

ANNUAL FINANCIAL REPORT

of the

CITY OF MANVEL, TEXAS

**For the Year Ended
September 30, 2021**

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CITY OF MANVEL, TEXAS

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INTRODUCTORY SECTION

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CITY OF MANVEL, TEXAS
PRINCIPAL OFFICIALS
September 30, 2021

City Officials	Elective Position	Term Expires
Debra Davison	Mayor	2023
Jason Albert	Council Member	2023
Nicole Tyson	Council Member	2023
Dan Davis	Council Member	2022
Jerome Hudson	Council Member	2022
Larry Akery	Council Member	2024
Lorraine Hehn	Council Member	2024

Key Staff	Position
Kyle Jung	City Manager
Chris Thomas	Director of Finance
Bobby Gervais	City Attorney
Tammy Bell	City Secretary
Keith Traylor	Police Chief
Dan Johnson	Assistant City Manager

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Manvel, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manvel, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 14, 2022

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows using the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including general government; public safety; public works; information technology; and library, parks, and recreation. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water distribution and wastewater collection/treatment.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds for reporting purposes.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

The City adopts an annual appropriated budget for its general fund, debt service fund, hotel taxes fund, court security fund, court technology fund, TIRZ No. 3 fund, South Manvel Redevelopment Authority fund, community impact fund, law enforcement fund, park fund, and the PEG fees fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

Proprietary Funds

The City maintains two types of proprietary funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water distribution and wastewater collection/treatment. The proprietary fund financial statements provide separate information for the water distribution and wastewater collection/treatment operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for vehicle and equipment replacement costs. This internal service fund has been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and the schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$31,924,705 as of year end for the primary government. A portion of the City's net position, 53%, reflects its investments in capital assets (e.g., land, buildings, equipment, streets, and drainage systems) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Reconciliation		Reconciled Total Primary Government	
	2021	2020	2021	2020	2021	2020	2021	2020
	Current and other assets	\$ 29,952,657	\$ 27,231,616	\$ 850,353	\$ 577,838	\$ -	\$ -	\$ 30,803,010
Capital assets, net	17,169,887	14,482,561	11,359,299	10,979,418	-	-	28,529,186	25,461,979
Total Assets	47,122,544	41,714,177	12,209,652	11,557,256	-	-	59,332,196	53,271,433
Deferred charge on refunding	6,791	8,150	-	-	-	-	6,791	8,150
Deferred outflows - pensions	295,317	280,919	11,890	17,912	-	-	307,207	298,831
Deferred outflows - OPEB	33,664	19,607	-	-	-	-	33,664	19,607
Total Deferred Outflows of Resources	335,772	308,676	11,890	17,912	-	-	347,662	326,588
Long-term liabilities	23,119,259	24,489,871	21,963	22,737	-	-	23,141,222	24,512,608
Other liabilities	4,295,233	1,894,520	183,561	155,600	-	-	4,478,794	2,050,120
Total Liabilities	27,414,492	26,384,391	205,524	178,337	-	-	27,620,016	26,562,728
Deferred inflows - pensions	122,145	112,987	8,209	7,866	-	-	130,354	120,853
Deferred inflows - OPEB	4,783	5,746	-	-	-	-	4,783	5,746
Total Deferred Inflows of Resources	126,928	118,733	8,209	7,866	-	-	135,137	126,599
Net Position:								
Net investment in capital assets	6,876,537	5,017,621	11,359,299	10,979,418	(1,177,901)	(1,388,578)	17,057,935	14,608,461
Restricted	6,689,816	5,381,947	-	-	-	-	6,689,816	5,381,947
Unrestricted	6,350,543	5,120,161	648,510	409,547	1,177,901	1,388,578	8,176,954	6,918,286
Total Net Position	\$ 19,916,896	\$ 15,519,729	\$ 12,007,809	\$ 11,388,965	\$ -	\$ -	\$ 31,924,705	\$ 26,908,694

A portion of the primary government's net position, \$6,689,816, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$8,176,954, may be used to meet the City's ongoing obligation to citizens and creditors. Net position increased by \$5,016,011 compared to the prior year.

The City has issued debt in prior years that is carried as long-term liabilities within governmental activities and repaid with funds from governmental activities. The proceeds from this debt are used to construct capital assets for the business-type activities. The unspent bond proceeds are also carried within governmental activities. With one activity carrying the capital asset and another carrying the debt, the result is an unusual net position presentation. The City has included a reconciliation column in the Statement of Net Position adjusting the net investment in capital assets. The debt net of unspent bond proceeds and deferred loss on refunding that is associated with governmental activities, in the amount of \$1,177,901, is being used to finance capital assets reported in business-type activities. Accordingly, this amount has been added back to unrestricted net position and deducted from net investment in capital assets in total for the primary government.

Compared to the prior year, current and other assets increased from an increase in cash and cash equivalents resulting from an operating surplus. Capital assets increased due to the current year construction and purchase of various capital assets. Other liabilities increased due to an increase in accounts payable related to various outstanding projects and proceeds related to receipt of the Texas Division of Emergency Management Coronavirus Local Fiscal Recovery funds which was unspent and reported as unearned revenue. Long-term liabilities decreased primarily to payment of debt outstanding.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Statement of Activities

The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 5,621,411	\$ 4,092,787	\$ 1,198,015	\$ 910,390	\$ 6,819,426	\$ 5,003,177
Operating grants and contributions	1,927	745,380	-	-	1,927	745,380
General revenues:						
Property taxes	5,895,113	5,446,299	-	-	5,895,113	5,446,299
Sales taxes	2,261,651	1,885,016	-	-	2,261,651	1,885,016
Other taxes and fees	665,263	636,098	-	-	665,263	636,098
Investment earnings	16,900	234,148	-	336	16,900	234,484
Gain on disposal of capital assets	-	19,000	-	-	-	19,000
Other revenues	136,076	71,031	-	-	136,076	71,031
Total Revenues	<u>14,598,341</u>	<u>13,129,759</u>	<u>1,198,015</u>	<u>910,726</u>	<u>15,796,356</u>	<u>14,040,485</u>
Expenses						
General government	3,134,636	1,881,713	-	-	3,134,636	1,881,713
Public safety	3,426,811	3,270,798	-	-	3,426,811	3,270,798
Public works	1,788,544	1,152,094	-	-	1,788,544	1,152,094
Library, parks, and recreation	82,759	90,050	-	-	82,759	90,050
Information technology	370,015	302,780	-	-	370,015	302,780
Interest on long-term debt	626,341	710,976	-	-	626,341	710,976
Water and sewer	-	-	1,351,239	1,196,259	1,351,239	1,196,259
Total Expenses	<u>9,429,106</u>	<u>7,408,411</u>	<u>1,351,239</u>	<u>1,196,259</u>	<u>10,780,345</u>	<u>8,604,670</u>
Increase (Decrease) in Net Position Before Transfers	5,169,235	5,721,348	(153,224)	(285,869)	5,016,011	5,435,479
Transfers in (out)	<u>(772,068)</u>	<u>(729,201)</u>	<u>772,068</u>	<u>729,201</u>	<u>-</u>	<u>-</u>
Change in Net Position	4,397,167	4,992,147	618,844	443,332	5,016,011	5,435,479
Beginning net position	<u>15,519,729</u>	<u>10,527,582</u>	<u>11,388,965</u>	<u>10,945,633</u>	<u>26,908,694</u>	<u>21,473,215</u>
Ending Net Position	<u>\$ 19,916,896</u>	<u>\$ 15,519,729</u>	<u>\$ 12,007,809</u>	<u>\$ 11,388,965</u>	<u>\$ 31,924,705</u>	<u>\$ 26,908,694</u>

For the year ended September 30, 2021, revenues from governmental activities totaled \$14,598,341. Revenues increased \$1,468,582 compared to the prior year. This increase was largely due to an increase in charges for services from an increase in permits issued and plan reviews, an increase in property tax revenues resulting from an increase in the assessed values of properties within the City, and an increase in sales tax funds received from the State. These increases were partially offset by the decrease in investment earnings and operating grants and contributions.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

For the year ended September 30, 2021, expenses for governmental activities totaled \$9,429,106. Total expenses increased \$2,020,695 compared to the prior year, which can be attributed primarily to increases in personnel costs and street maintenance projects.

Business-type activities net position increased by \$618,844. Current year revenues increased \$287,289 compared to the prior year mainly due to an increase in total billings due to an increase in consumption and number of utility customers. Current year expenses increased by \$154,980 primarily due to an increase in personnel costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$25,049,237. Of this, \$468,891 is restricted for debt service, \$906,146 is restricted by enabling legislation, \$512,145 is restricted for a tax increment reinvestment zone, \$14,408,248 is restricted for capital projects, \$502,075 is restricted for special projects, \$291,798 is committed for road maintenance, \$288,233 is nonspendable in the form of prepaid items, and \$7,671,701 is unassigned.

The general fund had an increase in fund balance of \$984,593. The general fund reported a fund balance of \$7,967,865. The general fund total fund balance makes up approximately 95 percent of the annual general fund expenditures. Compared to the prior year, revenues increased \$1,156,474 due to an increase in property tax revenues related to an increase in the assessed values of properties within the City, as well as increases in sales tax revenues and increases in permits issued. Expenditures increased \$1,260,815 compared to the prior year. Expenditures primarily increased due to an increase in street repairs and personnel costs.

The debt service fund had an increase in fund balance of \$74,263 largely due to property tax revenues collected and contributions from the Manvel Economic Development Corporation being greater than the debt service payments.

