the Bonds 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 since put procedures in place to ensure that it timely files its Incurrence of Financial Obligation notices moving forward.

706 Investment Partnership, Ltd. ("the Developer") was delayed in filing its Notice of Occurrence of a Listed Event within five business days of February 1, 2022, in accordance with the Rule. The Developer did not timely pay taxes and annual installments on special assessments within the Lagos Public Improvement District by the required date of January 31, 2022, a Listed Event, and did not timely notify the Issuer, Administrator, and Dissemination Agent in writing within five business days of the occurrence of the Listed Event. Accordingly, the Dissemination Agent did not file notice of the occurrence with the Municipal Securities Rulemaking Board within 10 days of the occurrence of the Listed Event. The notice was delayed in being made due to an administrative error and not because of a disregard for the Rule.

The City filed its Annual Financial Information for the Fiscal Year Ended September 30, 2023, on April 10, 2024. Such filing was due on March 31, 2024. The City filed a Notice of Late Filing on April 10, 2024.

## LEGAL MATTERS

### Legal Opinions

The delivery of the Bonds is subject to the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the City and the approving legal opinion of Bond Counsel, to like effect, subject to the matters described under "TAX MATTERS." The form of Bond Counsel's opinion is attached hereto as Appendix D. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System.

Though it may represent the Financial Advisor or the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in the issuance of the Bonds. 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 Bonds and the Ordinance contained under the captions: "THE BONDS" (exclusive of the subcaptions "Use of Proceeds," "Redemption Provisions of the Bonds" and "Payment Record," as to which no opinion is expressed"), "REGISTRATION, TRANSFER AND EXCHANGE," "TAX MATTERS," "LEGAL MATTERS" (exclusive of the last sentence of the second paragraph of " – Legal Opinions" and the subcaption "Litigation," 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 Bonds for Sale," and "APPENDIX D – FORM OF LEGAL OPINION OF BOND COUNSEL" contained in the Official Statement and Bond Counsel is of the opinion that the information relating to the Bonds 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 Bonds, such information conforms to the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. 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 Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds 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 opened 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 Bonds 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 Bonds 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 Bonds 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 Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds 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 Bonds for Sale**

The sale of the Bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Bonds have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds 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 Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City agrees to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

#### **Ratings**

Moody's Investors Service ("Moody's") has assigned an unenhanced, underlying rating of "Aa1". An explanation of the rating may be obtained from Moody's. The rating of the Bonds 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 Bonds.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced



no material change in financial condition or operation. Any of the rating agencies at any time while the Bonds remain outstanding could undertake such an evaluation process.

### **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 Bonds from the City at the initial offering prices to the public as shown on page i of this Official Statement, less an underwriting discount of \$99,481.25. The Underwriters will be obligated to purchase all of the Bonds, if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, 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 Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds 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 Bonds.

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.

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**Authorization of the Official Statement**

This Official Statement was approved as to form and content and the use thereof in the offering of the Bonds was 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 Bonds, 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 Bonds by the Underwriters in accordance with the provisions of the Rule.

**CITY OF MANOR, TEXAS**

/s/ Dr. Christopher Harvey

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Mayor

City of Manor, Texas

ATTEST:

/s/ Lluvia T. Almaraz

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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	\$2,639,596,603
Less Exemptions and Exclusions	<u>459,454,978</u>
2023 Net Taxable Assessed Valuation (100% of market value) <sup>(1)</sup>	\$2,180,141,625

<sup>(1)</sup> Source: Travis Central Appraisal District. The Appraisal Review Board approved Certified Values as of April 1, 2024.

<u>Outstanding Debt By Issues</u>	<u>Amount Outstanding At 4-17-2024<sup>(1)</sup></u>
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
Combination Tax & Revenue Certificates of Obligation, Series 2023	36,245,000
The Bonds	<u>15,000,000</u>
Total General Obligation Debt	\$81,385,000
Less: Self-supporting Debt	<u>-0-</u>
Net Tax Supported General Obligation Debt	\$81,385,000
Less: Interest and Sinking Fund Balance (as of 3-28-2024) <sup>(1)</sup>	<u>3,177,505<sup>(1)</sup></u>
Net General Obligation Debt Outstanding	78,207,495
Ratio Net Tax Supported General Obligation Debt to 2023 Net Taxable Assessed Valuation	3.73%
Ratio Net General Obligation Debt to 2023 Net Taxable Assessed Valuation	3.59%

<sup>(1)</sup> 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 - \$106,249.90  
 Per Capita Total Net Tax Supported General Obligation Debt - \$3,966.32  
 Per Capita Net General Obligation Debt - \$3,811.47

**Future Issues**

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

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Authorized</u>	<u>Issued to Date</u>	<u>Unissued</u>
11/7/2023	Economic Development	\$ 15,000,000	\$ 15,000,000 <sup>(a)</sup>	\$ 0
11/7/2023	Parks, Trails & Recreation	\$ 61,695,000	\$ 0	\$ 61,695,000
11/7/2023	City Hall & Library	<u>\$ 90,105,000</u>	<u>\$ 0</u>	<u>\$ 90,105,000</u>
Total		\$ 166,800,000	\$ 15,000,000 <sup>(a)</sup>	\$ 151,800,000

<sup>(a)</sup> Including the Bonds.

