OFFICIAL STATEMENT

DATED September 16, 2026

NEW ISSUE - BOOK-ENTRY-ONLY

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates (as defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates. See "TAX MATTERS" herein.

$14,635,000
CITY OF MANOR, TEXAS
(A political subdivision of the State of Texas located in Travis County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: October 20, 2026 (interest to accrue from the Delivery Date)

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

The City of Manor, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of Subchapter C, Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, 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 September 16, 2026. See "THE CERTIFICATES - Authority for Issuance" herein.

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

Interest on the Certificates will accrue from the Delivery Date (as defined below) and will be payable on February 15 and August 15 of each year, commencing February 15, 2027, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book entry interests in the Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as the initial paying agent/registrar (the "Paying Agent/Registrar") to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The proceeds of the Certificates will be used for the purpose of paying contractual obligations to be incurred for: (1) constructing, improving, repairing, renovating, enlarging, extending and equipping the City's water and wastewater systems and acquiring related right-of-way, vehicles and equipment; (2) constructing, improving, renovating, extending, expanding, and developing streets and related infrastructure, including drainage, traffic signalization, lighting, sidewalks, soundwalls and landscaping, and acquiring right-of-way, vehicles and equipment related thereto; (3) constructing, improving, renovating and equipping drainage improvements; and (4) the payment of professional services and costs of issuance related thereto. See "THE CERTIFICATES - Use of Proceeds."

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

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

The Certificates are offered for delivery, when, as and if issued and received by the underwriters named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel. (See Appendix E – Form of Legal Opinion of Bond Counsel.) Certain legal matters will be passed upon for the Underwriters by their counsel, Bracewell LLP, Austin, Texas. (See "LEGAL MATTERS" herein.) It is expected that the Certificates will be available for initial delivery through DTC on or about October 20, 2026 (the "Delivery Date").

RBC Capital Markets
FHN Financial Capital Markets

$14,635,000
CITY OF MANOR, TEXAS,
(A political subdivision of the State of Texas located in Travis County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

CUSIP NO. PREFIX[1]: 564088

Stated Maturity (August 15)	Principal Amount	Interest Rate (%)	Initial Yield (%)[2]	CUSIP No. Suffix[1]
2028	$ 480,000	5.00%	3.20%	CY6
2029	505,000	5.00%	3.32%	CZ3
2030	530,000	5.00%	3.43%	DA7
2031	555,000	5.00%	3.53%	DB5
2032	580,000	5.00%	3.64%	DC3
2033	610,000	5.00%	3.75%	DD1
2034	640,000	5.00%	3.92%	DE9
2035	675,000	5.00%	4.02%	DF6
2036	705,000	5.00%	4.14%	DG4
2037	740,000	5.00%	4.28%[3]	DH2
2038	780,000	5.00%	4.43%[3]	DJ8
2039	820,000	5.00%	4.56%[3]	DK5
2040	860,000	5.00%	4.68%[3]	DL3
2041	900,000	5.00%	4.78%[3]	DM1
2042	945,000	5.25%	4.80%[3]	DN9
2043	995,000	5.25%	4.86%[3]	DP4
2044	1,050,000	5.25%	4.90%[3]	DQ2
2045	1,105,000	5.25%	4.93%[3]	DR0
2046	1,160,000	5.25%	4.99%[3]	DS8

(Interest to accrue from the Delivery Date)

The City reserves the right to redeem the Certificates maturing on and after August 15, 2037 the principal amount of $5,000 or any integral multiple thereof (and, if less than all Certificates within a stated maturity are redeemed, selected by lot by the Paying Agent/Registrar), on August 15, 2036, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.

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

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

(3) Priced to first optional redemption date of August 15, 2036.

CITY OF MANOR, TEXAS
CITY COUNCIL

Name	Place	Term Expires (November)
Dr. Christopher Harvey	Mayor	2028
Emily Hill	Place 1, Mayor Pro Tem	2028
Anne Weir	Place 2	2026
Maria Amezcua	Place 3	2028
Sonia Wallace	Place 4	2026
Aaron Moreno	Place 5	2028
Deja Hill	Place 6	2026

ADMINISTRATION

Name	Position	Length of Service With City
Scott Moore	City Manager	4.5 years
Lluvia T. Almaraz	City Secretary	10 years

CONSULTANTS AND ADVISORS

AUDITORS
For the Fiscal Year Ended September 30, 2024 - Atchley & Associates LLP
For the Fiscal Year Ended September 30, 2025 - Clifton Larson Allen LLP

CITY ATTORNEY
The Knight Law Firm, LLP

FINANCIAL ADVISOR TO THE CITY
SAMCO Capital Markets, Inc.

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP

UNDERWRITERS' COUNSEL
Bracewell LLP

For additional information regarding the City, please contact:

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Austin, Texas 78731
(512) 914-0683
clane@samcocapital.com

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

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

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	The City of Manor, Texas (the "City") is a political subdivision and municipal corporation of the State of Texas (the "State"), operating pursuant to its Home Rule Charter, located in Travis County, Texas. The City is located in eastern Travis County, and sits approximately 12 miles east of Austin, Texas. Access to the City is provided by State Highway 290 and FM 973. The City covers approximately 9.76 square miles. The City's location is part of the growing Austin-Round Rock Metroplex and has resulted in rapid growth over the last several years. The City's 2020 census population was 13,652. The City was ranked the 7th fastest growing suburb in America in 2018 and 2019. The City's population estimate as of September 30, 2025 is 23,070. (See "APPENDIX B - General Information Regarding the City of Manor and Its Economy.")
The Certificates	The Certificates are being issued pursuant to Subchapter C, Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, an ordinance (the "Ordinance") adopted by the City Council of the City on September 16, 2026, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct and general obligations of the City payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge, not to exceed $1,000, of the Surplus Revenues (identified and defined in the Ordinance), derived from the operation of the City's water and wastewater systems. (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)
Redemption Provisions	The City reserves the right, at its sole option, to redeem Certificates stated to mature on and after August 15, 2037, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2036, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)
Tax Matters	In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates (as defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates (See "TAX MATTERS" and "APPENDIX E - Form of Legal Opinion of Bond Counsel" herein.)
Use of Proceeds	The proceeds of the Certificates will be used for the purpose of paying contractual obligations to be incurred for: (1) constructing, improving, repairing,

	renovating, enlarging, extending and equipping the City's water and wastewater systems and acquiring related right-of-way, vehicles and equipment; (2) constructing, improving, renovating, extending, expanding, and developing streets and related infrastructure, including drainage, traffic signalization, lighting, sidewalks, soundwalls and landscaping, and acquiring right-of-way, vehicles and equipment related thereto; (3) constructing, improving, renovating and equipping drainage improvements; and (4) the payment of professional services and costs of issuance related thereto. (See "THE CERTIFICATES - Use of Proceeds" herein.)
Ratings	Moody's Investors Service, ("Moody's") has assigned an unenhanced, underlying rating of "Aa1" to the Certificates. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Payment Record	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
Future Bond Issues	The City anticipates issuing approximately $80,000,000 of general obligation debt in 2028. (See "APPENDIX A – Valuation and Debt Data – Future Issues" herein)
Delivery	When issued, anticipated on or about October 20, 2026.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality of the Certificates by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel.

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OFFICIAL STATEMENT

RELATED TO

$14,635,000
CITY OF MANOR, TEXAS
(A political subdivision of the State of Texas located in Travis County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

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 $14,635,000 Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates").

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

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

THE CERTIFICATES

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of Subchapter C, Chapter 271, Texas Local Government Code, as amended, Chapter 1502 Texas Government Code, as amended, the City's Home Rule Charter, and an ordinance (the "Ordinance") adopted by the City Council of the City on September 16, 2026.

General Description

The Certificates are dated October 20, 2026 (the "Dated Date") and will accrue interest from the Delivery Date, and such interest shall be payable on February 15 and August 15 of each year, commencing February 15, 2027, until stated maturity or prior redemption. Interest on the Certificates will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Certificates will mature on the dates, in the principal amounts and will bear interest at the rates set forth on the inside cover page of this Official Statement.
Interest on the Certificates is payable to the registered owners appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Certificates is payable at maturity or redemption, upon their presentation and surrender to the Paying Agent/Registrar. The Certificates will be issued only in fully registered form in any integral multiple of $5,000 principal for any one maturity.

Initially the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Certificates will be made to the owners thereof. Notwithstanding the foregoing, as long as the Certificates are held in the Book-Entry-Only System, principal of, premium, if any, and interest on the Certificates will be payable by the Paying

Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Use of Proceeds

The proceeds of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (1) constructing, improving, repairing, renovating, enlarging, extending and equipping the City's water and wastewater systems and acquiring related right-of-way, vehicles and equipment; (2) constructing, improving, renovating, extending, expanding, and developing streets and related infrastructure, including drainage, traffic signalization, lighting, sidewalks, soundwalls and landscaping, and acquiring right-of-way, vehicles and equipment related thereto; (3) constructing, improving, renovating and equipping drainage improvements; and (4) the payment of professional services and costs of issuance related thereto.

Security for Payment

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

Redemption Provisions of the Certificates

The City reserves the right to redeem the Certificates maturing on and after August 15, 2037 in whole or in part, in the principal amount of $5,000 or any integral multiple thereof, on August 15, 2036 or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. The years of maturity of the Certificates called for redemption shall be selected by the City.

Selection of Certificates for Redemption

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

Notice of Redemption

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books relating to the Certificates kept by the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE CERTIFICATEHOLDERS FAILED TO RECEIVE SUCH NOTICE.
All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates or portions thereof to be redeemed, and (iii) state the redemption price. 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 City reserves the right to give notice of its election or direction to optionally redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded

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

Legality

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

Delivery

When issued; anticipated on or about October 20, 2026.

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

On November 7, 2023, the voters approved the issuances of the following general obligation bonds: $15,000,000 for Economic Development (issued in 2024), $61,695,000 for Parks, Trails and Recreation Center; and $90,105,000 for new City Hall and Library Facilities. The City anticipates issuing approximately $80,000,000 of general obligation bonds for the new City Hall and Library Facilities in 2028. See "APPENDIX A – VALUATION AND DEBT DATA – Future Issues" for amounts of voted authorization issued to date.

Defeasance

Any Certificate will be deemed paid and shall no longer be considered to be outstanding within the meaning of the Ordinance when payment of the principal of and interest on such Certificate to its stated maturity or redemption date will have been made or will have been provided by depositing with the Paying Agent/Registrar, or an authorized escrow agent, (1) cash in an amount sufficient to make such payment, (2) Government Securities (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 Securities.

The Ordinance provides that "Government Securities" 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 not 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 Certificates. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, 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 Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under Texas law as permissible defeasance securities.

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

Amendments

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

Defaults and Remedies

The Ordinance does not establish specific events of default with respect to the Certificates. If the City defaults in the payment of principal or interest, or redemption price, on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court ruled in Wasson Interests, Ltd. v. City of Jacksonville, 489 S.W.3d 427 (Tex. 2016) ("*Wasson*") that sovereign immunity does not immune a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. If sovereign immunity is determined by a court to exist, then, the Texas Supreme Court has ruled in Tooke v. City of Mexia, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the Certificates or the covenants in the Ordinance. If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

REGISTRATION, TRANSFER, AND EXCHANGE

Paying Agent/Registrar

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

Successor Paying Agent/Registrar

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

Record Date

The record date ("Record Date") for determining the person entitled to the payment of interest on a Certificate is the last business day of the month next preceding each interest payment date.
If the date for the payment of the principal of or interest on the Certificates is a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment is the next succeeding day which is not such a day and payment on such date will have the same force and effect as if made on the original date payment was due.

Special Record Date for Interest Payment

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

Registration, Transferability and Exchange

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

Limitation on Transferability of Certificates Called for Redemption

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

Replacement Certificates

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate of like kind and in the same amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

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

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

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

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

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

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

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

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

NONE OF THE CITY, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS

FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE CERTIFICATES. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE CERTIFICATES PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SOURCES AND USES OF FUNDS

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

Sources	
Par Amount of Certificates	$14,635,000.00
Reoffering Premium on the Certificates	616,585.25
Total Sources	$15,251,585.25
Uses	
Deposit to Project Fund	$15,000,000.00
Underwriters' Discount	100,311.68
Cost of Issuance	149,733.85
Contingency	1,539.72
Total Uses	$15,251,585.25

INVESTMENT POLICIES

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

Legal Investments

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest- bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) interest-bearing banking deposits, other than those described by clause (7), if (A) the funds invested in the banking deposits are invested through (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution as described in clause (8)(A), above, arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by Paragraph (A); (ii) an entity described by Section 2257.041(d) of the Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit or share certificates (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their respective successors), or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits or, (ii) where the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (iii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3- 3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), and require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer (as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003) or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 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 September 8, 2026, the following percentages of the City's investable funds were invested as indicated below:

Category of Investments	Amount	Percentage	Term of Investments
Depository Bank – Cash	$44,935,459	38.19%	N/A
Money Market Fund	$71,355,987	60.64%	N/A
Investment Pools	$1,379,408	1.17%	N/A
Total	$117,670,854	100.00%	

* *Unaudited.* *All accounts are interest bearing.*

PENSION FUND AND OTHER POST-EMPLOYMENT BENEFITS

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments." The objective of this Statement is to enhance the clarity and usefulness of the general-purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors. The City implemented GASB 34 for its fiscal year ending September 30, 2003. While adoption of this Statement altered the presentation of some financial information, there was no material adverse impact to the City's financial position, results of operation, or cash flows. In June 2012, Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) was issued to improve accounting and financial reporting by state and local governments regarding pensions. GASB Statement No. 68 requires reporting entities, such as the City, to recognize their proportionate share of the net pension liability and operating statement activity related to changes in collective pension liability. This means that reporting entities, such as the City, that contribute to the Texas Municipal Retirement System pension plan will report a liability on the face of their government-wide financial statements. Such reporting began with the City's fiscal year ended September 30, 2019. GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits. See Note 11 – Pension Plan in the Notes to Basic Financial Statements September 30, 2025 included in "APPENDIX D - Excerpts from the City of Manor, Texas Audited Financial Statements for the Year Ended September 30, 2025."

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

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

During fiscal year 2008, the City implemented GASB 45. See Note 12 - Other Post-Employment Benefits (OPEB) in the Notes to Basic Financial Statements September 30, 2025 included in "APPENDIX D - Excerpts from the City of Manor, Texas Audited Financial Statements for the Year Ended September 30, 2025."

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.

State Legislation

The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the City.

The Regular Session of the 90th Texas Legislature will convene on January 12, 2027 and is scheduled to conclude on May 31, 2027. The City cannot predict what legislation may be introduced during the 90th Texas Legislature or any upcoming legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Certificates.

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.

Through December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5.32 million (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. 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 rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies."

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

Local Option Freeze for the Elderly and Disabled

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

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Effective January 1, 2026, a person is entitled to an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

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. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

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 physically damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. 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 "tax increment." During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned 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 TIRZs for the promotion of economic development.

Chapter 380 Economic Development Agreements

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 the City. In accordance with programs established pursuant to Chapter 380, a City may make loans or grant public funds for economic development purposes; however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by the voters of the City. The City has entered into such Chapter 380 agreements in recent years.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. The City has entered into 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 greater of zero and the rate expressed in dollars per $100 of taxable value calculated by dividing (i) the cumulative difference of the foregone revenue amount, calculated using the difference between a city's voter-approved tax rate and its actual tax rate for each of the preceding three tax years, by (ii) the "current total value" as defined in Section 26.012 of the Property Tax Code, and which may be applied to the City's tax rate when calculating 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. Furthermore, beginning for tax year 2026, if the Texas Attorney General determines that a city did not have its audited annual financial statements on file with its city secretary before the 180th day after the city's fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city's no-new-revenue tax rate.

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

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

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

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

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

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

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

Under Chapter 26 of the Tax Code, the ad valorem taxes levied to pay debt service on certain non-voted debt approved after September 1, 2021 are included as part of the maintenance and operations tax rate calculations. The result is that the tax levied for debt service on such non-voted debt will be subject to the maintenance and operations tax limitations described in this subcaption. The Certificates are not subject to such limitations.

During the 89th Regular Session, the Legislature adopted Senate Bill 1851 ("SB 1851"), which will become effective in connection with the adoption of an ad valorem tax rate for tax year 2026 and thereafter. Under SB 1851, if the Texas Attorney General determines that a city has (a) not had its records and accounts audited and an annual financial statement prepared based on the audit or (b) failed to file its financial statements and auditor's opinion on such financial statements with the city secretary or city clerk before the 180th day after the city's fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city's no-new-revenue tax rate for (i) the tax year that begins on or after the date for the Attorney General's determination or (ii) a subsequent tax year that begins before the date the city has had an annual audit completed and financial statements prepared or filed the financial statement and auditor's opinion on such financial statement with the city secretary or city clerk, as applicable.

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

Debt Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

City and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,833,169 for the 2026 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 has established three TIRZs for economic development. See "APPENDIX A – Table 1" for the value attributable to the tax increment of the TIRZs.

The City has created three public improvement districts (each a "PID") located within the City to undertake and finance public improvement projects that confer a special benefit on property within the respective PID. The City levies and collects special assessments on the benefitted property in each PID to pay all or part of the cost of the improvement projects. The City may authorize additional PIDs and enter into contractual obligations secured by special assessment revenue. Any obligations secured by special assessment revenue would not represent an obligation of the City's general revenue or taxes. See Note 15 – Special Assessment Revenue Bonds" in APPENDIX D for additional information regarding the PIDs.

TAX MATTERS

Tax Exemption

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates. A complete copy of the Bond Opinion is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Certificates is less than the amount to be paid at maturity of such Certificates (excluding amounts stated to be interest and payable at least annually over the term of such Certificates), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Certificates which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Certificates is the first price at which a substantial amount of such maturity of the Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of Underwriter, placement agents or wholesalers). The original issue discount with respect to any maturity of the Certificates accrues daily over the term to maturity of such Certificates on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Certificates to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Certificates. Beneficial Owners of the Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of Beneficial Owners who do not purchase such Certificates in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Certificates purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Certificates") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Certificates, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Certificate, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial

Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Certificates. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Certificates being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Certificates. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Certificates may adversely affect the value of, or the tax status of interest on, the Certificates. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Certificates is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Certificates may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Certificates to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Certificates ends with the issuance of the Certificates, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the Certificates in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Certificates for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Certificates, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the Certificates generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Certificates may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Certificates and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Certificates. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The City 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 City of the general type included in Tables 1 through 5 and 7 of Appendix A to this Official Statement. The City will update and provide this information within six months after the end of each fiscal year ending in or after 2026. The City 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 2026. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City 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 City 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 City'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 City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

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

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

Availability of Information from MSRB

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

Limitations and Amendments

The City has agreed to update information and to provide notices of certain events only as described above. The City 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 City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City 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 City, if the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Certificates. The City 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 City also may amend the provisions of the continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the City 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 administrative oversight, the City did not timely file notice of its incurrence of financial obligations for the following transactions: Combination Tax and Revenue Certificates of Obligation Series 2021; Tax Notes, Series 2022; and Tax Notes, Series 2025. The City filed its 2022 unaudited financial information five days after the required filing date and did not file a failure to file notice with respect thereto. The City also did not timely file its annual financial information and operating data tables for the fiscal years ended September 30, 2023, September 30, 2024 and September 30, 2025. Lastly, the filed audited financial statements for the fiscal year ended September 30, 2024 were not linked to the CUSIPs for certain of the City's outstanding special assessment revenue bonds. The City filed notice of the Certificates of Obligation, Series 2021 on November 17, 2023. The City filed notice of the Tax Notes, Series 2022 on April 24, 2023. The City filed notice of the Tax Notes, Series 2025 on September 8, 2026. The City filed a failure to file notice for the 2023 operating data on April 10, 2024, and filed a failure to file notice and provided the missing annual table information for the fiscal years ended September 30, 2024 and September 30, 2025 on September 8, 2026. The City also linked the filed audited financial statements to the special assessment revenue bonds on September 8, 2026. The City has put procedures in place to ensure that it timely files its incurrence of financial obligation notices for new incurrences of financial obligations and its financial information.

LEGAL MATTERS

Legal Opinions

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

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

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

Litigation

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

FORWARD LOOKING STATEMENTS

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

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

Ratings

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

Authenticity of Financial Information

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

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

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City at the initial offering prices to the public as shown on page i of this Official Statement, less an underwriting discount of $100,311.68. The Underwriters will be obligated to purchase all of the Certificates, if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

RBC Capital Markets, LLC (RBCCM), an underwriter of the Certificates, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. (RBC Securities) (formerly known as City National Securities, Inc.). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Certificates.