The capital projects fund had a fund balance of \$14,692,115 which was a decrease of \$684,832 compared to the prior year due to an increase in capital improvement costs.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were slightly less than the final budgeted revenues by \$24,842. There was a positive budget variance for sales taxes of \$234,258 which was offset by less revenue collected than expected from licenses and permits, fines and forfeitures, and investment earnings. General fund expenditures were less than the final budget by \$1,424,602 during the year mainly due to positive budget variances in public safety, general government, and public works due to less street repair cost and personnel cost than expected.

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

CAPITAL ASSETS

At the end of the year, the City's governmental and business-type activities had invested \$28,529,186 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$3,067,207 from the prior year.

Major capital asset events during the year included the following:

- Dell Bello bridge costs for \$1,443,409
- Large Avenue Phase 3 costs for \$778,900
- Wastewater treatment plant costs for \$403,258
- Elevated storage tank project costs for \$122,610
- Purchased one Vactor 2100i vacuum truck for \$400,000
- Purchased five 2021 Chevrolet Tahoe C150's for \$232,852
- Purchased one 2021 Ford F450 crane truck for \$79,862

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total general obligation bonds, certificates of obligation, and tax anticipation notes outstanding of \$21,400,000. Of this amount, \$1,170,000 represents general obligation bonds, \$20,070,000 represents certificates of obligation, and \$160,000 represents tax anticipation notes.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved a \$13,174,042 general fund budget for the 2021-2022 fiscal year. The tax rate adopted for the fiscal year 2021-2022 budget will be \$0.57 per \$100 in property valuation, which is a 6.6% decrease compared with fiscal year 2020-2021. The budget will raise more revenue from property taxes than last year's budget by \$602,415 due to new property added to the tax roll.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, City of Manvel, 20025 Highway 6, Manvel, Texas 77578 or by telephone at 281.489.0630.

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BASIC FINANCIAL STATEMENTS

CITY OF MANVEL, TEXAS

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government			
	Governmental Activities	Business-Type Activities	Reconciliation	Total
Assets				
Cash and cash equivalents	\$ 17,161,015	\$ 629,302	\$ -	\$ 17,790,317
Receivables, net	839,482	97,786	-	937,268
Due from other governments	-	4,091	-	4,091
Internal balances	20,150	(20,150)	-	-
Prepaid items	288,233	24	-	288,257
Restricted assets:				
Cash and investments	11,643,777	139,300	-	11,783,077
Total Current Assets	29,952,657	850,353	-	30,803,010
Noncurrent assets				
Nondepreciable	11,576,082	2,953,520	-	14,529,602
Net depreciable	5,593,805	8,405,779	-	13,999,584
Total Noncurrent Assets	17,169,887	11,359,299	-	28,529,186
Total Assets	47,122,544	12,209,652	-	59,332,196
Deferred Outflows of Resources				
Deferred charge on refunding	6,791	-	-	6,791
Deferred outflows - pensions	295,317	11,890	-	307,207
Deferred outflows - OPEB	33,664	-	-	33,664
Total Deferred Outflows of Resources	335,772	11,890	-	347,662
Liabilities				
Accounts payable and accrued liabilities	1,372,349	44,261	-	1,416,610
Customer deposits	-	139,300	-	139,300
Accrued interest payable	79,838	-	-	79,838
Due to component unit	201,175	-	-	201,175
Unearned revenue	2,641,871	-	-	2,641,871
Total Current Liabilities	4,295,233	183,561	-	4,478,794
Noncurrent liabilities:				
Long-term liabilities due within one year	1,668,348	4,901	-	1,673,249
Long-term liabilities due in more than one year	20,502,499	545	-	20,503,044
Net pension liability	834,836	16,517	-	851,353
Total OPEB liability	113,576	-	-	113,576
Total Noncurrent Liabilities	23,119,259	21,963	-	23,141,222
Total Liabilities	27,414,492	205,524	-	27,620,016
Deferred Inflows of Resources				
Deferred inflows - pensions	122,145	8,209	-	130,354
Deferred inflows - OPEB	4,783	-	-	4,783
Total Deferred Inflows of Resources	126,928	8,209	-	135,137
Net Position				
Net investment in capital assets	6,876,537	11,359,299	(1,177,901)	17,057,935
Restricted for:				
Debt service	468,891	-	-	468,891
Enabling legislation	906,146	-	-	906,146
Tax increment reinvestment zone	512,145	-	-	512,145
Special projects	502,075	-	-	502,075
Capital projects	4,300,559	-	-	4,300,559
Manvel Economic Development Corporation	-	-	-	-
Unrestricted	6,350,543	648,510	1,177,901	8,176,954
Total Net Position	\$ 19,916,896	\$ 12,007,809	\$ -	\$ 31,924,705

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 3,134,636	\$ -	\$ -
Public safety	3,426,811	246,774	1,927
Public works	1,788,544	5,374,637	-
Library, parks, and recreation	82,759	-	-
Information technology	370,015	-	-
Interest and fiscal agent fees on long-term debt	626,341	-	-
Total Governmental Activities	9,429,106	5,621,411	1,927
Business-Type Activities			
Water and sewer	1,351,239	1,198,015	-
Total Business-Type Activities	1,351,239	1,198,015	-
Total Primary Government	\$ 10,780,345	\$ 6,819,426	\$ 1,927
Component Unit			
Manvel Economic Development Corporation	\$ 103,982	\$ -	\$ -
Total Component Unit	\$ 103,982	\$ -	\$ -

General Revenues:

- Taxes
 - Property taxes
 - Sales taxes
 - Other taxes and fees
- Investment earnings
- Other revenues
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			Component
Primary Government			Unit
Governmental	Business-Type	Total	Manvel
Activities	Activities		Economic
			Dev. Corp.
\$ (3,134,636)	\$ -	\$ (3,134,636)	\$ -
(3,178,110)	-	(3,178,110)	-
3,586,093	-	3,586,093	-
(82,759)	-	(82,759)	-
(370,015)	-	(370,015)	-
(626,341)	-	(626,341)	-
<u>(3,805,768)</u>	<u>-</u>	<u>(3,805,768)</u>	<u>-</u>
-	(153,224)	(153,224)	-
-	(153,224)	(153,224)	-
<u>(3,805,768)</u>	<u>(153,224)</u>	<u>(3,958,992)</u>	<u>-</u>
-	-	-	(103,982)
-	-	-	<u>(103,982)</u>
5,895,113	-	5,895,113	-
2,261,651	-	2,261,651	1,130,825
665,263	-	665,263	-
16,900	-	16,900	3,923
136,076	-	136,076	-
(772,068)	772,068	-	-
<u>8,202,935</u>	<u>772,068</u>	<u>8,975,003</u>	<u>1,134,748</u>
4,397,167	618,844	5,016,011	1,030,766
15,519,729	11,388,965	26,908,694	2,700,125
<u>\$ 19,916,896</u>	<u>\$ 12,007,809</u>	<u>\$ 31,924,705</u>	<u>\$ 3,730,891</u>

CITY OF MANVEL, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2021

	General	Debt Service	Capital Projects	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 9,693,840	\$ 468,871	\$ 4,490,246	\$ 1,897,189
Restricted cash and cash equivalents	-	-	11,643,777	-
Receivables, net	780,669	20,338	13,300	25,175
Due from other funds	57,725	-	350,000	-
Prepaid items	4,366	-	283,867	-
Total Assets	\$ 10,536,600	\$ 489,209	\$ 16,781,190	\$ 1,922,364
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 888,699	\$ -	\$ 481,652	\$ 1,998
Due to other funds	350,000	-	37,575	-
Unearned revenue	1,072,023	-	1,569,848	-
Due to other governments	201,175	-	-	-
Total Liabilities	2,511,897	-	2,089,075	1,998
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	56,838	20,318	-	-
Total Deferred Inflows of Resources	56,838	20,318	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	4,366	-	283,867	-
Restricted for:				
Debt service	-	468,891	-	-
Enabling legislation	-	-	-	906,146
Tax increment reinvestment zone	-	-	-	512,145
Capital projects	-	-	14,408,248	-
Special projects	-	-	-	502,075
Committed for:				
Road maintenance	291,798	-	-	-
Unassigned	7,671,701	-	-	-
Total Fund Balances	7,967,865	468,891	14,692,115	1,920,366
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,536,600	\$ 489,209	\$ 16,781,190	\$ 1,922,364

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 16,550,146
11,643,777
839,482
407,725
288,233
\$ 29,729,363

\$ 1,372,349
387,575
2,641,871
201,175
4,602,970

77,156
77,156

288,233

468,891
906,146
512,145
14,408,248
502,075

291,798
7,671,701
25,049,237

\$ 29,729,363

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CITY OF MANVEL, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
For the Year Ended September 30, 2021

Total fund balances – total governmental funds \$ 25,049,237

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets – nondepreciable	11,576,082
Capital assets – net depreciable	5,021,136

The issuance of long-term debt (e.g., bonds, certificates of obligation, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Deferred charge on refunding	6,791
Accrued interest	(79,838)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 77,156

An internal service fund is used by management to charge the costs of certain capital assets and maintenance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position. 1,183,538

Some items reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported within governmental funds.