**TAXATION DATA**

**Tax Rate Distribution**

<u>Tax Year</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Local Maintenance	\$0.4802	\$0.5090	\$0.6034	\$0.6009	\$0.5845
Interest and Sinking Fund	<u>0.1987</u>	<u>0.2380</u>	<u>0.1793</u>	<u>0.2152</u>	<u>0.2316</u>
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 <sup>(1)(3)</sup>	Tax Rate	% Collections <sup>(2)</sup>		Year Ending
			Current	Total	
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%	100.22%	09-30-18
2018	807,369,022	0.7522	98.21%	100.26%	09-30-19
2019	952,539,543	0.8161	97.79%	99.81%	09-30-20
2020	1,037,246,370	0.8161	98.61%	99.77%	09-30-21
2021	1,211,771,570	0.7827	98.55%	99.16%	09-30-22
2022	1,769,425,728	0.7470	98.88%	98.95%	09-30-23
2023	2,180,141,625	0.6789	96.77%	96.51%	09-30-24

<sup>(1)</sup> Travis Central Appraisal District.

<sup>(2)</sup> Collections as of March 14, 2024. Travis County Tax Office.

**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	2,180,141,625	410,715,897	23.21%

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 April 10, 2024, was \$630,845.

Source: City of Manor.



**Schedule of Delinquent Taxes Receivable as of March 14, 2024 (Unaudited)**

<u>Year Ended 9/30</u>	<u>Ending Balance</u>
2014	\$ 2,194
2015	2,312
2016	2,685
2017	4,875
2018	10,343
2019	21,682
2020	31,221
2021	34,946
2022	69,489
2023	465,422
Total	<u>\$ 645,171</u>

*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:

<u>Fiscal Year</u>	<u>Rate</u>	<u>Total Collected</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>
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%	2,868,531	19.30%	0.13

*Source: Comptroller of Texas.*

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**Table 4 - Top 10 Taxpayers and Their 2023 Valuations**

<u>Name</u>	<u>Type of Property</u>	<u>2023 Net Taxable Assessed Valuation</u>	<u>Percent of Total 2023 Assessed Valuation</u>
Grassdale at Manor LLC	Apartments	\$66,540,000	3.05%
CV QOZP Prose Manor LLC	Apartments	65,000,000	2.98%
Manor Grand LLC	Apartments	45,822,492	2.10%
Hill Lane Owner LLC	Commercial	18,351,497	0.84%
Wal-Mart Real Estate Business	Commercial	14,171,000	0.65%
Shadowglen Development	Developer – Residential	12,865,453	0.59%
Ryan Companies US Inc.	Commercial	12,800,000	0.59%
City of Manor, Texas	Government	12,684,100	0.58%
Landmark at Manor Prop	Land	9,934,202	0.46%
13100 FM 973 Inc.	Commercial	<u>9,744,738</u>	0.45%
Total .....		\$267,913,482	12.29%

Source: Travis Central Appraisal District.

**Table 5 - Taxpayers by Classification**

<u>Classification</u>	<u>2023 Assessed Valuation</u>	<u>Percent of Total</u>	<u>2022 Assessed Valuation</u>	<u>Percent of Total</u>	<u>2021 Assessed Valuation</u>	<u>Percent of Total</u>
Single Family Residential	\$1,542,968,998	70.77%	\$1,310,416,428	74.06%	\$940,105,651	77.58%
Multi-Family Residential	186,263,995	8.54%	140,145,460	7.92%	6,494,556	0.54%
Vacant-Platted Lots	53,788,923	2.47%	34,871,792	1.97%	23,899,687	1.97%
Colonia Lots and Land Tracts	0	0.00%	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	101,259	0.00%	595,023	0.03%	174,532	0.01%
Rural Land, Non-qualified Space	66,988,371	3.07%	34,962,615	1.98%	28,463,772	2.35%
Commercial Real Property	203,989,242	9.36%	148,891,111	8.41%	135,723,880	11.20%
Industrial Real Property	4,566,226	0.21%	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	36,127,221	1.66%	29,733,835	1.68%	33,667,645	2.78%
Industrial Personal Property	7,136,742	0.33%	7,637,936	0.43%	7,721,117	0.64%
Mobile Homes	899,348	0.04%	972,508	0.05%	649,403	0.05%
Residential Inventory	63,070,724	2.89%	47,783,733	2.70%	20,408,795	1.68%
Special Inventory	<u>7,768,627</u>	<u>0.36%</u>	<u>7,075,401</u>	<u>0.40%</u>	<u>5,801,910</u>	<u>0.48%</u>
Net Taxable Assessed Valuation	\$2,180,141,625	100%	\$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:

Political Subdivision	Gross Debt		Percent Overlapping	Amount Overlapping
	Amount	As Of		
Austin CCD	\$562,445,000	3/31/2024	0.56%	\$3,149,692
Elgin ISD	192,925,000	3/31/2024	0.79%	1,524,108
Manor ISD	501,474,999	3/31/2024	15.69%	78,681,427
Presidential Glen MUD <sup>(1)</sup>	17,980,000	3/31/2024	100.00%	17,980,000
Travis Co	823,645,000	3/31/2024	0.58%	4,777,141
Travis Co Healthcare District	165,705,000	3/31/2024	0.58%	961,089
Travis Co MUD #2	26,720,069	3/31/2024	2.56%	684,034
Wilbarger Creek MUD #2	284,774	3/31/2024	3.69%	<u>10,508</u>
Total Net Overlapping Debt .....				\$ 107,767,999
Manor, City of	81,385,000	4/17/2024	100.00%	<u>81,385,000</u>
Total Direct and Estimated Overlapping Debt .....				\$189,152,999
Ratio Total Direct and Estimated Overlapping Debt to 2023 Net Taxable Assessed Valuation ... (\$2,180,141,625)				8.68%

<sup>(1)</sup> 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 3-31-2024	\$3,177,505
Estimated Income from \$0.1987 Interest & Sinking Fund Taxes Collected Using 2023 Taxable Assessed Valuation of \$2,180,141,625 at 98% Collections	4,245,303
Other Funds Available at 3-31-2024	<u>23,048,680</u> <sup>(1)</sup>
Estimated Total Funds Available	30,471,488
2023/24 Net Debt Service Requirement (Includes the Bonds)	<u>5,003,900</u>

<sup>(1)</sup> Includes \$9,668,455 from Impact Fees, and \$13,380,225 from the Utility Fund.