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

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

Financial Advisor

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

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

Authorization of the Official Statement

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

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

CITY OF MANOR, TEXAS

/s/ Dr. Christopher Harvey

MAYOR

CITY OF MANOR, TEXAS

ATTEST:

/s/ Lluvia T. Almaraz

City Secretary

City of Manor, Texas

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

2026 Total Appraised Valuation	$3,419,903,602
Less Exemptions and Exclusions	483,911,209
2026 Net Taxable Assessed Valuation (100% of market value) (1)(2)	$2,935,992,393

(1) *Source: Travis Central Appraisal District. The Appraisal Review Board approved Certified Values as of July 31, 2026.*
(2) *Includes $140,721,016 of Reinvestment Zone value.*

Outstanding Debt By Issues	Amount Outstanding At 8-31-2026 (1)
Combination Tax & Revenue Certificates of Obligation, Series 2012	145,000
General Obligation Refunding Bonds, Series 2015	530,000
Combination Tax & Revenue Certificates of Obligation, Series 2016	9,680,000
Combination Tax & Revenue Certificates of Obligation, Series 2021	4,430,000
Tax Notes, Series 2022	4,525,000
Combination Tax & Revenue Certificates of Obligation, Series 2023	35,245,000
General Obligation Bonds, Taxable Series 2024	14,900,000
Tax Notes, Series 2025	7,720,000
The Certificates	14,635,000
Total General Obligation Debt	$91,810,000
Less: Self-supporting Debt	-0-
Net Tax Supported General Obligation Debt	$91,810,000
Less: Interest and Sinking Fund Balance (as of 8-31-2026) (1)	2,636,698 (1)
Net General Obligation Debt Outstanding	89,173,302
Ratio Net Tax Supported General Obligation Debt to 2026 Net Taxable Assessed Valuation	3.13%
Ratio Net General Obligation Debt to 2026 Net Taxable Assessed Valuation	3.04%

(1) *Unaudited.*

2010 U.S. Census Population – 5,037
2020 U.S. Census Population – 13,652
2026 Estimated Population – 23,605
Per Capita 2026 Net Taxable Assessed Valuation - $124,380.11
Per Capita Total Net Tax Supported General Obligation Debt - $3,889.43
Per Capita Net General Obligation Debt - $3,777.73

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. The City anticipates issuing approximately $80,000,000 of general obligation bonds for the new City Hall and Library Facilities in 2028.

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/7/2023	Economic Development	$ 15,000,000	$ 15,000,000 (1)	$ 0
11/7/2023	Parks, Trails & Recreation	$ 61,695,000	$ 0	$ 61,695,000
11/7/2023	City Hall & Library	$ 90,105,000	$ 0	$ 90,105,000
Total		$ 166,800,000	$ 15,000,000	$ 151,800,000

(1) *Includes premium charged against voter authorization.*

TAXATION DATA

Tax Rate Distribution

Tax Year	2025	2024	2023	2022	2021
Local Maintenance	$0.5103	$0.5178	$0.4802	$0.5090	$0.6034
Interest and Sinking Fund	0.3434	0.3359	0.1987	0.2380	0.1793
Totals	$0.8537	$0.8537	$0.6789	$0.7470	$0.7827

Table 2 - Tax Collection Data

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

Tax Year	Taxable Assessed Valuation[1]	Tax Rate	% Collections [2] Current	Total	Year Ending
2016	483,559,599	0.7738	99.17%	100.27%	09-30-17
2017	601,767,745	0.7722	98.98%	100.25%	09-30-18
2018	807,328,712	0.7522	98.21%	100.33%	09-30-19
2019	951,528,424	0.8161	97.79%	100.14%	09-30-20
2020	1,036,008,848	0.8161	98.61%	100.84%	09-30-21
2021	1,210,723,447	0.7827	98.55%	99.92%	09-30-22
2022	1,761,014,554	0.7470	98.88%	99.80%	09-30-23
2023	2,160,969,170	0.6789	99.13%	99.65%	09-30-24
2024	2,407,848,992	0.8537	98.91%	99.78%	09-30-25
2025	2,702,038,250	0.8537	97.86%	97.87%	09-30-26

(1) *Travis Central Appraisal District.*
(2) *Collections as of August 5, 2026. Travis County Tax Office.*

Taxable Assessed Valuation for Tax Years 2016-2026

Tax Year	Net Taxable Assessed Valuation	Change from Preceding Year Amount	Percent
2016	$483,559,599	94,833,426	24.40%
2017	601,767,745	118,208,146	24.45%
2018	807,328,712	205,560,967	34.16%
2019	951,528,424	144,199,712	17.86%
2020	1,036,008,848	84,480,424	8.88%
2021	1,210,723,447	174,714,599	16.86%
2022	1,761,014,554	550,291,107	45.45%
2023	2,160,969,170	399,954,616	22.71%
2024	2,407,848,992	246,879,822	11.42%
2025	2,702,038,250	294,189,258	12.22%
2026	2,935,992,393	233,954,143	8.66%

Source: Travis Central Appraisal District.

Non-Funded Debt

<u>*Capital Leases*</u>

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

The outstanding balance on the City's financed purchases as of October 1, 2025, was $900,671.

Source: City of Manor.

Schedule of Delinquent Taxes Receivable as of August 5, 2026 (Unaudited)

Year Ended 9/30	Ending Balance
2017	$ 2,575
2018	4,108
2019	7,266
2020	16,509
2021	19,132
2022	21,895
2023	37,628
2024	44,446
2025	122,892
2026	241,186
Total	$ 517,637

Source: Travis County Tax Office.

Table 3 - Municipal Sales Taxes

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

Fiscal Year	Rate	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2016	1.00%	$ 1,013,215	26.77%	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	17.51%	0.15
2020	1.00%	1,630,746	19.03%	0.16
2021	1.00%	2,096,605	21.88%	0.17
2022	1.00%	2,496,863	18.56%	0.14
2023	1.00%	2,868,531	19.29%	0.13
2024	1.00%	3,001,164	14.48%	0.12
2025	1.00%	3,634,331	15.52%	0.13
2026	1.00%	3,125,084	15.68%	0.11

Source: Comptroller of Texas.

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Table 4 - Top 10 Taxpayers and Their 2026 Valuations

Name	Type of Property	2026 Net Taxable Assessed Valuation	Percent of Total 2026 Assessed Valuation
GCP XXXI	Apartments	$61,260,000	2.09%
CH DOF I-Rangewater MF Austin	Apartments	59,720,000	2.03%
MC Retail LP	Commercial	50,000,000	1.70%
Grassdale at Manor LLC	Apartments	47,689,889	1.62%
CV QOZP Prose Manor LLC	Apartments	44,000,000	1.50%
Pleasanton Housing Finance	Apartments	43,340,000	1.48%
Hill Lane Owner LLC	Commercial	30,161,751	1.03%
Transpak Manor Facility LLC	Commercial	26,550,000	0.90%
Landmark at Manor Prop	Apartments	25,085,080	0.85%
CPIF Entrada Manor LLC	Commercial	24,909,250	0.85%
Total		$412,715,970	14.06%

Source: Travis Central Appraisal District.

Table 5 - Taxpayers by Classification

Classification	2026 Assessed Valuation	Percent of Total	2025 Assessed Valuation	Percent of Total	2024 Assessed Valuation	Percent of Total
Single Family Residential	$1,860,697,872	63.38%	$1,813,949,727	67.13%	$1,655,571,782	68.76%
Multi-Family Residential	294,913,396	10.04%	241,371,315	8.93%	205,248,834	8.52%
Vacant-Platted Lots	124,680,544	4.25%	98,403,622	3.64%	83,165,572	3.45%
Qualified Open Space	251,541	0.01%	240,109	0.01%	275,692	0.01%
Rural Land, Non-qualified Space	51,654,277	1.76%	52,874,669	1.96%	47,337,327	1.97%
Commercial Real Property	435,291,600	14.83%	319,108,930	11.81%	241,501,884	10.03%
Industrial Real Property	7,803,380	0.27%	6,697,447	0.25%	5,424,113	0.23%
Gas Distribution Systems	2,415,710	0.08%	2,038,340	0.08%	1,680,504	0.07%
Electric Companies (including Co-ops)	4,641,340	0.16%	3,891,476	0.14%	4,175,383	0.17%
Telephone Companies (including Co-ops)	695,030	0.02%	692,428	0.03%	594,698	0.02%
Cable Companies	15,250	0.00%	35,201	0.00%	35,321	0.00%
Commercial Personal Property	60,907,309	2.07%	62,825,346	2.33%	46,416,539	1.93%
Industrial Personal Property	4,484,480	0.15%	8,351,801	0.31%	8,122,498	0.34%
Mobile Homes	891,218	0.03%	949,987	0.04%	854,514	0.04%
Residential Inventory	78,477,576	2.67%	82,072,472	3.04%	99,253,470	4.12%
Special Inventory	8,171,870	0.28%	8,535,380	0.32%	8,190,861	0.34%
Net Taxable Assessed Valuation	$2,935,992,393	100%	$2,702,038,250	100.00%	$2,407,848,992	100.00%

Source: Travis Central Appraisal District.

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

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

	Gross Debt		Percent	Amount
Political Subdivision	Amount	As Of	Overlapping	Overlapping
Austin CCD	$ 728,710,000	8/31/2026	0.66%	$ 4,809,486
Elgin ISD	323,240,000	8/31/2026	3.19%	10,311,356
Manor ISD	404,820,000	8/31/2026	16.79%	67,969,278
Presidential Glen MUD [1]	20,025,000	8/31/2026	100.00%	20,025,000
Travis Co	1,202,190,000	8/31/2026	0.68%	8,174,892
Travis Co Healthcare District	398,205,000	8/31/2026	0.68%	2,707,794
Travis Co MUD #2	23,384,285	8/31/2026	2.69%	629,037
Wilbarger Creek MUD #2	66,927	8/31/2026	16.70%	11,177
Total Net Overlapping Debt				$ 114,638,020
Manor, City of	91,810,000	9/16/2026	100.00%	91,810,000
Total Direct and Estimated Overlapping Debt				$206,448,020
Ratio Total Direct and Estimated Overlapping Debt to 2026 Net Taxable Assessed Valuation ... ($2,935,992,393)				7.03%

[1] *Only residents of Presidential Glen MUD are responsible for this Debt.*

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ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2026/27

Interest and Sinking Fund Balance at 8-31-2026	$2,636,698	
Estimated Income from $0.3434 Interest & Sinking Fund Taxes Collected Using 2026 Taxable Assessed Valuation of $2,935,992,393 at 98% Collections	9,880,554	
Other Funds Available at 8-31-2026	35,989,898	(1)
Estimated Total Funds Available	48,507,150	
2026/27 Net Debt Service Requirement	**$9,500,071**	

(1) *Includes $16,689,764 from Impact Fees, and $19,300,134 from the Utility Fund.*

CONSOLIDATED DEBT SERVICE REQUIREMENTS

Fiscal Year 30-Sep	Currently Outstanding Debt Service	Plus: The Certificates Principal Due 8/15	Interest Due 2/15	Interest Due 8/15	Total	Grand Total Of All Debt Service
2027	8,889,677		237,950	372,444	610,394	9,500,071
2028	8,865,225	480,000	372,444	372,444	1,224,888	10,090,113
2029	8,861,917	505,000	360,444	360,444	1,225,888	10,087,805
2030	7,388,655	530,000	347,819	347,819	1,225,638	8,614,293
2031	7,401,264	555,000	334,569	334,569	1,224,138	8,625,401
2032	7,412,913	580,000	320,694	320,694	1,221,388	8,634,301
2033	5,927,694	610,000	306,194	306,194	1,222,388	7,150,081
2034	5,933,181	640,000	290,944	290,944	1,221,888	7,155,068
2035	5,934,844	675,000	274,944	274,944	1,224,888	7,159,732
2036	5,937,068	705,000	258,069	258,069	1,221,138	7,158,206
2037	5,939,042	740,000	240,444	240,444	1,220,888	7,159,930
2038	5,939,210	780,000	221,944	221,944	1,223,888	7,163,098
2039	5,942,368	820,000	202,444	202,444	1,224,888	7,167,256
2040	5,942,266	860,000	181,944	181,944	1,223,888	7,166,154
2041	5,938,842	900,000	160,444	160,444	1,220,888	7,159,730
2042	5,936,700	945,000	137,944	137,944	1,220,888	7,157,588
2043		995,000	113,138	113,138	1,221,275	1,221,275
2044		1,050,000	87,019	87,019	1,224,038	1,224,038
2045		1,105,000	59,456	59,456	1,223,913	1,223,913
2046		1,160,000	30,450	30,450	1,220,900	1,220,900
	108,190,865	14,635,000	4,539,294	4,673,788	23,848,081	132,038,946

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

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

	Fiscal Year Ended September 30				
	2026(a)	**2025**	**2024**	**2023**	**2022**
REVENUES					
Property Taxes	$13,033,054	$11,735,635	$10,648,007	$8,831,665	$7,438,755
Sales Tax	3,262,742	3,584,991	2,929,414	2,804,685	2,445,670
Franchise Tax	770,006	1,158,164	951,720	895,816	839,132
Other Taxes	34,720	34,465	32,227	35,236	32,010
Federal Revenues	-0-	1,796,113	-0-	-0-	-0-
Licenses and Permits	757,117	3,559,668	3,572,596	2,476,482	3,554,654
Charge for Services	3,263,668	1,982,431	1,806,695	1,663,397	1,470,041
Court and Police	668,490	930,702	922,878	570,493	562,555
Public Safety	-0-	154,307	282,167	154,327	139,901
Interest Income	1,452,246	2,215,757	1,794,885	1,731,505	157,023
Interest Income - Restricted	-0-	-0-	-0-	-0-	-0-
Other	17,006	821,080	237,131	1,031,858	740,132
Total Revenues	$23,259,049	$27,973,313	$23,177,720	$20,195,464	$17,379,873
EXPENDITURES					
Current:					
General Government	4,822,791	10,203,259	5,685,982	5,247,939	4,246,510
Public Safety	6,059,596	6,664,884	6,254,628	5,387,589	4,673,053
Streets	3,412,042	1,938,499	3,308,719	2,120,748	1,888,125
Municipal Court	425,291	756,233	560,778	480,207	454,757
Development Services	1,432,032	1,857,228	1,401,360	1,375,032	999,396
Sanitation	-0-	1,838,385	1,727,474	1,724,313	1,421,286
Capital Projects/Outlay	-0-	1,318,666	490,277	303,076	99,527
Debt Service:					
Principal	-0-	377,194	-0-	-0-	-0-
Interest	-0-	35,839	-0-	-0-	-0-
Total Expenditures	$16,151,752	$24,990,187	$19,429,218	16,638,901	13,782,654
Excess of Revenues Over (Under) Expenditures	7,107,297	2,983,126	3,748,502	3,556,563	3,597,219
Total Other Financing Sources (Uses)	-0-	744,672	(99,418)	(423,743)	-0-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	7,107,297	3,757,798	3,649,084	3,132,820	3,597,219
Fund Balance at Beginning of Year	25,525,960	21,368,068	17,718,984	14,586,164	10,988,945
Adjustments	-0-	400,094 (b)	-0-		
Fund Balance - September 30	$32,633,257	$25,525,960	$21,368,068	$17,718,984	$14,586,164

Source: City's Comprehensive Annual Financial Reports.
(a) Unaudited. As of June 30, 2026.
(b) See Note 16 from the September 30, 2025 Financial Statements.

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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				
	2025	2024	2023	2022	2021
Civilian Labor Force	870,357	850,891	832,562	803,125	762,416
Total Employed	840,528	820,860	803,818	779,336	730,737
Total Unemployed	29,829	30,031	28,744	23,789	31,679
Unemployment Rate	3.43%	3.53%	3.45%	2.96%	4.16%

Source: Texas Workforce Commission.

Major Employers in Travis County

Employer	Product or Service	Employees
State of Texas	Government	66,318
The University of Texas at Austin	Education & Research	30,547
H.E.B. Grocery Co.	Grocery Stores	27,271
Tesla Inc.	Technology Manufacturing	21,191
City of Austin	Government	18,234
Dell Inc.	Electronics	13,000
Federal Government	Government	12,671
St. David's Healthcare	Health Services	12,639
Ascension Texas	Health Services	12,635
Austin ISD	Education	11,137

Source: The Municipal Advisory Council of Texas.

Major Employers in City of Manor

Employer	Product or Service	Employees
Manor ISD	Education	1,368
TransPak	Manufacturing	600
Lief Johnson Ford	Auto Dealership	106
Whole Foods Distribution Center	Distribution	98
5F Mechanical	Construction	90
Wal-Mart	Grocery	87

Source: City of Manor.

Building Permits in City of Manor

Year Ended	Commercial		Residential		
30-Sep	Number(1)	Value ($)	Number	Value ($)	Grand Total ($)
2018	30	37,718,084	558	143,927,683	181,645,767
2019	10	16,405,970	611	174,338,256	190,744,226
2020	10	77,161,580	823	243,226,846	320,338,427
2021	14	28,849,537	345	102,871,225	131,720,762
2022	24	79,017,054	907	298,015,274	377,032,328
2023	13	14,188,746	550	178,069,554	192,258,300
2024	36	190,478,924	547	176,999,060	367,477,984
2025	70	246,276,683	406	136,333,252	382,609,935
2026(2)	46	21,804,547	343	114,227,460	136,032,007

Source: City of Manor.

(1) Includes multi-family new building permits.

(2) As of August 27, 2026.

Surrounding Economic Activity

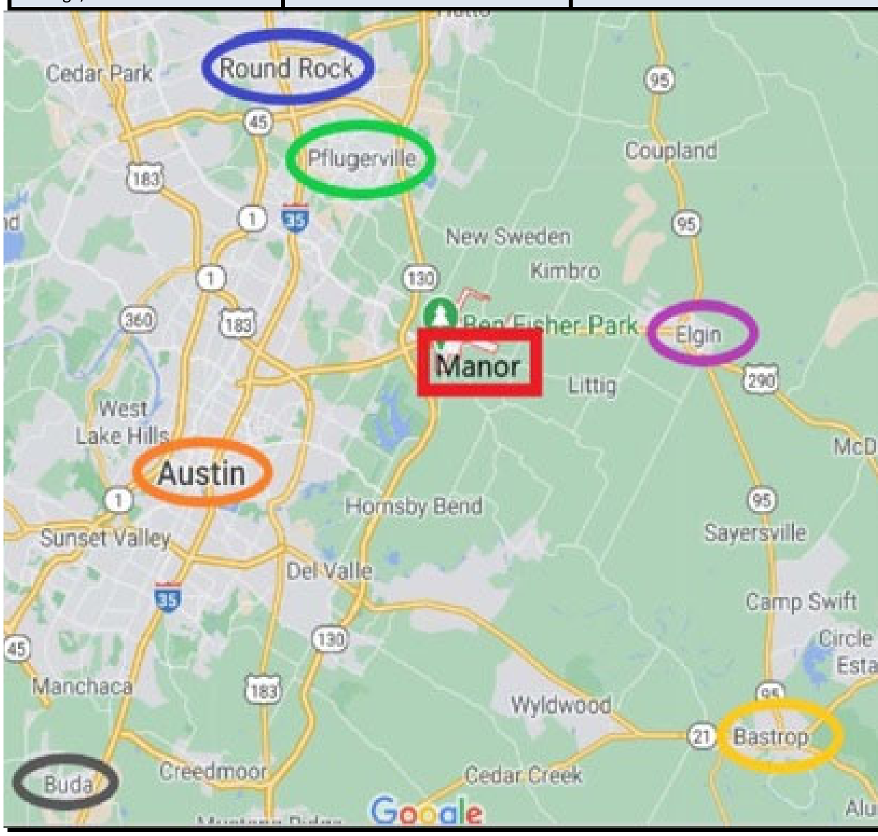
The major employers in municipalities surrounding the City are set forth in the table below.