Noncurrent liabilities due in one year	(1,668,348)
Noncurrent liabilities due in more than one year	(20,502,499)
Net pension liability	(834,836)
Total OPEB liability	(113,576)
Deferred outflows - pensions	295,317
Deferred outflows - OPEB	33,664
Deferred inflows - pensions	(122,145)
Deferred inflows - OPEB	(4,783)

Net Position of Governmental Activities \$ 19,916,896

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General	Debt Service	Capital Projects	Nonmajor Governmental
Revenues				
Property taxes	\$ 3,810,079	\$ 1,990,761	\$ -	\$ 95,774
Sales taxes	2,227,258	-	-	34,393
Other taxes and fees	575,113	-	-	90,150
Charges for services	57,367	-	-	713,189
Licenses and permits	4,604,081	-	-	-
Fines and forfeitures	234,194	-	-	12,580
Intergovernmental	1,927	-	609,513	-
Investment earnings	5,966	2,403	7,691	840
Other revenues	42,566	93,510	-	-
Total Revenues	11,558,551	2,086,674	617,204	946,926
Expenditures				
Current:				
General government	2,907,637	-	84,610	52,010
Public safety	3,468,432	-	-	-
Public works	1,587,913	-	-	-
Library, parks, and recreation	82,759	-	-	-
Information technology	363,370	-	-	-
Capital outlay	-	-	4,242,584	-
Debt service:				
Principal	-	1,355,000	-	-
Interest and fiscal charges	-	657,411	-	-
Total Expenditures	8,410,111	2,012,411	4,327,194	52,010
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,148,440	74,263	(3,709,990)	894,916
Other Financing Sources (Uses)				
Transfers in	-	-	3,025,158	559,311
Transfers (out)	(2,163,847)	-	-	(1,520,622)
Total Other Financing Sources (Uses)	(2,163,847)	-	3,025,158	(961,311)
Net Change in Fund Balances	984,593	74,263	(684,832)	(66,395)
Beginning fund balances	6,983,272	394,628	15,376,947	1,986,761
Ending Fund Balances	\$ 7,967,865	\$ 468,891	\$ 14,692,115	\$ 1,920,366

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 5,896,614
2,261,651
665,263
770,556
4,604,081
246,774
611,440
16,900
136,076

15,209,355

3,044,257
3,468,432
1,587,913
82,759
363,370
4,242,584

1,355,000
657,411

14,801,726

407,629

3,584,469
(3,684,469)
(100,000)

307,629
24,741,608

\$ 25,049,237

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

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	307,629
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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.

Capital additions from capital outlay		3,822,733
Capital contributions to enterprise fund and net disposals of capital assets		(687,796)
Depreciation expense		(608,919)

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.

Net change in unavailable revenue - property taxes		(1,501)
--	--	---------

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of premium		27,041
Amortization of deferred charge		(1,359)
Accrued interest		5,388
Principal payments		1,355,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These adjustments reflect the net changes in pension and other postemployment benefits activity and compensated absences.

Net pension liability		134,781
Total OPEB liability		(30,083)
Deferred outflows - pensions		14,398
Deferred outflows - OPEB		14,057
Deferred inflows - pensions		(9,158)
Deferred inflows - OPEB		963
Compensated absences		(116,127)

An internal service fund is used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities.

		170,120
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		\$ 4,397,167
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See Notes to Financial Statements.

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CITY OF MANVEL, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2021

	Business-Type Activities Enterprise	Governmental Activities Internal Service
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 629,302	\$ 610,869
Receivables, net	97,786	-
Due from other governments	4,091	-
Prepaid items	24	-
Total Current Assets	731,203	610,869
Restricted cash and cash equivalents:		
Customer deposits	139,300	-
Noncurrent assets:		
Capital assets:		
Land	2,349,652	-
Construction in progress	603,868	-
Water/sewer system	11,081,461	-
Machinery and equipment	227,189	1,256,622
Less: accumulated depreciation	(2,902,871)	(683,953)
Total Noncurrent Assets	11,359,299	572,669
Total Assets	12,229,802	1,183,538
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	11,890	-
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	44,261	-
Due to other funds	20,150	-
Customer deposits	139,300	-
Total Current Liabilities	203,711	-
Noncurrent liabilities:		
Net pension liability	16,517	-
Long-term debt due in one year	4,901	-
Long-term debt due in more than one year	545	-
Total Noncurrent Liabilities	21,963	-
Total Liabilities	225,674	-
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	8,209	-
<u>Net Position</u>		
Net investment in capital assets	11,359,299	572,669
Unrestricted	648,510	610,869
Total Net Position	\$ 12,007,809	\$ 1,183,538

See Notes to Financial Statements.

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CITY OF MANVEL, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2021

	Business-Type Activities	Governmental Activities
	Enterprise	Internal Service
<u>Operating Revenues</u>		
Water charges	\$ 544,128	\$ -
Sewer charges	534,126	-
Other revenues	119,761	285,173
Total Operating Revenues	1,198,015	285,173
<u>Operating Expenses</u>		
Personnel services	283,158	-
Utilities	68,431	-
Supplies	159,052	-
Repair and maintenance	536,529	2,162
Depreciation	304,069	112,891
Total Operating Expenses	1,351,239	115,053
Operating Income (Loss)	(153,224)	170,120
Income (Loss) Before Contributions and Transfers	(153,224)	170,120
<u>Contributions and Transfers</u>		
Capital contributions	672,068	-
Transfers in	100,000	-
Total Contributions and Transfers	772,068	-
Change in Net Position	618,844	170,120
Beginning net position	11,388,965	1,013,418
Ending Net Position	\$ 12,007,809	\$ 1,183,538

See Notes to Financial Statements.

CITY OF MANVEL, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2021

	Business-Type Activities Enterprise	Governmental Activities Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 1,214,267	\$ 285,173
Payments to suppliers	(767,680)	(2,162)
Payments to employees	(283,158)	-
Net Cash Provided by Operating Activities	163,429	283,011
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfer in	100,000	-
Net Cash Provided by Noncapital Financing Activities	100,000	-
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchase of capital assets	(11,882)	(274,199)
Net Cash (Used) by Capital and Related Financing Activities	(11,882)	(274,199)
Net Increase in Cash and Cash Equivalents	251,547	8,812
Beginning cash and cash equivalents	517,055	602,057
Ending Cash and Cash Equivalents	\$ 768,602	\$ 610,869
Ending Cash and Cash Equivalents:		
Unrestricted cash and cash equivalents	\$ 629,302	\$ 610,869
Restricted cash and cash equivalents	139,300	-
	\$ 768,602	\$ 610,869

CITY OF MANVEL, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2021

	Business-Type Activities Enterprise	Governmental Activities Internal Service
<u>Reconciliation of Operating Income (Loss)</u>		
<u>to Net Cash Provided (Used) by Operating Activities</u>		
Operating income (loss)	\$ (153,224)	\$ 170,120
Adjustments to Reconcile Operating Income		
(Loss) to Net Cash Provided		
by Operating Activities:		
Depreciation	304,069	112,891
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(20,968)	-
Deferred outflows - pensions	6,022	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	1,028	-
Net pension liability	(5,039)	-
Customer deposits	31,198	-
Deferred inflows - pensions	343	-
Net Cash Provided by Operating Activities	\$ 163,429	\$ 283,011
 Noncash Investing Activities:		
Capital contributions	\$ 672,068	\$ -

See Notes to Financial Statements.

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CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Manvel (the “City”) is a political subdivision of the State of Texas (the “State”) and is considered a primary government. The voters elected on May 14, 2011 to adopt a Home Rule Charter for the City, and the election was canvassed on May 23, 2011. The municipal government provided by the Charter shall be known as a “Council-Manager” form of government. Pursuant to the provisions of, and subject only to the limitations imposed by, the state constitution, state laws, and the charter, all powers of the City shall be vested in an elective council, hereinafter referred to as the “City Council” or the “Council”, which consists of a mayor and six Council members. The Council, by majority vote of the entire Council, shall appoint a City manager, who shall be the chief administrative officer of the City. The City appointed a full-time City manager on January 16, 2012.

The City provides the following services: public safety; public works; library, parks, and recreation; information technology; water and sewer; economic development; and general administrative services.

The City is an independent political subdivision of the State and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component units as listed below, although legally separate, are considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is a legally separate entity, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Discretely Presented Component Units

Manvel Economic Development Corporation

The Manvel Economic Development Corporation (the “Corporation”) has been included in the reporting entity as a discretely presented component unit. The mission of the Corporation is to promote economic development within the City and surrounding areas. In 1998, the City’s voters authorized a 0.5% increase in the City’s sales tax rate to provide funding for the Corporation. The Board of Directors (the “Board”) of the Corporation is appointed and may be terminated by City Council. The Board is comprised of seven directors elected to serve two-year terms. The Corporation is required to prepare an annual budget that is approved by City Council. As a discretely presented component unit, the Corporation is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Manvel Cultural Education Facilities Finance Corporation

The Manvel Cultural Education Facilities Finance Corporation (MCEFFC) was organized on September 23, 2002 pursuant to the Texas Cultural Education Facilities Finance Corporation Act. The members of the Board are appointed by City Council. The MCEFFC does not pass an annual budget and has a September 30 year end. The MCEFFC issues bonds to finance or refinance educational facilities. The borrower receives a more favorable interest rate and the MCEFFC receives a fee for issuing these bonds. These bonds are limited obligations of the MCEFFC, payable solely from revenues received by the MCEFFC pursuant to a loan agreement by and between the MCEFFC and the borrower, as further secured by a deed of trust on certain real property of the borrower securing payments under such loan agreements. Therefore, the MCEFFC has no responsibility for the payment of this debt. The related loan agreements and bonds payable have not been recorded in the financial statements of the City. The only activity reported in the financial statements of the City are fees relating to issuance of the debt obligations. These fees are reported in the City's general fund. The City did not report any activities for the MCEFFC during fiscal year 2021.