**CONSOLIDATED DEBT SERVICE REQUIREMENTS**

FISCAL YEAR 30-SEPT	CURRENTLY OUTSTANDING DEBT SERVICE	PLUS: THE BONDS				GRAND TOTAL OF ALL DEBT SERVICE
		PRINCIPAL DUE 8/15	INTEREST DUE 2/15	INTEREST DUE 8/15	TOTAL	
2024	5,003,899.81					5,003,899.81
2025	6,586,682.00		589,385.19	403,381.50	992,766.69	7,579,448.69
2026	6,565,573.00	100,000.00	403,381.50	403,381.50	906,763.00	7,472,336.00
2027	6,547,030.00	100,000.00	400,801.50	400,801.50	901,603.00	7,448,633.00
2028	6,521,103.00	100,000.00	398,216.50	398,216.50	896,433.00	7,417,536.00
2029	6,513,045.00	100,000.00	395,711.50	395,711.50	891,423.00	7,404,468.00
2030	4,572,066.50	565,000.00	393,226.50	393,226.50	1,351,453.00	5,923,519.50
2031	4,572,086.00	595,000.00	379,214.50	379,214.50	1,353,429.00	5,925,515.00
2032	4,275,670.00	920,000.00	364,071.75	364,071.75	1,648,143.50	5,923,813.50
2033	4,271,838.00	975,000.00	340,427.75	340,427.75	1,655,855.50	5,927,693.50
2034	4,277,830.00	1,025,000.00	315,175.25	315,175.25	1,655,350.50	5,933,180.50
2035	4,277,896.00	1,080,000.00	288,474.00	288,474.00	1,656,948.00	5,934,844.00
2036	4,277,036.00	1,140,000.00	260,016.00	260,016.00	1,660,032.00	5,937,068.00
2037	4,270,000.00	1,210,000.00	229,521.00	229,521.00	1,669,042.00	5,939,042.00
2038	4,275,750.00	1,270,000.00	196,730.00	196,730.00	1,663,460.00	5,939,210.00
2039	4,278,250.00	1,340,000.00	162,059.00	162,059.00	1,664,118.00	5,942,368.00
2040	4,277,250.00	1,415,000.00	125,008.00	125,008.00	1,665,016.00	5,942,266.00
2041	4,277,500.00	1,490,000.00	85,671.00	85,671.00	1,661,342.00	5,938,842.00
2042	4,273,500.00	1,575,000.00	44,100.00	44,100.00	1,663,200.00	5,936,700.00
	68,261,755.31	15,000,000.00	5,371,190.94	5,185,187.25	25,556,378.19	119,470,383.50

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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.

	<b>Fiscal Year Ended September 30</b>				
	<b>2024(a)</b>	<b>2023(b)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>					
Property Taxes	\$8,307,115	\$8,831,665	\$7,438,755	\$6,265,984	\$5,620,119
Sales Tax	-0-	2,808,340	2,445,670	2,001,801	1,612,580
Franchise Tax	-0-	895,816	839,132	564,795	627,876
Other Taxes	38,172	38,843	32,010	21,529	20,195
Licenses and Permits	1,576,967	2,473,774	3,554,654	2,520,959	3,206,805
Charge for Services	744,404	1,663,397	1,470,041	1,327,938	1,151,072
Court and Police	587,196	690,727	562,555	518,164	664,576
Public Safety	-0-	-0-	139,901	182,500	128,416
Interest Income	-0-	-0-	157,023	119,355	221,389
Interest Income - Restricted	-0-	-0-	-0-	-0-	9
Other	<u>157,535</u>	<u>2,135,492</u>	<u>740,132</u>	<u>869,324</u>	<u>317,217</u>
Total Revenues	\$11,411,389	\$19,538,054	\$17,379,873	\$14,392,349	\$13,570,254
<b>EXPENDITURES</b>					
General Government	6,177,701	5,357,594	4,246,510	3,375,551	2,856,444
Public Safety	2,383,850	5,645,209	4,673,053	3,924,205	3,811,647
Streets	1,581,697	4,188,061	1,888,125	881,906	929,511
Municipal Court	188,490	468,289	454,757	426,846	574,719
Development Services	460,490	1,521,792	999,396	1,146,434	761,029
Sanitation	-0-	-0-	1,421,286	1,180,105	1,119,795
Capital Projects/Outlay	<u>-0-</u>	<u>-0-</u>	<u>99,527</u>	<u>116,842</u>	<u>240,873</u>
Total Expenditures	10,792,228	17,180,946	13,782,654	11,051,889	10,294,018
Excess of Revenues Over (Under) Expenditures	<u>619,161</u>	<u>2,357,106</u>	<u>3,597,219</u>	<u>3,340,460</u>	<u>3,276,236</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>619,161</u>	<u>2,357,106</u>	<u>3,597,219</u>	<u>3,340,460</u>	<u>3,276,236</u>
Fund Balance at Beginning of Year	<u>16,943,271</u>	<u>14,586,164</u>	<u>10,988,945</u>	<u>7,648,485</u>	<u>4,372,249</u>
Fund Balance - September 30	<u>\$17,562,432</u> (c)(d)	<u>\$16,943,271</u>	<u>\$14,586,164</u>	<u>\$10,988,945</u>	<u>\$7,648,485</u>

Source: City's Comprehensive Annual Financial Reports.

(a) Unaudited. As of March 31, 2024.

(b) Unaudited. As of September 30, 2023.

(c) 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.

(d) Included in the Bond issue is approximately \$10,000,000 to reimburse the General Fund for the purchase of land.