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

City of Pflugerville, TX	
Approximately 12 Miles from Manor	
Employer	Employees
Pflugerville ISD	3,675
Amazon	2,600
City of Pflugerville	532
Typhoon Texas	505
Rosendin	500
ESD	338
Baylor Scott & White	281
Fedex Ground	227
Costco Wholesale	200
Cash Construction	190

City of Austin, TX	
Approximately 15 Miles from Manor	
Employer	Employees
State Government	41,620
University of Texas at Austin	32,369
HEB	27,271
Tesla, Inc.	21,191
City of Austin	16,403
Federal Government	16,100
Dell Computer Corporation	13,000
St. David's Healthcare Partnership	12,639
Ascenion Seton	12,635
Amazon	11,000

City of Round Rock, TX	
Approximately 15 Miles from Manor	
Employer	Employees
Dell Technologies	10,000
Round Rock ISD	6,236
Kalahari Resorts & Conventions	1,830
City of Round Rock	1,204
Airco Mechanical	1,197
Baylor Scott & White Healthcare	1,000
UPS	914
St. David's Round Rock Medical Center	846
Ascension Seton Medical Center Williamson	708
Emerson Automation Solutions	700



City of Bastrop, TX	
Approximately 28 Miles from Manor	
Employer	Employees
Bastrop ISD	1,183
Bastrop County	1088
Elgin ISD	553
Ascension Seton	525
Wal-Mart	508
Hyatt	443
Cedar Creek ISD	430
Bluebonnet Electric Co-Op	392
US Post Office	385
MD Anderson Cancer Center	353

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, 2024

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CITY OF MANOR, TEXAS
ANNUAL FINANCIAL REPORT
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED SEPTEMBER 30, 2024

CITY OF MANOR, TEXAS

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CITY OF MANOR, TEXAS

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ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manor, Texas (the City), as of and for the year ended September 30, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4-11, budgetary comparison information on page 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 July 31, 2025, 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
July 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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, 2024. This discussion and analysis should be read in conjunction with the City's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

• The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

• The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City's operations in more detail than the government-wide statements.

• Governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

• The financial statements also include notes to the financial statements explaining some of the information in the financial statements and provide more detailed data.

• The report also contains required supplementary information in addition to the basic financial statements themselves. This contains additional information about the City's General Fund budget and information about the City's pension plan.

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

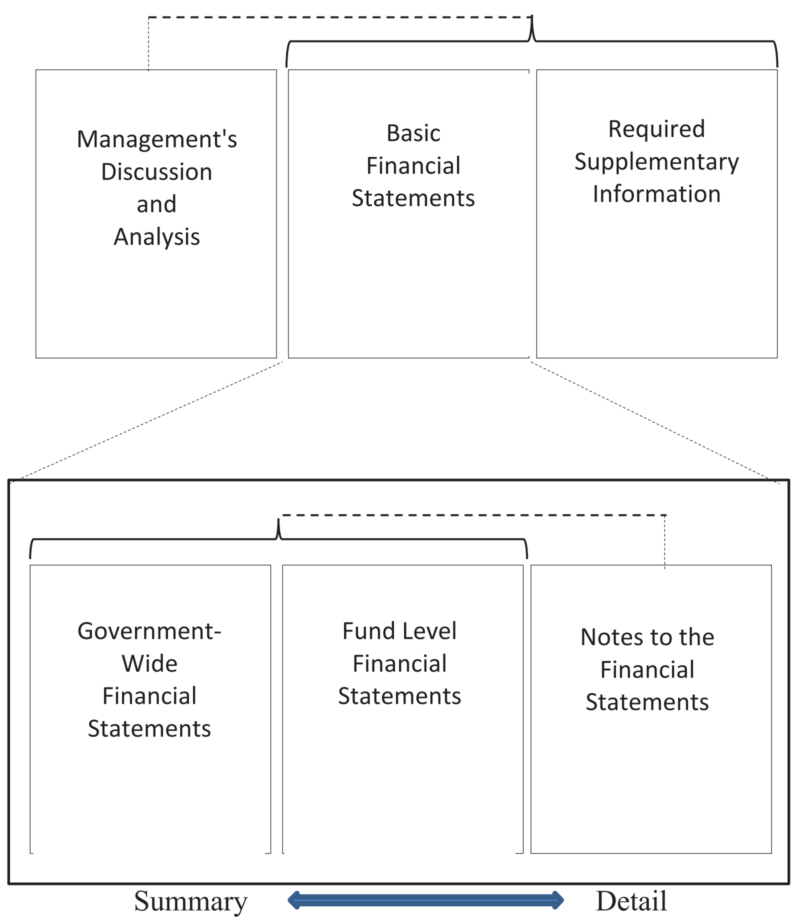

Figure A-1 shows how the parts of this annual report are arranged and related to one another.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

All cities have at least one major fund:

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

Other common major funds:

• Some common funds are required by State law, such as the debt service fund, special revenues fund, and capital projects fund.

• Management may establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenue resources, such as special revenue, capital project, and grant funds.

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

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

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

THE CITY AS A WHOLE (GOVERNMENT-WIDE)

FINANCIAL HIGHLIGHTS

- The City’s total combined net position was $79,222,283 at September 30, 2024 (See Figure A-3).
- Current year activity resulted in an increase in the City’s net position by $11,879,670 (See Figure A-4).

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Figure A-3
City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	$ 77,719,674	$ 43,055,348	$ 21,999,301	$ 20,511,406	$ 99,718,975	$ 63,566,754
Noncurrent assets	36,250,139	7,471,743	43,137,705	37,952,619	79,387,844	45,424,362
Total assets	113,969,813	50,527,091	65,137,006	58,464,025	179,106,819	108,991,116
Deferred outflows	1,080,435	1,180,960	122,722	134,773	1,203,157	1,315,733
Liabilities:						
Current liabilities	15,846,767	10,571,910	3,533,605	1,987,084	19,380,372	12,558,994
Long-term liabilities	69,097,651	16,797,276	11,882,761	12,966,141	80,980,412	29,763,417
Total liabilities	84,944,418	27,369,186	15,416,366	14,953,225	100,360,784	42,322,411
Deferred inflows	628,425	555,706	98,484	86,119	726,909	641,825
Net position:						
Investment in capital assets	(34,921,767)	(10,924,406)	31,268,455	25,295,369	(3,653,312)	14,370,963
Restricted	1,018,297	1,184,834	10,278,712	9,224,901	11,297,009	10,409,735
Unrestricted	63,380,875	33,522,731	8,197,711	9,039,184	71,578,586	42,561,915
Total net position	$ 29,477,405	$ 23,783,159	$ 49,744,878	$ 43,559,454	$ 79,222,283	$ 67,342,613

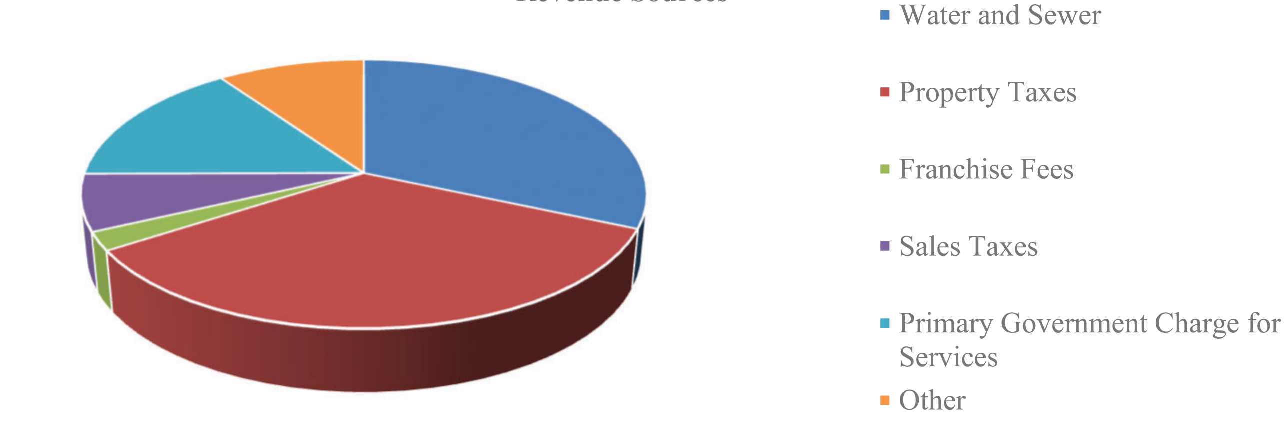
Figure A-4
Changes in City Net Position

	Governmental Activities		Business-Type Activities		Total	
Revenues:	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	$ 6,584,346	$ 4,864,931	$ 13,564,271	$ 9,586,083	$ 20,148,617	$ 14,451,014
General revenues:						
Taxes	18,816,576	17,048,548	-	-	18,816,576	17,048,548
Interest income	3,398,014	2,248,649	271,061	50,120	3,669,075	2,298,769
Other	374,641	1,032,489	2,030	-	376,671	1,032,489
Total revenues	29,173,577	25,194,617	13,837,362	9,636,203	43,010,939	34,830,820
Expenses:						
General government	6,591,311	4,840,117	-	-	6,591,311	4,840,117
Public safety	6,606,605	5,463,281	-	-	6,606,605	5,463,281
Streets	2,075,704	1,950,855	-	-	2,075,704	1,950,855
Municipal court	560,778	480,207	-	-	560,778	480,207
Development services	1,411,506	1,386,060	-	-	1,411,506	1,386,060
Sanitation	1,727,474	1,724,313	-	-	1,727,474	1,724,313
Interest and fiscal charges	1,680,892	497,294	431,238	341,079	2,112,130	838,373
Water and sewer	-	-	10,045,761	6,958,723	10,045,761	6,958,723
Total expenses	20,654,270	16,342,127	10,476,999	7,299,802	31,131,269	23,641,929
Revenues over(under) expenses	8,519,307	8,852,490	3,360,363	2,336,401	11,879,670	11,188,891
Transfers	(2,825,061)	(1,786,943)	2,825,061	1,786,943	-	-
Change in net position	5,694,246	7,065,547	6,185,424	4,123,344	11,879,670	11,188,891
Beginning net position	23,783,159	16,717,612	43,559,454	39,436,110	67,342,613	56,153,722
Ending net position	$ 29,477,405	$ 23,783,159	$ 49,744,878	$ 43,559,454	$ 79,222,283	$ 67,342,613

CITY REVENUES

The majority of the City's revenue is generated from charges for water and sewer services (32%), property taxes (34%), and primary government charges for services (15%). The remaining is obtained from the grants, contributions, sales taxes, franchise fees, court fees, and other sources (See Figure A-5).

Figure A-5
Revenue Sources



GROWTH TRENDS

Governmental Activities
The City's property tax rate for maintenance and operations (M&O) decreased from $0.5090 to $0.4802 in the current fiscal year generating $10,648,007 in M&O taxes, an increase of $1,816,342 over the previous fiscal year. While the City's franchise fees increased $124,729, or 4%, and sales taxes increased by $55,904, or 6%. The new M&O tax rate for the year beginning October 1, 2024, is $0.5178.

Business-Type Activities
Water sales increased by $645,547, or 17%, while sewer sales decreased by $108,959, or 3%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

General Fund Budgetary Highlights
General Fund revenues exceeded expenditures and transfers by $3,649,084 which was $3,649,084 more than budgeted. See details of budget and actual revenues on page 58.

Capital Assets
During the year ended September 30, 2024, the City invested $36,161,241 in a broad range of capital assets, including infrastructure, equipment, land, and buildings (See Figure A-6). These additions were funded from bond proceeds, capital impact fees, general budgeted expenditures, and notes payables.

Figure A-6
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 24,208,525	$ 724,607	$ 6,116,487	$ 406,816	$ 30,325,012	$ 1,131,423
Construction in progress	4,137,929	276,538	7,687,563	7,687,563	11,825,492	7,964,101
Buildings and equipment	11,176,127	10,307,717	2,475,933	2,124,014	13,652,060	12,431,731
Sidewalks	293,264	244,164	-	-	293,264	244,164
Streets and improvements	8,975,285	7,237,043	12,992	12,992	8,988,277	7,250,035
Water system	-	-	9,527,501	9,474,596	9,527,501	9,474,596
Sewer system	-	-	26,239,230	26,193,545	26,239,230	26,193,545
Total at historical cost	**48,791,130**	**18,790,069**	**52,059,706**	**45,899,526**	**100,850,836**	**64,689,595**
Accumulated depreciation	(12,540,991)	(11,318,326)	(8,922,001)	(7,946,907)	(21,462,992)	(19,265,233)
Net capital assets	**$ 36,250,139**	**$ 7,471,743**	**$ 43,137,705**	**$ 37,952,619**	**$ 79,387,844**	**$ 45,424,362**

Debt Administration

The City's property tax rate for debt services decreased from $0.2380 to $0.1988 in the current fiscal year generating $4,120,372 in debt service taxes, a decrease of $57,322 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, 2024, is $0.3359.

Figure A-7
City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Financed purchases	$ 989,882	$ 913,399	$ 398,433	$ 535,605	$ 1,388,315	$ 1,449,004
Bonds payable	70,182,024	17,605,325	11,869,250	12,657,250	82,051,274	30,262,575
Total	**$ 71,171,906**	**$ 18,518,724**	**$ 12,267,683**	**$ 13,192,855**	**$ 83,439,589**	**$ 31,711,579**

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 $2,684,382, 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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 73,892,719	$ 13,352,028	$ 87,244,747
Receivables, net	511,765	1,072,456	1,584,221
Prepaid	2,484	-	2,484
Due (to) from other funds	2,294,409	(2,294,409)	-
Restricted assets:			
Cash and cash equivalents	264,665	9,347,673	9,612,338
Investments	753,632	521,553	1,275,185
Non-current assets:			
Capital assets:			
Non-depreciable	28,346,454	13,804,050	42,150,504
Depreciable, net	7,903,685	29,333,655	37,237,340
Total assets	113,969,813	65,137,006	179,106,819
DEFERRED OUTFLOWS			
Deferred outflows related to refunding	92,918	-	92,918
Deferred outflows related to OPEB	21,910	3,710	25,620
Deferred outflows related to pensions	965,607	119,012	1,084,619
Total deferred outflows	1,080,435	122,722	1,203,157
LIABILITIES			
Current liabilities:			
Payable from unrestricted assets:			
Accounts payable	823,597	1,948,743	2,772,340
Passthrough liabilities	7,907,576	-	7,907,576
Unearned revenue	3,478,862	-	3,478,862
Payable from restricted assets:			
Interest payable	271,988	33,979	305,967
Financed purchases, due within one year	377,194	92,333	469,527
Bonds payable, due within one year	2,987,550	1,152,450	4,140,000
Non-current liabilities:			
Payable from unrestricted assets:			
Compensated absences	428,849	97,004	525,853
Payable from restricted assets:			
Customer deposits	-	932,617	932,617
Financed purchases, due more than one year	612,688	306,100	918,788
Bonds payable, due more than one year	67,194,474	10,716,800	77,911,274
Net OPEB liability	73,600	12,772	86,372
Net pension liability	788,040	123,568	911,608
Total liabilities	84,944,418	15,416,366	100,360,784

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

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CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION - CONTINUED
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS			
Deferred inflows related to OPEB	$ 50,802	$ 6,907	$ 57,709
Deferred inflows related to pensions	577,623	91,577	669,200
Total deferred inflows	628,425	98,484	726,909
NET POSITION			
Net investment in capital assets	(34,921,767)	31,268,455	(3,653,312)
Restricted	1,018,297	10,278,712	11,297,009
Unrestricted	63,380,875	8,197,711	71,578,586
Total net position	$ 29,477,405	$ 49,744,878	$ 79,222,283

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

CITY OF MANOR, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

Function/program activities	Expenses	Charges for Services
Primary government:		
Government activities:		
General government	$ 6,591,311	$ 10
Public safety	6,606,605	282,167
Streets	2,075,704	-
Municipal court	560,778	922,878
Development services	1,411,506	3,572,596
Sanitation	1,727,474	1,806,695
Interest on long-term debt	1,680,892	-
Total government activities	20,654,270	6,584,346
Business-type activities:		
Water	6,417,478	5,563,296
Sewer	3,628,283	8,000,975
Interest on long-term debt	431,238	-
Total business-type activities	10,476,999	13,564,271
Total primary government	31,131,269	20,148,617

General revenues:

Taxes:

Property

Sales

Franchise

Other

Interest income

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net assets

Net position - beginning of year

Net position - end of year after restatement

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

Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
		Primary Government		
Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
$ -	$ -	$ (6,591,301)	$ -	$ (6,591,301)
-	-	(6,324,438)	-	(6,324,438)
-	-	(2,075,704)	-	(2,075,704)
-	-	362,100	-	362,100
-	-	2,161,090	-	2,161,090
-	-	79,221	-	79,221
-	-	(1,680,892)	-	(1,680,892)
-	-	(14,069,924)	-	(14,069,924)
-	-	-	(854,182)	(854,182)
-	-	-	4,372,692	4,372,692
-	-	-	(431,238)	(431,238)
-	-	-	3,087,272	3,087,272
-	-	(14,069,924)	3,087,272	(10,982,652)
		14,773,882	-	14,773,882
		2,929,414	-	2,929,414
		951,720	-	951,720
		161,560	-	161,560
		3,398,014	271,061	3,669,075
		374,641	2,030	376,671
		(2,825,061)	2,825,061	-
		19,764,170	3,098,152	22,862,322
		5,694,246	6,185,424	11,879,670
		23,783,159	43,559,454	67,342,613
		$ 29,477,405	$ 49,744,878	$ 79,222,283

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

CITY OF MANOR, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Special Revenues Fund
ASSETS		
Unrestricted		
Cash and cash equivalents	$ 26,801,103	$ 6,544,033
Receivables, net	381,653	50,000
Prepaid	2,484	-
Due from other funds	-	147,527
Restricted assets:		
Cash and cash equivalents	-	264,665
Investments	9,928	426,296
Total assets	$ 27,195,168	$ 7,432,521
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ 559,095	$ 16,602
Passthrough liabilities	1,502,843	6,394,806
Unearned revenue	3,460,386	-
Due to other funds	147,527	-
Total liabilities	5,669,851	6,411,408
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	157,249	-
Total liabilities	157,249	-
FUND BALANCES		
Restricted	9,928	1,021,113
Committed	-	-
Unassigned	21,358,140	-
Total fund balances	21,368,068	1,021,113
Total liabilities, deferred inflows, and fund balances	$ 27,195,168	$ 7,432,521

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
$ (936,482)	$ 41,484,065	$ 73,892,719
80,112	-	511,765
-	-	2,484
2,294,409	-	2,441,936
-	-	264,665
317,408	-	753,632
$ 1,755,447	$ 41,484,065	$ 77,867,201
$ -	$ 247,900	$ 823,597
-	9,927	7,907,576
18,476	-	3,478,862
-	-	147,527
18,476	257,827	12,357,562
118,141	-	275,390
118,141	-	275,390
1,618,830	-	2,649,871
-	41,226,238	41,226,238
-	-	21,358,140
1,618,830	41,226,238	65,234,249
$ 1,755,447	$ 41,484,065	$ 77,867,201

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, 2024

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$	65,234,249
Amounts reported for governmental activities in the statement of net position are different due to the following:		
Capital assets, net of accumulated depreciation, are not financial resources, therefore, are not reported in the funds.		36,250,139
Certain receivables are not available to pay current-period expenditures, therefore, are deferred in the funds. This amount includes deferred property taxes.		275,390
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.		452,010
Certain liabilities related to long-term debt are not reported in the funds, such as accrued interest payable.		(271,988)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(72,462,395)
NET POSITION - GOVERNMENTAL ACTIVITIES	$	29,477,405

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, 2024

	General Fund	Special Revenues Fund
REVENUES		
Property taxes	$ 10,648,007	$ -
Sales tax	2,929,414	-
Franchise taxes	951,720	-
Other taxes	32,227	129,333
Licenses and permits	3,572,596	-
Charge for services	1,806,695	-
Court and police	922,878	-
Public safety	282,167	-
Interest income	1,794,885	36,106
Interest income - restricted	-	-
Other	237,131	137,520
Total revenues	23,177,720	302,959
EXPENDITURES		
Current:		
General government	5,685,982	160,446
Public safety	6,254,628	-
Streets	3,308,719	-
Municipal court	560,778	-
Development services	1,401,360	-
Sanitation	1,727,474	-
Capital outlay	490,277	-
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	19,429,218	160,446
Excess (deficiency) of revenues over expenditures	3,748,502	142,513
OTHER FINANCING SOURCES (USES)		
Debt issuance proceeds	-	-
Debt issuance fees	-	-
Transfers in	-	-
Transfers out	(99,418)	-
Total other financing sources (uses)	(99,418)	-
Net change in fund balances	3,649,084	142,513
Fund balances - beginning of year	17,718,984	878,600
Fund balances - end of year	$ 21,368,068	$ 1,021,113