Manvel Education Facilities Corporation

The Manvel Education Facilities Corporation (MEFC) was organized on June 12, 2001 pursuant to the Higher Education Authority Act. The members of the Board are appointed by City Council. The MEFC does not pass an annual budget and has a September 30 year end. The MEFC issues bonds to finance or refinance educational facilities. The borrower receives a more favorable interest rate and the MEFC receives a fee for issuing these bonds. These bonds are limited obligations of the MEFC, payable solely from revenues received by the MEFC pursuant to a loan agreement by and between the MEFC and the borrower, as further secured by a deed of trust on certain real property of the borrower securing payments under such loan agreements. Therefore, the MEFC has no responsibility for the payment of this debt. The related loan agreements and bonds payable have not been recorded in the financial statements of the City. The only activity reported in the financial statements of the City are fees relating to issuance of the debt obligations. These fees are reported in the City's general fund. The City did not report any activities for the MEFC during fiscal year 2021.

Blended Component Units

Tax Increment Reinvestment Zone Number Three

During fiscal year 2010, the City passed an ordinance creating a tax increment reinvestment zone ("TIRZ No. 3"), in accordance with Section 311.005 of the Texas Tax Code. TIRZ No. 3 consists of approximately 2,403.78 acres, which will be developed into the Seven Oaks/Meridiana Project. TIRZ No. 3 will provide the financing and management tools needed to help stimulate the development of commercial and residential areas within TIRZ No. 3. TIRZ No. 3 is managed by a five member Board, of which the City Council appoints positions one through four and position five is appointed by Brazoria County. TIRZ No. 3 has a life of 40 years and has committed 50% of its sales tax and 100% of its property tax, less cost of service, for the duration, or until dissolved by the City. Brazoria County has committed 40% of its property tax beginning in 2013 (unless an earlier date is agreed to) for a period of 30 years from the first year payment.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

South Manvel Development Authority

Upon the recommendation of the TIRZ No. 3 Board, the City Council authorized the submission of an application for formation of the South Manvel Development Authority (SMDA). SMDA is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the area included in TIRZ No. 3, as such boundaries may be amended from time to time, and neighboring areas and to promote, develop, encourage, and maintain housing, educational facilities, employment, commerce, and economic development in the City. SMDA was created on February 14, 2011, pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code, and Chapter 394, Texas Local Government Code. All powers of SMDA shall be vested in a board comprised of the same five Board members as TIRZ No. 3.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and intergovernmental revenue. Expenditures include general government; public safety; public works; library, parks, and recreation; and information technology. The general fund is always considered a major fund for reporting purposes.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *capital projects fund* is used to account for the expenditures of resources accumulated from the sales of bonds, as well as related interest earnings for capital improvement projects. The capital projects fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include hotel taxes, court security, court technology, TIRZ No. 3, South Manvel Development Authority, community impact, law enforcement, park, PEG fee, municipal jury, and truancy prevention funds. These funds are considered nonmajor funds for reporting purposes.

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection and wastewater treatment operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The enterprise fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

The *internal service fund* accounts for services provided to other departments of the City, or to other governments, on a cost reimbursement basis. The internal service fund is used to account for vehicle and equipment costs.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

current financial resources or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the capital projects fund, enterprise fund, and the Corporation are restricted by bond covenants, customers deposits, and contractual agreements.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Major road improvements of \$50,000 or more are also recorded as capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Machinery and equipment	5 to 7 years
Buildings, improvements, and roads	10 to 60 years
Water and sewer system	55 years

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused personal leave on a monthly basis up to a maximum of two times the employee's current accrual rate. Accrual rates are based upon the years of service. Compensatory time not used can also be accumulated. Non-exempt employees may accrue compensatory time in lieu of being paid overtime compensation. Public safety employees are subject to a 480 hours cap on the accrual of compensatory time. Other employees are subject to a cap of 240 hours. Personal leave and compensatory time amounts accumulated may be paid to employees upon termination of employment or at retirement.

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the debt service fund. Though a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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 committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

2. Property Taxes

Property taxes are levied on October 1 of each year, are due upon receipt of the City’s tax bill, and become delinquent on February 1 of the following year. The City’s tax lien exists from January 1 (the assessment date) each year until the taxes are paid.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects fund, which adopts a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year. Encumbrance accounting is not utilized.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 440,201	0.10
TexSTAR	11,665,224	0.12
LOGIC	14,698,909	0.15
Total Fair Value	<u>\$ 26,804,334</u>	
Portfolio weighted average maturity		0.14

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

Credit risk. The City’s investment policy limits investments in public fund investment pools rated as to investment quality not less than ‘AAA’ or ‘AAA-m’, or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2021, the City’s investments in investment pools were rated ‘AAA’ or ‘AAAm’ by Standard & Poor’s.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of fiscal year end, the fair market values of pledged securities and FDIC coverage were more than the bank balances.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

TexPool

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. 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. Finally, Standard & Poor's rates TexPool 'AAAm'. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

TexSTAR

The Texas Short-Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR is measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexSTAR's liquidity.

LOGIC

The Local Government Investment Cooperative (LOGIC) was created in 1994 by Texas local government officials who understand the specific needs and challenges of investing public funds. LOGIC is administered by Hilltop Securities and JPMorgan Chase. Together these organizations bring to the LOGIC program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management and extensive industry resources. LOGIC was rated "AAA" by Standard & Poor's.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

B. Receivables

The following comprise receivable balances at September 30, 2021:

	Governmental Funds				Proprietary Fund	Component Unit
	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise	Manvel Economic Dev. Corp.
Accounts	\$ 222	\$ -	\$ 13,300	\$ -	\$ 104,786	\$ -
Property taxes	119,580	47,843	-	-	-	-
Sales taxes	603,524	-	-	-	-	201,175
Hotel occupancy taxes	-	-	-	20,963	-	-
TIRZ# 3	-	-	-	-	-	-
Franchise fees	120,029	-	-	4,212	-	-
Less allowances	(62,686)	(27,505)	-	-	(7,000)	-
Total	<u>\$ 780,669</u>	<u>\$ 20,338</u>	<u>\$ 13,300</u>	<u>\$ 25,175</u>	<u>\$ 97,786</u>	<u>\$ 201,175</u>

C. Capital Assets

A summary of changes in capital assets for governmental activities for the year ended September 30, 2021 is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 9,937,923	\$ 181,750	\$ -	\$ 10,119,673
Construction in progress	13,000	2,275,309	(831,900)	1,456,409
Total nondepreciable assets	<u>9,950,923</u>	<u>2,457,059</u>	<u>(831,900)</u>	<u>11,576,082</u>
Other capital assets:				
Buildings, improvements, and roads	7,033,751	914,857	-	7,948,608
Machinery and equipment	3,250,590	884,848	(109,689)	4,025,749
Total other capital assets	<u>10,284,341</u>	<u>1,799,705</u>	<u>(109,689)</u>	<u>11,974,357</u>
Total capital assets	<u>20,235,264</u>	<u>4,256,764</u>	<u>(941,589)</u>	<u>23,550,439</u>
Less accumulated depreciation for:				
Buildings, improvements, and roads	(3,316,294)	(457,448)	-	(3,773,742)
Machinery and equipment	(2,436,409)	(264,362)	93,961	(2,606,810)
Total accumulated depreciation	<u>(5,752,703)</u>	<u>(721,810)</u>	<u>93,961</u>	<u>(6,380,552)</u>
Other capital assets, net	<u>4,531,638</u>	<u>1,077,895</u>	<u>(15,728)</u>	<u>5,593,805</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,482,561</u>	<u>\$ 3,534,954</u>	<u>\$ (847,628)</u>	<u>17,169,887</u>
			Less associated debt	(13,515,000)
			Plus unspent bond proceeds	3,221,650
			Net Investment in Capital Assets	<u>\$ 6,876,537</u>

All capital assets constructed or paid for with funds of the component units are titled in the City's name. Accordingly, component units' capital assets and construction in progress are recorded in the governmental activities totals.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Depreciation was charged to governmental functions as follows:

General government	\$	124,058
Public safety		81,411
Public works		403,450
Internal service		112,891
Total Governmental Activities Depreciation Expense		<u><u>\$ 721,810</u></u>

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,349,652	\$ -	\$ -	\$ 2,349,652
Construction in progress	53,000	603,868	(53,000)	603,868
Total nondepreciable assets	<u>2,402,652</u>	<u>603,868</u>	<u>(53,000)</u>	<u>2,953,520</u>
Other capital assets:				
Water/sewer system	10,948,379	133,082	-	11,081,461
Machinery and equipment	227,189	-	-	227,189
Total other capital assets	<u>11,175,568</u>	<u>133,082</u>	<u>-</u>	<u>11,308,650</u>
Less accumulated depreciation for:				
Water/sewer system	(2,450,384)	(283,395)	-	(2,733,779)
Machinery and equipment	(148,418)	(20,674)	-	(169,092)
Total accumulated depreciation	<u>(2,598,802)</u>	<u>(304,069)</u>	<u>-</u>	<u>(2,902,871)</u>
Other capital assets, net	<u>8,576,766</u>	<u>(170,987)</u>	<u>-</u>	<u>8,405,779</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 10,979,418</u></u>	<u><u>\$ 432,881</u></u>	<u><u>\$ (53,000)</u></u>	<u><u>\$ 11,359,299</u></u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$	<u><u>304,069</u></u>
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CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2021. In general, the City uses the general and debt service funds to liquidate long-term liabilities.

The long-term liabilities for the governmental activities at year end are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Certificates of obligation	\$ 19,535,000	\$ -	\$ (875,000)	\$ 18,660,000	\$ 895,000
Direct borrowings/placements:					
Certificates of obligation	1,510,000	-	(100,000)	1,410,000	105,000
Tax anticipation notes	320,000	-	(160,000)	160,000	160,000
General obligation bonds	1,390,000	-	(220,000)	1,170,000	225,000
Premium	483,057	-	(27,041)	456,016	-
Net pension liability	969,616	-	(134,780)	834,836	-
Total OPEB liability	83,493	30,083	-	113,576	-
Compensated absences	198,704	335,348	(219,221)	314,831	283,348
Total Governmental Activities	\$ 24,489,870	\$ 365,431	\$ (1,736,042)	\$ 23,119,259	\$ 1,668,348
				Long-Term Liabilities Due In More Than One Year	\$ 21,450,911
				Debt Associated with Governmental Capital Assets	\$ 13,515,000
				Debt Associated with Business-Type Capital Assets	\$ 8,341,016
				Add: Deferred loss on refunding	6,791
				Less: Unspent bond proceeds	(7,169,906)
				Business-Type Activities Net Related Debt	\$ 1,177,901

The long-term liabilities for the business-type activities at year end are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Net pension liability	\$ 21,556	\$ -	\$ (5,039)	\$ 16,517	\$ -
Compensated absences	1,181	6,933	(2,668)	5,446	4,901
Total Business-Type Activities	\$ 22,737	\$ 6,933	\$ (7,707)	\$ 21,963	\$ 4,901
				Due In More Than One Year	\$ 17,062

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities' compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Long-term governmental activities debt at year end was comprised of the following debt issues:

Description	Interest Rates (%)	Balance
Governmental Activities		
Certificate of obligation bonds		
Certificates of Obligation, Series 2019	2.00-4.00	\$ 3,320,000
Certificates of Obligation, Series 2018	3.00-3.50	8,785,000
Certificates of Obligation, Series 2017	3.00-4.00	3,105,000
Certificates of Obligation, Series 2016	3.00	3,450,000
From direct borrowings/placements:		
Certificates of Obligation, Series 2013	2.70	1,410,000
Total Certificate of Obligation Bonds		20,070,000
From direct borrowings/placements:		
Refunding Bonds, Series 2015	2.00	1,170,000
Total General Obligation Bonds		1,170,000
From direct borrowings/placements:		
Tax Anticipation Notes, Series 2014 (Water and Sewe	1.95	160,000
Total Tax Anticipation Notes		160,000
Total Governmental Activities Long-Term Debt		\$ 21,400,000

The annual requirements to amortize debt issues outstanding at year end are as follows:

Certificates of Obligation			
Fiscal Year			Total
Ending	Principal	Interest	Requirements
Sept. 30			
2022	\$ 895,000	\$ 558,431	\$ 1,453,431
2023	925,000	528,406	1,453,406
2024	945,000	497,506	1,442,506
2025	970,000	465,831	1,435,831
2026	990,000	434,181	1,424,181
2027-2031	5,340,000	1,687,056	7,027,056
2032-2036	6,010,000	852,219	6,862,219
2037-2040	2,585,000	102,373	2,687,373
Total	\$ 18,660,000	\$ 5,126,003	\$ 23,786,003

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The annual requirements to amortize debt issues outstanding for the direct borrowings/placements at year end are as follows:

Certificates of Obligation From Direct Borrowings/Placements			
Fiscal Year			
Ending			Total
Sept. 30	Principal	Interest	Requirements
2022	\$ 105,000	\$ 32,930	\$ 137,930
2023	105,000	30,987	135,987
2024	110,000	28,835	138,835
2025	110,000	26,525	136,525
2026	110,000	24,105	134,105
2027-2031	605,000	78,267	683,267
2032-2034	265,000	7,758	272,758
Total	\$ 1,410,000	\$ 229,407	\$ 1,639,407

Tax Anticipation Notes From Direct Borrowings/Placements			
Fiscal Year			
Ending			Total
Sept. 30	Principal	Interest	Requirements
2022	\$ 160,000	\$ 4,680	\$ 164,680

General Obligation Bonds From Direct Borrowings/Placements			
Fiscal Year			
Ending			Total
Sept. 30	Principal	Interest	Requirements
2022	\$ 225,000	\$ 23,400	\$ 248,400
2023	235,000	18,900	253,900
2024	230,000	14,200	244,200
2025	240,000	9,600	249,600
2026	240,000	4,800	244,800
Total	\$ 1,170,000	\$ 70,900	\$ 1,240,900

General obligation bonds, certificates of obligation, and tax anticipation notes are direct obligations of the City for which its full faith and credit are pledged. Repayment is from taxes levied on all taxable property located within the City.

The Corporation agreed to pay a portion of the Tax Anticipation Notes, Series 2014. During the fiscal year ending September 30, 2021, \$93,510 was reimbursed by the Corporation to the debt service fund. The agreement extends through fiscal year 2022.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, a substantial liability to the City could result. The City

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

E. Operating Leases

The City entered into a new commercial lease (the “Lease”) to lease a building for use as a public library on January 1, 2021. The Lease term is 36 months, from January 1, 2021 to December 31, 2023. The monthly payments of the Lease are \$5,800 per month. The future minimum lease payments are as follows:

Fiscal Year Ended September 30	Future Minimum Lease Payments
2022	69,600
2023	69,600
2024	17,400
Total	\$ 156,600

F. Interfund Transactions

Transfers between the primary government funds during the year were as follows:

Transfer In	Transfer Out	Amounts
Capital projects	Nonmajor governmental	\$ 961,311
Capital projects	General	2,063,847
Nonmajor governmental	Nonmajor governmental	559,311
Utility	General	100,000
		\$ 3,684,469

Amounts transferred between funds are related to transfers for capital improvements and contributions for various activities.

Payable Fund	Receivable Fund	Amounts
General	Capital projects	\$ 350,000
Capital projects	General	37,575
Utility	General	20,150
		\$ 407,725

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

G. Conduit Debt

The MCEFFC and MEFC issue bonds to finance or refinance educational facilities. These bonds are limited obligations of the issuer, payable solely from revenues received by the issuer pursuant to a loan agreement by and between the issuer and the borrower, as further secured by a deed of trust on certain real property of the borrower securing payments under such loan agreements. The related loan agreements and bonds payable have not been recorded in the financial statements of the City.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

H. Fund Equity

As of September 30, 2021, \$906,146 of the City’s total fund balance is restricted by enabling legislation.

I. Restricted Assets

The balances of the restricted cash accounts recognized by the City are as follows:

	Capital Projects	Enterprise	Manvel Economic Dev. Corp.
Restricted for capital projects	\$ 11,643,777	\$ -	\$ -
Restricted for customer deposits	-	139,300	-
Restricted for intergovernmental agreements	-	-	2,616,136
Total Cash and Cash Equivalents	\$ 11,643,777	\$ 139,300	\$ 2,616,136

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League’s Intergovernmental Risk Pools (the “Pool”). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end. The City is also unaware of any liabilities related to active economic incentive and development agreements.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member’s deposits and interest.

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 were as follows:

	2021	2020
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 requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100%	100%
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, 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	44
Active employees	60
Total	116

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7 percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.70 percent and 9.97 percent in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$402,667, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The postretirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	<u><u>100.0%</u></u>	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 447,829	\$ -	\$ 447,829
Interest	314,840	-	314,840
Difference between expected and actual experience	(22,274)	-	(22,274)
Changes of assumptions	-	-	-
Contributions - employer	-	369,735	(369,735)
Contributions - employee	-	241,883	(241,883)
Net investment income	-	270,412	(270,412)
Benefit payments, including refunds of employee contributions	(211,948)	(211,948)	-
Administrative expense	-	(1,746)	1,746
Other changes	-	(69)	69
Net Changes	<u>528,447</u>	<u>668,267</u>	<u>(139,820)</u>
Balance at December 31, 2019	4,546,358	3,555,185	991,173
Balance at December 31, 2020	<u><u>\$ 5,074,805</u></u>	<u><u>\$ 4,223,452</u></u>	<u><u>\$ 851,353</u></u>

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL 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%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 1,644,750	\$ 851,353	\$ 209,127

Pension Plan Fiduciary Net Position

Detailed information about the TMRS fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$264,124.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 9,484	\$ 29,063
Changes in actuarial assumptions	-	4,418
Net difference between projected and actual investment earnings	-	96,873
Contributions subsequent to the measurement date	297,723	-
Total	\$ 307,207	\$ 130,354

\$297,723 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2022	\$ (39,813)
2023	(14,103)
2024	(56,999)
2025	(9,955)
2026	-
Thereafter	-
Total	\$ (120,870)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

D. Other Postemployment Benefits

TMRS Supplemental Death Benefit

Plan Description

The City participates in a defined benefit OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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 member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a 5% interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

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). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Participation in the SDBF as of December 31, 2020 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	10	
Inactive employees entitled to, but not yet receiving, benefits	8	
Active employees	60	
Total	78	

Total OPEB Liability

The City's total OPEB liability of \$113,576 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate*	2.0%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - 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 3.0% 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

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

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

Changes in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Changes for the year:	
Service cost	\$ 8,639
Interest	2,410
Difference between expected and actual experience	1,427
Changes of assumptions	17,953
Benefit payments	(346)
Net Changes	30,083
Balance at December 31, 2019	83,493
Balance at December 31, 2020	\$ 113,576

There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
City's Total OPEB Liability	\$ 145,485	\$ 113,576	\$ 90,403

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$16,058. The City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,377	\$ 1,473
Changes in actuarial assumptions	30,391	3,310
Contributions subsequent to the measurement date	896	-
Total	\$ 33,664	\$ 4,783

\$896 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2022.

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	OPEB Expense Amount
2022	\$ 5,009
2023	5,009
2024	5,009
2025	4,891
2026	4,413
Thereafter	3,654
Total	\$ 27,985

E. Economic Incentive and Development Agreements

1. Manvel Economic Development Memorandum of Understanding

The City and the Corporation furthered the Memorandum of Understanding (MOU) of July 2, 2018, by entering into an agreement by resolution on March 15, 2021. The Corporation has agreed to assist in the future funding for a certain 160-acre tract (the "Tract") and to construct certain improvements within the Tract to develop a municipal complex, including regional ballfields (the "Project"). With the common goals of economic synergy, planning efficiency, and prudent budget development, the City and the Corporation agreed to set forth their planned joint commitment to fund the development of the Project. The City agreed to continue to take all steps to acquire the property and plan for the Project, including pursuing surveying, environmental assessment, legal, engineering, and estimation of

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

development costs. The Corporation agreed to reserve 90% of sales tax revenue received, beginning with sales tax received during the 2019 fiscal year. The Corporation confirmed its intent to participate in providing funding for the development of the Project, subject to all procedural and budgetary requirements. During the fiscal year ending September 30, 2021, the Corporation received and restricted \$1,017,743 related to this MOU.

2. Manvel Town Center, LP and Brazoria County Municipal Utility District No. 42

The City entered into a development agreement (the “Agreement”) with Manvel Town Center, LP, and Brazoria County Municipal Utility District No. 42 (the “District”) dated January 1, 2014. The Agreement empowers the City to provide economic development incentives in accordance with Chapter 380, Texas Local Government Code.

The Agreement shall remain in effect until December 31, 2044, unless earlier terminated for reasons noted in the Agreement. On or before August 15, 2015, the City agreed to create the economic development fund (the “Fund”) and to deposit into such Fund annually during the term of the Agreement, the calculated annual payment as provided by the terms of the Agreement. The Agreement, pursuant to Chapter 380, has a term of 30 years with the base year beginning January 1, 2014.

Economic development revenues shall be the increment over the base year of 50% of the ad valorem taxes attributable to maintenance tax and 50% of the sales and use taxes collected during the term of the Agreement, but not to exceed a maximum total payout of \$42,035,541. The City will subtract and retain an amount equal to 5% of the increment representing City administrative expenses. The City is required to make payments to the Fund by August 15 each year with the first payment due following the receipt of written notice from the District of the commencement of construction of the improvements by or on behalf of the District. The City did not recognize any expenditures related to this Agreement during the fiscal year ended September 30, 2021.

3. Sonmar of Scottsdale, LLC and Brazoria County Municipal Utility District No. 30

The City entered into an economic development agreement with Sonmar of Scottsdale, LLC (the “Developer”) and an interlocal agreement with Brazoria County Municipal Utility District No. 30 (the “District”) dated March 24, 2008 (the “Agreements”). The Agreements empower the City to provide economic development incentives in accordance with Chapter 380, Texas Local Government Code.

The Developer has agreed to advance funds to the City for costs related to the Agreements, which the City will repay with interest. The Developer has also agreed to construct certain public improvements and capital investments of approximately \$400,000,000. The City agreed to create an economic development fund (the “Fund”) once the City starts receiving sales taxes generated within the boundaries noted within the Agreements. The City agreed to deposit 100% of these sales tax revenues into the Fund. The District also agreed to participate with sales tax revenues to be generated from this development. The sales tax revenues will be used to repay Developer advances, pay “performance-based grants” to the Developer as outlined in the Agreements, and finance improvements as noted in both Agreements. The maximum payout of the performance-based grants plus all payments made under the Agreements shall not exceed \$46,000,000. The Agreements shall remain in effect for an initial term of 35 years, unless earlier terminated for reasons noted in the Agreements. The City did not recognize any expenditures related to these Agreements during the fiscal year ended September 30, 2021.

4. Milestone South Six Development, Ltd. and Brazoria County Municipal Utility District No. 30

The City entered into a development agreement (the “Agreement”) with Milestone South Six Development, Ltd. (the “Developer”), and Brazoria County Municipal Utility District No. 30 (the

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

“District”) dated February 9, 2004. Under this Agreement, the Developer agreed to reimburse the City for expenses relating to the creation of the District. The District has agreed to construct water, wastewater, and drainage facilities as outlined in the Agreement financed through the issuance of bonds. In consideration of the development of land within the District, the related increase in the taxable values, and the desire to more equitably distribute among the taxpayers of the City and the District the burden of ad valorem taxes, the City has agreed to make annual tax “rebate” payments to the District.

Annual tax “rebates” are determined using the lower of either the rate per \$100 of taxable assessed valuation, or a percentage of the then-current City tax rate as follows:

<u>Years</u>	<u>Rebate</u>
1 – 10	\$0.30 or 42% of actual City tax rate
11 – 20	\$0.25 or 35% of actual City tax rate
Thereafter	\$0.20 or 20% of actual City tax rate

The Agreement includes an exception using a “Test Rate” calculation as outlined in the Agreement in which the annual payments shall be reduced based upon this calculation. If the annual payment is reduced to zero pursuant to the Agreement for three years in a row, the annual payment obligation of the City shall be terminated.

All City payments received by the District shall be deposited into the District’s debt service fund to be used solely for the payment of the District’s bonded indebtedness. Annual payments shall begin on May 1 in the calendar year following the calendar year in which the District delivers its first series of bonds to which its ad valorem taxes are pledged and shall be payable each May 1 thereafter. This Agreement shall remain in effect until the earlier of the dissolution of the District by the City or the expiration of 40 years from the effective date of the Agreement. The City did not recognize any expenditures related to this Agreement during the fiscal year ended September 30, 2021.

5. Brazoria County Municipal Utility District No. 43

The City entered into a Memorandum of Interlocal and Development Agreement (the “Agreement”) with the Brazoria County Municipal Utility District No. 43 (the “District”) on April 2, 2018, for the design, financing, and construction of certain public improvements on the 267.7 acres located in the District (the “Property”). The City has agreed to provide regional improvement incentives in the form of financial assistance and the construction of certain improvements to the District to induce the District to provide valuable goods and development services to the City, and to finance the construction of valuable public improvements on behalf of the City, and to encourage and promote the development of the District. The District is willing to construct or cause to be constructed certain additional public improvements of behalf of the City in exchange for the City’s participation in funding such improvements.

The City and the District anticipate that the improvements will be built by the District using funds advanced to the District from the Developer for eligible project costs, and the District will reimburse the Developer. The City anticipates that the District will develop the Property in the near future.

It is anticipated that the District will finance, with no assistance from the City, public improvements in addition to the improvements that are subject to the Agreement at an estimated cost of approximately \$27 million. Included in the facility costs funded by the City are the design/phasing costs, sanitary sewer collection facilities, wastewater treatment plant facilities, water distribution, water supply facilities, regional road improvements (Del Bello Boulevard, Manvel Parkway, Texas Department of Transportation Ramps at State Highway 288, and Del Bello Bridge, Dogwood Bridge over Guld Coast Water Authority canal), and any additional projects mutually agreed to. The costs of the Del Bello

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Boulevard and Dogwood Bridges are reimbursable expenses that will be paid to the City from the Brazoria County 43 Regional Improvements Fund (the “Fund”). The District agrees to furnish all goods, materials, and services as and when required in connection with the construction of its improvements. Upon completion, all constructed facilities shall be conveyed to the City.

The Fund is established by the City, and the City has agreed to pay the Fund the increment based on the actual collection for each year such funds are collected. The first payment to the Fund was to be March 1, 2020 for the tax year 2019 and it was to include all sales tax increments effective from that date. No sales tax generating property was constructed by March 2020. As a result, the City did not owe a payment on March 1, 2020. The payments shall be made semi-annually. The Property improvements will be built by the District using the funds advanced, and the District will reimburse the Developer with interest.

The District may sell District bonds secured by a pledge of revenues from the Fund (i.e., contract revenue bonds), in addition to a pledge of the District’s taxes costs associated. The Fund may have sufficient funds available to reimburse the Developer or the City directly instead of selling District bonds, and thus may take advantage of savings for reduced issuance costs and interest. The City recognized expenditures of \$36,095 related to this Agreement during the fiscal year ended September 30, 2021.

F. TIRZ No. 3 Financing Agreements

The City has entered into a shared financing agreement between the City, TIRZ No. 3, SMDA, Brazoria County MUD No. 56, and Brazoria County MUD No. 57 dated December 29, 2010 to provide for the joint financing, design, construction, and operation of the TIRZ No. 3 plan projects.

The City has entered into a development financing agreement. The developer agrees to convey to the SMDA a parcel of land to be used as an interim park site until a permanent site can be determined. The SMDA or the City may erect recreational improvements on the site at their expense. On February 12, 2012, the SMDA approved a special warranty deed conveying a parcel of land for such purposes.

G. Pipeline Deposit Agreements

The City has entered into agreements with pipeline companies, such as Phillips 66 Pipeline LLC; EPO Pipeline, LLC; Enterprise Crude Pipeline, LLC; and Lavaca Pipeline, LLC for the purpose of constructing, maintaining, laying, operating, and/or repairing pipelines utilized for the transportation of liquids or gaseous materials along the right-of-ways and/or under certain roads located in the City. As of September 30, 2021, the balance for the pipeline deposit is \$165,241.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Property taxes	\$ 3,865,539	\$ 3,865,539	\$ 3,810,079	\$ (55,460)
Sales taxes	1,843,000	1,993,000	2,227,258	234,258
Other taxes and fees	565,000	565,000	575,113	10,113
Charges for services	22,000	22,000	57,367	35,367
Licenses and permits	3,965,754	4,705,754	4,604,081	(101,673)
Fines and forfeitures	305,000	305,000	234,194	(70,806)
Intergovernmental	13,700	13,700	1,927	(11,773)
Investment earnings	85,000	85,000	5,966	(79,034)
Other revenues	28,400	28,400	42,566	14,166
Total Revenues	10,693,393	11,583,393	11,558,551	(24,842)
<u>Expenditures</u>				
Current:				
General government	3,442,045	3,442,045	2,907,637	534,408
Public safety	4,116,057	4,116,057	3,468,432	647,625
Public works	1,688,262	1,788,262	1,587,913	200,349
Library, parks, and recreation	90,300	90,300	82,759	7,541
Information technology	398,049	398,049	363,370	34,679
Total Expenditures	9,734,713	9,834,713	8,410,111	1,424,602
Excess of Revenues Over Expenditures	958,680	1,748,680	3,148,440	1,399,760
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(958,680)	(1,748,680)	(2,163,847)	(415,167)
Total Other Financing (Uses)	(958,680)	(1,748,680)	(2,163,847)	(415,167)
Net Change in Fund Balance	\$ -	\$ -	984,593	\$ 984,593
Beginning fund balance			6,983,272	
Ending Fund Balance			\$ 7,967,865	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF MANVEL, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Measurement Year *			
	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 447,829	\$ 402,039	\$ 346,152	\$ 327,328
Interest (on the total pension liability)	314,840	279,081	247,393	215,662
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(22,274)	15,936	(22,918)	(9,405)
Change of assumptions	-	(7,422)	-	-
Benefit payments, including refunds of employee contributions	(211,948)	(153,585)	(104,642)	(41,182)
Net Change in Total Pension Liability	<u>528,447</u>	<u>536,049</u>	<u>465,985</u>	<u>492,403</u>
Beginning total pension liability	<u>4,546,358</u>	<u>4,010,309</u>	<u>3,544,324</u>	<u>3,051,921</u>
Ending Total Pension Liability	<u><u>5,074,805</u></u>	<u><u>4,546,358</u></u>	<u><u>4,010,309</u></u>	<u><u>\$ 3,544,324</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 369,735	\$ 358,113	\$ 326,460	\$ 322,099
Contributions - employee	241,883	216,150	183,704	173,979
Net investment income	270,412	419,105	(71,097)	234,361
Benefit payments, including refunds of employee contributions	(211,948)	(153,585)	(104,642)	(41,182)
Administrative expense	(1,746)	(2,374)	(1,381)	(1,219)
Other	(69)	(71)	(71)	(62)
Net Change in Plan Fiduciary Net Position	<u>668,267</u>	<u>837,338</u>	<u>332,973</u>	<u>687,976</u>
Beginning plan fiduciary net position	<u>3,555,185</u>	<u>2,717,847</u>	<u>2,384,874</u>	<u>1,696,898</u>
Ending Plan Fiduciary Net Position	<u><u>4,223,452</u></u>	<u><u>3,555,185</u></u>	<u><u>2,717,847</u></u>	<u><u>\$ 2,384,874</u></u>
Net Pension Liability/(Asset)	<u><u>851,353</u></u>	<u><u>991,173</u></u>	<u><u>1,292,462</u></u>	<u><u>\$ 1,159,450</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.22%	78.20%	67.77%	67.29%
Covered Payroll	\$ 3,455,470	\$ 3,087,860	\$ 2,624,349	\$ 2,485,407
Net Pension Liability as a Percentage of Covered Payroll	24.64%	32.10%	49.25%	46.65%

*Only seven years of information is currently available.
The City will build this schedule over the next three-year period.

Measurement Year*		
2016	2015	2014
\$ 278,209	\$ 217,485	\$ 98,272
176,347	90,331	76,628
999,103	-	46,383
149,739	(13,322)	7,393
-	49,239	-
(51,625)	(50,564)	(41,731)
<u>1,551,773</u>	<u>293,169</u>	<u>186,945</u>
<u>1,500,148</u>	<u>1,206,979</u>	<u>1,020,034</u>
<u>\$ 3,051,921</u>	<u>\$ 1,500,148</u>	<u>\$ 1,206,979</u>
\$ 117,468	\$ 95,238	\$ 34,683
145,550	121,889	63,755
94,003	1,807	63,289
(51,625)	(50,564)	(41,731)
(1,063)	(1,101)	(661)
(57)	(54)	(54)
<u>304,276</u>	<u>167,215</u>	<u>119,281</u>
<u>1,392,622</u>	<u>1,225,407</u>	<u>1,106,126</u>
<u>\$ 1,696,898</u>	<u>\$ 1,392,622</u>	<u>\$ 1,225,407</u>
<u>\$ 1,355,023</u>	<u>\$ 107,526</u>	<u>\$ (18,428)</u>
55.60%	92.83%	101.53%
\$ 2,079,289	\$ 1,741,276	\$ 1,275,100
65.17%	6.18%	(1.45%)

CITY OF MANVEL, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Fiscal Year *			
	2021	2020	2019	2018
Actuarially determined contribution	\$ 297,723	\$ 368,856	\$ 347,650	\$ 319,360
Contributions in relation to the actuarially determined contribution	297,723	368,856	350,542	319,360
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,892)</u>	<u>\$ -</u>
Covered payroll	\$ 3,966,974	\$ 3,371,683	\$ 2,966,052	\$ 2,538,625
Contributions as a percentage of covered payroll	7.51%	10.94%	11.72%	12.58%

*Only eight years of information is currently available. The City will build this schedule over the next two-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

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	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014-December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUM(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.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*			
2017	2016	2015	2014
\$ 267,555	\$ 109,865	\$ 76,909	\$ 31,916
267,555	109,865	76,909	31,916
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,406,957	\$ 1,960,061	\$ 1,560,104	\$ 1,232,533
11.12%	5.61%	4.93%	2.59%

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CITY OF MANVEL, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Measurement Year *			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 8,639	\$ 4,941	\$ 5,249	\$ 4,225
Interest (on the total OPEB liability)	2,410	2,367	2,007	1,857
Difference between expected and actual experience	1,427	(2,025)	1,868	-
Change of assumptions	17,953	17,026	(5,371)	5,298
Benefit payments, including refunds of employee contributions **	(346)	(309)	(525)	(249)
Net Change in Total OPEB Liability	<u>30,083</u>	<u>22,000</u>	<u>3,228</u>	<u>11,131</u>
Beginning total OPEB liability	<u>83,493</u>	<u>61,493</u>	<u>58,265</u>	<u>47,134</u>
Ending Total OPEB Liability	<u>\$ 113,576</u>	<u>\$ 83,493</u>	<u>\$ 61,493</u>	<u>\$ 58,265</u>
Covered Payroll	\$ 3,455,470	\$ 3,087,860	\$ 2,624,349	\$ 2,485,407
Total OPEB Liability as a Percentage of Covered Payroll	3.29%	2.70%	2.34%	2.34%

* Only four years of information is currently available. The City will build this schedule over the next six-year period.

** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.0%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - 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 3.0% 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:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

There were no benefit changes during the year.

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COMBINING STATEMENTS AND SCHEDULES

CITY OF MANVEL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2021

Special Revenue Funds				
	Hotel Taxes	Court Security	Court Technology	TIRZ No. 3
<u>Assets</u>				
Cash	\$ 674,105	\$ 29,892	\$ 22,561	\$ -
Receivables, net	20,963	-	-	-
Total Assets	\$ 695,068	\$ 29,892	\$ 22,561	\$ -
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 842	\$ -
Total Liabilities	-	-	842	-
<u>Fund Balances</u>				
Restricted for:				
Enabling legislation	\$ 695,068	\$ 29,892	\$ 21,719	\$ -
Tax increment reinvestment zone	-	-	-	-
Special projects	-	-	-	-
Total Fund Balances	\$ 695,068	\$ 29,892	\$ 22,561	\$ -

Special Revenue Funds

South Manvel Dev. Auth.	Community Impact	Law Enforcement	Park	PEG Fee	Municipal Jury
\$ 512,145	\$ -	\$ 4,020	\$ 503,231	\$ 151,235	\$ 38
-	-	-	-	4,212	-
<u>\$ 512,145</u>	<u>\$ -</u>	<u>\$ 4,020</u>	<u>\$ 503,231</u>	<u>\$ 155,447</u>	<u>\$ 38</u>
\$ -	\$ -	\$ -	\$ 1,156	\$ -	-
-	-	-	1,156	-	-
\$ -	\$ -	\$ 4,020	\$ -	\$ 155,447	\$ 38
512,145	-	-	-	-	-
-	-	-	502,075	-	-
<u>\$ 512,145</u>	<u>\$ -</u>	<u>\$ 4,020</u>	<u>\$ 503,231</u>	<u>\$ 155,447</u>	<u>\$ 38</u>

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CITY OF MANVEL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2021

	Special Revenue Funds	Total Nonmajor Governmental Funds
	Truancy Prevention	
<u>Assets</u>		
Cash	\$ 1,913	\$ 1,897,189
Receivables, net	-	25,175
	Total Assets	Total
	\$ 1,913	\$ 1,922,364
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ -	\$ 1,998
	Total Liabilities	Total
	-	1,998
<u>Fund Balances</u>		
Restricted for:		
Enabling legislation	\$ 1,913	\$ 906,146
Tax increment reinvestment zone	-	512,145
Special projects	-	502,075
	Total Fund Balances	Total
	\$ 1,913	\$ 1,922,364

CITY OF MANVEL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2021

	<u>Special Revenue Funds</u>			
	<u>Hotel Taxes</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>TIRZ No. 3</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 95,774
Sales taxes	-	-	-	34,393
Other fees	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	6,646	5,934	-
Hotel taxes	71,830	-	-	-
Investment earnings	-	-	-	44
Total Revenues	<u>71,830</u>	<u>6,646</u>	<u>5,934</u>	<u>130,211</u>
Expenditures				
General government	3,598	-	11,733	-
Total Expenditures	<u>3,598</u>	<u>-</u>	<u>11,733</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>68,232</u>	<u>6,646</u>	<u>(5,799)</u>	<u>130,211</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(130,211)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,211)</u>
Net Change in Fund Balances	<u>68,232</u>	<u>6,646</u>	<u>(5,799)</u>	<u>-</u>
Beginning fund balances	626,836	23,246	27,518	-
Ending Fund Balances	<u>\$ 695,068</u>	<u>\$ 29,892</u>	<u>\$ 21,719</u>	<u>\$ -</u>

Special Revenue Funds

South Manvel Dev. Auth.	Community Impact	Law Enforcement	Park	PEG Fee	Municipal Jury
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	18,320	-
-	713,189	-	-	-	-
-	-	-	-	-	38
-	-	-	-	-	-
296	500	-	-	-	-
<u>296</u>	<u>713,689</u>	<u>-</u>	<u>-</u>	<u>18,320</u>	<u>38</u>
-	-	-	36,679	-	-
-	-	-	<u>36,679</u>	-	-
296	713,689	-	(36,679)	18,320	38
130,211	-	-	429,100	-	-
-	(1,390,411)	-	-	-	-
<u>130,211</u>	<u>(1,390,411)</u>	<u>-</u>	<u>429,100</u>	<u>-</u>	<u>-</u>
130,507	(676,722)	-	392,421	18,320	38
381,638	676,722	4,020	109,654	137,127	-
<u>\$ 512,145</u>	<u>\$ -</u>	<u>\$ 4,020</u>	<u>\$ 502,075</u>	<u>\$ 155,447</u>	<u>\$ 38</u>

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CITY OF MANVEL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2021

	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Truancy Prevention</u>	
<u>Revenues</u>		
Property taxes	\$ -	\$ 95,774
Sales taxes		34,393
Other fees	-	18,320
Charges for services	-	713,189
Fines and forfeitures	1,913	12,580
Hotel taxes	-	71,830
Investment earnings	-	840
Total Revenues	<u>1,913</u>	<u>946,926</u>
<u>Expenditures</u>		
General government	-	52,010
Total Expenditures	<u>-</u>	<u>52,010</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,913</u>	<u>894,916</u>
<u>Other Financing Sources (Uses)</u>		
Transfers in	-	559,311
Transfers (out)	-	(1,520,622)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(961,311)</u>
Net Change in Fund Balances	<u>1,913</u>	<u>(66,395)</u>
Beginning fund balances	-	1,986,761
Ending Fund Balances	<u>\$ 1,913</u>	<u>\$ 1,920,366</u>

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CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 1,994,182	\$ 1,994,182	\$ 1,990,761	\$ (3,421)
Intergovernmental	92,632	92,632	93,510	878
Investment income	20,000	20,000	2,403	(17,597)
Total Revenues	<u>2,106,814</u>	<u>2,106,814</u>	<u>2,086,674</u>	<u>(20,140)</u>
<u>Expenditures</u>				
Current:				
Principal	1,355,000	1,355,000	1,355,000	-
Interest and fiscal charges	659,762	659,762	657,411	2,351
Total Expenditures	<u>2,014,762</u>	<u>2,014,762</u>	<u>2,012,411</u>	<u>2,351</u>
Net Change in Fund Balance	<u>\$ 92,052</u>	<u>\$ 92,052</u>	74,263	<u>\$ (17,789)</u>
Beginning fund balance			<u>394,628</u>	
Ending Fund Balance			<u>\$ 468,891</u>	

CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2021

		Hotel Taxes			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Hotel taxes		\$ 40,000	\$ 40,000	\$ 71,830	\$ 31,830
Total Revenues		40,000	40,000	71,830	31,830
Expenditures					
Current:					
General government		40,000	40,000	3,598	36,402
Total Expenditures		40,000	40,000	3,598	36,402
Net Change in Fund Balance		\$ -	\$ -	68,232	\$ 68,232
Beginning fund balance				626,836	
Ending Fund Balance				\$ 695,068	

		Court Security			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Fines and forfeitures		\$ 8,000	\$ 8,000	\$ 6,646	\$ (1,354)
Total Revenues		8,000	8,000	6,646	(1,354)
Expenditures					
Current:					
Public safety		8,000	8,000	-	8,000
Total Expenditures		8,000	8,000	-	8,000
Net Change in Fund Balance		\$ -	\$ -	6,646	\$ 6,646
Beginning fund balance				23,246	
Ending Fund Balance				\$ 29,892	

CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2021

Court Technology				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 9,000	\$ 9,000	\$ 5,934	\$ (3,066)
Total Revenues	<u>9,000</u>	<u>9,000</u>	<u>5,934</u>	<u>(3,066)</u>
Expenditures				
Current:				
General government	15,000	15,000	11,733	3,267
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>11,733</u>	<u>3,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,000)</u>	<u>(6,000)</u>	<u>(5,799)</u>	<u>201</u>
Other Financing Sources (Uses)				
Transfers in	6,000	6,000	-	(6,000)
Total Other Financing (Uses)	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(5,799)</u>	<u>\$ (12,333)</u>
Beginning fund balance			<u>27,518</u>	
Ending Fund Balance			<u>\$ 21,719</u>	

TIRZ No.#3				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 68,500	\$ 68,500	\$ 95,774	\$ 27,274
Investment earnings	500	500	44	(456)
Total Revenues	<u>69,000</u>	<u>69,000</u>	<u>130,211</u>	<u>61,211</u>
Other Financing Sources (Uses)				
Transfers (out)	(69,000)	(69,000)	(130,211)	(61,211)
Total Other Financing (Uses)	<u>(69,000)</u>	<u>(69,000)</u>	<u>(130,211)</u>	<u>(61,211)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balance			<u>-</u>	
Ending Fund Balance			<u>\$ -</u>	

CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2021

South Manvel Development Authority				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 3,500	\$ 3,500	\$ 296	\$ (3,204)
Total Revenues	3,500	3,500	296	(3,204)
Expenditures				
Current:				
General government	5,000	5,000	-	5,000
Total Expenditures	5,000	5,000	-	5,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(1,500)	296	1,796
Other Financing Sources (Uses)				
Transfers in	69,000	69,000	130,211	61,211
Total Other Financing Sources	69,000	69,000	130,211	61,211
Net Change in Fund Balance	\$ 67,500	\$ 67,500	130,507	\$ 63,007
Beginning fund balance			381,638	
Ending Fund Balance			\$ 512,145	

Community Impact				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 7,500	\$ 1,001	\$ 500	\$ (501)
Charges for services	480,000	713,189	713,189	-
Total Revenues	487,500	714,190	713,689	(501)
Expenditures				
Current:				
General government	500	500	-	500
Total Expenditures	500	500	-	500
Excess of Revenues Over Expenditures	487,000	713,690	713,689	(1)
Other Financing Sources (Uses)				
Transfers (out)	(487,000)	(1,390,412)	(1,390,411)	1
Total Other Financing (Uses)	(487,000)	(1,390,412)	(1,390,411)	1
Net Change in Fund Balance	\$ -	\$ (676,722)	(676,722)	\$ -
Beginning fund balance			676,722	
Ending Fund Balance			\$ -	

CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2021

Law Enforcement				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Total Revenues	1,000	1,000	-	(1,000)
Expenditures				
Current:				
General government	1,000	1,000	-	1,000
Total Expenditures	1,000	1,000	-	1,000
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance			4,020	
Ending Fund Balance			\$ 4,020	

Park				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures				
Current:				
General government	\$ 289,100	\$ 429,100	\$ 36,679	\$ 392,421
Total Expenditures	289,100	429,100	36,679	392,421
(Deficiency) of Revenues Under Expenditures	(289,100)	(429,100)	(36,679)	392,421
Other Financing Sources (Uses)				
Transfers in	289,100	429,100	429,100	-
Total Other Financing Sources	289,100	429,100	429,100	-
Net Change in Fund Balance	\$ -	\$ -	392,421	\$ 392,421
Beginning fund balance			109,654	
Ending Fund Balance			\$ 502,075	

CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2021

		PEG Fee			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>					
Other fees		\$ 10,000	\$ 10,000	\$ 18,320	\$ 8,320
	Total Revenues	10,000	10,000	18,320	8,320
<u>Expenditures</u>					
Current:					
General Government		50,000	50,000	-	50,000
	Total Expenditures	50,000	50,000	-	50,000
	(Deficiency) of Revenues Under Expenditures	(40,000)	(40,000)	-	40,000
<u>Other Financing Sources (Uses)</u>					
Transfers in		40,000	40,000	-	(40,000)
	Total Other Financing (Uses)	40,000	40,000	-	-
	Net Change in Fund Balance	\$ -	\$ -	18,320	\$ 58,320
	Beginning fund balance			137,127	
	Ending Fund Balance			\$ 155,447	