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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**

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
State of Texas	Government	58,614
The University of Texas at Austin	Education & Research	29,270
H.E.B. Grocery Co.	Grocery Stores	20,749
City of Austin	Government	16,261
Dell Inc.	Electronics	13,000
Federal Government	Government	12,278
Ascension Texas	Health Services	12,086
Amazon.com, LLC	Retail	11,000
St. David’s Healthcare	Health Services	10,854
Austin ISD	Education	9,991

Source: The Municipal Advisory Council of Texas.

**Major Employers in City of Manor**

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
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 30-Sep	Commercial		Residential		Grand Total (\$)
	Number <sup>(1)</sup>	Value (\$)	Number	Value (\$)	
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 <sup>(2)</sup>	24	100,775,700	114	37,469,824	138,245,524

Source: City of Manor.

<sup>(1)</sup> Includes multi-family new building permits.

<sup>(2)</sup> As of April 3, 2024.

**Surrounding Economic Activity**

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

City of Elgin, TX		City of Pflugerville, TX		City of Austin, TX		City of Round Rock, TX	
Approximately 12 Miles from Manor		Approximately 12 Miles from Manor		Approximately 15 Miles from Manor		Approximately 15 Miles from Manor	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Elgin ISD	664	Amazon	1,547	State Government	39,685	Dell Technologies	13,000
Wal-Mart	225	Pflugerville ISD	1,400	University of Texas at Austin	28,061	Round Rock ISD	6,750
HEB Grocery	200	City of Pflugerville	407	HEB	19,008	City of Round Rock	1,021
ACME Brick Company	162	Wal-Mart	325	Ascension Seton	15,218	Kalahari Resorts & Conventions	1,000
Hanson Brick Company	80	Brandt	306	Federal Government	15,000	Round Rock Premium Outlets	800
City of Elgin	67	Mtech	268	Wal-Mart Stores	15,000	Ascension Seton Medical Center Williamson	750
Southside Market & BBQ	65	Cash Construction Company	250	City of Austin	14,964	Baylor Scott & White Healthcare	750
Elgin-Butler Brick	60	ESD	250	Dell Computer Corporation	13,000	St. David's Round Rock Medical Center	689
Elgin Veterinary Hospital	40	Curative	248	Amazon	11,000	Emerson Automation Solutions	682
Meyer Sausage/Smokehouse	25	Costco	155	Austin ISD	10,940	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**



# CITY OF MANOR, TEXAS

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Manor, Texas

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manor, Texas (the City), as of and for the year ended September 30, 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.

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**

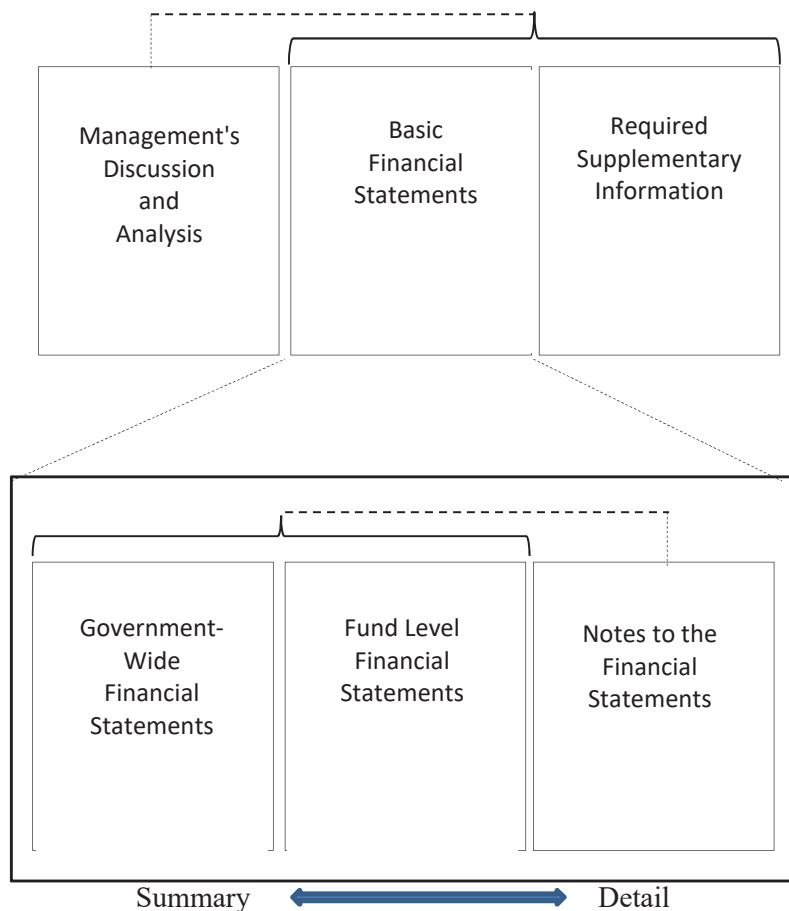
This section of the City of Manor's (the City) annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2022. This discussion and analysis should be read in conjunction with the City's financial statements.

**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.

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

All cities have at least one major fund:

- Governmental fund – The City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because these funds do not encompass the additional long-term focus of the government-wide statements, additional information is provided following each fund statement that explains the relationship (or difference) between them.