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

Debt Services Fund	Capital Projects Fund	Total Governmental Funds
$ 4,120,372	$ -	$ 14,768,379
-	-	2,929,414
-	-	951,720
-	-	161,560
-	-	3,572,596
-	-	1,806,695
-	-	922,878
-	-	282,167
16,446	1,550,577	3,398,014
-	-	-
-	-	374,651
4,136,818	1,550,577	29,168,074
27,995	-	5,874,423
-	-	6,254,628
-	-	3,308,719
-	-	560,778
-	-	1,401,360
-	-	1,727,474
-	27,395,430	27,885,707
2,667,000	-	2,667,000
1,619,610	-	1,619,610
4,314,605	27,395,430	51,299,699
(177,787)	(25,844,853)	(22,131,625)
-	55,555,325	55,555,325
-	(737,939)	(737,939)
-	-	-
-	(2,725,643)	(2,825,061)
-	52,091,743	51,992,325
(177,787)	26,246,890	29,860,700
1,796,617	14,979,348	35,373,549
$ 1,618,830	$ 41,226,238	$ 65,234,249

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, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	29,860,700
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.		28,778,396
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.		(53,026,091)
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.		81,241
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	$	5,694,246

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

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2024

	Water and Sewer System	Capital Impact Fees	Total
ASSETS			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	$ 13,352,028	$ -	$ 13,352,028
Accounts receivable, net	1,072,456	-	1,072,456
Due from other funds	-	1,188,085	1,188,085
Restricted assets:			
Cash and cash equivalents	932,617	8,415,056	9,347,673
Investments	-	521,553	521,553
Total current assets	15,357,101	10,124,694	25,481,795
Non-current assets:			
Non-depreciable assets, net	13,804,050	-	13,804,050
Depreciable assets, net	29,333,655	-	29,333,655
Total non-current assets	43,137,705	-	43,137,705
Total assets	58,494,806	10,124,694	68,619,500
DEFERRED OUTFLOWS			
Deferred outflow related to OPEB	3,710	-	3,710
Deferred outflow related to pension	119,012	-	119,012
Total deferred outflows	122,722	-	122,722
LIABILITIES			
Current liabilities:			
Accounts payable	1,170,144	778,599	1,948,743
Interest payable	33,979	-	33,979
Passthrough liabilities	-	-	-
Due to other funds	3,482,494	-	3,482,494
Notes payable, due within one year	92,333	-	92,333
Bonds payable, due within one year	1,152,450	-	1,152,450
Total current liabilities	5,931,400	778,599	6,709,999
Non-current liabilities:			
Compensated absences	97,004	-	97,004
Customer deposits	932,617	-	932,617
Notes payable, due after one year	306,100	-	306,100
Bonds payable, due after one year	10,716,800	-	10,716,800
Net OPEB liability	12,772	-	12,772
Net pension liability	123,568	-	123,568
Total non-current liabilities	12,188,861	-	12,188,861
Total liabilities	18,120,261	778,599	18,898,860

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

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUND
SEPTEMBER 30, 2024

	Water and Sewer System	Capital Impact Fees	Total
DEFERRED INFLOWS			
Deferred inflow related to OPEB	$ 6,907	$ -	$ 6,907
Deferred inflow related to pensions	91,577	-	91,577
Total deferred inflows	98,484	-	98,484
NET POSITION			
Investment in capital assets	31,268,455	-	31,268,455
Restricted	932,617	9,346,095	10,278,712
Unrestricted	8,197,711	-	8,197,711
Total net assets	$ 40,398,783	$ 9,346,095	$ 49,744,878

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, 2024

	Water and Sewer System	Capital Impact Fees	Total
OPERATING REVENUES			
Water service	$ 4,496,028	$ -	$ 4,496,028
Sewer service	3,856,682	-	3,856,682
Penalties	150,090	-	150,090
Miscellaneous	2,030	-	2,030
Capital impact fees	-	5,061,471	5,061,471
Total operating revenues	8,504,830	5,061,471	13,566,301
OPERATING EXPENSES			
Personnel services	1,438,691	-	1,438,691
Operations	301,272	1,456,134	1,757,406
Utilities	337,358	-	337,358
Insurance	62,105	-	62,105
Materials and supplies	648,378	-	648,378
Maintenance	931,073	6,900	937,973
Water fees	2,409,013	-	2,409,013
Wastewater fees	1,479,743	-	1,479,743
Depreciation	975,094	-	975,094
Total operating expenses	8,582,727	1,463,034	10,045,761
OPERATING INCOME	(77,897)	3,598,437	3,520,540
NON-OPERATING REVENUES (EXPENSES)			
Interest income	-	271,061	271,061
Interest expense	(431,238)	-	(431,238)
Total non-operating revenues (expenses)	(431,238)	271,061	(160,177)
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(509,135)	3,869,498	3,360,363
CONTRIBUTIONS AND TRANSFERS			
Transfers in (out)	2,902,810	(2,902,810)	-
Transfers from (to) primary government	2,825,061	-	2,825,061
CHANGE IN NET POSITION	5,218,736	966,688	6,185,424
NET POSITION - BEGINNING OF YEAR	35,180,047	8,379,407	43,559,454
NET POSITION - END OF YEAR	$ 40,398,783	$ 9,346,095	$ 49,744,878

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 13,404,766
Payments to suppliers	(6,310,481)
Payments to employees and contractors	(1,432,328)
Net cash flows from operating activities	5,661,957
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Increase in customer deposits	87,123
Increase in restricted assets	(559,341)
Net cash flows from non-capital financing activities	(472,218)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers from primary government	2,714,827
Additions to capital assets	(3,335,119)
Transfers of capital assets from other funds	(2,825,061)
Principal payments on debt	(925,172)
Interest payments on debt	(433,490)
Net cash flows from capital and related financing activities	(4,804,015)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	271,061
Net cash flows from investing activities	271,061
NET CHANGE IN CASH AND CASH EQUIVALENTS	656,785
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	12,695,243
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 13,352,028

RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating income	$ 3,520,540
Adjustments not affecting cash:	
Depreciation	975,094
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts receivable	(161,535)
Accounts payable	1,321,495
Compensated absences	31,021
Deferred outflows	12,051
Deferred inflows	12,365
Net OPEB liability	2,216
Net pension liability	(51,290)
Net cash flows from operating activities	$ 5,661,957

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

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. 99, Omnibus 2022, includes certain provisions that were effective for the City in fiscal year 2022 and 2023, while other provisions are effective in fiscal year 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 2024: Requirements related to financial guarantees and the classification of derivative instruments. This portion of the Statement did not impact the financial statements as the City does not have any financial guarantees or derivatives.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, is effective for the City in fiscal year 2024. The primary objective of this Statement is to enhance accounting and financial requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City did not have any changes or corrections for fiscal year 2024.

Government-Wide Financial Statements

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

Statement of Net Position

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

Statement of Activities

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Level Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise funds:

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

Measurement Focus/Basis of Accounting

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

Assets, Liabilities, and Net Position or Equity

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Deferred Inflows/Outflows of Resources

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

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

Long-Term Debt

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

Fund Balance/Net Position

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

<u>*Non-spendable*</u>

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenues and Expenditures/Expenses

Inter-Fund Activity

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

Compensated Absences

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

Use of Estimates

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

Subsequent Events

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

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, 2024, carrying amounts of the City's cash deposits were $96,857,085 and bank balances were $98,800,619. The City's cash deposits at September 30, 2024, were not in excess of FDIC insurance and bank pledges securities.

Investments

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

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, 2024, 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	$ 1,275,185

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

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

B. DEPOSITS AND INVESTMENTS - CONTINUED

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

Analysis of Specific Deposit and Investment Risks

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

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

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At September 30, 2024, the City's investment deposits were entirely covered by depository insurance or collateralized with securities held by the pledging financial institution in the City's name.

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

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

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

C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Governmental fund balance		$ 65,234,249
Difference due to capital assets		
Capital assets	48,791,130	
Accumulated depreciation	(12,540,991)	36,250,139
Difference due to deferred outflows		
Deferred outflows related to pensions	965,607	
Deferred outflows related to OPEB	21,910	
Deferred loss on refunding	92,918	1,080,435
Difference due to current liabilities		
Interest payable		(271,988)
Difference due to non-current liabilities		
Compensated absences	(428,849)	
Net pension liability	(788,040)	
Net OPEB liability	(73,600)	
Notes payable	(989,882)	
Bonds payable	(70,182,024)	(72,462,395)
Difference due to deferred inflows		
Deferred inflows related to property taxes	275,390	
Deferred inflows related to pensions	(577,623)	
Deferred inflows related to OPEB	(50,802)	(353,035)
Government-wide net position		$ 29,477,405

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

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

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

Change in governmental fund balance		$ 29,860,700
Amount by which depreciation exceeds capital outlay expense and other capital related transactions		
Capital outlay	30,001,061	
Depreciation expense	(1,222,665)	28,778,396
Long-term debt and related items		
Debt payments	3,085,604	
Debt issuances	(56,050,411)	
Accrued interest adjustment	(220,677)	
Amortization of loss on refunding and premium	159,393	(53,026,091)
Expenses or revenues that do not require the use of current financial resources or have not matured		
Property taxes recorded as deferred inflows	5,503	
Changes in pension expense and deferred outflows and inflows	152,008	
Changes in OPEB expense and deferred outflows and inflows	(6,995)	
Compensated absence adjustment	(69,275)	81,241
Change in government-wide net position		$ 5,694,246

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 occur in July.

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

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

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

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

At September 30, 2024, receivables for governmental activities are summarized in the government-wide financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Sales tax receivable	$ 249,565	$ -	$ 249,565
Property tax receivable	275,390	(88,858)	186,532
Employee receivable	-	-	-
Court fines receivable	855,591	(829,923)	25,668
Other	50,000	-	50,000
Total receivables	$ 1,430,546	$ (918,781)	$ 511,765

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, 2024, Business-type activities receivables are summarized in the financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Customer receivables	$ 1,072,605	$ (1,349)	$ 1,071,256
NSF checks	1,200	-	1,200
Total receivables	$ 1,073,805	$ (1,349)	$ 1,072,456

E. RESTRICTED ASSETS

At September 30, 2024, restricted assets consisted of the following:

Cash and cash equivalents:	Governmental Activities	Business-Type Activities	Total
Rose Hill Public Improvement District	$ 264,665	$ -	$ 264,665
Customer deposits	-	932,617	932,617
Capital improvements - water system	-	3,180,786	3,180,786
Capital improvements - sewer system	-	5,234,270	5,234,270
Total cash and cash equivalents	$ 264,665	$ 9,347,673	$ 9,612,338

Investments:	Governmental Activities	Business-Type Activities	Total
Parks	$ 9,928	$ -	$ 9,928
Debt service	317,408	-	317,408
Tourism	426,296	-	426,296
Capital improvements - sewer system	-	521,553	521,553
Total investments	$ 753,632	$ 521,553	$ 1,275,185

F. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

Governmental Activities:	Beginning Balance	Additions	Deletions/ Reclass	Ending Balance
Non-depreciable assets:				
Land	$ 724,607	$ 23,483,918	$ -	$ 24,208,525
Construction in progress	276,538	3,861,391	-	4,137,929
Total non-depreciable assets	$ 1,001,145	$ 27,345,309	$ -	$ 28,346,454
Depreciable assets:				
Buildings	$ 2,626,731	$ 20,000	$ -	$ 2,646,731
Equipment	7,680,986	848,410	-	8,529,396
Sidewalks	244,164	49,100	-	293,264
Streets and improvements	7,237,043	1,738,242	-	8,975,285
Total depreciable assets	17,788,924	2,655,752	-	20,444,676
Accumulated depreciation	(11,318,326)	(1,222,665)	-	(12,540,991)
Depreciable assets, net	$ 6,470,598	$ 1,433,087	$ -	$ 7,903,685

F. CAPITAL ASSETS - CONTINUED

Business-Type Activities:	Beginning Balance	Additions	Deletions/ Reclass	Ending Balance
Non-depreciable assets:				
Land	$ 406,816	$ 5,709,671	$ -	$ 6,116,487
Construction in progress	7,687,563	-	-	7,687,563
Total non-depreciable assets	$ 8,094,379	$ 5,709,671	$ -	$ 13,804,050
Depreciable assets:				
Machinery and equipment	$ 2,124,014	$ 351,919	$ -	$ 2,475,933
Culverts	12,992	-	-	12,992
Infrastructure - water system	9,474,596	52,905	-	9,527,501
Infrastructure - sewer system	26,193,545	45,685	-	26,239,230
Total depreciable assets	37,805,147	450,509	-	38,255,656
Accumulated depreciation	(7,946,907)	(975,094)	-	(8,922,001)
Depreciable assets, net	$ 29,858,240	$ (524,585)	$ -	$ 29,333,655

Depreciation expense was charged to the functions as follows:

Function:	Governmental Activities	Business-Type Activities	Total
General government	$ 204,713	$ -	$ 204,713
Public safety	375,890	-	375,890
Streets	631,916	-	631,916
Development services	10,146	-	10,146
Water	-	616,981	616,981
Sewer	-	358,113	358,113
Total depreciation expense	$ 1,222,665	$ 975,094	$ 2,197,759

G. INTER-FUND BALANCES AND ACTIVITY

Transfers (To)From Other Funds

Purpose	General Fund	Special Revenues Fund	Capital Projects Fund	Proprietary Fund	Capital Impact Fees
Transfer of capital assets	$ (99,418)	$ -	$ (2,725,643)	$ 5,709,671	$ (2,884,610)

H. LONG-TERM DEBT

Long-Term Debt Activity

Changes in long-term debt obligations for the year ended September 30, 2024, are as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Financed purchases	$ 913,399	$ 495,088	$ (418,604)	$ 989,882	$ 377,194
Bonds payable	17,482,750	51,245,000	(2,667,000)	66,060,750	2,987,550
Loss on refunding	122,575	-	(29,657)	92,918	29,657
Premium	-	4,310,323	(189,049)	4,121,274	226,859
Total governmental activities	$ 18,518,724	$ 56,050,411	$ (3,304,310)	$ 71,264,824	$ 3,621,260

Business-Type Activities:	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Financed purchases	$ 535,605	$ -	$ (137,172)	$ 398,433	$ 92,333
Bonds payable	12,657,250	-	(788,000)	11,869,250	1,152,450
Total business-type activities	$ 13,192,855	$ -	$ (925,172)	$ 12,267,683	$ 1,244,783

Debt Service Requirements

Financed Purchases

On July 26, 2019, the City entered into financing agreements for vehicles and equipment totaling $376,450 at 3.175% fixed interest rate with yearly payments of $82,611 due in July. The City paid this note payable off during 2024.

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, 2024, is $10,331.

On November 18, 2020, the City entered into financing agreements for vehicles totaling $435,599 at 1.942% fixed interest rate with yearly payments of $92,259 due in December. The City's balance remaining on the note payable at September 30, 2024, is $179,280.

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, 2024, is $17,280.

On March 12, 2021, the City entered into financing agreements for equipment totaling $285,515 at 0% fixed interest rate with annual payments of $57,103, maturing on April 22, 2025. The City's balance remaining on the note payable at September 30, 2024, is $57,103.

H. LONG-TERM DEBT - CONTINUED

Financed Purchases - Continued

On May 31, 2022, the City entered into financing agreements for equipment totaling $475,126 at 3.00% fixed interest rate with monthly payments of $8,547, maturing on May 30, 2027. The City's balance remaining on the note payable at September 30, 2024, is $261,977.

On March 1, 2023, the City entered into financing agreements for vehicles totaling $588,317 at 5.47% fixed interest rate with yearly payments of $137,657 due in March. The City's balance remaining on the note payable at September 30, 2024, is $477,071.

On July 1, 2024, the City entered into financing agreements for vehicles totaling $495,088 at 5.46% fixed interest rate with yearly payments of $109,815 due in July. The City's balance remaining on the note payable at September 30, 2024, is $385,273.

Debt service requirements on long-term notes payable at September 30, 2024, were as follows:

	Governmental Activities		
For the years ending September 30,	Principal	Interest	Total
2025	$ 469,527	$ 57,760	$ 527,287
2026	400,389	41,898	442,287
2027	289,521	25,746	315,267
2028	228,878	12,877	241,755
2029	-	-	-
	$ 1,388,315	$ 138,281	$ 1,526,596

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.

H. LONG-TERM DEBT - CONTINUED

Bonds Payable - Continued

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.

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.

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

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

Debt service requirements on long-term bond debt at September 30, 2024, were as follows:

	Series 2012 - $3,510,000		
For the years ending September 30,	Principal	Interest	Total
2025	$ 60,000	$ 3,188	$ 63,188
2026	65,000	1,718	66,718
Total	$ 125,000	$ 4,906	$ 129,906

	Series 2012 - $1,835,000		
For the years ending September 30,	Principal	Interest	Total
2025	$ 140,000	$ 10,583	$ 150,583
2026	140,000	7,097	147,097
2027	145,000	3,611	148,611
Total	$ 425,000	$ 21,291	$ 446,291

H. LONG-TERM DEBT - CONTINUED

Bonds Payable - Continued

For the years ending September 30,	Series 2015 - $4,750,000 Principal	Interest	Total
2025	$ 500,000	$ 35,381	$ 535,381
2026	515,000	23,931	538,931
2027	530,000	12,137	542,137
Total	$ 1,545,000	$ 71,449	$ 1,616,449

For the years ending September 30,	Series 2016 - $18,000,000 Principal	Interest	Total
2025	$ 1,170,000	$ 275,945	$ 1,445,945
2026	1,200,000	249,152	1,449,152
2027	1,290,000	221,672	1,511,672
2028	2,015,000	192,131	2,207,131
2029	2,070,000	145,988	2,215,988
2030-2031	4,305,000	148,507	4,453,507
Total	$ 12,050,000	$ 1,233,395	$ 13,283,395

For the years ending September 30,	Series 2021 CO - $6,360,000 Principal	Interest	Total
2025	$ 390,000	$ 91,784	$ 481,784
2026	395,000	84,920	479,920
2027	405,000	77,968	482,968
2028	410,000	70,840	480,840
2029	420,000	63,624	483,624
2030-2034	2,235,000	203,984	2,438,984
2035 - 2036	960,000	25,432	985,432
Total	$ 5,215,000	$ 618,552	$ 5,833,552

For the years ending September 30,	Series 2022 Tax Notes - $10,000,000 Principal	Interest	Total
2025	$ 1,380,000	$ 217,553	$ 1,597,553
2026	1,420,000	176,567	1,596,567
2027	1,465,000	134,393	1,599,393
2028	1,505,000	90,882	1,595,882
2029	1,555,000	46,184	1,601,184
Total	$ 7,325,000	$ 665,579	$ 7,990,579

H. LONG-TERM DEBT - CONTINUED

Bonds Payable - Continued

	Series 2023 Tax and Revenue Notes - $36,245,000		
For the years ending September 30,	Principal	Interest	Total
2025	$ 500,000	$ 1,812,250	$ 2,312,250
2026	500,000	1,787,250	2,287,250
2027	500,000	1,762,250	2,262,250
2028	500,000	1,737,250	2,237,250
2029	500,000	1,712,250	2,212,250
2030-2034	7,025,000	8,052,000	15,077,000
2035-2039	15,075,000	5,318,500	20,393,500
2040-2042	11,645,000	1,183,250	12,828,250
Total	$ 36,245,000	$ 23,365,000	$ 59,610,000

	Series 2024 GO Bonds - $15,000,000		
For the years ending September 30,	Principal	Interest	Total
2025	$ -	$ 992,767	$ 992,767
2026	100,000	806,763	906,763
2027	100,000	801,603	901,603
2028	100,000	796,433	896,433
2029	100,000	791,423	891,423
2030-2034	4,080,000	3,584,232	7,664,232
2035-2039	6,040,000	2,273,600	8,313,600
2040-2042	4,480,000	509,558	4,989,558
Total	$ 15,000,000	$ 10,556,379	$ 25,556,379

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, 2024 was $92,918.

Bond Issuance Premium

The City issued Combination Tax and Revenue Certificate of Obligation Bonds, Series 2023 at a premium of $4,310,323. This premium will be amortized over the life of the bond and is included with bond payable. Current unamortized premium at September 30, 2024 was $4,121,274.

Continuing Disclosure

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

I. RESTRICTED NET ASSETS

At September 30, 2024, net assets restricted by enabling legislation consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Rose Hill Public Improvement District	$ 264,665	$ -	$ 264,665
Tourism	426,296	-	426,296
Debt service	317,408	-	317,408
Parks	9,928	-	9,928
Capital improvements	-	10,278,712	10,278,712
Total restricted net assets	$ 1,018,297	$ 10,278,712	$ 11,297,009

J. RISK MANAGEMENT

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

K. PENSION PLAN

Plan Description

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

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

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

K. PENSION PLAN - CONTINUED

	Plan Year 2022	Plan Year 2023
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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	62
Active employees	95
	171

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 2023, 2022, and 2021 were 8.32%, 8.16%, and 8.85%, respectively. The required contribution rate payable by the employee members for calendar years 2023, 2022, and 2021 was 7%.

