

CITY OF MANVEL, TEXAS

ANNUAL FINANCIAL REPORT

For the year ended September 30, 2024

CITY OF MANVEL, TEXAS
 ANNUAL FINANCIAL REPORT
 For the year ended September 30, 2024

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INTRODUCTORY SECTION

CITY OF MANVEL, TEXAS
PRINCIPAL OFFICIALS
September 30, 2024

City Officials

Dan Davis
Keith Bonner
David Lands
Harry Opliger
Ed Perry
Crystal Sarmiento
Jerome Hudson

Elective Position

Mayor
Council Member
Council Member
Council Member
Council Member
Council Member
Council Member

Key Staff

Daniel Johnson
Rosie Danaire
Bobby Gervais
Tammy Bell
Keith Traylor
Robbie Hall
Chad Dumont

Position

City Manager
Director of Finance
City Attorney
City Secretary
Director of Public Safety/Police Chief
Public Works Director
Personnel Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinion***

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

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 benefit liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on pages 5 through 12 and 58 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

(Continued)

Supplementary 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 combining statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The logo for Crowe LLP, featuring the company name in a stylized, handwritten-style font with "Crowe" in a larger, more prominent script and "LLP" in a smaller, simpler font to its right. Below the script, the words "Crowe LLP" are printed in a clean, sans-serif font.

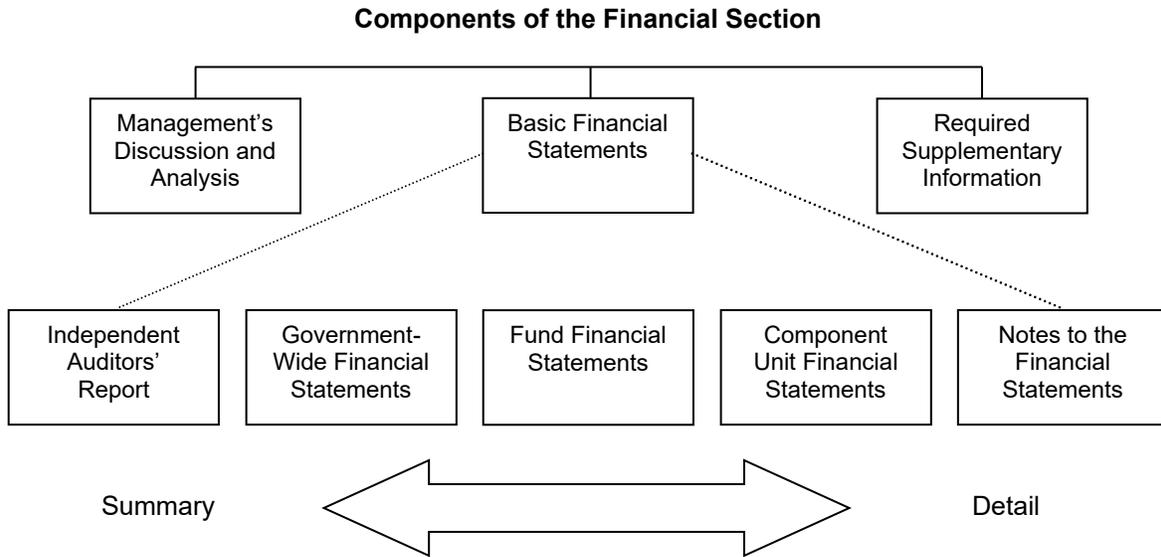
Houston, Texas
September 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MANVEL, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the year ended September 30, 2024

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Manvel, Texas (the "City") for the year ended September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

(Continued)

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

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; municipal court; 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 funds balance sheet and the governmental funds 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 15 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, the South Manvel Development Authority fund, the community impact fund, and the debt service fund, which are considered to be major funds for reporting purposes.

(Continued)

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

The City adopts an annual appropriated budget for its general fund, South Manvel Development Authority fund, hotel taxes fund, court security fund, court technology fund, tax incremental reinvestment zone (TIRZ) No. 3 fund, community impact fund, law enforcement fund, park fund, the public education government (PEG) fees fund, municipal jury fund, truancy prevention fund, municipal utility district (MUD) improvement fund, and debt service 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 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 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 \$31,571,068 as of year end for the primary government. The majority of the City's net position, \$31,425,837, 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.

(Continued)

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Reconciliation		Reconciled Total Primary Government	
	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS								
Current and other assets	\$ 111,026,544	\$ 61,915,111	\$ 2,645,134	\$ 1,564,784	\$ -	\$ -	\$ 113,671,678	\$ 63,479,895
Capital assets, net	29,710,463	20,842,353	19,710,025	15,302,758	-	-	49,420,488	36,145,111
Total assets	140,737,007	82,757,464	22,355,159	16,867,542	-	-	163,092,166	99,625,006
DEFERRED OUTFLOWS								
ON RESOURCES								
Deferred charge on refunding	2,716	4,075	-	-	-	-	2,716	4,075
Deferred outflow s - pensions	535,319	811,939	31,680	61,223	-	-	566,999	873,162
Deferred outflow s - OPEB	30,332	27,226	-	-	-	-	30,332	27,226
Total deferred outflow s on resources	568,367	843,240	31,680	61,223	-	-	600,047	904,463
LIABILITIES								
Long-term liabilities	121,685,125	55,389,971	70,409	108,728	-	-	121,755,534	55,498,699
Other liabilities	9,831,362	6,522,597	359,466	237,246	-	-	10,190,828	6,759,843
Total liabilities	131,516,487	61,912,568	429,875	345,974	-	-	131,946,362	62,258,542
DEFERRED INFLOWS								
ON RESOURCES								
Deferred inflow s - pensions	122,937	91,706	7,276	6,915	-	-	130,213	98,621
Deferred inflow s - OPEB	44,570	54,269	-	-	-	-	44,570	54,269
Total deferred inflow s on resources	167,507	145,975	7,276	6,915	-	-	174,783	152,890
NET POSITION								
Net investment in capital assets	17,424,676	9,616,479	19,710,025	15,302,758	(5,708,864)	(2,528,927)	31,425,837	22,390,310
Restricted	8,717,559	6,105,067	-	-	-	-	8,717,559	6,105,067
Unrestricted	(16,520,855)	5,820,615	2,239,663	1,273,118	5,708,864	2,528,927	(8,572,328)	9,622,660
Total net position	\$ 9,621,380	\$ 21,542,161	\$ 21,949,688	\$ 16,575,876	\$ -	\$ -	\$ 31,571,068	\$ 38,118,037

The City also reported restricted net position of \$8,717,559, which represents resources subject to external restrictions on how they may be used. The unrestricted net position amounted to a deficit of \$8,572,328, signifying that unrestricted liabilities exceeded available resources at year end.

Net position decreased by \$6,546,969 compared to the prior year which was primarily due to expenses exceeding revenue for governmental activities. Total assets increased by \$63,467,160 from the prior fiscal year. This increase in total assets includes an increase in capital assets of \$13,275,377 and an increase in current and other assets of \$50,191,783, which was primarily due to proceeds from debt issuances that were unspent at the end of the fiscal year. Total liabilities increased by \$69,687,820 from the prior year, which was primarily due to the issuance of debt and an increase in other liabilities for accounts payable at the end of the fiscal year that were related to construction costs. There was a decrease in deferred outflows of resources of \$304,416 due mainly to a decrease in deferred outflows for the net difference between projected and actual investment earnings that were related to the pension plan. There was an increase in deferred inflows primarily due to the change in deferred inflows for the actuarial changes in assumptions that were related to the pension and other post-employment benefit plans.

(Continued)

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Statement of Activities

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

	Governmental Activities		Business-Type Activities		Reconciled Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program revenues						
Charges for services	\$ 8,318,538	\$ 4,030,062	\$ 2,493,870	\$ 2,011,611	\$ 10,812,408	\$ 6,041,673
Operating grants and contributions	730,561	306,527	-	-	730,561	306,527
General revenues						
Property taxes	11,515,960	8,510,353	-	-	11,515,960	8,510,353
Sales taxes	3,041,779	2,471,754	-	-	3,041,779	2,471,754
Other taxes and fees	881,688	860,435	-	-	881,688	860,435
Investment earnings	4,646,430	2,010,475	-	-	4,646,430	2,010,475
Other revenues	122,312	24,933	-	-	122,312	24,933
Total revenues	<u>29,257,268</u>	<u>18,214,539</u>	<u>2,493,870</u>	<u>2,011,611</u>	<u>31,751,138</u>	<u>20,226,150</u>
Expenses						
General government	5,261,262	5,217,693	-	-	5,261,262	5,217,693
Public safety	6,969,843	4,846,541	-	-	6,969,843	4,846,541
Public works	18,851,799	2,612,606	-	-	18,851,799	2,612,606
Library, parks, and recreation	94,962	93,327	-	-	94,962	93,327
Information technology	662,066	507,310	-	-	662,066	507,310
Interest and fiscal agent fees	4,606,435	1,545,640	-	-	4,606,435	1,545,640
Water and sewer	-	-	1,851,740	1,817,165	1,851,740	1,817,165
Total expenses	<u>36,446,367</u>	<u>14,823,117</u>	<u>1,851,740</u>	<u>1,817,165</u>	<u>38,298,107</u>	<u>16,640,282</u>
Increase (decrease) in net position before transfers	(7,189,099)	3,391,422	642,130	194,446	(6,546,969)	3,585,868
Transfers in (out)	<u>(4,731,682)</u>	<u>(1,500,348)</u>	<u>4,731,682</u>	<u>1,500,348</u>	-	-
Change in net position	(11,920,781)	1,891,074	5,373,812	1,694,794	(6,546,969)	3,585,868
Beginning net position	<u>21,542,161</u>	<u>19,651,087</u>	<u>16,575,876</u>	<u>14,881,082</u>	<u>38,118,037</u>	<u>34,532,169</u>
Ending net position	<u>\$ 9,621,380</u>	<u>\$ 21,542,161</u>	<u>\$ 21,949,688</u>	<u>\$ 16,575,876</u>	<u>\$ 31,571,068</u>	<u>\$ 38,118,037</u>

For the year ended September 30, 2024, revenues from governmental activities totaled \$29,257,268. Current fiscal year revenues increased by \$11,042,729. The total increase in program revenues of \$4,712,510 was primarily due to an increase in revenues for community impact fees. The total increase in general revenues of \$6,330,219 was primarily due to an increase in property taxes from an increase in appraised values, sales taxes from an increase in economic activity, and investment earnings from an increase in deposits held with financial institutions and an increase in the interest rates.