Other common major funds:

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

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

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

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

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

**THE CITY AS A WHOLE (GOVERNMENT-WIDE)**

**FINANCIAL HIGHLIGHTS**

- The City's total combined net position was \$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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**CITY OF MANOR, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2022**

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Assets:</b>						
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	<u>45,796,598</u>	<u>22,548,805</u>	<u>55,242,536</u>	<u>49,011,702</u>	<u>101,039,134</u>	<u>71,560,507</u>
Deferred outflows	501,368	493,788	38,969	33,376	540,337	527,164
<b>Liabilities:</b>						
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	<u>29,234,253</u>	<u>11,002,130</u>	<u>15,787,589</u>	<u>15,689,705</u>	<u>45,021,842</u>	<u>26,691,835</u>
Deferred inflows	346,101	214,632	57,806	35,931	403,907	250,563
<b>Net position:</b>						
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	<u>\$ 16,717,612</u>	<u>\$ 11,825,831</u>	<u>\$ 39,436,110</u>	<u>\$ 33,319,442</u>	<u>\$ 56,153,722</u>	<u>\$ 45,145,273</u>

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

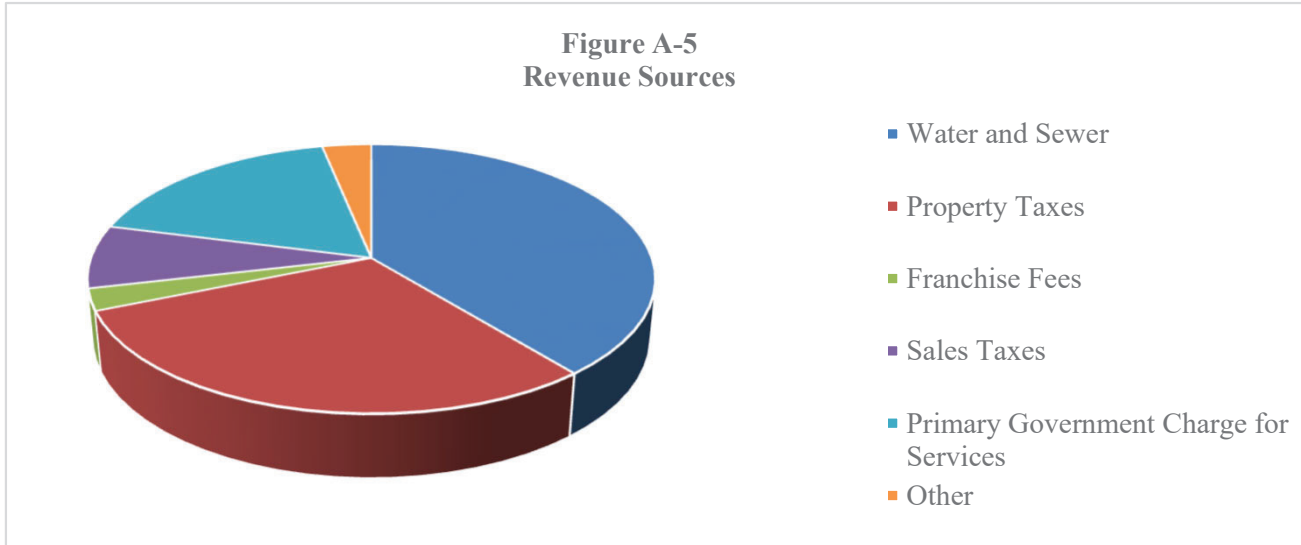
**Figure A-4  
Changes in City Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
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	<u>19,645,272</u>	<u>16,838,309</u>	<u>12,585,669</u>	<u>8,352,307</u>	<u>32,230,941</u>	<u>25,190,616</u>
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	<u>14,753,491</u>	<u>11,280,930</u>	<u>6,469,001</u>	<u>6,320,494</u>	<u>21,222,492</u>	<u>17,601,424</u>
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	<u>\$ 16,717,612</u>	<u>\$ 11,825,831</u>	<u>\$ 39,436,110</u>	<u>\$ 33,319,442</u>	<u>\$ 56,153,722</u>	<u>\$ 45,145,273</u>

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

**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).



**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.

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

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
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
<b>Total at historical cost</b>	<b>16,935,700</b>	<b>16,118,073</b>	<b>42,150,072</b>	<b>36,410,615</b>	<b>59,085,772</b>	<b>52,528,688</b>
Accumulated depreciation	(9,989,374)	(8,867,901)	(7,063,352)	(6,242,361)	(17,052,726)	(15,110,262)
<b>Net capital assets</b>	<b>\$ 6,946,326</b>	<b>\$ 7,250,172</b>	<b>\$ 35,086,720</b>	<b>\$ 30,168,254</b>	<b>\$ 42,033,046</b>	<b>\$ 37,418,426</b>

**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	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
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
<b>Total</b>	<b>\$ 21,277,310</b>	<b>\$ 6,409,427</b>	<b>\$ 13,513,847</b>	<b>\$ 14,559,568</b>	<b>\$ 34,791,157</b>	<b>\$ 20,968,995</b>

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

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

General fund proposed expenditures are expected to increase by \$3,497,848, 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		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
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
<b>Total assets</b>	<b>45,796,598</b>	<b>55,242,536</b>	<b>101,039,134</b>
<b>DEFERRED OUTFLOWS</b>			
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
<b>Total deferred outflows</b>	<b>501,368</b>	<b>38,969</b>	<b>540,337</b>
<b>LIABILITIES</b>			
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
<b>Total liabilities</b>	<b>29,234,253</b>	<b>15,787,589</b>	<b>45,021,842</b>

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		Total
	Governmental Activities	Business-Type Activities	
<b>DEFERRED INFLOWS</b>			
Deferred inflows related to OPEB	\$ 12,855	\$ 2,083	\$ 14,938
Deferred inflows related to pensions	333,246	55,723	388,969
<b>Total deferred inflows</b>	<u>346,101</u>	<u>57,806</u>	<u>403,907</u>
<b>NET POSITION</b>			
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
<b>Total net position</b>	<u>\$ 16,717,612</u>	<u>\$ 39,436,110</u>	<u>\$ 56,153,722</u>