Net Pension Asset

The City’s net pension asset was measured as of December 31, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

K. PENSION PLAN - CONTINUED

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	December 31, 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	21 Years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% 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 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	
Notes	There were no benefit changes during the year.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study for the period ending December 21, 2022.

Discount Rate

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

K. PENSION PLAN - CONTINUED

Change in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability / (Asset) (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a-b)
Balances as of December 31, 2022	$ 7,698,828	$ 6,434,302	$ 1,264,526
Changes for the year:			
Service cost	820,779	-	820,779
Interest on total pension liability	538,605	-	538,605
Change in benefit terms including substantively automatic status	-	-	-
Difference between expected and actual experience	40,755	-	40,755
Effect of assumptions changes or inputs	(44,421)	-	(44,421)
Benefit payments	(259,773)	-	(259,773)
Contributions - employer	-	519,191	(519,191)
Contributions - employee	-	445,384	(445,384)
Net investment income	-	748,832	(748,832)
Benefit payments	-	(259,773)	259,773
Administrative expenses	-	(4,738)	4,738
Other	-	(33)	33
Net changes	1,095,945	1,448,863	(352,918)
Balances as of December 31, 2023	$ 8,794,773	$ 7,883,165	$ 911,608

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability / (asset)	$ 2,457,737	$ 911,608	$ (322,190)

Pension Plan Fiduciary Net Position

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

K. PENSION PLAN - CONTINUED

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

For the year ended September 30, 2024, the City recognized pension expense of $442,392. At September 30, 2024, 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	$ 243,846	$ 74,337
Changes in assumptions	38,351	-
Differences between projected and actual earnings on pension plan investments	387,003	531,438
Contributions made subsequent to measurement date	-	478,844
	$ 669,200	$ 1,084,619

The $478,844 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Years Ending September 30,	
2024	$ (10,404)
2025	(7,250)
2026	64,268
2027	(97,449)
2028	(12,590)
Thereafter	-
	$ (63,425)

Funded Status and Funding Process

The fund status as of December 31, 2023, is presented as follows:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Funded Ratio (a)/(b)	(d) Unfunded AAL (UAAL) (b) - (a)	(e) Covered Payroll	(f) UAAL as of % of Covered Payroll (d)/(e)
12/31/2021	$ 6,292,696	$ 7,007,618	89.8%	$ 714,922	$ 4,773,033	15.0%
12/31/2022	6,434,302	7,698,828	83.6%	1,264,526	5,681,162	22.3%
12/31/2023	7,883,165	8,794,773	89.6%	911,608	6,362,629	14.3%

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	13
Active employees	95
	117

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, 2024, the City has not made any contributions to the SDBF.

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

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuation date	December 31, 2023
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	3.77%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.
Other Information:	
Notes	No benefit changes during the year.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

Note: The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

Change in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability / (Asset) (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a-b)
Balances as of December 31, 2022	$ 71,128	$ -	$ 71,128
Changes for the year:			
Service cost	9,544	-	9,544
Interest on total pension liability	3,061	-	3,061
Difference between expected and actual experience	(2,463)	-	(2,463)
Effect of assumptions changes or inputs	5,738	-	5,738
Benefit payments	(636)	-	(636)
Administrative expenses	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Benefit payments	-	-	-
Other	-	-	-
Net changes	15,244	-	15,244
Balances as of December 31, 2023	$ 86,372	$ -	$ 86,372

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 3.77%, 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 (2.77%) or one percentage point higher (4.77%) than the current rate.

	1% Decrease 2.77%	Current Discount Rate 3.77%	1% Increase 4.77%
Net pension liability / (asset)	$ 111,257	$ 86,372	$ 68,194

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, 2024, the City recognized pension expense of $26,661. At September 30, 2024, deferred outflows and inflows of resources related to pensions were reported from the following sources:

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 14,465	$ 2,224
Changes in assumptions and other inputs	46,401	26,553
Contributions made subsequent to measurement date	-	-
	$ 60,866	$ 28,777

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

Years Ending September 30,	
2025	$ (3,784)
2026	(3,784)
2027	(3,975)
2028	(4,101)
2029	(4,712)
Thereafter	(11,733)
	$ (32,089)

M. HEALTH CARE COVERAGE

During the year ended September 30, 2024, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of $926,232 to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

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

N. COMMITMENTS AND CONTINGENCIES

Grant Contingencies

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

N. COMMITMENTS AND CONTINGENCIES - CONTINUED

Litigation

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

Arbitrage Rebates

The City invests portions of bond proceeds during construction of related projects and as reserves for debt retirement after construction is complete. Any interest earned on invested bond proceeds over interest paid on bonds must be paid back to the federal government every five years. As of September 30, 2024, the City's arbitrage liability was $0.

O. SPECIAL ASSESSMENT REVENUE BONDS

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

In January 2020 the City issued $3,120,000 of Special Assessment Revenue Bonds, Senior Series 2020 related to the Lagos Public Improvement District, Major Improvement Area Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2024, is $2,690,000.

In May 2021, the City issued $7,305,000 of Special Assessment Revenue Bonds, Senior Series 2021 related to the Manor Heights Public Improvement District, Major Improvement Area #1-2 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2024, is $7,00,000.

In May 2021, the City issued $8,080,000 of Special Assessment Revenue Bonds, Senior Series 2021 related to the Manor Heights Public Improvement District, Major Improvement Area Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2024, is $7,775,000.

O. SPECIAL ASSESSMENT REVENUE BONDS - CONTINUED

In July 2023, the City issued $4,280,000 of Special Assessment Revenue Bonds, Senior Series 2023 related to the Manor Heights Public Improvement District, Improvement Area #3 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2024, is $4,245,000.

In June 2024, the City issued $5,400,000 of Special Assessment Revenue Bonds, Senior Series 2024 related to the Manor Heights Public Improvement District, Improvement Area #4 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2024, is $5,400,000.

P. SUBSEQUENT EVENTS

On March 28, 2025, the City entered into financing agreements for equipment totaling $123,792 at 5.357% fixed interest rate with monthly payments of $28,876, maturing on April 10, 2030.

On March 28, 2025, the City entered into financing agreements for public works vehicles totaling $345,790 at 5.357% fixed interest rate with monthly payments of $80,659, maturing on April 10, 2030.

On March 28, 2025, the City entered into financing agreements for police vehicles and equipment totaling $798,268 at 5.357% fixed interest rate with monthly payments of $186,203, maturing on April 10, 2030.

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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, 2024

	Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	$ 10,356,817	$ 10,356,817	$ 10,648,007	$ 291,190
Sales taxes	2,561,190	2,561,190	2,929,414	368,224
Franchise taxes	977,700	977,700	951,720	(25,980)
Other taxes	27,493	27,493	32,227	4,734
Licenses and permits	2,379,911	2,379,911	3,572,596	1,192,685
Charge for services	1,120,000	1,120,000	1,806,695	686,695
Court and police	420,437	420,437	922,878	502,441
Public safety	96,138	96,138	282,167	186,029
Interest	1,242,517	1,242,517	1,794,885	552,368
Other	300,826	300,826	237,131	(63,695)
Total revenues	19,483,029	19,483,029	23,177,720	3,694,691
EXPENDITURES				
General government	6,355,507	6,355,507	5,685,982	669,525
Public safety	6,745,150	6,745,150	6,254,628	490,522
Streets	2,543,409	2,543,409	3,308,719	(765,310)
Municipal court	599,483	599,483	560,778	38,705
Development services	1,511,042	1,511,042	1,401,360	109,682
Sanitation	1,600,000	1,600,000	1,727,474	(127,474)
Capital outlay	443,543	443,543	490,277	(46,734)
Debt payments	-	-	-	-
Interest	-	-	-	-
Total expenditures	19,798,134	19,798,134	19,429,218	368,916
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(315,105)	(315,105)	3,748,502	4,063,607
OTHER FINANCING SOURCES (USES)				
Debt issuances	-	-	-	-
Transfers (to) from other funds:	315,105	315,105	(99,418)	(414,523)
Total other financing sources (uses)	315,105	315,105	(99,418)	(414,523)
NET CHANGE IN FUND BALANCE	-	-	3,649,084	3,649,084
FUND BALANCE - BEGINNING OF YEAR	17,718,984	17,718,984	17,718,984	-
FUND BALANCE - END OF YEAR	$ 17,718,984	$ 17,718,984	$ 21,368,068	$ 3,649,084

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A. GENERAL FUND BUDGETARY ANALYSIS

Budgetary Information

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

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

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

B. BUDGET VERSUS ACTUAL RESULTS

Operating revenues in the general fund were greater than budgeted by $3,694,691, and operating expenditures were less than budgeted by $368,916, resulting in an overall favorable operating variance of $4,063,607. Due to favorable operating results, there was an overall increase in fund balance of $3,649,084 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)

	2024	2023	2022	2021
Total Pension Liability (Asset)				
Service cost	$ 820,779	$ 711,850	$ 605,221	$ 599,998
Interest on total pension liability	538,605	488,011	426,594	383,525
Change in benefit terms including substantively automatic status	-	-	-	-
Effect of plan changes	-	-	-	-
Difference between expected and actual experience	40,755	(241,140)	57,592	(196,958)
Effect of assumptions changes or inputs	(44,421)	-	-	-
Benefit payments, including refunds of employee contributions	(259,773)	(267,511)	(198,170)	(104,072)
Net change in total pension liability (asset)	1,095,945	691,210	891,237	682,493
Total pension liability (asset), beginning	7,698,828	7,007,618	6,116,381	5,433,888
Total pension liability (asset), ending (a)	$ 8,794,773	$ 7,698,828	$ 7,007,618	$ 6,116,381
Fiduciary Net Position				
Employer contributions	$ 519,191	$ 471,641	$ 418,118	$ 430,394
Employee contributions	445,384	397,681	334,112	330,708
Net investment income	748,832	(460,975)	663,540	312,881
Benefit payments, including refunds of employee contributions	(257,773)	(267,511)	(198,170)	(104,072)
Administrative expenses	(4,738)	(3,975)	(3,063)	(2,019)
Other	(33)	4,745	22	(81)
Net change in fiduciary net position	1,450,863	141,606	1,214,559	967,811
Fiduciary net position, beginning	6,434,302	6,292,696	5,078,137	4,110,326
Fiduciary net position, ending (b)	$ 7,885,165	$ 6,434,302	$ 6,292,696	$ 5,078,137
Net pension liability (asset), ending = (a) - (b)	$ 909,608	$ 1,264,526	$ 714,922	$ 1,038,244
Fiduciary net position as a % of total pension liability (asset)	89.66%	83.58%	89.80%	83.03%
Covered employee payroll	$ 6,362,629	$ 5,681,162	$ 4,773,033	$ 4,724,397
Net pension liability (asset) as a % of covered employee payroll	14.30%	22.26%	14.98%	21.98%

2020	2019	2018	2017	2016	2015
$ 550,557	$ 473,885	$ 312,499	$ 263,418	$ 217,127	$ 131,462
327,129	276,744	169,207	144,524	122,699	103,455
-	1,049,303	-	-	-	-
-	-	-	-	-	25,647
28,739	22,226	39,102	11,751	14,209	26,291
(7,557)	-	-	-	68,829	-
(72,110)	(57,375)	(57,953)	(99,189)	(16,304)	(41,958)
826,758	1,764,783	462,855	320,504	406,560	244,897
4,607,130	2,842,347	2,379,492	2,058,988	1,652,428	1,407,531
$ 5,433,888	$ 4,607,130	$ 2,842,347	$ 2,379,492	$ 2,058,988	$ 1,652,428
$ 384,826	$ 160,213	$ 145,755	$ 96,836	$ 81,392	$ 42,366
303,696	187,603	171,891	144,102	126,237	100,392
468,829	(84,618)	312,128	133,631	2,638	91,356
(72,110)	(57,375)	(57,953)	(99,189)	(16,304)	(41,958)
(2,645)	(1,635)	(1,619)	(1,511)	(1,607)	(953)
(79)	(85)	(82)	(81)	(79)	(78)
1,082,517	204,103	570,120	273,788	192,277	191,125
3,027,809	2,823,706	2,253,586	1,979,798	1,787,521	1,596,396
$ 4,110,326	$ 3,027,809	$ 2,823,706	$ 2,253,586	$ 1,979,798	$ 1,787,521
$ 1,323,562	$ 1,579,321	$ 18,641	$ 125,906	$ 79,190	$ (135,093)
75.64%	65.72%	99.34%	94.71%	96.15%	108.18%
$ 4,338,512	$ 3,752,058	$ 3,437,829	$ 2,882,032	$ 2,524,736	$ 2,007,847
30.51%	42.09%	0.54%	4.37%	3.14%	-6.73%

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Funded Ratio (a)/(b)	(d) Unfunded AAL (UAAL) (b) - (a)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (d)/(e)
12/31/2021	$ 6,292,696	$ 7,007,618	89.8%	$ 714,922	$ 4,773,033	15.0%
12/31/2022	6,434,302	7,698,828	83.6%	1,264,526	5,681,162	22.3%
12/31/2023	7,883,165	8,794,773	89.6%	911,608	6,362,629	14.3%

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

	2024	2023	2022
Total OPEB Liability (Asset)			
Service cost	$ 9,544	$ 16,475	$ 13,842
Interest on total OPEB liability	3,061	2,115	1,926
Effect of plan changes	-	-	-
Difference between expected and actual experience	(2,463)	2,842	(2,418)
Effect of assumptions changes or inputs	5,738	(56,706)	4,482
Benefit payments	(636)	(568)	(477)
Net change in total OPEB liability (asset)	15,244	(35,842)	17,355
Total OPEB liability (asset), beginning	71,128	106,970	89,615
Total OPEB liability (asset), ending (a)	$ 86,372	$ 71,128	$ 106,970
Covered payroll	$ 6,362,629	$ 5,681,162	$ 4,773,033
Net OPEB liability (asset) as a % of covered payroll	1.36%	1.25%	2.24%

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

2021	2020	2019	2018
$ 10,866	$ 6,508	$ 6,003	$ 4,813
2,241	2,089	1,860	1,648
-	-	-	-
(15,733)	(1,673)	(2,490)	-
16,427	16,515	(5,293)	5,549
(472)	(434)	-	-
13,329	23,005	80	12,010
76,286	53,281	53,201	41,191
$ 89,615	$ 76,286	$ 53,281	$ 53,201
$ 4,724,397	$ 4,338,512	$ 3,752,058	$ 3,437,829
1.90%	1.76%	1.42%	1.55%

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ATCHLEY & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manor, Texas (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2025.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Atchley & Associates LLP

Austin, Texas
July 31, 2025

Financial Statement Findings

None

Prior Audit Findings

None

APPENDIX D

THE CITY OF MANOR, TEXAS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2025

CITY OF MANOR, TEXAS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2025

CITY OF MANOR, TEXAS
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YEAR ENDED SEPTEMBER 30, 2025

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, 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 (U.S. GAAP).

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.

Emphasis of Matters

As discussed in Note 16 of the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, during the current year, and as a result beginning net position was restated for the change in accounting principle. Our opinions are not modified with respect to this matter.

As discussed in Note 16, the City restated net position in the governmental activities, the business-type activities, the water and sewer system fund, and the fiduciary fund, and fund balance in the general fund for the year ended September 30, 2024, to correct errors in previously issued financial statements. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-10, budgetary comparison information on pages 55-57, schedule of changes in the City's net pension asset/liability and related ratios - last ten years on page 58, and Schedule of Changes in the City's total OPEB asset/liability and related ratios last ten years on page 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Management has omitted the pension and OPEB contribution schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2026, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Texas
September 15, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2025. This discussion and analysis should be read in conjunction with the City's financial statements.

Overview of the Financial Statements

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

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

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

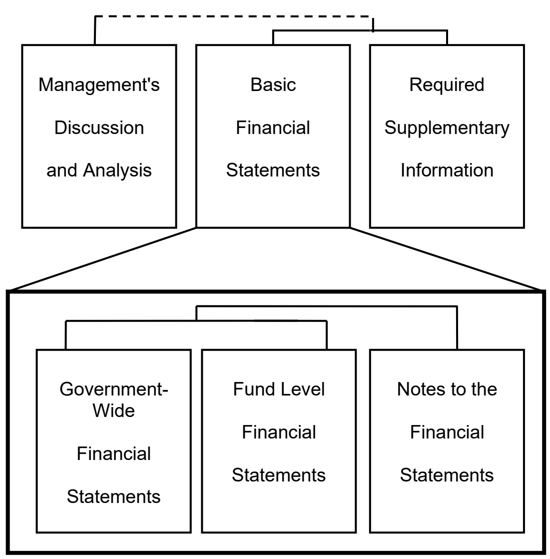


Figure A-1. shows how the parts of this annual report are arranged and related to one another. The remainder of this overview explains the structure and contents of each of the statements.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

All cities have at least one major fund:

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

- *Other Common Major Funds* -

    - Some common funds are required by State law, such as the debt service fund, special revenues fund, and capital projects fund.

    - Management may establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenue resources, such as special revenue, capital project, and grant funds.

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

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

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

City as a Whole (Government-Wide)

Financial Highlights

- The City’s total combined net position was $167,650,517 at September 30, 2025 (See Figure A-3).

- Current year activity resulted in an increase in the City’s net position by $33,812,162 (See Figure A-4).