For the year ended September 30, 2024, expenses from governmental activities totaled \$36,446,367. Total expenses increased \$21,623,250 compared to the prior year, which can be attributed primarily to increases in personnel costs and costs for repair and maintenance for public safety vehicles, an increase in expenses to developers based on development agreements, and interest and fiscal agent fees expense from an increase in debt.

(Continued)

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Business-type activities net position increased by \$5,373,812. Current year revenues increased \$482,259 compared to the prior year mainly due to an increase in total billings related to an increase in utility billing rates. Current year expenses increased by \$34,575 primarily due to an increase in costs related to maintenance on the water and wastewater infrastructure.

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 \$101,761,889. Of this, \$88,048 is restricted for debt service, \$1,268,655 is restricted by enabling legislation, \$3,834,423 is restricted for a tax increment reinvestment zone, \$84,923,534 is restricted for capital projects, \$3,614,481 is restricted for special projects, \$24,900 is nonspendable in the form of prepaid items, and \$8,007,848 is unassigned.

The general fund had a decrease in fund balance of \$438,830. The general fund reported a fund balance of \$8,032,748 at year end. The total fund balance of the general fund makes up approximately 54% of the annual general fund expenditures and the unassigned fund balance for the general fund makes up approximately 53% of the general fund expenditures. Compared to the prior year, revenues increased \$2,240,943 which was mainly due to an increase in property tax revenues of \$829,879 due to an increase in the assessed values of properties within the City, an increase in sales tax revenues of \$605,132 due to an increase in economic activity, an increase in license and permits revenue of \$271,783 due to an increase in permits issued for development, and increase in fines and forfeitures of \$260,294 from fines assessed, and an increase in investment earnings of \$160,616 from an increase in interest rates. Expenditures increased \$2,382,550 compared to the prior year. Expenditures primarily increased due to an increase in personnel cost and equipment maintenance costs for public safety and public works along with an increase in cybersecurity in maintenance on the City's information technology system. The change in general fund balance also included sources from the sale of property of \$886,433, transfers from the South Manvel Development Authority of \$423,135 for reimbursement of administration services, and transfers to the capital projects fund of \$1,512,500.

The capital projects fund had a fund balance of \$84,923,534, which was an increase of \$41,346,471 compared to the prior year. The capital projects fund revenue increased by \$2,876,340 due primarily to an increase in investment earnings from an increase in deposits held with financial institutions and interest rates. The capital projects fund expenditures increased by \$11,913,527 due to an increase in capital outlay and issuance costs on debt issuance. The change in the capital projects fund balance also includes sources from issuance of debt and the premium on debt issued of \$47,835,000 to be used for current and future capital projects for City infrastructure. The general and nonmajor governmental funds also transferred \$1,662,500 for current capital projects.

The South Manvel Development Authority fund had a fund balance of \$3,834,423, which was an increase of \$2,819,495. Total expenditures increased by \$15,972,087 due to expenditures to developers. The change in fund balance for the South Manvel Development Authority also includes transfers from TIRZ No. 3 of \$1,820,105 and transfers to the general fund of \$423,135.

(Continued)

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

The fund balance of the community impact fund was \$3,563,470, which is restricted for special projects related to the impact of growth and development within the City. The current year inception of the community impact fund included revenues from impact fees of \$3,813,470 and transfers to the capital project fund of \$250,000.

The debt service fund had a fund balance of \$88,048, which was an decrease of \$345,306. Total revenues increased by \$1,108,349 from prior year due mainly to an increase in property tax revenues from an increase in appraised property values. Debt service expenditures increased by \$1,451,550 from prior year due to an increase in interest expense from an increase in debt.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded the final budgeted revenues by a net \$571,576, which is primarily due to the net result of an excess of sales tax and investment earnings of \$1,319,307 than expected and less licenses and permits revenues of \$802,878 than expected. General fund expenditures were less than the final budget by \$1,419,810 during the year due primarily to positive budget variances in expenditures for general government, public safety, public works, and information technology.

CAPITAL ASSETS

At the end of the year, the City's governmental and business-type activities had invested \$49,420,488 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$13,275,377 from the prior year which includes an increase from capital additions of \$15,467,941. The decrease in capital assets net of the accumulated depreciation for the capital asset decreases was \$941,856 and the total depreciation expense was \$1,250,708.

Major capital asset events during the year included the following:

- Construction in progress for the City's police facilities and community center of \$8,535,876
- Construction in progress for the City's elevated storage tank and wastewater treatment plant expansion project of \$4,721,059
- Purchase of land for the City Hall of \$596,516
- City road improvements of \$675,181
- Equipment for the public safety and public works of \$657,186

More detailed information about the City's capital assets is presented in Note 3 of the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total general obligation bonds, revenue bonds, and certificates of obligation of \$115,210,000. Of this amount, \$97,020,000 represents certificates of obligation, \$480,000 represents general obligation bonds, and \$17,710,000 in tax increment contract revenue bonds. General obligation bonds and certificates of obligation are direct obligations of the City with repayment from taxes levied on all taxable property located within the City. There is no recourse to the City for the tax increment revenue bonds which are repaid by future tax increments for property within TIRZ No. 3.

More detailed information about the City's long-term liabilities is presented in Note 3 of the financial statements.

(Continued)

CITY OF MANVEL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved a \$15,790,688 general fund budget for the 2024-2025 fiscal year. The tax rate adopted for the fiscal year 2024-2025 budget will be \$0.56 per \$100 in property valuation, which is consistent with the tax rate from fiscal year 2023-2024. The budget will raise more revenue from property taxes than last year's budget by approximately \$1,210,606 due to an increase in property values.

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.

BASIC FINANCIAL STATEMENTS

CITY OF MANVEL, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Reconciliation	Total	
ASSETS					
Cash and cash equivalents	\$ 10,591,525	\$ 2,013,049	\$ -	\$ 12,604,574	\$ 7,516,115
Receivables, net of	1,186,922	362,448	-	1,549,370	-
Due from other governments	-	4,091	-	4,091	257,577
Prepaid items	24,900	14,950	-	39,850	-
Restricted assets					
Cash and cash equivalents	99,223,197	250,596	-	99,473,793	164,686
Total current assets	<u>111,026,544</u>	<u>2,645,134</u>	<u>-</u>	<u>113,671,678</u>	<u>7,938,378</u>
Noncurrent assets					
Nondepreciable capital assets	20,676,625	10,982,561	-	31,659,186	-
Net depreciable capital assets	9,033,838	8,727,464	-	17,761,302	-
Total noncurrent assets	<u>29,710,463</u>	<u>19,710,025</u>	<u>-</u>	<u>49,420,488</u>	<u>-</u>
Total assets	<u>140,737,007</u>	<u>22,355,159</u>	<u>-</u>	<u>163,092,166</u>	<u>7,938,378</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	2,716	-	-	2,716	-
Deferred outflows - pensions	535,319	31,680	-	566,999	-
Deferred outflows - OPEB	30,332	-	-	30,332	-
Total deferred outflows of resources	<u>568,367</u>	<u>31,680</u>	<u>-</u>	<u>600,047</u>	<u>-</u>

(Continued)

CITY OF MANVEL, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

	Primary Government			Total	Component Unit
	Governmental Activities	Business-Type Activities	Reconciliation		
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,006,584	\$ 108,870	\$ -	\$ 4,115,454	\$ -
Customer deposits	-	250,596	-	250,596	-
Accrued interest payable	1,237,135	-	-	1,237,135	-
Due to component unit	257,577	-	-	257,577	-
Unearned revenue	4,330,066	-	-	4,330,066	-
Total current liabilities	<u>9,831,362</u>	<u>359,466</u>	<u>-</u>	<u>10,190,828</u>	<u>-</u>
Long-term liabilities					
Long-term liabilities due within one year	2,457,829	20,124	-	2,477,953	-
Long-term liabilities due in more than one year	119,227,296	50,285	-	119,277,581	-
Total noncurrent liabilities	<u>121,685,125</u>	<u>70,409</u>	<u>-</u>	<u>121,755,534</u>	<u>-</u>
Total liabilities	<u>131,516,487</u>	<u>429,875</u>	<u>-</u>	<u>131,946,362</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	122,937	7,276	-	130,213	-
Deferred inflows - OPEB	44,570	-	-	44,570	-
Total deferred inflows of resources	<u>167,507</u>	<u>7,276</u>	<u>-</u>	<u>174,783</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	17,424,676	19,710,025	(5,708,864)	31,425,837	-
Restricted for					
Debt service	-	-	-	-	-
Enabling legislation	1,268,655	-	-	1,268,655	-
Tax increment reinvestment zone	3,834,423	-	-	3,834,423	-
Special projects	3,614,481	-	-	3,614,481	-
Manvel Economic Development Corporation	-	-	-	-	7,938,378
Unrestricted	<u>(16,520,855)</u>	<u>2,239,663</u>	<u>5,708,864</u>	<u>(8,572,328)</u>	<u>-</u>
Total net position	<u>\$ 9,621,380</u>	<u>\$ 21,949,688</u>	<u>\$ -</u>	<u>\$ 31,571,068</u>	<u>\$ 7,938,378</u>

See notes to financial statements.

CITY OF MANVEL, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position			Component Unit Manvel Economic Dev. Corp.
		Charges for Services	Operating Grants and Contributions	Primary Government		Total	
				Government Activities	Business-Type Activities		
Primary Government							
Governmental activities							
General government	\$ 5,261,262	\$ -	\$ -	\$ (5,261,262)	\$ -	\$ (5,261,262)	\$ -
Public safety	6,969,843	561,165	6,065	(6,402,613)	-	(6,402,613)	-
Public works	18,851,799	7,757,373	724,496	(10,369,930)	-	(10,369,930)	-
Library, parks, and recreation	94,962	-	-	(94,962)	-	(94,962)	-
Information technology	662,066	-	-	(662,066)	-	(662,066)	-
Interest and fiscal agent	4,606,435	-	-	(4,606,435)	-	(4,606,435)	-
Total governmental activities	<u>36,446,367</u>	<u>8,318,538</u>	<u>730,561</u>	<u>(27,397,268)</u>	<u>-</u>	<u>(27,397,268)</u>	<u>-</u>
Business-type activities							
Water and sewer	1,851,740	2,493,870	-	-	642,130	642,130	-
Total business-type activities	<u>1,851,740</u>	<u>2,493,870</u>	<u>-</u>	<u>-</u>	<u>642,130</u>	<u>642,130</u>	<u>-</u>
Total primary government	<u>\$ 38,298,107</u>	<u>\$ 10,812,408</u>	<u>\$ 730,561</u>	<u>(27,397,268)</u>	<u>642,130</u>	<u>(26,755,138)</u>	<u>-</u>
Component Units							
Manvel Economic Development Corporation	\$ 39,457	\$ -	\$ -	-	-	-	(39,457)
Total component units	<u>\$ 39,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,457)</u>
General revenues							
Taxes							
Property taxes				11,515,960	-	11,515,960	-
Sales taxes				3,041,779	-	3,041,779	1,520,889
Other taxes and fees				881,688	-	881,688	-
Investment earnings				4,646,430	-	4,646,430	356,675
Other revenues				122,312	-	122,312	-
Transfers				(4,731,682)	4,731,682	-	-
Total general revenues and transfers				<u>15,476,487</u>	<u>4,731,682</u>	<u>20,208,169</u>	<u>1,877,564</u>
Change in net position				(11,920,781)	5,373,812	(6,546,969)	1,838,107
Beginning net position				<u>21,542,161</u>	<u>16,575,876</u>	<u>38,118,037</u>	<u>6,100,271</u>
Ending net position				<u>\$ 9,621,380</u>	<u>\$ 21,949,688</u>	<u>\$ 31,571,068</u>	<u>\$ 7,938,378</u>

See notes to financial statements.