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

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

<b>Function/program activities</b>	<b>Expenses</b>	<b>Charges for Services</b>
<b>Primary government:</b>		
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
<b>Total primary government</b>	<b>21,222,492</b>	<b>18,309,940</b>

**General revenues:**

Taxes:

    Property

    Sales

    Franchise

    Other

Interest income

Miscellaneous

Transfers

**Total general revenues and transfers**

**Changes in net assets**

**Net position - beginning of year**

**Net position - end of year after restatement**

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

<b>Program Revenues</b>		<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Primary Government</b>		
		<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ -	\$ -	\$ (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
		<u>\$ 16,717,612</u>	<u>\$ 39,436,110</u>	<u>\$ 56,153,722</u>

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

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

	<b>General Fund</b>	<b>Special Revenues Fund</b>
<b>ASSETS</b>		
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
<b>Total assets</b>	<b>\$ 21,664,042</b>	<b>\$ 1,401,374</b>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,567,993	\$ 60,631
Passthrough liabilities	453,479	769,857
Unearned revenue	4,021,633	-
Due to other funds	940,100	-
<b>Total liabilities</b>	<b>6,983,205</b>	<b>830,488</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	94,673	-
<b>Total liabilities</b>	<b>94,673</b>	<b>-</b>
 <b>FUND BALANCES</b>		
Restricted	479,247	570,886
Committed	-	-
Unassigned	14,106,917	-
<b>Total fund balances</b>	<b>14,586,164</b>	<b>570,886</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 21,664,042</b>	<b>\$ 1,401,374</b>

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

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

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

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**CITY OF MANOR, TEXAS  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

<b>TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS</b>	\$	31,782,033
<p>Amounts reported for governmental activities in the statement of net position are different due to the following:</p>		
Capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.		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.		<u>(22,276,713)</u>
<b>NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>16,717,612</u></b>

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

**CITY OF MANOR, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2022**

	<b>General Fund</b>	<b>Special Revenues Fund</b>
<b>REVENUES</b>		
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	-
<b>Total revenues</b>	<b>17,379,873</b>	<b>81,216</b>
<b>EXPENDITURES</b>		
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	-	-
<b>Total expenditures</b>	<b>13,782,654</b>	<b>120,545</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,597,219</b>	<b>(39,329)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond issuance proceeds	-	-
Bond issuance fees	-	-
Transfers in	-	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3,597,219</b>	<b>(39,329)</b>
<b>Fund balances - beginning of year</b>	<b>10,988,945</b>	<b>610,215</b>
<b>Fund balances - end of year</b>	<b>\$ 14,586,164</b>	<b>\$ 570,886</b>

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



<b>Debt Services Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
\$ 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
<u>2,195,934</u>	<u>29,882</u>	<u>19,686,905</u>
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
<u>1,486,471</u>	<u>278,441</u>	<u>15,668,111</u>
<u>709,463</u>	<u>(248,559)</u>	<u>4,018,794</u>
-	16,360,000	16,360,000
-	(185,996)	(185,996)
-	-	-
-	-	-
<u>-</u>	<u>16,174,004</u>	<u>16,174,004</u>
709,463	15,925,445	20,192,798
-	(9,925)	11,589,235
<u>\$ 709,463</u>	<u>\$ 15,915,520</u>	<u>\$ 31,782,033</u>

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

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**CITY OF MANOR, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 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**

	<u>Water and Sewer System</u>	<u>Capital Impact Fees</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	\$ 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
<b>Total current assets</b>	<u>12,549,995</u>	<u>8,936,420</u>	<u>21,486,415</u>
Non-current assets:			
Non-depreciable assets, net	4,835,692	-	4,835,692
Depreciable assets, net	30,251,028	-	30,251,028
<b>Total non-current assets</b>	<u>35,086,720</u>	<u>-</u>	<u>35,086,720</u>
<b>Total assets</b>	<u>47,636,715</u>	<u>8,936,420</u>	<u>56,573,135</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred outflow related to OPEB	5,298	-	5,298
Deferred outflow related to pension	33,671	-	33,671
<b>Total deferred outflows</b>	<u>38,969</u>	<u>-</u>	<u>38,969</u>
<b>LIABILITIES</b>			
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
<b>Total current liabilities</b>	<u>2,463,815</u>	<u>960,364</u>	<u>3,424,179</u>
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
<b>Total non-current liabilities</b>	<u>13,694,009</u>	<u>-</u>	<u>13,694,009</u>
<b>Total liabilities</b>	<u>16,157,824</u>	<u>960,364</u>	<u>17,118,188</u>

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**

	<b>Water and Sewer System</b>	<b>Capital Impact Fees</b>	<b>Total</b>
<b>DEFERRED INFLOWS</b>			
Deferred inflow related to OPEB	\$ 2,083	\$ -	\$ 2,083
Deferred inflow related to pensions	55,723	-	55,723
<b>Total deferred inflows</b>	57,806	-	57,806
<b>NET POSITION</b>			
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
<b>Total net assets</b>	\$ 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**

	<b>Water and Sewer System</b>	<b>Capital Impact Fees</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
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	<u>6,817,069</u>	<u>5,765,298</u>	<u>12,582,367</u>
<b>OPERATING EXPENSES</b>			
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	<u>5,122,122</u>	<u>1,007,517</u>	<u>6,129,639</u>
<b>OPERATING INCOME</b>	<u>1,694,947</u>	<u>4,757,781</u>	<u>6,452,728</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	-	3,302	3,302
Interest expense	(339,362)	-	(339,362)
Total non-operating revenues (expenses)	<u>(339,362)</u>	<u>3,302</u>	<u>(336,060)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	1,355,585	4,761,083	6,116,668
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers in (out)	5,673,055	(5,673,055)	-
Transfers from (to) primary government	-	-	-
<b>CHANGE IN NET POSITION</b>	7,028,640	(911,972)	6,116,668
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>24,431,414</u>	<u>8,888,028</u>	<u>33,319,442</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 31,460,054</u>	<u>\$ 7,976,056</u>	<u>\$ 39,436,110</u>

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

**CITY OF MANOR, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED SEPTEMBER 30, 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

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

**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.

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

**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*.

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

**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.

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

**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:

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

**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.

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

**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:

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

**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.

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

**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.



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

**B. DEPOSITS AND INVESTMENTS - CONTINUED**

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

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

***Fair Value Hierarchy***

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

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

The City's investments at September 30, 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.