Figure A-3
City's Net Position

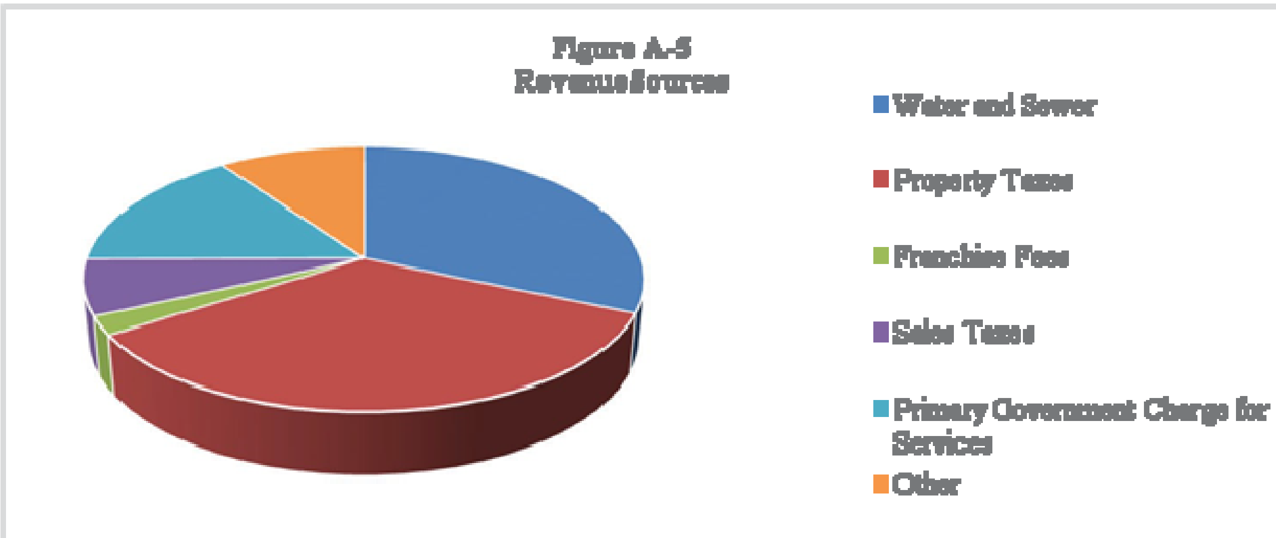
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	$ 83,011,817	$ 78,119,768	$ 29,278,134	$ 22,369,752	$ 112,289,951	$ 99,718,975
Noncurrent Assets	66,023,906	59,342,663	87,731,193	74,338,301	153,755,099	133,680,964
Total Assets	149,035,723	137,462,431	117,009,327	96,708,053	266,045,050	233,399,939
Deferred Outflows	1,122,843	1,080,435	68,197	122,722	1,191,040	1,203,157
Liabilities:						
Current Liabilities	11,675,140	16,294,360	2,199,895	3,533,605	13,875,035	19,380,372
Long-Term Liabilities	73,410,446	69,097,651	11,124,518	11,882,761	84,534,964	80,980,412
Total Liabilities	85,085,586	85,392,011	13,324,413	15,416,366	98,409,999	100,360,784
Deferred Inflows	989,957	628,425	185,617	98,484	1,175,574	726,909
Net Position:						
Investment in Capital Assets	35,244,419	29,396,995	76,016,274	62,469,051	111,260,693	91,866,046
Restricted	4,377,879	1,018,297	15,234,965	10,278,712	19,612,844	11,297,009
Unrestricted	24,460,725	22,107,138	12,316,255	8,568,162	36,776,980	30,675,300
Total Net Position	$ 64,083,023	$ 52,522,430	$ 103,567,494	$ 81,315,925	$ 167,650,517	$ 133,838,355

Figure A-4
Changes in City Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 6,627,108	$ 6,584,346	$ 10,055,142	$ 13,934,722	$ 16,682,250	$ 20,519,068
Operating Grants and Contributions	1,796,113	-	-	-	1,796,113	-
Capital Grants and Contributions	8,358,888	-	17,019,893	-	25,378,781	-
General Revenues:						
Taxes	25,843,636	19,216,670	-	-	25,843,636	19,216,670
Interest Income	3,748,383	3,398,014	311,919	271,061	4,060,302	3,669,075
Other	893,924	374,641	1,680	2,030	895,604	376,671
Total Revenues	47,268,052	29,573,671	27,388,634	14,207,813	74,656,686	43,781,484
Expenses:						
General Government	12,267,474	7,038,904	-	-	12,267,474	7,038,904
Public Safety	7,091,516	6,606,605	-	-	7,091,516	6,606,605
Streets	2,655,574	2,075,704	-	-	2,655,574	2,075,704
Municipal Court	756,233	560,778	-	-	756,233	560,778
Development Services	1,871,125	1,411,506	-	-	1,871,125	1,411,506
Sanitation	1,838,385	1,727,474	-	-	1,838,385	1,727,474
Interest and Fiscal Charges	3,028,917	1,680,892	-	431,238	3,028,917	2,112,130
Water and Sewer	-	-	11,335,300	10,045,761	11,335,300	10,045,761
Total Expenses	29,509,224	21,101,863	11,335,300	10,476,999	40,844,524	31,578,862
Revenues Over (Under) Expenses	17,758,828	8,471,808	16,053,334	3,730,814	33,812,162	12,202,622
Transfers	(6,198,235)	(2,825,061)	6,198,235	2,825,061	-	-
Change in Net Position	11,560,593	5,646,747	22,251,569	6,555,875	33,812,162	12,202,622
Beginning Net Position	52,522,430	46,875,683	81,315,925	74,760,050	133,838,355	121,635,733
Ending Net Position	$ 64,083,023	$ 52,522,430	$ 103,567,494	$ 81,315,925	$ 167,650,517	$ 133,838,355

City Revenues

The majority of the City's revenue is generated from charges for water and sewer services (18%), property taxes (36%), and primary government charges for services (12%). 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 $0.4802 to $0.05178 in the current fiscal year generating $11,735,635 in M&O taxes, an increase of $1,087,628 over the previous fiscal year. While the City's franchise fees increased $206,444, or 22%, and sales taxes increased by $655,577, or 22%. The new M&O tax rate for the year beginning October 1, 2025, is $0.5103.

Business-Type Activities

Water sales increased by $1,556,780, or 28%, while sewer sales increased by $2,581,679, or 32%.

Financial Analysis of the City's Funds

General Fund Budgetary Highlights

General Fund revenues exceeded expenditures and transfers by $3,757,798 which was $3,757,798 more than budgeted. See details of budget and actual revenues on page 55.

Capital Assets

During the year ended September 30, 2025, the City invested $7,421,752 in a broad range of capital assets, including infrastructure, equipment, land, and buildings (See Figure A-6). These additions were funded from bond proceeds, capital impact fees, general budgeted expenditures, and notes payables. The City also received contributed capital assets of $17,731,193.

Figure A-6. City's Capital Assets

Figure A-6
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 27,679,216	$ 24,208,525	$ 406,816	$ 6,116,487	$ 28,086,032	$ 30,325,012
Construction in Progress	667,238	4,137,929	10,590,020	7,687,563	11,257,258	11,825,492
Buildings and Equipment	12,565,807	11,176,127	2,821,633	2,475,933	15,387,440	13,652,060
Infrastructure	36,280,948	27,922,060	42,568,682	33,196,377	78,849,630	61,118,437
Sidewalks	293,264	293,264	-	-	293,264	293,264
Streets and Improvements	8,975,285	8,975,285	12,992	12,992	8,988,277	8,988,277
Water System	-	-	9,527,501	9,527,501	9,527,501	9,527,501
Sewer System	-	-	34,732,816	26,239,230	34,732,816	26,239,230
Total at Historical Cost	86,461,758	76,713,190	100,660,460	85,256,083	187,122,218	161,969,273
Accumulated Depreciation	(20,437,852)	(17,370,527)	(12,929,267)	(10,917,782)	(33,367,119)	(28,288,309)
Net Capital Assets	$ 66,023,906	$ 59,342,663	$ 87,731,193	$ 74,338,301	$ 153,755,099	$ 133,680,964

Debt Administration

The City's property tax rate for debt services increased from $0.1988 to $0.3359 in the current fiscal year generating $8,086,120 in debt service taxes, an increase of $3,965,748 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, 2025, is $0.3434.

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

Figure A-7
City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Financed Purchases	$ 1,534,748	$ 989,882	$ 651,890	$ 398,433	$ 2,186,638	$ 1,388,315
Bonds Payable	75,787,615	70,182,024	10,716,800	11,869,250	86,504,415	82,051,274
Total	$ 77,322,363	$ 71,171,906	$ 11,368,690	$ 12,267,683	$ 88,691,053	$ 83,439,589

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 $3,782,085, 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, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 31,778,631	$ 14,851,245	$ 46,629,876
Receivables, Net	1,145,467	1,509,440	2,654,907
Internal Balances	2,294,409	(2,294,409)	-
Restricted Assets:			
Cash and Cash Equivalents	47,002,797	14,664,780	61,667,577
Investments	790,513	547,078	1,337,591
Noncurrent Assets:			
Capital Assets:			
Nondepreciable	28,346,454	10,996,836	39,343,290
Depreciable, Net	37,677,452	76,734,357	114,411,809
Total Assets	149,035,723	117,009,327	266,045,050
DEFERRED OUTFLOWS			
Deferred Outflows Related to Refunding	63,261	-	63,261
Deferred Outflows Related to OPEB	19,452	3,710	23,162
Deferred Outflows Related to Pensions	1,040,130	64,487	1,104,617
Total Deferred Outflows of Resources	1,122,843	68,197	1,191,040
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,505,328	778,330	5,283,658
Unearned Revenue	1,678,357	-	1,678,357
Interest Payable	206,604	33,979	240,583
Compensated Absences	563,162	46,067	609,229
Financed Purchases, Due Within One Year	468,689	159,519	628,208
Bonds Payable, Due Within One Year	4,253,000	1,182,000	5,435,000
Noncurrent Liabilities:			
Compensated Absences	622,685	50,937	673,622
Arbitrage Liability	88,061	-	88,061
Customer Deposits	-	1,028,697	1,028,697
Financed Purchases, Due More than One Year	1,066,059	492,371	1,558,430
Bonds Payable, Due More than One Year	71,534,615	9,534,800	81,069,415
Net Pension Liability	31,195	5,942	37,137
Net OPEB Liability	67,831	11,771	79,602
Total Liabilities	85,085,586	13,324,413	98,409,999
DEFERRED INFLOWS			
Deferred Inflows Related to OPEB	61,215	8,714	69,929
Deferred Inflows Related to Pensions	928,742	176,903	1,105,645
Total Deferred Inflows	989,957	185,617	1,175,574
NET POSITION			
Net Investment in Capital Assets	35,244,419	76,016,274	111,260,693
Restricted	4,377,879	15,234,965	19,612,844
Unrestricted	24,460,725	12,316,255	36,776,980
Total Net Position	$ 64,083,023	$ 103,567,494	$ 167,650,517

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expenses) and Changes in Net Assets – Primary Government: Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government Activities:							
General Government	$ 12,267,474	$ -	$ 1,796,113	$ -	$ (10,471,361)	$ -	$ (10,471,361)
Public Safety	7,091,516	154,307	-	-	(6,937,209)	-	(6,937,209)
Streets	2,655,574	-	-	8,358,888	5,703,314	-	5,703,314
Municipal Court	756,233	930,702	-	-	174,469	-	174,469
Development Services	1,871,125	3,559,668	-	-	1,688,543	-	1,688,543
Sanitation	1,838,385	1,982,431	-	-	144,046	-	144,046
Interest on Long-Term Debt	3,028,917	-	-	-	(3,028,917)	-	(3,028,917)
Total Governmental Activities	29,509,224	6,627,108	1,796,113	8,358,888	(12,727,115)	-	(12,727,115)
Business-Type Activities:							
Water	7,020,537	5,350,722	-	3,984,698	-	2,314,883	2,314,883
Sewer	4,314,763	4,704,420	-	13,035,195	-	13,424,852	13,424,852
Total Business-Type Activities	11,335,300	10,055,142	-	17,019,893	-	15,739,735	15,739,735
Total Primary Government	$ 40,844,524	$ 16,682,250	$ 1,796,113	$ 25,378,781	(12,727,115)	15,739,735	3,012,620
General Revenues:							
Taxes:							
Property					19,976,225	-	19,976,225
Sales					3,584,991	-	3,584,991
Franchise					1,158,164	-	1,158,164
Other					1,124,256	-	1,124,256
Interest Income					3,748,383	311,919	4,060,302
Miscellaneous					893,924	1,680	895,604
Transfers					(6,198,235)	6,198,235	-
Total General Revenues and Transfers					24,287,708	6,511,834	30,799,542
CHANGE IN NET POSITION					11,560,593	22,251,569	33,812,162
Net Position - Beginning of Year, As previously reported					29,477,405	49,744,875	79,222,280
Adjustments (See Note 16)					23,045,025	31,571,050	54,616,075
Net Position - Beginning of Year, As Adjusted					52,522,430	81,315,925	133,838,355
NET POSITION - END OF YEAR					$ 64,083,023	$ 103,567,494	$ 167,650,517

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Special Revenues Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Unrestricted:					
Cash and Cash Equivalents	$ 30,210,601	$ 1,568,030	$ -	$ -	$ 31,778,631
Receivables, Net	1,088,804	-	56,663	-	1,145,467
Due from Other Funds	368,360	147,527	2,294,409	-	2,810,296
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	47,002,797	47,002,797
Investments	10,414	447,158	332,941	-	790,513
Total Assets	$ 31,678,179	$ 2,162,715	$ 2,684,013	$ 47,002,797	$ 83,527,704
LIABILITIES , DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 4,009,643	$ 35,764	$ -	$ 459,921	$ 4,505,328
Unearned Revenue	1,659,881	-	18,476	-	1,678,357
Due to Other Fund	147,527	-	368,360	-	515,887
Total Liabilities	5,817,051	35,764	386,836	459,921	6,699,572
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	335,168	-	56,663	-	391,831
Total Deferred Inflows of Resources	335,168	-	56,663	-	391,831
FUND BALANCES					
Restricted	10,414	2,126,951	2,240,514	46,542,876	50,920,755
Unassigned	25,515,546	-	-	-	25,515,546
Total Fund Balances	25,525,960	2,126,951	2,240,514	46,542,876	76,436,301
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 31,678,179	$ 2,162,715	$ 2,684,013	$ 47,002,797	$ 83,527,704

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balance - Total Governmental Funds	$ 76,436,301
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, the underlying resources are not recognized currently in the governmental funds.	66,023,906
Certain revenues will be collected after year end but are not available to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the governmental funds:	
Property Taxes	391,831
Deferred outflows of resources and deferred inflows of resources for pension and OPEB are applicable to future periods, and, therefore, are not reported in the governmental funds.	(29,401)
Certain liabilities related to long-term debt are not reported in the funds, such as accrued interest payable and arbitrage.	(294,665)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(78,444,949)
Net Position of Governmental Activities	$ 64,083,023

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Special Revenues Fund	Debt Services Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Property Taxes	$ 11,735,635	$ -	$ 8,124,149	$ -	$ 19,859,784
Sales Taxes	3,584,991	-	-	-	3,584,991
Franchise Taxes	1,158,164	-	-	-	1,158,164
Other Taxes	34,465	1,089,791	-	-	1,124,256
Federal Revenues	1,796,113	-	-	-	1,796,113
Licenses and Permits	3,559,668	-	-	-	3,559,668
Charge for Services	1,982,431	-	-	-	1,982,431
Court and Police	930,702	-	-	-	930,702
Public Safety	154,307	-	-	-	154,307
Interest Income	2,215,757	228,575	15,534	1,288,517	3,748,383
Other	821,080	-	62,916	9,928	893,924
Total Revenues	27,973,313	1,318,366	8,202,599	1,298,445	38,792,723
EXPENDITURES					
Current:					
General Government	10,203,259	212,528	1,506	104,202	10,521,495
Public Safety	6,664,884	-	-	-	6,664,884
Streets	1,938,499	-	-	-	1,938,499
Municipal Court	756,233	-	-	-	756,233
Development Services	1,857,228	-	-	-	1,857,228
Sanitation	1,838,385	-	-	-	1,838,385
Capital Outlay	1,318,666	-	-	71,014	1,389,680
Debt Service:					
Principal	377,194	-	2,987,550	-	3,364,744
Interest	35,839	-	3,167,603	-	3,203,442
Total Expenditures	24,990,187	212,528	6,156,659	175,216	31,534,590
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,983,126	1,105,838	2,045,940	1,123,229	7,258,133
OTHER FINANCING SOURCES (USES)					
Debt Issuance Proceeds	922,060	-	-	8,820,000	9,742,060
Transfers In	-	-	-	147,388	147,388
Transfers Out	(147,388)	-	(1,424,256)	(4,773,979)	(6,345,623)
Total Other Financing Sources (Uses)	774,672	-	(1,424,256)	4,193,409	3,543,825
NET CHANGE IN FUND BALANCES	3,757,798	1,105,838	621,684	5,316,638	10,801,958
Fund Balances - Beginning of Year, as Previously Reported	21,368,068	1,021,113	1,618,830	41,226,238	65,234,249
Adjustments (See Note 16)	400,094	-	-	-	400,094
Fund Balances - Beginning of Year, as Adjusted	21,768,162	1,021,113	1,618,830	41,226,238	65,634,343
FUND BALANCES - END OF YEAR	$ 25,525,960	$ 2,126,951	$ 2,240,514	$ 46,542,876	$ 76,436,301

See accompanying Notes to the Basic Financial Statements.

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, 2025

Net Change in Fund Balances - Total Governmental Funds	$ 10,801,958
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.	(1,677,645)
Net effect of various miscellaneous transactions involving capital assets (i.e., disposals, transfers, donations).	8,358,888
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	
Property Taxes	116,441
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.	(6,180,114)
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.	
Pension Items	480,249
OPEB Expense	(7,102)
Compensated Absences	(309,405)
Arbitrage Liability	(88,061)
Accrued Interest	65,384
Change in Net Assets - Governmental Activities	$ 11,560,593

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Water and Sewer System	Capital Impact Fees	Total
ASSETS			
Current Assets:			
Unrestricted Assets:			
Cash and Cash Equivalents	$ 14,851,245	$ -	$ 14,851,245
Accounts Receivable, Net	1,509,440	-	1,509,440
Due from Other Funds	-	1,188,085	1,188,085
Restricted Assets:			
Cash and Cash Equivalents	1,028,697	13,636,083	14,664,780
Investments	-	547,078	547,078
Total Current Assets	17,389,382	15,371,246	32,760,628
Noncurrent Assets:			
Nondepreciable Assets, Net	10,996,836	-	10,996,836
Depreciable Assets, Net	76,734,357	-	76,734,357
Total Noncurrent Assets	87,731,193	-	87,731,193
Total Assets	105,120,575	15,371,246	120,491,821
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow Related to OPEB	3,710	-	3,710
Deferred Outflow Related to Pension	64,487	-	64,487
Total Deferred Outflows of Resources	68,197	-	68,197
LIABILITIES			
Current Liabilities:			
Accounts Payable	642,049	136,281	778,330
Interest Payable	33,979	-	33,979
Due to Other Funds	3,482,494	-	3,482,494
Compensated Absences	46,067	-	46,067
Notes Payable, Due Within One Year	159,519	-	159,519
Bonds Payable Due Within One Year	1,182,000	-	1,182,000
Total Current Liabilities	5,546,108	136,281	5,682,389
Noncurrent Liabilities:			
Compensated Absences	50,937	-	50,937
Customer Deposits	1,028,697	-	1,028,697
Notes Payable, Due After One Year	492,371	-	492,371
Bonds Payable, Due After One Year	9,534,800	-	9,534,800
Net OPEB Liability	11,771	-	11,771
Net Pension Liability	5,942	-	5,942
Total Noncurrent Liabilities	11,124,518	-	11,124,518
Total Liabilities	16,670,626	136,281	16,806,907
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to OPEB	8,714	-	8,714
Deferred Inflow Related to Pensions	176,903	-	176,903
Total Deferred Inflows of Resources	185,617	-	185,617
NET POSITION			
Investment in Capital Assets	76,016,274	-	76,016,274
Restricted	-	15,234,965	15,234,965
Unrestricted	12,316,255	-	12,316,255
Total Net Position	$ 88,332,529	$ 15,234,965	$ 103,567,494

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2025

	Water and Sewer System	Capital Impact Fees	Total
OPERATING REVENUES			
Water Service	$ 5,350,722	$ -	$ 5,350,722
Sewer Service	4,704,420	-	4,704,420
Penalities	178,767	-	178,767
Miscellaneous	1,680	-	1,680
Total Operating Revenues	10,235,589	-	10,235,589
OPERATING EXPENSES			
Personal Services	1,871,833	-	1,871,833
Operations	495,295	979,476	1,474,771
Utilities	377,685	-	377,685
Insurance	53,144	-	53,144
Materials and supplies	1,129,975	-	1,129,975
Maintenance	373,121	-	373,121
Water fees	3,080,575	-	3,080,575
Wastewater fees	690,905	-	690,905
Depreciation	2,011,485	-	2,011,485
Total Operating Expenses	10,084,018	979,476	11,063,494
OPERATING INCOME (LOSS)	151,571	(979,476)	(827,905)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	-	311,919	311,919
Interest Expense	(271,806)	-	(271,806)
Total Nonoperating Revenues (Expenses)	(271,806)	311,919	40,113
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(120,235)	(667,557)	(787,792)
CONTRIBUTIONS AND TRANSFERS			
Capital Impact Fees	-	7,468,821	7,468,821
Capital Contributions	9,372,305	-	9,372,305
Transfers In	7,110,628	-	7,110,628
Transfers Out	-	(912,393)	(912,393)
Total Other Nonoperating Revenues (Expenses)	16,482,933	6,556,428	23,039,361
CHANGE IN NET POSITION	16,362,698	5,888,871	22,251,569
Net Position - Beginning of Year, As Previously Reported	40,398,781	9,346,094	49,744,875
Adjustments (See Note 16)	31,571,050	-	31,571,050
Net Position - Beginning of Year, As Adjusted	71,969,831	9,346,094	81,315,925
NET POSITION - END OF YEAR	$ 88,332,529	$ 15,234,965	$ 103,567,494

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2025

	Water and Sewer System	Capital Impact Fees	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 10,192,090	$ -	$ 10,192,090
Payments to Suppliers	(2,031,191)	(642,318)	(2,673,509)
Payments to Employees and Contractors	(6,569,437)	(979,476)	(7,548,913)
Net Cash Used by Operating Activities	1,591,462	(1,621,794)	(30,332)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase in Customer Deposits	96,080	-	96,080
Increase in Restricted Assets	-	(25,525)	(25,525)
Net Cash Provided by Noncapital Financing Activities	96,080	(25,525)	70,555
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Notes Payable for Financed Purchases	345,790	-	345,790
Capital Impact Fees	-	7,468,821	7,468,821
Additions to Capital Assets	(6,032,072)	-	(6,032,072)
Transfers of Capital Expenditures (to)/from Other Funds	7,110,628	(912,393)	6,198,235
Principal Payments on Debt	(1,244,783)	-	(1,244,783)
Interest Payments on Debt	(271,806)	-	(271,806)
Net Cash Provided by Capital and Related Financing Activities	(92,243)	6,556,428	6,464,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	-	311,919	311,919
Net Cash Provided by Investing Activities	-	311,919	311,919
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,595,299	5,221,028	6,816,327
Cash and Cash Equivalents - Beginning of Year	14,284,643	8,415,055	22,699,698
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 15,879,942	$ 13,636,083	$ 29,516,025
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	$ 151,571	$ (979,476)	$ (827,905)
Adjustments Not Affecting Cash:			
Depreciation	2,011,485	-	2,011,485
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	(66,530)	-	(66,530)
Accounts Payable	(528,095)	(642,318)	(1,170,413)
Compensated Absences	-	-	-
Deferred Outflows	54,525	-	54,525
Deferred Inflows	87,133	-	87,133
Net OPEB Liability	(1,001)	-	(1,001)
Net Pension Liability	(117,626)	-	(117,626)
Net Cash Used by Operating Activities	$ 1,591,462	$ (1,621,794)	$ (30,332)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital Contributions	$ 9,372,305	$ -	$ 9,372,305

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2025

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 3,351,292
Assessments Receivable	5,052
Total Assets	3,356,344
FIDUCIARY NET POSITION	
Held for Other Governments	
Total Net Position	$ 3,356,344

See accompanying Notes to the Basic Financial Statements.

CITY OF MANOR, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED SEPTEMBER 30, 2025

	Custodial Funds
ADDITIONS:	
Assessment Collections	$ 2,524,758
Miscellaneous	54,695
Total Additions	2,579,453
DEDUCTIONS:	
Debt Service	1,583,290
Other Costs	364,200
Distributions to Trustee	3,670,425
Total Deductions	5,617,915
CHANGE IN FIDUCIARY NET POSITION	(3,038,462)
Fiduciary Net Position - Beginning of Year	-
Restatement	6,394,806
Fiduciary Net Position - Beginning of Year, Restated	6,394,806
FIDUCIARY NET POSITION - END OF YEAR	$ 3,356,344

See accompanying Notes to the Basic Financial Statements.

NOTE 1 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. 101, *Compensated Absences*, objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

The statements report information on all of the nonfiduciary activities of the primary government and its component units. The City's Statement of Net Position includes both noncurrent assets and noncurrent liabilities of the City. Accrual accounting reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. Additionally, the government-wide Statement of Activities reflects depreciation expense on the City's capital assets, including infrastructure.

Statement of Net Position

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

Statement of Activities

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

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:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund

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

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

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

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

The City reports the following major enterprise funds:

Water and Sewer Fund

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

Capital Impact Fees Fund

Accounts for the Impact Fees received from developers.

The City reports the following fiduciary fund:

Custodial Fund

Accounts for the public improvement district assets that the City holds in a custodial capacity.

Measurement Focus/Basis of Accounting

The government-wide, proprietary, and fiduciary fund 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). 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting (Continued)

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

The City considers revenues to be available if they are collected within sixty days of the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for debt principal and interest which are reported expenditures in the year due.

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

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

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

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

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

Inventories and Prepaid Items

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

Capital Assets

The City's capital assets and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective funds. Donated assets are stated at estimated acquisition 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)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets (Continued)

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

Vehicles	5 years
Software	5 years
Machinery and Equipment	5-7 years
Buildings and Improvements	10-20 years
Infrastructure	20-50 years

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 refunding's 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued)

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:

Nonspendable - The nonspendable 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Equity (Continued)

Fund Balance/Net Position (Continued)

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

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

Revenues and Expenditures/Expenses

Inter-Fund Activity

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

Compensated Absences

The liability for compensated reported in the basic financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Subsequent Events

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

NOTE 2 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, 2025, carrying amounts of the City's cash deposits were $111,648,746 and bank balances were $111,353,593. The City's cash deposits at September 30, 2025, were not in excess of FDIC insurance and bank pledges securities.

Investments

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

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the 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.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

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, 2025, 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	$ 1,337,591

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

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

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2025, 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.

NOTE 3 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Governmental Fund Balance		$ 76,436,301
Difference Due to Capital Assets:		
Capital Assets	$ 86,461,758	
Accumulated Depreciation	(20,437,852)	66,023,906
Difference Due To Deferred Outflows:		
Deferred Outflows Related to Pensions	1,040,130	
Deferred Outflows Related to OPEB	19,452	
Deferred Loss on Refunding	63,261	1,122,843
Difference Due to Current Liabilities:		
Interest Payable/Arbitrage Liabilities		(294,665)
Difference Due to Noncurrent Liabilities:		
Compensated Absences	(1,185,847)	
Net Pension Liability	(31,195)	
Net OPEB Liability	(67,831)	
Notes Payable	(1,534,748)	
Bonds Payable	(75,787,615)	(78,607,236)
Difference Due to Deferred Inflows:		
Deferred Inflows Related to Property Taxes	391,831	
Deferred Inflows Related to Pensions	(928,742)	
Deferred Inflows Related to OPEB	(61,215)	(598,126)
Government-Wide Net Position		$ 64,083,023

NOTE 3 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

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

Change in Governmental Fund Balance		$ 10,801,958
Amount by Which Depreciation Exceeds Capital Outlay Expense and Other Capital Related Transactions:		
Capital Outlay	$ 1,389,680	
Capital Contributions	8,358,888	
Depreciation Expense	(3,067,325)	6,681,243
Long-Term Debt and Related Items:		
Debt Payments	3,364,744	
Debt Issuances	(9,742,060)	
Accrued Interest Adjustment	65,384	
Arbitrage Liability	(88,061)	
Amortization of Loss on Refunding and Premium	197,202	(6,202,791)
Expenses or Revenues that Do Not Require the Use of Current Financial Resources or Have Not Matured:		
Property Taxes Recorded as Deferred Inflows	116,441	
Changes in Pension Expense and Deferred Outflows and Inflows	480,249	
Changes in OPEB Expense and Deferred Outflows and Inflows	(7,102)	
Compensated Absence Adjustment	(309,405)	280,183
Change in Government-Wide Net Position		$ 11,560,593

NOTE 4 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 occur in July.

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

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

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

At September 30, 2025, receivables for governmental activities are summarized in the government-wide financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Sales Tax Receivable	$ 680,255	$ -	$ 680,255
Property Tax Receivable	429,860	(88,832)	341,028
Unbilled Receivables	98,481	-	98,481
Court Fines Receivable	855,591	(829,923)	25,668
Other	35	-	35
Total Receivables	$ 2,064,222	$ (918,755)	$ 1,145,467

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.

NOTE 4 RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE (CONTINUED)

Business-Type Activities Receivables (Continued)

At September 30, 2025, Business-type activities receivables are summarized in the financial statements as follows:

	Receivables	Allowance for Uncollectible Accounts	Net Receivables
Customer Receivables	$ 1,207,420	$ (216,747)	$ 990,673
Unbilled Receivables	517,567	-	517,567
NSF Checks	1,200	-	1,200
Total Receivables	$ 1,726,187	$ (216,747)	$ 1,509,440

NOTE 5 RESTRICTED ASSETS

At September 30, 2025, restricted assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents:			
Unspent Bond Proceeds	$ 47,002,797	$ -	$ 47,002,797
Customer Deposits	-	1,028,697	1,028,697
Capital Improvements - Water System	-	4,471,941	4,471,941
Capital Improvements - Sewer System	-	9,164,142	9,164,142
Total Cash and Cash Equivalents	$ 47,002,797	$ 14,664,780	$ 61,667,577

	Governmental Activities	Business-Type Activities	Total
Investments:			
Parks	$ 10,414	$ -	$ 10,414
Debt Service	332,941	-	332,941
Tourism	447,158	-	447,158
Capital Improvements - Sewer System	-	547,078	547,078
Total Investments	$ 790,513	$ 547,078	$ 1,337,591

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance Beginning of Year (As Restated)	Increases	Decreases	Balance End of Year
Governmental Activities:				
Nondepreciable Assets:				
Land	$ 27,679,216	$ -	$ -	$ 27,679,216
Construction-in-Progress	667,238	-	-	667,238
Total Nondepreciable Assets	$ 28,346,454	$ -	$ -	$ 28,346,454
Capital Assets, Being Depreciated and Amortized:				
Buildings	$ 2,646,731	$ -	$ -	$ 2,646,731
Infrastructure - PID	27,922,060	8,358,888	-	36,280,948
Equipment	8,529,396	1,389,680	-	9,919,076
Sidewalks	293,264	-	-	293,264
Streets and Improvements	8,975,285	-	-	8,975,285
Total Depreciable Assets	48,366,736	9,748,568	-	58,115,304
Accumulated Depreciation:				
Buildings	(1,292,448)	(131,420)	-	$ (1,423,868)
Infrastructure - PID	(4,829,536)	(1,677,645)	-	(6,507,181)
Equipment	(6,174,342)	(848,978)	-	(7,023,320)
Sidewalks	(158,619)	(13,316)	-	(171,935)
Streets and Improvements	(4,915,582)	(395,966)	-	(5,311,548)
Total Accumulated Depreciation	(17,370,527)	(3,067,325)	-	(20,437,852)
Depreciable Assets, Net	30,996,209	6,681,243	-	37,677,452
Total Capital Assets	$ 59,342,663	$ 6,681,243	$ -	$ 66,023,906

	Balance Beginning of Year (As Restated)	Increases	Decreases	Balance End of Year
Business-Type Activities:				
Nondepreciable Assets:				
Land	$ 406,816	$ -	$ -	$ 406,816
Construction-in-Progress	13,397,234	5,686,372	(8,493,586)	10,590,020
Total Nondepreciable Assets	$ 13,804,050	$ 5,686,372	$ (8,493,586)	$ 10,996,836
Depreciable Assets:				
Machinery and Equipment	$ 2,475,933	$ 345,700	$ -	$ 2,821,633
Culverts	12,992	-	-	12,992
Infrastructure - PID	33,196,377	9,372,305		42,568,682
Infrastructure - Water System	9,527,501	-	-	9,527,501
Infrastructure - Sewer System	26,239,230	8,493,586	-	34,732,816
Total Depreciable Assets	71,452,033	18,211,591	-	89,663,624
Accumulated Depreciation:				
Machinery and Equipment	(1,140,199)	(249,911)	-	(1,390,110)
Culverts	(12,992)	-	-	(12,992)
Infrastructure - PID	(1,995,781)	(835,553)	-	(2,831,334)
Infrastructure - Water System	(3,770,046)	(403,234)	-	(4,173,280)
Infrastructure - Sewer System	(3,998,764)	(522,787)	-	(4,521,551)
Total Accumulated Depreciation	(10,917,782)	(2,011,485)	-	(12,929,267)
Depreciable Assets, Net	60,534,251	16,200,106	-	76,734,357
Total Capital Assets	$ 74,338,301	$ 21,886,478	$ (8,493,586)	$ 87,731,193

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions as follows:

	Governmental Activities	Business-Type Activities	Total
Function:			
General Government	$ 1,909,721	$ -	$ 1,909,721
Public Safety	426,632	-	426,632
Streets	717,075	-	717,075
Development Services	13,897	-	13,897
Water	-	701,483	701,483
Sewer	-	1,310,002	1,310,002
Total Depreciation Expense	$ 3,067,325	$ 2,011,485	$ 5,078,810

NOTE 7 INTER-FUND BALANCES AND ACTIVITY

Interfund Receivables/Payables

Receivable Fund	Payable Fund	Amount
Special Revenue Fund	General Fund	$ 147,527
General Fund	Debt Service	368,360
Debt Service Fund	Water and Sewer System Fund	2,294,409
Capital Impact Fund	Water and Sewer System Fund	1,188,085
Total		$ 3,998,381

The special revenue fund receivable is for the payment of expenditures for the general fund. The general fund receivable is for the debt service fund's negative cash position in the cash pool. The debt service fund receivable is for the payment of principal and interest for the water and sewer system fund. The capital impact fund receivable is for the payment of project costs for the water and sewer system fund. The balances are expected to be liquidated during the year ended September 30, 2026.

Transfers (To)From Other Funds

Purpose	General Fund	Debt Service Fund	Capital Projects Fund	Water and Sewer Fund	Capital Impact Fees
Transfer for Capital Expenditures	$ (147,388)	$ -	$ (4,626,591)	$ 5,686,372	$ (912,393)
Transfer for Debt Payment	$ -	$ (1,424,256)	$ -	$ 1,424,256	$ -

NOTE 8 LONG-TERM DEBT

Long-Term Debt Activity

Changes in long-term debt obligations for the year ended September 30, 2025, are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Governmental Activities:					
Financed Purchases	$ 989,882	$ 922,060	$ (377,194)	$ 1,534,748	$ 468,689
Bonds Payable	66,060,750	8,820,000	(2,987,550)	71,893,200	4,253,000
Premium	4,121,274	-	(226,859)	3,894,415	-
Compensated Absences*	876,442	971,610	(662,205)	1,185,847	563,162
Total Governmental Activities	$ 72,048,348	$ 10,713,670	$ (4,253,808)	$ 78,508,210	$ 5,284,851

*Beginning balance of compensated absences was restated for the implementation of GASB Statement No. 101.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Business-Type Activities:					
Financed Purchases	$ 398,433	$ 345,790	$ (92,333)	$ 651,890	$ 159,519
Bonds Payable	11,869,250	-	(1,152,450)	10,716,800	1,182,000
Compensated Absences	97,004	-	-	97,004	46,067
Total Business-Type Activities	$ 12,364,687	$ 345,790	$ (1,244,783)	$ 11,465,694	$ 1,387,586

Financed Purchases

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 paid this note payable off during 2025.

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, 2025, is $90,502

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 paid this note payable off during 2025.

On March 12, 2021, the City entered into financing agreements for equipment totaling $285,515 at 0% fixed interest rate with annual payments of $57,103, maturing on April 22, 2025. The City paid this note payable off during 2025.

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, 2025, is $165,966.

NOTE 8 LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

Financed Purchases

On March 1, 2023, the City entered into financing agreements for vehicles totaling $588,317 at 5.47% fixed interest rate with yearly payments of $137,657 due in March. The City's balance remaining on the note payable at September 30, 2025, is $365,826

On July 1, 2024, the City entered into financing agreements for vehicles totaling $495,088 at 5.46% fixed interest rate with yearly payments of $109,815 due in July. The City's balance remaining on the note payable at September 30, 2025, is $296,494

On March 28, 2025, the City entered into financing agreements for police vehicles and police equipment totaling $798,268 at 5.36% fixed interest rate with yearly payments of $186,203 due in April. The City's balance remaining on the note payable at September 30, 2025, is $798,268.

On March 28, 2025, the City entered into financing agreements for public works vehicles totaling $345,790 at 5.36% fixed interest rate with yearly payments of $80,659 due in April. The City's balance remaining on the note payable at September 30, 2025, is $345,790.

On March 28, 2025, the City entered into financing agreements for computer equipment totaling $123,792 at 5.36% fixed interest rate with yearly payments of $28,876 due in April. The City's balance remaining on the note payable at September 30, 2025, is $123,792.

Debt service requirements on long-term notes payable at September 30, 2025, were as follows:

	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total
2026	$ 468,689	$ 74,421	$ 543,110
2027	361,370	54,720	416,090
2028	306,783	38,066	344,849
2029	193,763	21,316	215,079
2030	204,143	10,936	215,079
Totals	$ 1,534,748	$ 199,459	$ 1,734,207

	Business-Type Activities		
Year Ending September 30,	Principal	Interest	Total
2026	$ 159,519	$ 35,395	$ 194,914
2027	168,174	26,739	194,913
2028	174,975	17,613	192,588
2029	72,665	7,994	80,659
2030	76,557	4,101	80,658
Totals	$ 651,890	$ 91,842	$ 743,732

NOTE 8 LONG-TERM DEBT (CONTINUED)

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.

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.

Combination Tax and Revenue Certificate of Obligation Bonds, Series 2023

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

General Obligation Bonds, Series 2024

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

Tax Notes, Series 2025

On September 18, 2025, the City issued $8,820,000 in tax notes, proceeds to be used for the improvement and expansion of the City's water and sewer systems. Bond interest rate is 3.77% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2032 or prior redemption.

Debt service requirements on long-term bond debt at September 30, 2025, were as follows:

	Series 2012 - $3,510,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 65,000	$ 1,658	$ 66,658
Totals	$ 65,000	$ 1,658	$ 66,658

	Series 2012 - $1,835,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 140,000	$ 7,097	$ 147,097
2027	145,000	3,611	148,611
Totals	$ 285,000	$ 10,708	$ 295,708

	Series 2015 - $4,750,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 515,000	$ 23,931	$ 538,931
2027	530,000	12,137	542,137
2028	-	-	-
Totals	$ 1,045,000	$ 36,068	$ 1,081,068

	Series 2016 - $18,000,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 1,200,000	$ 249,152	$ 1,449,152
2027	1,290,000	221,672	1,511,672
2028	2,015,000	192,131	2,207,131
2029	2,070,000	145,988	2,215,988
2030	2,125,000	98,585	2,223,585
2031-2035	2,180,000	49,922	2,229,922
Totals	$ 10,880,000	$ 957,450	$ 11,837,450

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

	Series 2021 CO - $6,360,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 395,000	$ 84,920	$ 479,920
2027	405,000	77,968	482,968
2028	410,000	70,840	480,840
2029	420,000	63,624	483,624
2030	430,000	56,232	486,232
2031-2035	2,280,000	164,648	2,444,648
2036	485,000	8,536	493,536
Totals	$ 4,825,000	$ 526,768	$ 5,351,768

	Series 2022 Tax Notes - $10,000,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 1,420,000	$ 176,567	$ 1,596,567
2027	1,465,000	134,393	1,599,393
2028	1,505,000	90,882	1,595,882
2029	1,555,000	46,184	1,601,184
Totals	$ 5,945,000	$ 448,026	$ 6,393,026

	Series 2023 Tax and Revenue Notes - $36,245,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 500,000	$ 1,787,250	$ 2,287,250
2027	500,000	1,762,250	2,262,250
2028	500,000	1,737,250	2,237,250
2029	500,000	1,712,250	2,212,250
2030	175,000	1,687,250	1,862,250
2031-2035	9,300,000	7,700,750	17,000,750
2036-2040	16,320,000	4,564,750	20,884,750
2041-2042	7,950,000	601,000	8,551,000
Totals	$ 35,745,000	$ 21,552,750	$ 57,297,750

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

	Series 2024 GO Bonds - $15,000,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 100,000	$ 806,763	$ 906,763
2027	100,000	801,603	901,603
2028	100,000	796,433	896,433
2029	100,000	791,423	891,423
2030	565,000	786,453	1,351,453
2031-2035	4,595,000	3,374,727	7,969,727
2036-2040	6,375,000	1,946,668	8,321,668
2041-2042	3,065,000	259,542	3,324,542
Totals	$ 15,000,000	$ 9,563,612	$ 24,563,612

	Series 2025 Tax Notes - $8,820,000		
Year Ending September 30,	Principal	Interest	Total
2026	$ 1,100,000	$ 302,034	$ 1,402,034
2027	1,150,000	291,044	1,441,044
2028	1,200,000	247,689	1,447,689
2029	1,255,000	202,449	1,457,449
2030	1,310,000	155,136	1,465,136
2031-2032	2,805,000	159,848	2,964,848
Totals	$ 8,820,000	$ 1,358,200	$ 10,178,200

	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total
2026	$ 4,253,000	$ 3,193,957	$ 7,446,957
2027	4,314,350	3,086,331	7,400,681
2028	3,745,225	2,945,976	6,691,201
2029	3,925,625	2,820,347	6,745,972
2030	2,511,875	2,686,550	5,198,425
2031-2035	18,948,125	11,400,722	30,348,847
2036-2040	23,180,000	6,519,954	29,699,954
2041-2042	11,015,000	860,542	11,875,542
Totals	$ 71,893,200	$ 33,514,379	$ 105,407,579

	Business-Type Activities		
Year Ending September 30,	Principal	Interest	Total
2026	$ 1,182,000	$ 245,415	$ 1,427,415
2027	1,270,650	218,347	1,488,997
2028	1,984,775	189,249	2,174,024
2029	1,974,375	141,571	2,115,946
2030	2,093,125	97,106	2,190,231
2031-2035	2,211,875	49,173	2,261,048
Totals	$ 10,716,800	$ 940,861	$ 11,657,661

NOTE 8 LONG-TERM DEBT (CONTINUED)

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, 2025 was $63,261.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Loss on Refunding	$ 92,918	$ -	$ (29,657)	$ 63,261	$ 29,657

Bond Issuance Premium

The City issued Combination Tax and Revenue Certificate of Obligation Bonds, Series 2023 at a premium of $4,310,323. This premium will be amortized over the life of the bond and is included with bond payable. Current unamortized premium at September 30, 2025 was $3,894,415.

NOTE 9 RESTRICTED NET POSITION

At September 30, 2025, restricted net position consisted of the following:

Purpose	Governmental Activities	Business-Type Activities	Total
Tourism	$ 447,158	$ -	$ 447,158
Other Special Revenue Activities	1,679,793	-	1,679,793
Debt Service	2,240,514	-	2,240,514
Parks	10,414	-	10,414
Capital Improvements	-	15,234,965	15,234,965
Total Restricted Net Assets	$ 4,377,879	$ 15,234,965	$ 19,612,844

NOTE 10 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.

NOTE 11 PENSION PLAN

Plan Description

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

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

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

	Plan Year 2023	Plan Year 2024
Employee Deposit Rate	7.00%	7.00%
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, 2025, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	12
Inactive Employees Entitled to but Not Yet Receiving Benefits	69
Active Employees	111
Total	192

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.

NOTE 11 PENSION PLAN (CONTINUED)

Contributions (Continued)

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 2024, 2023, and 2023 were 7.54%, 8.32%, and 8.16%, respectively. The required contribution rate payable by the employee members for calendar years 2024, 2023, and 2022 was 7%.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2024, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	December 31, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis by the most recent Scale MP-2021.
Other Information:	
Notes	There were no benefit changes during the year.

The actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

NOTE 11 PENSION PLAN (CONTINUED)

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.

Change in Net Pension Asset

	Increase (Decrease)		
	(A) Total Pension Liability/(Asset)	(B) Fiduciary Net Position	(A - B) Net Pension Liability/ (Asset)
Balances - Beginning of Year	$ 8,794,773	$ 7,883,165	$ 911,608
Changes for the Period:			
Service Cost	996,767	-	996,767
Interest on Total Pension Liability	621,020	-	621,020
Change in Benefit Terms Including Substantively Automatic Status	-	-	-
Difference Between Expected and Actual Experience	(507,254)	-	(507,254)
Effect of Assumptions Changes or Inputs	-	-	-
Benefit Payments	(185,726)	-	(185,726)
Contributions - Employer	-	618,805	(618,805)
Contributions - Employee	-	547,615	(547,615)
Net Investment Income	-	823,960	(823,960)
Benefit Payments	-	(185,726)	185,726
Administrative Expenses	-	(5,253)	5,253
Other	-	(123)	123
Net Changes	924,807	1,799,278	(874,471)
Balances - End of Year	$ 9,719,580	$ 9,682,443	$ 37,137

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 in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
Net Pension Liability	$ 1,821,478	$ 37,137	$ (1,380,989)

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.

NOTE 11 PENSION PLAN (CONTINUED)

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

For the year ended September 30, 2025, the City recognized pension expense of $381,243. At September 30, 2025, 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	$ 590,042	$ 51,020
Changes of Assumptions	29,268	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	486,335	354,291
Contributions Made Subsequent to Measurement Date	-	699,306
Totals	$ 1,105,645	$ 1,104,617

The $699,306 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Year Ending September 30,	Amount
2026	$ (159,037)
2027	(87,519)
2028	(249,236)
2029	(164,373)
2030	(40,169)
Totals	$ (700,334)

NOTE 12 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.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFITS FUND (SDBF) (CONTINUED)

Plan Description (Continued)

At December 31, 2025, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	7
Inactive Employees Entitled to but Not Yet Receiving Benefits	13
Active Employees	111
Totals	131

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, 2025, the City has not made any contributions to the SDBF.

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	December 31, 2024
Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate*	4.08%
Retirees' Share of Benefit-Related Costs	$ -
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 Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set- forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to 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, 2024.

Note: The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFITS FUND (SDBF) (CONTINUED)

Change in Net OPEB Liability/(Asset)

	Increase (Decrease)		
	(A) Total OPEB Liability/(Asset)	(B) Fiduciary Net Position	(A - B) Net OPEB Liability/ (Asset)
Balances - Beginning of Year	$ 86,372	$ -	$ 86,372
Changes for the Period:			
Service Cost	11,672	-	11,672
Interest on Total Pension Liability	3,462	-	3,462
Difference Between Expected and Actual Experience	(14,689)	-	(14,689)
Effect of Assumptions Changes or Inputs	(6,437)	-	(6,437)
Benefit Payments	(778)	-	(778)
Administrative Expenses	-	-	-
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Benefit Payments	-	-	-
Other	-	-	-
Net Changes	(6,770)	-	(6,770)
Balances - End of Year	$ 79,602	$ -	$ 79,602

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's net OPEB would be if it were calculated using a discount rate that is one percentage point lower (3.08%) or one percentage point higher (5.08%) than the current rate.

	1% Decrease Rate 3.08%	Current Discount Rate 4.08%	1% Increase Rate 5.08%
Net OPEB Liability/ (Asset)	$ 102,632	$ 79,602	$ 63,059

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB) - SUPPLEMENTAL DEATH BENEFITS FUND (SDBF) (CONTINUED)

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $8,685. At September 30, 2025, deferred outflows and inflows of resources related to OPEB were reported from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	$ 24,608	$ 1,915
Changes of Assumptions and Other Inputs	45,321	21,247
Contributions Made Subsequent to Measurement Date	-	-
Totals	$ 69,929	$ 23,162

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

Year Ending September 30,	Amount
2026	$ (6,449)
2027	(6,640)
2028	(6,766)
2029	(7,377)
2030	(7,875)
Thereafter	(11,660)
Totals	$ (46,767)

NOTE 13 HEALTH CARE COVERAGE

During the year ended September 30, 2025, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of $905,056 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.

NOTE 14 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.

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.

Construction Commitments

At September 30, 2025, the City is committed under construction contracts with a remaining balance of $1,378,418.

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, 2025, the City's arbitrage liability was $88,061.

NOTE 15 SPECIAL ASSESSMENT REVENUE BONDS

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

In January 2020 the City issued $3,120,000 of Special Assessment Revenue Bonds, Senior Series 2020 related to the Lagos Public Improvement District, Major Improvement Area Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2025, is $2,690,000.

NOTE 15 SPECIAL ASSESSMENT REVENUE BONDS (CONTINUED)

In May 2021, the City issued $7,305,000 of Special Assessment Revenue Bonds, Senior Series 2021 related to the Manor Heights Public Improvement District, Major Improvement Area #1-2 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City.

The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2025, is $6,840,000.

In May 2021, the City issued $8,080,000 of Special Assessment Revenue Bonds, Senior Series 2021 related to the Manor Heights Public Improvement District, Major Improvement Area Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2025, is $7,615,000.

In July 2023, the City issued $4,280,000 of Special Assessment Revenue Bonds, Senior Series 2023 related to the Manor Heights Public Improvement District, Improvement Area #3 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2025, is $4,174,000.

In June 2024, the City issued $5,400,000 of Special Assessment Revenue Bonds, Senior Series 2024 related to the Manor Heights Public Improvement District, Improvement Area #4 Project. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2025, is $5,400,000.

NOTE 15 SPECIAL ASSESSMENT REVENUE BONDS (CONTINUED)

In May 2025, the City issued $9,658,000 of Special Assessment Revenue Bonds, Series 2025 related to the Entrada Glen Public Improvement Area #1 Project. The bonds are special obligations of the City payable solely from the sources identified in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding at September 30, 2025, is $9,658,000.

NOTE 16 ACCOUNTING CHANGES AND ERROR CORRECTIONS

The following is a summary of accounting changes and error corrections:

- The implementation of GASB Statement No. 101, *Compensated Absences*, resulted in a decrease of beginning net position of $447,593 for Governmental Activities.
- The City identified fiduciary activities that were previously included in a governmental fund that should have been reported in a custodial fund. The related assets and liabilities resulted in no restatement to the governmental fund, however the custodial fund restated fiduciary net position in the amount of $6,394,806.
- The City identified assets that had been previously conveyed to the City by public improvement districts and were accepted by the City with a remaining book value of $54,293,121 that were not previously reported.
- In Texas, the Comptroller's Office allocates sales tax revenues to cities, counties, special purpose districts and transit authorities. These allocations generally represent taxes collected on sales tax made two or more months prior to the allocation payment date. The amount of sales tax collected for September 2024 that was received in November 2024 was $315,681 and was not recorded at September 30, 2024. As a result of this error, sales tax receivable and sales tax revenue were understated by this amount.
- The water, sewer, stormwater and garbage billing for October generally includes days of service for September. The days of service related to September 2024 that were billed in October 2024 were $454,867 and was not recorded at September 30, 2024. As a result of this error, unbilled accounts receivable and water, sewer, stormwater and garbage service revenue were understated by this amount.

NOTE 16 ACCOUNTING CHANGES AND ERROR CORRECTIONS (CONTINUED)

The following table provides a summary of adjustments and restatements to beginning fund balances/net positions for the year ended September 30, 2025.

	Funds		Government-Wide		
	General	Water and Sewer	Governmental Activities	Business-Type Activities	Custodial Fund
September 30, 2024, as previously reported	$ 21,368,068	$ 40,398,781	$ 29,477,405	$ 49,744,875	$ -
Implementation of GASB Statement No. 101	-	-	(447,593)	-	-
Error correction - Fiduciary Activities	-	-	-	-	6,394,806
Error correction - Conveyed Assets	-	31,200,596	23,092,525	31,200,596	-
Error correction - unbilled revenue	84,413	370,454	84,413	370,454	-
Error correction - sales tax revenue	315,681	-	315,681	-	-
September 30, 2024, as restated	$ 21,768,162	$ 71,969,831	$ 52,522,431	$ 81,315,925	$ 6,394,806

NOTE 17 SUBSEQUENT EVENTS

On October 1, 2025, the City entered into financing agreements for police vehicles and upfitting totaling $491,909 at 5.29% fixed interest rate with monthly payments of $114,528, maturing on October 15, 2030.

In October 2025, the City issued $3,988,000 of Special Assessment Revenue Bonds, Series 2025 related to the Lagos Public Improvement District Improvement Area #1 Project. The bonds are special obligations of the City payable solely from the sources identified in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures.

In October 2025, the City issued $4,748,000 of Special Assessment Revenue Bonds, Series 2025 related to the Newhaven Public Improvement District. The bonds are special obligations of the City payable solely from the sources identified in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANOR, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Property Taxes	$ 11,757,073	$ 11,757,073	$ 11,735,635	$ (21,438)
Sales Taxes	2,900,000	2,900,000	3,584,991	684,991
Franchise Taxes	959,700	959,700	1,158,164	198,464
Other Taxes	22,327	22,327	34,465	12,138
Federal Revenues	-	-	1,796,113	1,796,113
Licenses and Permits	2,308,800	2,308,800	3,559,668	1,250,868
Charge for Services	1,775,000	1,775,000	1,982,431	207,431
Court and Police	565,200	565,200	930,702	365,502
Public Safety	96,810	96,810	154,307	57,497
Interest	1,484,870	1,484,870	2,215,757	730,887
Other	243,820	243,820	821,080	577,260
Total Revenues	22,113,600	22,113,600	27,973,313	5,859,713
EXPENDITURES				
General Government	7,495,128	7,495,128	10,203,259	2,708,131
Public Safety	7,560,262	7,560,262	6,664,884	(895,378)
Streets	2,402,073	2,402,073	1,938,499	(463,574)
Municipal Court	589,835	589,835	756,233	166,398
Development Services	1,642,302	1,642,302	1,857,228	214,926
Sanitation	1,680,000	1,680,000	1,838,385	158,385
Capital Outlay	744,000	744,000	1,318,666	574,666
Debt Payments	-	-	413,033	413,033
Total Expenditures	22,113,600	22,113,600	24,990,187	2,876,587
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	2,983,126	2,983,126
OTHER FINANCING SOURCES (USES)				
Debt Issuances	-	-	922,060	922,060
Transfers (to) from Other Funds	-	-	(147,388)	(147,388)
Total Other Financing Sources (Uses)	-	-	774,672	774,672
NET CHANGE IN FUND BALANCE	-	-	3,757,798	3,757,798
Fund Balance - Beginning of Year, as Previously Reported	17,718,984	17,718,984	21,368,068	3,649,084
Adjustments	-	-	400,094	400,094
Fund Balance - Beginning of Year, as Adjusted	-	-	21,768,162	4,049,178
FUND BALANCE - END OF YEAR	$ 17,718,984	$ 17,718,984	$ 25,525,960	$ 7,806,976

See accompanying Notes to Required Supplementary Information.

CITY OF MANOR, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Other Taxes	$ 268,104	$ 268,104	$ 1,089,791	$ 821,687
Interest	114,000	114,000	228,575	114,575
Total Revenues	382,104	382,104	1,318,366	936,262
EXPENDITURES				
General Government	141,050	141,050	212,528	71,478
Total Expenditures	141,050	141,050	212,528	71,478
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	241,054	241,054	1,105,838	864,784
OTHER FINANCING SOURCES (USES)				
Debt Issuances	-	-	-	-
Transfers (to) from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	241,054	241,054	1,105,838	864,784
Fund Balance - Beginning of Year	-	-	1,021,113	(16,697,871)
FUND BALANCE - END OF YEAR	$ 241,054	$ 241,054	$ 2,126,951	$ (15,833,087)

See accompanying Notes to Required Supplementary Information.

NOTE 1 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.

NOTE 2 BUDGET VERSUS ACTUAL RESULTS

Operating revenues in the general fund were greater than budgeted by $4,063,600, and operating expenditures were greater than budgeted by $834,979, resulting in an overall favorable operating variance of $3,228,621. Due to favorable operating results, there was an overall increase in fund balance of $4,003,293 for the City's general fund.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY (ASSET)										
Service Cost	$ 996,767	$ 820,779	$ 711,850	$ 605,221	$ 599,998	$ 550,557	$ 473,885	$ 312,499	$ 263,418	$ 217,127
Interest on Total Pension Liability	621,020	538,605	488,011	426,594	383,525	327,129	276,744	169,207	144,524	122,699
Change in Benefit Terms Including Substantively Automatic Status	-	-	-	-	-	-	1,049,303	-	-	-
Effect of Plan Changes	-	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(507,254)	40,755	(241,140)	57,592	(196,958)	28,739	22,226	39,102	11,751	14,209
Effect of Assumptions Changes or Inputs	-	(44,421)	-	-	-	(7,557)	-	-	-	68,829
Benefit Payments, Including Refunds of Employee Contributions	(185,726)	(259,773)	(267,511)	(198,170)	(104,072)	(72,110)	(57,375)	(57,953)	(99,189)	(16,304)
Net Change in Total Pension Liability (Asset)	924,807	1,095,945	691,210	891,237	682,493	826,758	1,764,783	462,855	320,504	406,560
Total Pension Liability (Asset) - Beginning	8,794,773	7,698,828	7,007,618	6,116,381	5,433,888	4,607,130	2,842,347	2,379,492	2,058,988	1,652,428
Total Pension Liability (Asset) - Ending (a)	$ 9,719,580	$ 8,794,773	$ 7,698,828	$ 7,007,618	$ 6,116,381	$ 5,433,888	$ 4,607,130	$ 2,842,347	$ 2,379,492	$ 2,058,988
FIDUCIARY NET POSITION										
Employer Contributions	$ 618,805	$ 519,191	$ 471,641	$ 418,118	$ 430,394	$ 384,826	$ 160,213	$ 145,755	$ 96,836	$ 81,392
Employee Contributions	547,615	445,384	397,681	334,112	330,708	303,696	187,603	171,891	144,102	126,237
Net Investment Income	823,960	748,832	(460,975)	663,540	312,881	468,829	(84,618)	312,128	133,631	2,638
Benefit Payments, Including Refunds of Employee Contributions	(185,726)	(257,773)	(267,511)	(198,170)	(104,072)	(72,110)	(57,375)	(57,953)	(99,189)	(16,304)
Administrative Expenses	(5,253)	(4,738)	(3,975)	(3,063)	(2,019)	(2,645)	(1,635)	(1,619)	(1,511)	(1,607)
Other	(123)	(33)	4,745	22	(81)	(79)	(85)	(82)	(81)	(79)
Net Change in Fiduciary Net Position	1,799,278	1,450,863	141,606	1,214,559	967,811	1,082,517	204,103	570,120	273,788	192,277
Fiduciary Net Position - Beginning	7,885,165	6,434,302	6,292,696	5,078,137	4,110,326	3,027,809	2,823,706	2,253,586	1,979,798	1,787,521
Fiduciary Net Position - Ending (b)	$ 9,684,443	$ 7,885,165	$ 6,434,302	$ 6,292,696	$ 5,078,137	$ 4,110,326	$ 3,027,809	$ 2,823,706	$ 2,253,586	$ 1,979,798
Net Pension Liability (Asset) - Ending - (a) - (b)	$ 35,137	$ 909,608	$ 1,264,526	$ 714,922	$ 1,038,244	$ 1,323,562	$ 1,579,321	$ 18,641	$ 125,906	$ 79,190
Fiduciary Net Position as a % of Total Pension Liability (Asset)	99.64 %	89.66 %	83.58 %	89.80 %	83.03 %	75.64 %	65.72 %	99.34 %	94.71 %	96.15 %
Covered Employee Payroll	$ 7,781,161	$ 6,362,629	$ 5,681,162	$ 4,773,033	$ 4,724,397	$ 4,338,512	$ 3,752,058	$ 3,437,829	$ 2,882,032	$ 2,524,736
Net Pension Liability (Asset) as a % of Covered Employee Payroll	0.45 %	14.30 %	22.26 %	14.98 %	21.98 %	30.51 %	42.09 %	0.54 %	4.37 %	3.14 %

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

	2025	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY (ASSET)								
Service Cost	$ 11,672	$ 9,544	$ 16,475	$ 13,842	$ 10,866	$ 6,508	$ 6,003	$ 4,813
Interest on Total OPEB Liability Effect of Plan Changes	3,462	3,061	2,115	1,926	2,241	2,089	1,860	1,648
Difference Between Expected and Actual Experience	(14,689)	(2,463)	2,842	(2,418)	(15,733)	(1,673)	(2,490)	-
Effect of Assumptions Changes or Inputs	(6,437)	5,738	(56,706)	4,482	16,427	16,515	(5,293)	5,549
Benefit Payments	(778)	(636)	(568)	(477)	(472)	(434)	-	-
Net Change in Total OPEB Liability (Asset)	(6,770)	15,244	(35,842)	17,355	13,329	23,005	80	12,010
Total OPEB Liability (Asset), Beginning	86,372	71,128	106,970	89,615	76,286	53,281	53,201	41,191
Total OPEB Liability (Asset), Ending (a)	$ 79,602	$ 86,372	$ 71,128	$ 106,970	$ 89,615	$ 76,286	$ 53,281	$ 53,201
Covered Payroll	$ 7,781,161	$ 6,362,629	$ 5,681,162	$ 4,773,033	$ 4,724,397	$ 4,338,512	$ 3,752,058	$ 3,437,829
Net OPEB Liability (Asset) as a % of Covered Payroll	1.02 %	1.36 %	1.25 %	2.24 %	1.90 %	1.76 %	1.42 %	1.55 %

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

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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Orrick, Herrington & Sutcliffe LLP
200 West 6th Street
Suite 2250
Austin, Texas 78701
+1 512 582 6950
orrick.com

___________, 2026

We have acted as bond counsel for the City of Manor, Texas (the "City") in connection with the issuance of its Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates"), dated October 1, 2026, in the aggregate principal amount of $14,635,000. The Certificates are issuable in fully-registered form only, in denominations of $5,000 or integral multiples thereof, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the City Council of the City on September 16, 2026 authorizing the issuance of the Certificates (the "Ordinance").

We have acted as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Certificates from gross income under federal income tax law. In such capacity, we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Certificates, as described in the Ordinance. The transcript contains certified copies of certain proceedings of the City; the tax certificate of the City dated the date hereof (the "Tax Certificate"); certain certifications and representations and other material facts within the knowledge and control of the City, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Certificates. We have also examined executed Certificate No. R-1.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Certificates on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Certificates on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Certificates has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Ordinance and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Certificates to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Certificates, the Ordinance and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal against governmental entities such as the City in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Certificates and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently in effect. The Certificates constitute valid and legally binding obligations of the City, and the Certificates have been authorized and delivered in accordance with law;

(2) The Certificates are payable, both as to principal and interest, from the receipts of a continuing, direct, annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property located within the City, which taxes have been pledged irrevocably to pay the principal of and interest on the Certificates, and a limited pledge of surplus revenues of the City's water and wastewater systems, not to exceed $1,000; and

(3) Interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Financial Advisory Services
Provided By:

SAMCO Capital