CITY OF MANVEL, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>South Manvel Dev. Auth.</u>	<u>Community Impact</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 9,977,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,977,974
Restricted cash and cash equivalents	-	90,439,767	3,834,423	3,563,470	88,145	1,297,392	99,223,197
Receivables, net	1,058,864	26,781	-	-	25,573	32,828	1,144,046
Prepaid items	24,900	-	-	-	-	-	24,900
Total assets	<u>\$ 11,061,738</u>	<u>\$ 90,466,548</u>	<u>\$ 3,834,423</u>	<u>\$ 3,563,470</u>	<u>\$ 113,718</u>	<u>\$ 1,330,220</u>	<u>\$ 110,370,117</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 1,549,342	\$ 2,397,113	\$ -	\$ -	\$ 500	\$ 10,554	\$ 3,957,509
Unearned revenue	1,184,165	3,145,901	-	-	-	-	4,330,066
Due to other governments	257,577	-	-	-	-	-	257,577
Total liabilities	<u>2,991,084</u>	<u>5,543,014</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>10,554</u>	<u>8,545,152</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	37,906	-	-	-	25,170	-	63,076
Total deferred inflow s of resources	<u>37,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,170</u>	<u>-</u>	<u>63,076</u>
FUND BALANCES							
Nonspendable							
Prepaid items	24,900	-	-	-	-	-	24,900
Restricted for							
Debt service	-	-	-	-	88,048	-	88,048
Enabling legislation	-	-	-	-	-	1,268,655	1,268,655
Tax increment reinvestment zone	-	-	3,834,423	-	-	-	3,834,423
Capital projects	-	84,923,534	-	-	-	-	84,923,534
Special projects	-	-	-	3,563,470	-	51,011	3,614,481
Unassigned	8,007,848	-	-	-	-	-	8,007,848
Total fund balances	<u>8,032,748</u>	<u>84,923,534</u>	<u>3,834,423</u>	<u>3,563,470</u>	<u>88,048</u>	<u>1,319,666</u>	<u>101,761,889</u>
Total liabilities, deferred inflow s of resources, and fund balances	<u>\$ 11,061,738</u>	<u>\$ 90,466,548</u>	<u>\$ 3,834,423</u>	<u>\$ 3,563,470</u>	<u>\$ 113,718</u>	<u>\$ 1,330,220</u>	<u>\$ 110,370,117</u>

See notes to financial statements.

CITY OF MANVEL, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balances for governmental funds \$ 101,761,889

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

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

Capital assets – nondepreciable	20,676,625
Capital assets – net depreciable	8,295,902

The issuance of long-term liabilities (e.g., bonds, certificates of obligation etc.) provides current financial resources to governmental funds, while the repayment of principal the 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	2,716
Accrued interest	(1,237,135)
Noncurrent debt due in one year	(2,095,000)
Noncurrent debt due in more than one year	(118,152,353)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 63,076

An internal service funds are 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.

Capital assets – net depreciable	737,936
Current assets net of current liabilities	607,352

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.

Net pension liability	(764,560)
Total OPEB liability	(111,255)
Deferred outflows - pensions	535,319
Deferred outflows - OPEB	30,332
Deferred inflows - pensions	(122,937)
Deferred inflows - OPEB	(44,570)
Compensated absences	(561,957)

Net position of governmental activities	\$ 9,621,380
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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, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>South Manvel Dev. Auth.</u>	<u>Community Impact</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 5,588,423	\$ -	\$ -	\$ -	\$ 4,097,218	\$ 1,845,512	\$ 11,531,153
Sales taxes	3,041,779	-	-	-	-	-	3,041,779
Other taxes and fees	776,634	-	-	-	-	105,054	881,688
Charges for services	13,281	-	-	3,813,470	-	-	3,826,751
Licenses and permits	3,930,622	-	-	-	-	-	3,930,622
Fines and forfeitures	500,247	-	-	-	-	60,918	561,165
Intergovernmental	6,065	724,496	-	-	-	-	730,561
Investment earnings	777,528	3,776,584	30,087	-	62,231	-	4,646,430
Other revenues	122,312	-	-	-	-	-	122,312
Total revenues	<u>14,756,891</u>	<u>4,501,080</u>	<u>30,087</u>	<u>3,813,470</u>	<u>4,159,449</u>	<u>2,011,484</u>	<u>29,272,461</u>
Expenditures							
Current							
General government	4,735,553	-	-	-	-	293,435	5,028,988
Public safety	6,708,303	-	-	-	-	-	6,708,303
Public works	2,379,548	-	15,972,087	-	-	-	18,351,635
Library, parks, and recreation	94,962	-	-	-	-	-	94,962
Information technology	662,066	-	-	-	-	-	662,066
Capital outlay	412,357	14,823,075	-	-	-	-	15,235,432
Debt service							
Principal	-	-	-	-	1,830,000	-	1,830,000
Interest and fiscal charges	-	-	-	-	2,674,755	-	2,674,755
Issuance costs	-	1,073,331	-	-	-	-	1,073,331
Total expenditures	<u>14,992,789</u>	<u>15,896,406</u>	<u>15,972,087</u>	<u>-</u>	<u>4,504,755</u>	<u>293,435</u>	<u>51,659,472</u>
Excess (deficiency) of revenues over (under) expenditures	(235,898)	(11,395,326)	(15,942,000)	3,813,470	(345,306)	1,718,049	(22,387,011)

(Continued)

CITY OF MANVEL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended September 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>South Manvel Dev. Auth.</u>	<u>Community Impact</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)							
Sale of capital asset	\$ 886,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 886,433
Transfers in	423,135	1,662,500	1,820,105	-	-	100,000	4,005,740
Transfers (out)	(1,512,500)	-	(423,135)	(250,000)	-	(1,820,105)	(4,005,740)
Issuance of debt	-	47,835,000	17,710,000	-	-	-	65,545,000
Discount from issuance of debt	-	-	(345,475)	-	-	-	(345,475)
Premium from issuance of debt	-	3,244,297	-	-	-	-	3,244,297
Total other financing sources (uses)	<u>(202,932)</u>	<u>52,741,797</u>	<u>18,761,495</u>	<u>(250,000)</u>	<u>-</u>	<u>(1,720,105)</u>	<u>69,330,255</u>
Net change in fund balances	(438,830)	41,346,471	2,819,495	3,563,470	(345,306)	(2,056)	46,943,244
Beginning fund balances	<u>8,471,578</u>	<u>43,577,063</u>	<u>-</u>	<u>-</u>	<u>433,354</u>	<u>2,336,650</u>	<u>54,818,645</u>
Change to or within financial reporting entity	<u>-</u>	<u>-</u>	<u>1,014,928</u>	<u>-</u>	<u>-</u>	<u>(1,014,928)</u>	<u>-</u>
Beginning fund balances, as adjusted	<u>8,471,578</u>	<u>43,577,063</u>	<u>1,014,928</u>	<u>-</u>	<u>433,354</u>	<u>1,321,722</u>	<u>54,818,645</u>
Ending fund balances	<u>\$ 8,032,748</u>	<u>\$ 84,923,534</u>	<u>\$ 3,834,423</u>	<u>\$ 3,563,470</u>	<u>\$ 88,048</u>	<u>\$ 1,319,666</u>	<u>\$ 101,761,889</u>

See notes to financial statements.

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, 2024

Net changes in fund balances - total governmental funds	\$	46,943,244
Amounts reported for governmental activities in the Statement of Activities are different because:		
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/amortization expense.		
Capital additions from capital outlay, net of disposals		14,348,999
Capital contributions to enterprise fund		(4,731,682)
Depreciation expense		(735,474)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		
Net change in unavailable revenue - property taxes		(15,193)
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 issuance costs, premiums, discounts, and similar items when they are first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Certificates of obligation		(47,835,000)
Bond issuance		(17,710,000)
Discount		345,475
Premium		(3,244,297)
Amortization of discount		(11,002)
Amortization of premium		139,081
Amortization of deferred charge		(1,359)
Accrued interest		(985,069)
Principal payments		1,830,000
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.		
Change in net pension liability		454,684
Change in total OPEB liability		(22,198)
Change in deferred outflows - pensions		(276,620)
Change in deferred outflows - OPEB		3,106
Change in deferred inflows - pensions		(31,231)
Change in deferred inflows - OPEB		9,699
Change in compensated absences		(241,897)
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.		
Depreciation expense		(154,047)
Change in net position of governmental activities	\$	<u><u>(11,920,781)</u></u>

See notes to financial statements.

CITY OF MANVEL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	Business-Type Activities <u>Enterprise</u>	Governmental Activities <u>Internal Service</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,013,049	\$ 613,551
Receivables, net	362,448	42,876
Due from other governments	4,091	-
Prepaid items	14,950	-
Restricted cash and cash equivalents		
Customer deposits	250,596	-
Total current assets	<u>2,645,134</u>	<u>656,427</u>
Noncurrent assets		
Capital assets		
Land	4,418,536	-
Construction in progress	6,564,025	-
Water/sewer system	12,194,683	-
Machinery and equipment	497,135	1,672,942
Less: accumulated depreciation	(3,964,354)	(935,006)
Total noncurrent assets	<u>19,710,025</u>	<u>737,936</u>
Total assets	<u>22,355,159</u>	<u>1,394,363</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pensions	31,680	-
Total deferred outflows of resources	<u>31,680</u>	<u>-</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	108,870	49,075
Customer deposits	250,596	-
Total current liabilities	<u>359,466</u>	<u>49,075</u>
Noncurrent liabilities		
Net pension liability	45,247	-
Compensated absences due in one year	20,124	-
Compensated absences due in more than one year	5,038	-
Total noncurrent liabilities	<u>70,409</u>	<u>-</u>
Total liabilities	<u>429,875</u>	<u>49,075</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	7,276	-
Total deferred inflows of resources	<u>7,276</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	19,710,025	688,861
Unrestricted	2,239,663	656,427
Total net position	<u>\$ 21,949,688</u>	<u>\$ 1,345,288</u>

See notes to financial statements.

CITY OF MANVEL, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended September 30, 2024

	<u>Business-Type Activities Enterprise</u>	<u>Governmental Activities Internal Service</u>
Operating revenues		
Water charges	\$ 1,214,138	\$ -
Sewer charges	999,736	-
Other revenues	279,996	-
Total operating revenues	2,493,870	-
Operating expenses		
Personnel services	519,843	-
Utilities	178,952	-
Supplies	330,256	-
Repair and maintenance	461,502	-
Depreciation	361,187	154,047
Total operating expenses	1,851,740	154,047
Operating income (loss)	642,130	(154,047)
Contributions		
Capital contributions	4,731,682	-
Total contributions	4,731,682	-
Change in net position	5,373,812	(154,047)
Beginning net position	16,575,876	1,499,335
Ending Net Position	\$ 21,949,688	\$ 1,345,288

See notes to financial statements.

CITY OF MANVEL, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2024

	<u>Business-Type Activities Enterprise</u>	<u>Governmental Activities Internal Service</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 2,591,837	\$ 401
Payments to suppliers	(931,190)	-
Payments to employees	(528,258)	-
Net cash provided by operating activities	<u>1,132,389</u>	<u>401</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(36,772)	(195,737)
Proceeds from sale of assets	-	55,423
Net cash (used) by capital and related financing activities	<u>(36,772)</u>	<u>(140,314)</u>
Net increase (decrease) in cash and cash equivalents	1,095,617	(139,913)
Beginning cash and cash equivalents	<u>1,168,028</u>	<u>753,464</u>
Ending cash and cash equivalents	<u>\$ 2,263,645</u>	<u>\$ 613,551</u>
Ending cash and cash equivalents		
Unrestricted cash and cash equivalents	\$ 2,013,049	\$ 613,551
Restricted cash and cash equivalents	250,596	-
	<u>\$ 2,263,645</u>	<u>\$ 613,551</u>
Reconciliation of operating income (loss) to net cash		
provided (used) by operating activities		
Operating income (loss)	\$ 642,130	\$ (154,047)
Adjustments to reconcile operating income (loss) to net		
cash provided by operating activities		
Depreciation	361,187	154,047
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	30,217	(42,876)
Prepaid items	(14,950)	-
Deferred outflows - pensions	29,543	-
Increase (decrease) in		
Accounts payable and accrued liabilities	54,470	43,277
Net pension liability	(46,689)	-
Compensated absences	8,370	-
Customer deposits	67,750	-
Deferred inflows - pensions	361	-
Net cash provided by operating activities	<u>\$ 1,132,389</u>	<u>\$ 401</u>
Noncash investing activities		
Capital contributions	<u>\$ 4,731,682</u>	<u>\$ -</u>

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2024.

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 2024.

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.

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. The City passed an agreement (the "Agreement") between the City, the SMDA, and the TIRZ No 3 in which the SMDA will facilitate the implementation of the TIRZ plan and assist the City with reimbursement to the developer participating in the TIRZ No 3. Reimbursement to the developer will be made through the issuance of bonds, notes, or other obligations available to the SMDA but only after consent of the City Council. Efforts of the SMDA will be financed using the TIRZ No 3 tax increment as outlined in the Agreement. Such taxes and payment of debt service activity are controlled by the Board of Directors managing the SMDA and are accounted for in a special revenue fund with the City's financial oversight. Separate financial statements for the SMDA blended component unit can be obtained by contacting the City Finance Director.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and 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.

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.

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.

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 sale 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, SMDA, community impact, law enforcement, park, public education government (PEG) fee, municipal jury, truancy prevention, and municipal utility district (MUD) improvement funds. The SMDA and community impact fund are considered major funds for reporting purposes and the remaining special revenue funds are considered nonmajor funds for reporting purposes.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following proprietary 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 transfers in the business-type activities column.

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 *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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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

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.

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.

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

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, contractual agreements, and enabling legislation. Restricted assets of the capital projects fund, special revenue funds, enterprise fund, and the Corporation are restricted by bond covenants, customers deposits, contractual agreements, and enabling legislation.

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.

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

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net 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 net 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Interfund Activity: Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidations. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted with the capital contributions from governmental activities and business-type activities and presented as a single "Transfers" line on the government-wide Statement of Activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line in the government-wide Statement of Net Position.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

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.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

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 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.

Other Postemployment Benefits: The City participates in defined benefit group-term life insurance plan administered 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. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expenses is provided by TMRS from reports prepared by their consulting actuary.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses:

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.

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.

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.

NOTE 2 - 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. In accordance with GAAP, the City presents the general fund, the SMDA fund, and community impact fund budget to actual financial statements within the Required Supplementary Information to demonstrate that the City is within the legal level of budgetary control.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments: Deposits and investments are reported as cash and cash equivalents in the financial statements of the primary government and its discrete component unit. Within the primary government, cash and cash equivalents also include amounts reported as restricted assets.

As of September 30, 2024, the carrying amount of the City's cash on hand, deposits with financial institutions, and investments is summarized as follows:

	<u>Primary Government</u>		<u>Discrete Component Unit</u>		<u>Total</u>
	<u>Not Restricted</u>	<u>Restricted</u>	<u>Not Restricted</u>	<u>Restricted</u>	
TexPool	\$ 489,189	\$ -	\$ 1,479,834	\$ 164,686	\$ 2,133,709
TexSTAR	-	11,045,462	-	-	11,045,462
LOGIC	11,907,793	85,385,304	5,899,003	-	103,192,100
U.S. Governmental					
Securities	-	2,729,447	-	-	2,729,447
Cash on hand	<u>207,592</u>	<u>313,580</u>	<u>137,278</u>	<u>-</u>	<u>658,450</u>
Total cash and					
cash equivalents	<u>\$ 12,604,574</u>	<u>\$ 99,473,793</u>	<u>\$ 7,516,115</u>	<u>\$ 164,686</u>	<u>\$ 119,759,168</u>

The cash on hand held in bank accounts as of September 30, 2024, and during the year ended September 30, 2024, were covered by FDIC insurance or by pledged collateral held by the agent bank in the City's and discrete component units name.

The City is required by Government Code Chapter 2256, the Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions: 1) obligations of the U.S. Treasury, U.S. agencies, and the State; 2) certificates of deposit; 3) certain municipal securities; 4) securities lending program; 5) repurchase agreements; 6) bankers' acceptances; 7) mutual funds; 8) investment pools; 9) guaranteed investment contracts; and 10) commercial paper.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

As of September 30, 2024, the City weighted average maturity in years for the investment types reported as cash and cash equivalents:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 2,133,709	0.07
TexSTAR	11,045,462	0.07
LOGIC	103,192,100	0.13
U.S. Treasury Securities	2,729,447	0.12
Total value	\$ 119,100,718	
Portfolio weighted average maturity		0.12

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, 2024, 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.

Custodial credit risk – investments. For an investment, this is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

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.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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 state of emergency that affects TexSTAR's liquidity.

Fair Value Measurements – The City's investment pools are measured at amortized cost and is exempt from fair value reporting. Certificate of deposits are also exempt from fair value reporting since these investments are in nonparticipating interest-earning contracts and reported at cost. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

(Continued)

CITY OF MANVEL, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

The U.S. Treasury Securities investments are categorized as Level 1, since they are traded on active markets. Level 1 investments are subject to market fluctuations that may cause a decline in the value of the investments held at year end.

Receivables: The following comprise receivable balances at September 30, 2024:

	Governmental Funds			
	General	Capital Projects	Debt Service	Nonmajor Governmental
Accounts	\$ 450,253	\$ 26,781	\$ -	\$ -
Property taxes	96,918	-	56,049	-
Sales taxes	515,259	-	-	-
Hotel occupancy taxes	-	-	-	29,526
Franchise fees	54,494	-	-	3,302
Less allowances	(58,060)	-	(30,476)	-
Total	\$ 1,058,864	\$ 26,781	\$ 25,573	\$ 32,828

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets: A summary of changes in capital assets for governmental activities for the year ended September 30, 2024 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
<u>Governmental activities</u>				
Capital assets not being depreciated				
Land	\$ 10,291,025	\$ 596,516	\$ (886,433)	\$ 10,001,108
Construction in progress	<u>3,356,264</u>	<u>8,770,604</u>	<u>(1,451,351)</u>	<u>10,675,517</u>
Total nondepreciable assets	<u>13,647,289</u>	<u>9,367,120</u>	<u>(2,337,784)</u>	<u>20,676,625</u>
Other capital assets				
Buildings, improvements, and roads	8,492,970	2,126,532	-	10,619,502
Machinery and equipment*	<u>6,626,279</u>	<u>657,186</u>	<u>(106,323)</u>	<u>7,177,142</u>
Total other capital assets	<u>15,119,249</u>	<u>2,783,718</u>	<u>(106,323)</u>	<u>17,796,644</u>
Less accumulated depreciation for				
Buildings, improvements, and roads	(4,553,140)	(375,471)	-	(4,928,611)
Machinery and equipment*	<u>(3,371,045)</u>	<u>(514,050)</u>	<u>50,900</u>	<u>(3,834,195)</u>
Total accumulated depreciation	<u>(7,924,185)</u>	<u>(889,521)</u>	<u>50,900</u>	<u>(8,762,806)</u>
Other capital assets, net	<u>7,195,064</u>	<u>1,894,197</u>	<u>(55,423)</u>	<u>9,033,838</u>
Governmental activities capital assets, net	<u>\$ 20,842,353</u>	<u>\$ 11,261,317</u>	<u>\$ (2,393,207)</u>	<u>\$ 29,710,463</u>
				Less: debt associated with governmental capital assets (11,738,734)
				Add: accounts payable for construction (877,198)
				Less: unspent bond proceeds 330,145
				<u>Net investment in capital assets \$ 17,424,676</u>

*Machinery and equipment ending balances include internal service fund capital assets of \$1,672,942 and accumulated depreciation of \$935,006. There were increases in internal service fund machinery and equipment of \$195,737. The decreases for machinery and equipment includes decreases in internal service fund capital assets of \$106,323 and accumulated depreciation of \$50,900.

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.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation was charged to governmental activities functions as follows:

General government	\$ 174,933
Public safety	153,900
Public works	406,641
Internal service	154,047
Total governmental activities depreciation and amortization	\$ 889,521

Construction in progress and remaining commitments under related construction contracts for governmental fund projects at year end were as follows:

<u>Project Description</u>	<u>Authorized Project Costs</u>	<u>Construction Expenditures</u>	<u>Remaining Project Costs</u>
City hall expansion	\$ 6,003,237	\$ 22,098	\$ 5,981,139
Masters Jordan Road development	368,409	239,894	128,515
Municipal complex	3,317,888	1,690,607	1,627,281
Police station	21,431,592	6,672,504	14,759,088
Community center	7,177,383	1,954,627	5,222,756
Thoroughfare and comprehensive plans	288,600	95,787	192,813
	\$ 38,587,109	\$ 10,675,517	\$ 27,911,592

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
<u>Business-type activities</u>				
Capital assets not being depreciated				
Land	\$ 4,418,536	\$ -	\$ -	\$ 4,418,536
Construction in progress	1,838,956	4,725,069	-	6,564,025
Total nondepreciable assets	6,257,492	4,725,069	-	10,982,561
Other capital assets				
Water/sewer system	12,188,070	6,613	-	12,194,683
Machinery and equipment	460,363	36,772	-	497,135
Total other capital assets	12,648,433	43,385	-	12,691,818
Less accumulated depreciation for				
Water/sewer system	(3,367,818)	(331,805)	-	(3,699,623)
Machinery and equipment	(235,349)	(29,382)	-	(264,731)
Total accumulated depreciation	(3,603,167)	(361,187)	-	(3,964,354)
Other capital assets, net	9,045,266	(317,802)	-	8,727,464
Business-type activities capital assets, net	\$ 15,302,758	\$ 4,407,267	\$ -	\$ 19,710,025

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The depreciation charged to business-type functions was \$361,187 for capital assets related to the enterprise fund.

Construction in progress and remaining commitments under related construction contracts for enterprise fund projects at year end were as follows:

<u>Project Description</u>	<u>Authorized Project Costs</u>	<u>Construction Expenditures</u>	<u>Remaining Project Costs</u>
Water reclamation facility project	\$ 40,000,000	\$ 4,010	\$ 39,995,990
Elevated storage tank	8,540,279	4,519,773	4,020,506
Wastewater treatment expansion	3,497,252	2,040,242	1,457,010
	<u>\$ 52,037,531</u>	<u>\$ 6,564,025</u>	<u>\$ 45,473,506</u>

Long-Term Debt: The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2024. In general, the City uses the general and debt service funds to liquidate long-term liabilities.

The long-term liabilities for the governmental and business-type activities and the debt associated with capital assets at year end are as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities</u>					
Certificates of obligation	\$ 49,585,000	\$ 47,835,000	\$ (1,490,000)	\$ 95,930,000 *	\$ 1,540,000
Direct borrowings/placements					
Certificates of obligation	1,200,000	-	(110,000)	1,090,000 *	110,000
General obligation bonds	710,000	-	(230,000)	480,000 *	240,000
SMDA revenue bonds	-	17,710,000	-	17,710,000	205,000
Discount	-	(345,475)	11,002	(334,473)	-
Premium	2,266,610	3,244,297	(139,081)	5,371,826 *	-
Net pension liability	1,219,244	-	(454,684)	764,560	-
Total OPEB liability	89,057	22,198	-	111,255	11,555
Compensated absences	320,060	450,462	(208,565)	561,957	351,274
	<u>\$ 55,389,971</u>	<u>\$ 68,916,482</u>	<u>\$ (2,621,328)</u>	<u>\$ 121,685,125</u>	<u>\$ 2,457,829</u>
				<u>\$ 119,227,296</u>	

*Total debt associated with capital assets.

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.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Business-type activities</u>					
Net pension liability	\$ 91,936	\$ -	\$ (46,689)	\$ 45,247	\$ -
Compensated absences	<u>16,792</u>	<u>18,586</u>	<u>(10,216)</u>	<u>25,162</u>	<u>20,124</u>
Total business-type activities	<u>\$ 108,728</u>	<u>\$ 18,586</u>	<u>\$ (56,905)</u>	<u>\$ 70,409</u>	<u>\$ 20,124</u>
Long-term liabilities due in more than one year				<u>\$ 50,285</u>	
*Total debt associated with capital assets				<u>\$ 102,871,826</u>	

The City's outstanding long-term debt from certificates of obligation and general obligation bonds along with the associated premiums from issuances have been issued within the governmental activities and are being repaid through the City's governmental debt service fund. Although the debt is recorded in the governmental activities, the related proceeds have been used to finance capital improvements benefiting both governmental and business-type activities. The following schedule provides a summary of the outstanding debt associated with capital assets and the corresponding allocation of proceeds by governmental and business-type activities:

Debt associated with governmental capital assets	\$ 11,738,734
Debt associated with business-type capital assets	<u>91,133,092</u>
*Total debt associated with capital assets	<u>\$ 102,871,826</u>

Debt associated with business-type activities, along with certain related balances such as construction-related payables, unspent debt proceeds, and deferred losses on refundings are reported within the governmental activities. Although these balances are recorded in the governmental activities, they pertain to capital projects supporting business-type operations. The net effect of these balances is reflected in the statement of net position through a reconciliation between the net investment in capital assets and unrestricted net position for the total primary government balances. The following amounts, recorded in governmental activities but attributable to business-type capital projects, are included in this reconciliation:

Debt associated with business-type capital assets	\$ 91,133,092
Add: accounts payable for construction	1,568,990
Less: unspent bond proceeds	(86,990,502)
Less: deferred loss on refunding	<u>(2,716)</u>
Primary government reconciliation for business-type net investment in capital assets	<u>\$ 5,708,864</u>

On May 2, 2024, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") for \$47,835,000 to be used for construction of wastewater regional facilities, streets, and sidewalk improvements.

General obligation bonds and certificates of obligation 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.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

In December 2023, the SMDA issued \$17,710,000 in Tax Increment Contract Revenue Bonds, Series 2023 (SMDA Revenue Bonds), with final maturity on April 1, 2050. The Bonds were issued to reimburse developers for eligible public infrastructure project costs and to fund the required debt service reserve fund within the SMDA fund. Eligible project costs include roads, drainage, water, wastewater, and other improvements within TIRZ No. 3 that are conveyed to and ultimately maintained by the City once formally accepted. The debt service reserve requirement as of September 30, 2024, is \$1,394,013. This reserve is held in a restricted account within the SMDA fund and may only be funded from available pledged tax increment revenues; it does not represent an additional obligation of the City.

Although the SMDA Revenue Bonds are payable solely from contract tax increments generated within TIRZ No. 3, the liability is recorded within the City's governmental activities since the City will ultimately receive the related infrastructure and future debt service for the Bonds is to be paid from tax increments generated within the City's TIRZ. As a result, the obligation reduces the City's unrestricted net position until the related capital contributions by the developer are formally accepted, at which time the debt is netted within net investment in capital assets.

The SMDA Revenue Bonds are limited obligations of SMDA, and bondholders have no recourse to the City's general credit or taxing powers. If pledged revenues are insufficient to repay principal and interest by April 1, 2050 (the termination date of TIRZ No. 3), no additional amounts are required to be paid, and the remaining debt will be removed as a liability from the City's financial statements.

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

<u>Description</u>	<u>Interest Rate %</u>	<u>Balance</u>
Certificates of obligation bonds		
Certificates of obligation, Series 2024	4.00-6.50	\$ 47,835,000
Certificates of obligation, Series 2023	3.00-5.00	32,200,000
Certificates of obligation, Series 2019	2.00-4.00	2,920,000
Certificates of obligation, Series 2018	4.00-5.00	7,545,000
Certificates of obligation, Series 2017	3.00-4.00	2,670,000
Certificates of obligation, Series 2016	3.00	2,760,000
From direct borrowings/placements		
Certificates of obligation, Series 2013	2.70	1,090,000
Total certificates of obligation		<u>97,020,000</u>
General obligation bonds		
From direct borrowings/placements		
Refunding bonds, Series 2015	2.00	480,000
Total general obligation bonds		<u>480,000</u>
SMDA revenue bonds		
From direct borrowings/placements		
Revenue bonds, Series 2023	4.50-5.50	17,710,000
Total SMDA revenue bonds		<u>17,710,000</u>
Total governmental activities long-term debt		<u><u>\$ 115,210,000</u></u>

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

Certificates of Obligation			
Fiscal Year Ended September 30,	Principal	Interest	Total Requirements
2025	\$ 1,540,000	\$ 4,233,793	\$ 5,773,793
2026	1,590,000	4,173,643	5,763,643
2027	2,055,000	4,099,487	6,154,487
2028	2,550,000	3,996,999	6,546,999
2029	2,665,000	3,877,107	6,542,107
2030-2034	15,170,000	17,416,177	32,586,177
2035-2039	17,335,000	13,513,014	30,848,014
2040-2044	16,255,000	9,627,189	25,882,189
2045-2049	19,740,000	5,917,384	25,657,384
2050-2053	17,030,000	1,494,069	18,524,069
	<u>\$ 95,930,000</u>	<u>\$ 68,348,862</u>	<u>\$ 164,278,862</u>

Certificates of Obligation From Direct Borrowings/Placements			
Fiscal Year Ended September 30,	Principal	Interest	Interest
2025	\$ 110,000	\$ 26,525	\$ 136,525
2026	110,000	24,105	134,105
2027	115,000	21,517	136,517
2028	120,000	18,755	138,755
2029	120,000	15,875	135,875
2030-2033	515,000	29,878	544,878
	<u>\$ 1,090,000</u>	<u>\$ 136,655</u>	<u>\$ 1,226,655</u>

General Obligation Bonds From Direct Borrowings/Placements			
Fiscal Year Ended September 30,	Principal	Interest	Interest
2025	\$ 240,000	\$ 9,600	\$ 249,600
2026	240,000	4,800	244,800
	<u>\$ 480,000</u>	<u>\$ 14,400</u>	<u>\$ 494,400</u>

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

SMDA Revenue Bonds			
Fiscal Year Ended September 30,	Principal	Interest	Total Requirements
2025	\$ 205,000	\$ 1,130,434	\$ 1,335,434
2026	515,000	875,462	1,390,462
2027	535,000	852,288	1,387,288
2028	560,000	828,212	1,388,212
2029	585,000	803,013	1,388,013
2030-2034	2,900,000	3,596,737	6,496,737
2035-2039	3,355,000	2,855,313	6,210,313
2040-2044	4,040,000	1,926,812	5,966,812
2045-2049	4,065,000	911,926	4,976,926
2050	950,000	49,875	999,875
	\$ 17,710,000	\$ 13,830,072	\$ 31,540,072

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

Interfund Transactions: The composition of transfers between funds is as follows:

Transfer In	Transfer Out	Amounts
General	South Manvel Development Authority	\$ 423,135
Capital projects	General	1,412,500
Capital projects	Community impact	250,000
South Manvel Development Authority	Nonmajor governmental	1,820,105
Nonmajor governmental	General	100,000
		\$ 4,005,740

Transfers to the general fund are reimbursements for administration costs. Other transfers to capital projects, SMDA, and nonmajor governmental funds are utilized to fund infrastructure improvement projects, development, provide funding for SMDA debt, and for park improvements. Transfers must be accounted for in accordance with budgetary authorization.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION

Conduit Debt: The MCEFFC and MEFC issue loans to finance or refinance educational facilities. The related loan agreements and bonds payable have not been recorded in the financial statements of the City. These loans 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. In addition, no commitments beyond the secured deed of trust on certain real property of the borrower were extended by MCEFFC and MEFC for any of the loans. At September 30, 2024, the loans had an aggregate outstanding principal amount payable of \$3,783,960.

Fund Equity: As of September 30, 2024, \$ of the City's total fund balance is restricted by enabling legislation for tourism, court security, court technology, law enforcement, public communication, municipal jury, and truancy prevention.

Restricted Assets: The balances of the restricted cash and cash equivalents recognized by the City in each fund are as follows:

<u>Restricted cash and cash equivalents</u>	<u>Capital Projects</u>	<u>South Manvel Development Authority</u>	<u>Community Impact</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>
Capital projects	\$ 90,439,767	\$ -	\$ -	\$ -	\$ -
Developer agreements	-	3,834,423	-	-	-
Impact fees	-	-	3,563,470	-	-
Debt service	-	-	-	88,145	-
Tourism	-	-	-	-	904,187
Municipal court	-	-	-	-	294,844
Truancy and law enforcement	-	-	-	-	20,038
Public communication	-	-	-	-	-
Parks and utility improvements	-	-	-	-	52,916
Total restricted cash and cash equivalents	<u>\$ 90,439,767</u>	<u>\$ 3,834,423</u>	<u>\$ 3,563,470</u>	<u>\$ 88,145</u>	<u>\$ 1,271,985</u>

<u>Restricted cash and cash equivalents</u>	<u>Enterprise</u>	<u>Component Unit Manvel Economic Dev. Corp.</u>
Customer deposits	\$ 250,596	\$ -
Intergovernmental agreements	-	164,686
Total restricted cash and cash equivalents	<u>\$ 250,596</u>	<u>\$ 164,686</u>

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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 1,174 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.

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.

Pension Plans:

Texas Municipal Retirement System

Plan Description: The City participates as one of 909 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 Texas Government Code, Title 8, Subtitle G (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 (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at tmrs.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 member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

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:

	2024	2023
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	0% Transfers	100% Transfers
Annuity increase (to retirees)	0% of CPI	70% of CPI

Employees Covered by Benefit Terms: At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to, but not yet receiving benefits	64
Active employees	95
Total	175

Contributions: Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching percentages are either 100%, 150%, or 200%, 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 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% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.80% and 8.53% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2024 were \$613,968 which were equal to the required contributions.

Net Pension Liability: The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions: The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used 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 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 the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) 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 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global equities	35%	6.7%
Core fixed income	6%	4.7%
Non-core fixed income	20%	8.0%
Other public and private markets	12%	8.0%
Real return	12%	7.6%
Hedge funds	5%	6.4%
Private equity	<u>10%</u>	11.6%
Total	<u>100%</u>	

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Discount Rate: The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, TMRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. 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:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Changes for the year:			
Service cost	\$ 838,920	\$ -	\$ 838,920
Interest	489,252	-	489,252
Difference between expected and actual experience	(44,036)	-	(44,036)
Changes in assumptions	(42,822)	-	(42,822)
Contributions - employer	-	636,332	(636,332)
Contributions - employee	-	454,523	(454,523)
Net investment income	-	656,007	(656,007)
Benefit payments, including refunds of employee contributions	(225,759)	(225,759)	-
Administrative expense	-	(4,146)	4,146
Other changes	-	(29)	29
Net Changes	<u>1,015,555</u>	<u>1,516,928</u>	<u>(501,373)</u>
Balance at December 31, 2022	<u>6,941,592</u>	<u>5,630,412</u>	<u>1,311,180</u>
Balance at December 31, 2023	<u>\$ 7,957,147</u>	<u>\$ 7,147,340</u>	<u>\$ 809,807</u>

Sensitivity of the NPL to Changes in the Discount Rate: The following presents the NPL/(A) of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL/(A) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	<u>\$ 2,043,974</u>	<u>\$ 809,807</u>	<u>\$ (191,757)</u>

Pension Plan Fiduciary Net Position: Detailed information about TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions: For the fiscal year ended September 30, 2024, the City recognized pension expense of \$430,253.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 888	\$ 95,626
Changes in assumptions	-	34,587
Net difference between projected and actual investment earnings	104,952	-
Contributions subsequent to the measurement date	<u>461,159</u>	<u>-</u>
Total	<u>\$ 566,999</u>	<u>\$ 130,213</u>

\$461,159 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year ended September 30,</u>	<u>Pension Expense</u>
2025	\$ (20,474)
2026	(3,213)
2027	74,546
2028	(71,894)
2029	<u>(3,338)</u>
Total	<u>\$ (24,373)</u>

Other Postemployment Benefits:

TMRS - Supplemental Death Benefits

Plan Description: The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (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 Statement No. 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.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

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, 2023 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet receiving, benefits	13
Active employees	95
Total	122

Total OPEB Liability: The City's total OPEB liability of \$111,255 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	3.77%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with intermediate convergence).
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% 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 the most recent Scale MP-2021 (with intermediate convergence) to account for future mortality improvements subject to the floor.

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

(Continued)

CITY OF MANVEL, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Changes for the year	
Service cost	\$ 9,090
Interest	3,738
Difference between expected and actual experience	5,914
Changes of assumptions	6,053
Benefit payments*	<u>(2,597)</u>
Net changes	22,198
Balance at December 31, 2022	<u>89,057</u>
Balance at December 31, 2023	<u><u>\$ 111,255</u></u>

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

The discount rate decreased from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. 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.

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 in Discount <u>Rate (2.77%)</u>	Discount <u>Rate (3.77%)</u>	1% Increase in Discount <u>Rate (4.77%)</u>
City's total OPEB liability	<u>\$ 137,669</u>	<u>\$ 111,255</u>	<u>\$ 91,538</u>

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2024, the City recognized OPEB expense of \$11,555.

The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 7,079	\$ 4,853
Changes in actuarial assumptions	21,631	39,717
Contributions subsequent to the measurement date	<u>1,622</u>	<u>-</u>
Total	<u>\$ 30,332</u>	<u>\$ 44,570</u>

\$1,622 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, 2025. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year ended September 30,</u>	<u>OPEB Expense</u>
2025	\$ (1,392)
2026	(1,869)
2027	(2,877)
2028	(6,033)
2029	(5,858)
Thereafter	<u>2,169</u>
Total	<u>\$ (15,860)</u>

Economic Incentive and Development Agreements

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 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, 2024, the Corporation received and restricted \$1,368,800 related to this MOU.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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, 2024.

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, 2024.

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 "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.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

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, 2024.

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, 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 \$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 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.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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 \$448,628 related to this Agreement during the fiscal year ended September 30, 2024.

Brazoria County Municipal Utility District No. 83: The City entered into a Development Agreement (the "Agreement") with the Brazoria County Municipal Utility District No. 83 (the "District") on August 16, 2021, for the design, financing, and construction of certain public improvements on the approximately 440 acres located in the District (the "Property"). The City has agreed to provide regional improvement incentives in the form of financial assistance to the District to induce the District to provide valuable development services to 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 improvements for the agreement will include Del Bello Boulevard, Dogwood Avenue and the crossing at Chocolate Bayou, Pollard Boulevard, and Charlotte Street (including crossings at Chocolate Bayou, DD4 Ditch and the GCWA Canal). The District agrees to furnish all goods, materials, and services as and when required in connection with the construction of its improvements.

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 will be June 1, 2024 for the increment of January 1, 2022 (base year value) to January 1, 2023. The payments shall be made annually. The increment shall be calculated by using 90% of the City's O&M taxes on properties in the District less \$205 for each equivalent single family connection in the District for the applicable tax year. The increment shall be paid for a maximum of 30 years or for a sum total of \$18 million, whichever may occur first. The City recognized expenditures of \$25,407 related to this Agreement during the fiscal year ended September 30, 2024.

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.

(Continued)

CITY OF MANVEL, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the year ended September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

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, 2024, the balance for the pipeline deposit is \$165,241.

Subsequent Events: On December 1, 2024, SMDA issued Tax Increment Contract Revenue Bonds, Series 2024 for \$3,370,000. The proceeds from the bonds will be used for the purposes of reimbursing developers for approved project costs. The bonds are limited obligations of SMDA, payable solely from the pledged revenues.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
For the year ended September 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 6,015,500	\$ 6,015,500	\$ 5,588,423	\$ (427,077)
Sales taxes	2,200,000	2,200,000	3,041,779	841,779
Other taxes and fees	655,000	655,000	776,634	121,634
Charges for services	12,350	12,350	13,281	931
Licenses and permits	4,733,500	4,733,500	3,930,622	(802,878)
Fines and forfeitures	203,500	243,500	500,247	256,747
Intergovernmental	2,000	6,065	6,065	-
Investment earnings	300,000	300,000	777,528	477,528
Other revenues	19,400	19,400	122,312	102,912
Total revenues	<u>14,141,250</u>	<u>14,185,315</u>	<u>14,756,891</u>	<u>571,576</u>
Expenditures				
Current				
General government	4,957,421	4,994,921	4,735,553	259,368
Public safety	6,522,205	7,626,270	6,708,303	917,967
Public works	2,457,250	2,597,250	2,379,548	217,702
Library, parks, and recreation	97,860	100,360	94,962	5,398
Information technology	681,441	681,441	662,066	19,375
Capital outlay	412,357	412,357	412,357	-
Total expenditures	<u>15,128,534</u>	<u>16,412,599</u>	<u>14,992,789</u>	<u>1,419,810</u>
(Deficiency) of revenues (under) expenditures	<u>(987,284)</u>	<u>(2,227,284)</u>	<u>(235,898)</u>	<u>1,991,386</u>
Other financing sources (uses)				
Sale of capital asset	-	-	886,433	886,433
Transfers in	423,135	423,135	423,135	-
Transfers (out)	(100,000)	(1,512,500)	(1,512,500)	-
Total other financing (uses)	<u>323,135</u>	<u>(1,089,365)</u>	<u>(202,932)</u>	<u>886,433</u>
Net change in fund balance	<u>\$ (664,149)</u>	<u>\$ (3,316,649)</u>	<u>(438,830)</u>	<u>\$ 2,877,819</u>
Beginning fund balance			<u>8,471,578</u>	
Ending fund balance			<u>\$ 8,032,748</u>	

Notes to Required Supplementary Information:

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

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SOUTH MANVEL DEVELOPMENT AUTHORITY FUND
 For the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 1,000	\$ 1,000	\$ 30,087	\$ 29,087
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>30,087</u>	<u>29,087</u>
Expenditures				
Current				
Public works	15,972,087	15,972,087	15,972,087	-
Total expenditures	<u>15,972,087</u>	<u>15,972,087</u>	<u>15,972,087</u>	<u>-</u>
(Deficiency) of revenues (under) expenditures	<u>(15,971,087)</u>	<u>(15,971,087)</u>	<u>(15,942,000)</u>	<u>29,087</u>
Other financing sources (uses)				
Transfers in	1,820,105	1,820,105	1,820,105	-
Transfers (out)	(423,135)	(423,135)	(423,135)	-
Issuance of debt	17,710,000	17,710,000	17,710,000	-
Discount from issuance of debt	<u>(345,475)</u>	<u>(345,475)</u>	<u>(345,475)</u>	<u>-</u>
Total other financing sources	<u>18,761,495</u>	<u>18,761,495</u>	<u>18,761,495</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,790,408</u>	<u>\$ 2,790,408</u>	2,819,495	<u>\$ 29,087</u>
Beginning fund balance			<u>1,014,928</u>	
Ending fund balance			<u>\$ 3,834,423</u>	

Notes to Required Supplementary Information:

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

CITY OF MANVEL, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – COMMUNITY IMPACT FUND
For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Charges for services	\$ 250,000	\$ 250,000	\$ 3,813,470	\$ 3,563,470
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>3,813,470</u>	<u>3,563,470</u>
 Excess of revenues over expenditures	 <u>250,000</u>	 <u>250,000</u>	 <u>3,813,470</u>	 <u>3,563,470</u>
Other financing sources (uses)				
Transfers (out)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total other financing (uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 3,563,470	 <u>\$ 3,563,470</u>
 Beginning fund balance			 <u>-</u>	
 Ending fund balance			 <u>\$ 3,563,470</u>	

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 (TMRS)
Last Ten Years

	Measurement Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 838,920	\$ 743,525	\$ 541,404	\$ 447,829	\$ 402,039	\$ 346,152	\$ 327,328	\$ 278,209	\$ 217,485	\$ 98,272
Interest (on the total pension liability)	489,252	422,057	380,417	314,840	279,081	247,393	215,662	176,347	90,331	76,628
Changes of benefit terms	-	-	438,388	-	-	-	-	999,103	-	46,383
Difference between expected and actual experience	(44,036)	1,547	(151,437)	(22,274)	15,936	(22,918)	(9,405)	149,739	(13,322)	7,393
Change of assumptions	(42,822)	-	-	-	(7,422)	-	-	-	49,239	-
Benefit payments, including refunds of employee contributions	(225,759)	(212,949)	(296,165)	(211,948)	(153,585)	(104,642)	(41,182)	(51,625)	(50,564)	(41,731)
Net change in total pension liability	1,015,555	954,180	912,607	528,447	536,049	465,985	492,403	1,551,773	293,169	186,945
Beginning total pension liability	6,941,592	5,987,412	5,074,805	4,546,358	4,010,309	3,544,324	3,051,921	1,500,148	1,206,979	1,020,034
Ending total pension liability	<u>\$ 7,957,147</u>	<u>\$ 6,941,592</u>	<u>\$ 5,987,412</u>	<u>\$ 5,074,805</u>	<u>\$ 4,546,358</u>	<u>\$ 4,010,309</u>	<u>\$ 3,544,324</u>	<u>\$ 3,051,921</u>	<u>\$ 1,500,148</u>	<u>\$ 1,206,979</u>
Plan fiduciary net position										
Contributions - employer	\$ 636,332	\$ 628,606	\$ 420,389	\$ 369,735	\$ 358,113	\$ 326,460	\$ 322,099	\$ 117,468	\$ 95,238	\$ 34,683
Contributions - employee	454,523	402,216	295,158	241,883	216,150	183,704	173,979	145,550	121,889	63,755
Net investment income	656,007	(380,574)	552,175	270,412	419,105	(71,097)	234,361	94,003	1,807	63,289
Benefit payments, including refunds of employee contributions	(225,759)	(212,949)	(296,165)	(211,948)	(153,585)	(104,642)	(41,182)	(51,625)	(50,564)	(41,731)
Administrative expense	(4,146)	(3,280)	(2,548)	(1,746)	(2,374)	(1,381)	(1,219)	(1,063)	(1,101)	(661)
Other	(29)	3,914	18	(69)	(71)	(71)	(62)	(57)	(54)	(54)
Net change in plan fiduciary net position	1,516,928	437,933	969,027	668,267	837,338	332,973	687,976	304,276	167,215	119,281
Beginning plan fiduciary net position	5,630,412	5,192,479	4,223,452	3,555,185	2,717,847	2,384,874	1,696,898	1,392,622	1,225,407	1,106,126
Ending plan fiduciary net position	<u>\$ 7,147,340</u>	<u>\$ 5,630,412</u>	<u>\$ 5,192,479</u>	<u>\$ 4,223,452</u>	<u>\$ 3,555,185</u>	<u>\$ 2,717,847</u>	<u>\$ 2,384,874</u>	<u>\$ 1,696,898</u>	<u>\$ 1,392,622</u>	<u>\$ 1,225,407</u>
Net Pension Liability	<u>\$ 809,807</u>	<u>\$ 1,311,180</u>	<u>\$ 794,933</u>	<u>\$ 851,353</u>	<u>\$ 991,173</u>	<u>\$ 1,292,462</u>	<u>\$ 1,159,450</u>	<u>\$ 1,355,023</u>	<u>\$ 107,526</u>	<u>\$ (18,428)</u>
Plan fiduciary net position as a percentage of total pension liability	89.82%	81.11%	86.72%	83.22%	78.20%	67.77%	67.29%	55.60%	92.83%	101.53%
Covered Payroll	\$ 6,493,188	\$ 5,745,941	\$ 4,216,542	\$ 3,455,470	\$ 3,087,860	\$ 2,624,349	\$ 2,485,407	\$ 2,079,289	\$ 1,741,276	\$ 1,275,100
Net pension liability as a percentage of covered payroll	12.47%	22.82%	18.85%	24.64%	32.10%	49.25%	46.65%	65.17%	6.18%	-1.45%

CITY OF MANVEL, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
Last Ten Years

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 613,968	\$ 639,639	\$ 525,614	\$ 297,723	\$ 368,856	\$ 347,650	\$ 319,360	\$ 267,555	\$ 109,865	\$ 76,909
Contributions in relation to the actuarially determined contribution	<u>613,968</u>	<u>662,260</u>	<u>592,629</u>	<u>297,723</u>	<u>368,856</u>	<u>350,542</u>	<u>319,360</u>	<u>267,555</u>	<u>109,865</u>	<u>76,909</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (22,621)</u>	<u>\$ (67,015)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,892)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,965,598	\$ 6,589,071	\$ 5,526,175	\$ 3,966,974	\$ 3,371,683	\$ 2,966,052	\$ 2,538,625	\$ 2,406,957	\$ 1,960,061	\$ 1,560,104
Contributions as a percentage of covered payroll	8.81%	10.05%	10.72%	7.51%	10.94%	11.82%	12.58%	11.12%	5.61%	4.93%

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 20 Years, longest amortization ladder
 - Asset valuation method 10 year smoothed market; 12.00% soft corridor
 - Inflation 2.50%
 - Salary increases 3.60% to 11.85% including inflation
 - Investment rate of return 6.75%
 - Retirement age Experience-based table of rates that vary by age are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
 - Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
3. Other Information: There were no benefit changes during the year.

CITY OF MANVEL, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS
Last Seven Years

	Measurement Year*						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability							
Service cost	\$ 9,090	\$ 17,812	\$ 11,806	\$ 8,639	\$ 4,941	\$ 5,249	\$ 4,225
Interest (on the total OPEB liability)	3,738	2,419	2,377	2,410	2,367	2,007	1,857
Difference between expected and actual experience	5,914	1,282	(7,289)	1,427	(2,025)	1,868	-
Change of assumptions	6,053	(53,886)	4,523	17,953	17,026	(5,371)	5,298
Benefit payments**	(2,597)	(2,298)	(1,265)	(346)	(309)	(525)	(249)
Net change in total OPEB liability	22,198	(34,671)	10,152	30,083	22,000	3,228	11,131
Beginning total OPEB liability	89,057	123,728	113,576	83,493	61,493	58,265	47,134
Ending total OPEB liability	<u>\$ 111,255</u>	<u>\$ 89,057</u>	<u>\$ 123,728</u>	<u>\$ 113,576</u>	<u>\$ 83,493</u>	<u>\$ 61,493</u>	<u>\$ 58,265</u>
Covered Payroll	\$ 6,493,188	\$ 5,745,941	\$ 4,216,542	\$ 3,455,470	\$ 3,087,860	\$ 2,624,349	\$ 2,485,407
Net OPEB liability as a percentage of covered payroll	1.71%	1.55%	2.93%	3.29%	2.70%	2.34%	2.34%

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

(Continued)

CITY OF MANVEL, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS
Last Seven Years

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	2.50%
Salary increases	3.60% to 11.88% including inflation
Discount rate*	3.77%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with intermediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% 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 the most recent Scale MP-2021 (with intermediate convergence) to account for future mortality improvements subject to the floor.

3. Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 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, 2023.

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

There were no benefit changes during the year.

COMBINING STATEMENTS AND SCHEDULES

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – DEBT SERVICE FUND
 For the year ended September 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 3,825,248	\$ 3,825,248	\$ 4,097,218	\$ 271,970
Investment earnings	7,500	7,500	62,231	54,731
Total revenues	<u>3,832,748</u>	<u>3,832,748</u>	<u>4,159,449</u>	<u>326,701</u>
Expenditures				
Debt service				
Principal	1,830,000	1,830,000	1,830,000	-
Interest and fiscal charges	2,674,755	2,674,755	2,674,755	-
Total expenditures	<u>4,504,755</u>	<u>4,504,755</u>	<u>4,504,755</u>	<u>-</u>
Net change in fund balance	<u>\$ (672,007)</u>	<u>\$ (672,007)</u>	(345,306)	<u>\$ 326,701</u>
Beginning fund balance			<u>433,354</u>	
Ending fund balance			<u>\$ 88,048</u>	

CITY OF MANVEL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2024

	Special Revenue Funds					
	<u>Hotel Taxes</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>TIRZ No. 3</u>	<u>Law Enforcement</u>	<u>Park</u>
ASSETS						
Restricted cash and cash equivalents	\$ 904,187	\$ 61,735	\$ 35,812	\$ -	\$ 19,351	\$ 36,155
Receivables, net	29,526	-	-	-	-	-
Total assets	<u>\$ 933,713</u>	<u>\$ 61,735</u>	<u>\$ 35,812</u>	<u>\$ -</u>	<u>\$ 19,351</u>	<u>\$ 36,155</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,551
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,551</u>
FUND BALANCES						
Restricted for						
Enabling legislation	933,713	61,735	35,812	-	19,351	-
Special projects	-	-	-	-	-	25,604
Total fund balances	<u>933,713</u>	<u>61,735</u>	<u>35,812</u>	<u>-</u>	<u>19,351</u>	<u>25,604</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 933,713</u>	<u>\$ 61,735</u>	<u>\$ 35,812</u>	<u>\$ -</u>	<u>\$ 19,351</u>	<u>\$ 36,155</u>

(Continued)

CITY OF MANVEL, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2024

	Special Revenue Funds				Total Nonmajor Governmental Funds
	<u>PEG Fee</u>	<u>Municipal Jury</u>	<u>Truancy Prevention</u>	<u>MUD Improvement</u>	
ASSETS					
Restricted cash and cash equivalents	\$ 197,297	\$ 687	\$ 16,761	\$ 25,407	\$ 1,297,392
Receivables, net	3,302	-	-	-	32,828
Total assets	<u>\$ 200,599</u>	<u>\$ 687</u>	<u>\$ 16,761</u>	<u>\$ 25,407</u>	<u>\$ 1,330,220</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3	\$ -	\$ 10,554
Total liabilities	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>10,554</u>
FUND BALANCES					
Restricted for					
Enabling legislation	200,599	687	16,758	-	1,268,655
Special projects	-	-	-	25,407	51,011
Total fund balances	<u>200,599</u>	<u>687</u>	<u>16,758</u>	<u>25,407</u>	<u>1,319,666</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 200,599</u>	<u>\$ 687</u>	<u>\$ 16,761</u>	<u>\$ 25,407</u>	<u>\$ 1,330,220</u>

CITY OF MANVEL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the year ended September 30, 2024

	Special Revenue Funds					
	<u>Hotel Taxes</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>TIRZ No. 3</u>	<u>Law Enforcement</u>	<u>Park</u>
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 1,820,105	\$ -	\$ -
Other taxes and fees	90,036	-	-	-	-	-
Fines and forfeitures	-	18,262	10,452	-	11,955	-
Total revenues	<u>90,036</u>	<u>18,262</u>	<u>10,452</u>	<u>1,820,105</u>	<u>11,955</u>	<u>-</u>
Expenditures						
General government	<u>1,500</u>	-	370	-	-	285,360
Total expenditures	<u>1,500</u>	-	370	-	-	285,360
Excess (deficiency) of revenues over (under) expenditures	<u>88,536</u>	<u>18,262</u>	<u>10,082</u>	<u>1,820,105</u>	<u>11,955</u>	<u>(285,360)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	100,000
Transfers (out)	-	-	-	(1,820,105)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,820,105)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	88,536	18,262	10,082	-	11,955	(185,360)
Beginning fund balance	845,177	43,473	25,730	-	7,396	210,964
Change to or within financial reporting entity	-	-	-	-	-	-
Beginning fund balances, as adjusted	<u>845,177</u>	<u>43,473</u>	<u>25,730</u>	<u>-</u>	<u>7,396</u>	<u>210,964</u>
Ending fund balance	<u>\$ 933,713</u>	<u>\$ 61,735</u>	<u>\$ 35,812</u>	<u>\$ -</u>	<u>\$ 19,351</u>	<u>\$ 25,604</u>

(Continued)

CITY OF MANVEL, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the year ended September 30, 2024

	Special Revenue Funds					Total Nonmajor Governmental Funds
	<u>PEG Fee</u>	<u>Municipal Jury</u>	<u>Truancy Prevention</u>	<u>MUD Improvement</u>	<u>South Manvel Dev. Auth.</u>	
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 25,407	\$ -	\$ 1,845,512
Other taxes and fees	15,018	-	-	-	-	105,054
Fines and forfeitures	-	367	19,882	-	-	60,918
Total revenues	<u>15,018</u>	<u>367</u>	<u>19,882</u>	<u>25,407</u>	<u>-</u>	<u>2,011,484</u>
Expenditures						
General government	-	-	6,205	-	-	293,435
Total expenditures	<u>-</u>	<u>-</u>	<u>6,205</u>	<u>-</u>	<u>-</u>	<u>293,435</u>
Excess (deficiency) of revenues over (under) over (under) expenditures	<u>15,018</u>	<u>367</u>	<u>13,677</u>	<u>25,407</u>	<u>-</u>	<u>1,718,049</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	100,000
Transfers (out)	-	-	-	-	-	(1,820,105)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,720,105)</u>
Net change in fund balance	15,018	367	13,677	25,407	-	(2,056)
Beginning fund balance	185,581	320	3,081	-	1,014,928	2,336,650
Change to or within financial reporting entity	-	-	-	-	(1,014,928)	(1,014,928)
Beginning fund balances, as adjusted	<u>185,581</u>	<u>320</u>	<u>3,081</u>	<u>-</u>	<u>-</u>	<u>1,321,722</u>
Ending fund balance	<u>\$ 200,599</u>	<u>\$ 687</u>	<u>\$ 16,758</u>	<u>\$ 25,407</u>	<u>\$ -</u>	<u>\$ 1,319,666</u>

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – HOTEL TAXES FUND
 For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Other taxes and fees	\$ 45,000	\$ 45,000	\$ 90,036	\$ 45,036
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>90,036</u>	<u>45,036</u>
Expenditures				
Current				
General government	45,000	45,000	1,500	43,500
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>1,500</u>	<u>43,500</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	88,536	<u>\$ 88,536</u>
Beginning fund balance			<u>845,177</u>	
Ending fund balance			<u>\$ 933,713</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – COURT SECURITY FUND
 For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Fines and forfeitures	\$ 7,000	\$ 7,000	\$ 18,262	\$ 11,262
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>18,262</u>	<u>11,262</u>
Expenditures				
Current				
General government	7,000	7,000	-	7,000
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	18,262	<u>\$ 18,262</u>
Beginning fund balance			<u>43,473</u>	
Ending fund balance			<u>\$ 61,735</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – COURT TECHNOLOGY FUND
 For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 6,000	\$ 6,000	\$ 10,452	\$ 4,452
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>10,452</u>	<u>4,452</u>
Expenditures				
Current				
General government	7,000	7,000	370	6,630
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>370</u>	<u>6,630</u>
Net change in fund balance	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	10,082	<u>\$ 11,082</u>
Beginning fund balance			<u>25,730</u>	
Ending fund balance			<u>\$ 35,812</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – TIRZ NO. 3 FUND
 For the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,820,105	\$ 1,820,105	\$ 1,820,105	\$ -
Total revenues	<u>1,820,105</u>	<u>1,820,105</u>	<u>1,820,105</u>	<u>-</u>
Excess revenues over expenditures	<u>1,820,105</u>	<u>1,820,105</u>	<u>1,820,105</u>	<u>-</u>
Other financing sources (uses)				
Transfers (out)	(1,820,105)	(1,820,105)	(1,820,105)	-
Total other financing (uses)	<u>(1,820,105)</u>	<u>(1,820,105)</u>	<u>(1,820,105)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Beginning fund balance			-	
Ending fund balance			<u>\$ -</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – LAW ENFORCEMENT FUND
 For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 11,955	\$ 10,955
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>11,955</u>	<u>10,955</u>
Expenditures				
Current				
General government	1,000	1,000	-	1,000
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	11,955	<u>\$ 11,955</u>
Beginning fund balance			<u>7,396</u>	
Ending fund balance			<u>\$ 19,351</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – PARK FUND
 For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures				
Current				
General government	\$ 308,100	\$ 308,100	\$ 285,360	\$ 22,740
Total expenditures	<u>308,100</u>	<u>308,100</u>	<u>285,360</u>	<u>22,740</u>
Deficiency of revenues (under) expenditures	<u>(308,100)</u>	<u>(308,100)</u>	<u>(285,360)</u>	<u>22,740</u>
Other financing sources (uses)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (208,100)</u>	<u>\$ (208,100)</u>	(185,360)	<u>\$ 22,740</u>
Beginning fund balance			<u>210,964</u>	
Ending fund balance			<u>\$ 25,604</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – PEG FEE FUND
 For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Other taxes and fees	\$ 10,000	\$ 10,000	\$ 15,018	\$ 5,018
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>15,018</u>	<u>5,018</u>
Expenditures				
Current				
General government	50,000	50,000	-	50,000
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	15,018	<u>\$ 55,018</u>
Beginning fund balance			<u>185,581</u>	
Ending fund balance			<u>\$ 200,599</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – MUNICIPAL JURY FUND
 For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Fines and forfeitures	\$ 150	\$ 150	\$ 367	\$ 217
Total revenues	<u>150</u>	<u>150</u>	<u>367</u>	<u>217</u>
Expenditures				
Current				
General government	<u>150</u>	<u>150</u>	-	<u>150</u>
Total expenditures	<u>150</u>	<u>150</u>	-	<u>150</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	367	<u>\$ 367</u>
Beginning fund balance			<u>320</u>	
Ending fund balance			<u>\$ 687</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – TRUANCY PREVENTION FUND
 For the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 6,205	\$ 6,205	\$ 19,882	\$ 13,677
Total revenues	<u>6,205</u>	<u>6,205</u>	<u>19,882</u>	<u>13,677</u>
Expenditures				
Current				
General government	6,205	6,205	6,205	-
Total expenditures	<u>6,205</u>	<u>6,205</u>	<u>6,205</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	13,677	<u>\$ 13,677</u>
Beginning fund balance			<u>3,081</u>	
Ending fund balance			<u>\$ 16,758</u>	

CITY OF MANVEL, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – MUD IMPROVEMENTS FUND
 For the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ -	\$ -	\$ 25,407	\$ 25,407
Total revenues	<u>-</u>	<u>-</u>	<u>25,407</u>	<u>25,407</u>
Expenditures				
Current				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	25,407	<u>\$ 25,407</u>
Beginning fund balance			<u>-</u>	
Ending fund balance			<u>\$ 25,407</u>	