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

**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.

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

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

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

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

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

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

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

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

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

<b>Change in governmental fund balance</b>		\$ 20,192,798
 <b><u>Amount by which depreciation exceeds capital outlay expense and other capital related transactions</u></b>		
Capital outlay	817,627	
Depreciation expense	<u>(1,121,473)</u>	(303,846)
 <b><u>Long-term debt and related items</u></b>		
Debt payments	1,785,353	
Debt issuances	(16,835,125)	
Accrued interest adjustment	(39,914)	
Amortization of loss on refunding	<u>(29,657)</u>	(15,119,343)
 <b><u>Expenses or revenues that do not require the use of current financial resources or have not matured</u></b>		
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	<u>(7,980)</u>	<u>122,172</u>
 <b>Change in government-wide net position</b>		 <b><u><u>\$ 4,891,781</u></u></b>

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

***Sales Tax Receivable***

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

***Property Taxes Receivable and Deferred Revenue***

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

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

**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	<u>\$ 1,504,948</u>	<u>\$ (978,857)</u>	<u>\$ 526,091</u>

***Business-Type Activities Receivables***

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

At September 30, 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	<u>\$ 707,999</u>	<u>\$ (1,349)</u>	<u>\$ 706,650</u>

**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:

<b>Cash and cash equivalents:</b>	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	<u>\$ 470,250</u>	<u>\$ 8,321,067</u>	<u>\$ 8,791,317</u>

<b>Investments:</b>	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	<u>\$ 682,934</u>	<u>\$ 472,626</u>	<u>\$ 1,155,560</u>

**F. CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	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	<u>\$ 621,590</u>	<u>\$ 742,231</u>	<u>\$ (206,946)</u>	<u>\$ 1,156,875</u>
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	<u>\$ 6,628,582</u>	<u>\$ (839,131)</u>	<u>\$ -</u>	<u>\$ 5,789,451</u>

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

**F. CAPITAL ASSETS - CONTINUED**

<b>Business-Type Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Reclass</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 406,816	\$ -	\$ -	\$ 406,816
Construction in progress	2,048,432	5,673,055	(3,292,611)	4,428,876
Total non-depreciable assets	<u>\$ 2,455,248</u>	<u>\$ 5,673,055</u>	<u>\$ (3,292,611)</u>	<u>\$ 4,835,692</u>
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	<u>33,955,367</u>	<u>3,359,013</u>	<u>-</u>	<u>37,314,380</u>
Accumulated depreciation	<u>(6,242,361)</u>	<u>(820,991)</u>	<u>-</u>	<u>(7,063,352)</u>
Depreciable assets, net	<u>\$ 27,713,006</u>	<u>\$ 2,538,022</u>	<u>\$ -</u>	<u>\$ 30,251,028</u>

Depreciation expense was charged to the functions as follows:

Function:	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General government	\$ 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	<u>\$ 1,121,473</u>	<u>\$ 820,991</u>	<u>\$ 1,942,464</u>

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

**Transfers (To)From Other Funds**

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

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

**H. LONG-TERM DEBT**

**Long-Term Debt Activity**

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

<b>Governmental Activities:</b>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
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
<b>Total governmental activities</b>	<b><u>\$ 6,409,427</u></b>	<b><u>\$ 16,835,125</u></b>	<b><u>\$ (1,815,010)</u></b>	<b><u>\$ 21,429,542</u></b>	<b><u>\$ 3,122,574</u></b>

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

**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.



**CITY OF MANOR, TEXAS**  
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**YEAR ENDED SEPTEMBER 30, 2022**

**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:

For the years ending September 30,	Governmental Activities		
	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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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		
		Principal	Interest	Total
For the years ending September 30,				
	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		
		Principal	Interest	Total
For the years ending September 30,				
	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		
		Principal	Interest	Total
For the years ending September 30,				
	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

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

**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.

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

**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	<u>\$ 1,153,184</u>	<u>\$ 8,773,429</u>	<u>\$ 9,926,613</u>

**J. RISK MANAGEMENT**

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

**K. PENSION PLAN**

**Plan Description**

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

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

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

**CITY OF MANOR, TEXAS**  
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**K. PENSION PLAN - CONTINUED**

	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

At December 31, 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
	<u>131</u>

**Contributions**

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The actuarially determined required employer contribution rate for calendar years 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.

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

**Actuarial Assumptions**

The total pension liability in the December 31, 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.

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

**Change in Net Pension Asset**

	Increase (Decrease)		
	Total Pension	Fiduciary	Net Pension
	Liability / (Asset)	Net Position	Liability / (Asset)
	(a)	(b)	(a-b)
Balances as of December 31, 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	<u>891,237</u>	<u>1,214,559</u>	<u>(323,322)</u>
Balances as of December 31, 2021	<u>\$ 7,007,618</u>	<u>\$ 6,292,696</u>	<u>\$ 714,922</u>

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability / (asset)	<u>\$ 1,953,531</u>	<u>\$ 714,922</u>	<u>\$ (277,345)</u>

**Pension Plan Fiduciary Net Position**

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

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

**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%



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

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

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

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

**Plan Description**

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

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

At December 31, 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.

**CITY OF MANOR, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

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

	<u>Change in Net Pension Asset</u>		
	Increase (Decrease)		
	Total Pension Liability / (Asset) (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a-b)
Balances as of December 31, 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	<u>17,355</u>	<u>-</u>	<u>17,355</u>
Balances as of December 31, 2021	<u>\$ 106,970</u>	<u>\$ -</u>	<u>\$ 106,970</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 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)	<u>\$ 140,528</u>	<u>\$ 106,970</u>	<u>\$ 82,424</u>

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 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:

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 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.

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

**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**

	<b>Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
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	<u>14,275,439</u>	<u>19,979,898</u>	<u>17,379,873</u>	<u>(2,600,025)</u>
<b>EXPENDITURES</b>				
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	<u>14,275,440</u>	<u>13,804,778</u>	<u>13,782,654</u>	<u>22,124</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>(1)</u>	<u>6,175,120</u>	<u>3,597,219</u>	<u>(2,577,901)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital grants and contributions	-	-	-	-
Transfers (to) from other funds:	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	(1)	6,175,120	3,597,219	(2,577,901)
<b>FUND BALANCE - BEGINNING OF YEAR</b>				
	10,988,945	10,988,945	10,988,945	-
<b>FUND BALANCE - END OF YEAR</b>				
	<u>\$ 10,988,944</u>	<u>\$ 17,164,065</u>	<u>\$ 14,586,164</u>	<u>\$ (2,577,901)</u>



**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)**

	<u>2022</u>	<u>2021</u>
<b>Total Pension Liability (Asset)</b>		
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	<u>(198,170)</u>	<u>(104,072)</u>
Net change in total pension liability (asset)	891,237	682,493
Total pension liability (asset), beginning	<u>6,116,381</u>	<u>5,433,888</u>
Total pension liability (asset), ending (a)	<u><u>\$ 7,007,618</u></u>	<u><u>\$ 6,116,381</u></u>
<b>Fiduciary Net Position</b>		
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	<u>1,214,558</u>	<u>967,811</u>
Fiduciary net position, beginning	<u>5,078,137</u>	<u>4,110,326</u>
Fiduciary net position, ending (b)	<u><u>\$ 6,292,695</u></u>	<u><u>\$ 5,078,137</u></u>
Net pension liability (asset), ending = (a) - (b)	<u><u>\$ 714,923</u></u>	<u><u>\$ 1,038,244</u></u>
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
<u>\$ 5,433,888</u>	<u>\$ 4,607,130</u>	<u>\$ 2,842,347</u>	<u>\$ 2,379,492</u>	<u>\$ 2,058,988</u>	<u>\$ 1,652,428</u>
\$ 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
<u>\$ 4,110,326</u>	<u>\$ 3,027,809</u>	<u>\$ 2,823,706</u>	<u>\$ 2,253,586</u>	<u>\$ 1,979,798</u>	<u>\$ 1,787,521</u>
<u>\$ 1,323,562</u>	<u>\$ 1,579,321</u>	<u>\$ 18,641</u>	<u>\$ 125,906</u>	<u>\$ 79,190</u>	<u>\$ (135,093)</u>
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)**

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (a)/(b)	Unfunded AAL (UAAL) (b) - (a)	Covered Payroll	UAAL as a Percentage of Covered Payroll (d)/(e)
12/31/2019	\$ 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)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total OPEB Liability (Asset)</b>			
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	<u>(477)</u>	<u>(472)</u>	<u>(434)</u>
Net change in total OPEB liability (asset)	17,355	13,329	23,005
Total OPEB liability (asset), beginning	<u>89,615</u>	<u>76,286</u>	<u>53,281</u>
Total OPEB liability (asset), ending (a)	<u>\$ 106,970</u>	<u>\$ 89,615</u>	<u>\$ 76,286</u>
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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**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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

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

Austin, Texas

May 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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\_\_\_\_\_, 2024

\$15,000,000  
CITY OF MANOR, TEXAS  
GENERAL OBLIGATION BONDS  
TAXABLE SERIES 2024

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the City of Manor, Texas (the “City”) of its \$15,000,000 aggregate principal amount of General Obligation Bonds, Taxable Series 2024 (the “Bonds”). We have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas; an ordinance of the City Council of the City (the “City Council”) authorizing the Bonds adopted on April 17, 2024 (the “Ordinance”); a transcript of certified proceedings of the City Council relating to the authorization, issuance, sale and delivery of the Bonds, including the Ordinance; certificates and opinions of officials of the City, and other pertinent instruments authorizing and relating to the issuance of the Bonds. We have examined the Initial Bond (as defined in the Ordinance) which we found to be in due form and properly executed. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

BASED ON OUR EXAMINATION, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Bonds have been duly authorized, issued and delivered in accordance with State law, the State constitution and with the provisions of the Ordinance;
2. The Bonds constitute valid and legally binding obligations of the City enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally and as may be affected by matters involving the exercise of judicial discretion in accordance with the general principles of equity.
3. The Bonds 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, as provided in the Ordinance.

IN EXPRESSING THE FOREGOING OPINIONS, we have relied on and assume

compliance by the City with certain representations and covenants regarding the use and investment of the proceeds of the Bonds.

IT IS FURTHER OUR OPINION THAT THE BONDS ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THEREFORE INTEREST ON THE BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.

WE HAVE ACTED AS BOND COUNSEL for the City for the sole purpose of rendering the opinions expressed herein, and for no other reason or purpose. 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 capability of the City and have not assumed any responsibility therefor.

Respectfully,

BICKERSTAFF HEATH DELGADO ACOSTA LLP





Financial Advisory Services  
Provided By:

