

City of Manvel

Water and Wastewater Impact Fees Report

Agreed-Upon Procedures

October 1, 2021 to September 30, 2024

City of Manvel

Table of Contents

October 1, 2021 to September 30, 2024

	<u>Page</u>
Independent Accountants' Report	1
Attachments	
Attachment #1 - Summary of Collections and Project Spending	4
Attachment #2 - Interest Income	4
Attachment #3 - Capital Projects and Current Status	5
Attachment #4 - Refunds	5
Attachment #5 - Ending Balance, by Type	6

Independent Accountants' Report

To the Honorable Mayor, City Council, and Advisory Committee
Daniel Johnson, City Manager of
City of Manvel

We have performed the procedures enumerated below for this agreed-upon procedures engagement to assist management of the City of Manvel, Texas (the City), with the requirement set forth in Section 395.059 of the Texas Local Government Code (the Code) which requires that "before a political subdivision may increase an existing impact fee or adopt a new impact fee for a service area where an impact fee had previously been adopted, the political subdivision must conduct an independent financial audit in accordance with this section". As such, we have performed the procedures identified below, solely to assist users in evaluation of the City's compliance with the Code for the period from October 1, 2021 to September 30, 2024. The City is responsible for compliance with all legislative requirements defined by the Code.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement which is determining compliance with Section 395.059 of the Code. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- Procedure #1: We obtained from the City a detailed listing of impact fee funds collected by category, service area, and year. We compared this listing to the general ledger detail, the annual audited financial statements, the summary of collections provided by the City (Attachment 1), and a detailed listing of building permits issued. We selected a sample of 5 of these transactions (total population of 32), by selecting every 5th permit issued since the beginning of the period of testing until the sample size was met, and performed the following: 1) Agreed the category and service area assigned to supporting documentation. 2) Agreed the amounts charged to the impact fee schedule passed by City ordinance. 3) Traced the amounts charged to the bank statements.
 - Finding Number One: Three out of the five permits selected were charged a rate that did not match the rates approved by ordinance 2021-O-25. The City was basing the rate charged off a preliminary impact fee schedule that differed slightly from the final rate schedule that was approved by City ordinance. This was discovered during 2024 and the City subsequently passed resolution 2024-R-14 to correct this error. The total difference for the three permits mentioned above was a \$20 undercharge.
- Procedure #2: We obtained from the City a summary of interest income earned on impact fee funds by year, by type (Attachment 2). We agreed this summary to the general ledger detail, annual audited financial statements, and selected a sample of the transactions to trace to the bank statements and/or allocation support. We agreed the amount of interest accumulated related to refunds in Attachment 2 to supporting documentation and recalculated the amount disbursed compared to Section 395.025(d). Note that the procedures above related to selecting a sample and refunds were not applicable as the City has not been allocating interest income earned to the impact fee funds.

- Finding Number Two: Per Section 395.024(a) and (b) of the Code: The order, ordinance or resolution levying an impact fee must provide that all funds collected through the adoption of an impact fee shall be deposited in interest-bearing accounts clearly identifying the category of capital improvements or facility expansions within the service area for which the fee was adopted. Interest earned on impact fees is considered funds of the account on which it is earned and is subject to all restrictions placed on use of impact fees under this chapter. In addition, per Section 395.025(d) of the Code: Any refund shall bear interest calculated from the date of the collection to the date of the refund at the statutory rate as set forth in Section 302.002. The City has not been allocating interest income to the impact fee funds and no interest was factored into the refunds.
- Procedure #3: We obtained from the City a listing of projects by category/service area, identifying if each has been completed or not (Attachment 3). We compared the list to the capital improvements plan included in the impact fee study completed in 2021. We selected a sample of the completed projects (population was 7 and we selected the 2nd completed project in each fee type) to trace to supporting documentation to confirm the status of completion. For projects not completed, we confirmed if the impact fees were refunded, if required by Section 395.025. Lastly, we confirmed if the City is tracking whether impact fees are spent within 10 years after the date of payment, per Section 395.025(c). Our sample consisted of two projects, which was the entire population.
 - No exceptions or findings noted.
- Procedure #4: We agreed the balance of unspent funds at the end of each year provided by the City (Attachment 1 and 5) to the annual audited financial statements and bank statements. We recalculated the ending balances and observed that the amounts were shown as restricted fund balance in the annual audited financial statements.
 - No exceptions or findings noted.
- Procedure #5: We obtained from the City a detailed listing of expenditures, by category and service area, funded by impact fees. We compared this listing to the general ledger detail, the annual audited financial statements, and the summary of project spending provided by the City (Attachment 1). The total population of expenditures over the period of testing was 90 and we selected a sample of 10 of these expenditures (every 4th transaction until sample is met and 5 from each type of fee) to trace to an approved project in the capital improvements plan(s), compared the category and service area assigned to supporting documentation, and confirmed that it was an allowable expenditure per Section 395.012.
 - No exceptions or findings noted.
- Procedure #6: We obtained from the City a listing of waived impact fees under Section 395.016(g) and compared this to the listing of building permits obtained in the first procedure that had their impact fees waived. We selected a sample from this listing and inspected documentation confirming its qualification as affordable housing under 42 U.S.C Section 12745 and under any applicable City ordinance(s). As there were no waived impact fees during the period from October 1, 2021 to September 30, 2024, the planned procedures above related to selecting a sample were not applicable to complete.
 - No exceptions or findings noted.

- Procedure #7: We obtained from the City a detailed listing of any requested refunds of impact fees under Section 395.025 and compared the total to Attachment 4. We selected a sample of 2 transactions (total population of 4) from this detailed listing, and compared to the City's records related to the decision of disposition to both Section 395.025 and any applicable City ordinance(s).
 - No exceptions or findings noted.
- Procedure #8: We obtained from the City a detail listing of impact fees refunded under Section 395.025 and compared the total to Attachment 4 as well as the general ledger detail. We selected a sample of 2 transactions (total population of 3) from this detailed listing, and inspected documentation confirming its qualification under Section 395.025 and any applicable City ordinance(s).
 - No exceptions or findings noted.
- Procedure #9: We obtained all impact fee studies adopted between the period from October 1, 2021 to September 30, 2024 from the City and confirmed that they contained a credit under Section 395.014 (7)(A) or (7)(B) of the code. If Section 395.014(A) was used, we then compared this calculation to supporting documents and recalculated the credit.
 - No exceptions or findings noted.
- Procedure #10: We obtained from the City a listing of improvements constructed or financed by developers under Sections 395.019(2), 395.023, or 395.0231 of the code. We selected a sample of these improvements to compare the credit provided off the impact fee otherwise due to supporting documentation. As there were no improvements by developers under Sections 395.019(2), 395.023, or 395.0231 of the code during the period from October 1, 2021 to September 30, 2024, the planned procedures above related to selecting a sample were not applicable to complete.
 - No exceptions or findings noted.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's compliance with the Code for the period from October 1, 2021 to September 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management, the City Council and the Advisory Committee and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly US, LLP

Madison, Wisconsin
February 13, 2026

City of Manvel

Attachments

Period From October 1, 2021 to September 30, 2024

Attachment #1 - Summary of Collections and Project Spending

	Fiscal Year-Ending		
	9/30/2022	9/30/2023	9/30/2024
Beginning Balance	\$ -	\$ 147,820	\$ -
Add:			
Collections:			
Water	109,870	100,569	974,935
Wastewater	37,950	136,452	2,838,535
Interest Income	-	-	-
Less:			
Project Spending:			
Water	-	104,986	125,000
Wastewater	-	128,921	125,000
Refunds	-	150,934	-
Ending Balance	<u>\$ 147,820</u>	<u>\$ -</u>	<u>\$ 3,563,470</u>

Attachment #2 - Interest Income

	Fiscal Year-Ending		
	9/30/2022	9/30/2023	9/30/2024
Interest Income	\$ -	\$ -	\$ -
Interest Income (refund related - not disbursed)	-	-	-
Interest Income (refund related - disbursed)	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Manvel

Attachments

Period From October 1, 2021 to September 30, 2024

Attachment #3 - Capital Projects and Current Status

Water

<u>Project*</u>	<u>Completed?*</u>	<u>Notes**</u>
Manvel City Center Interconnect	No	
Sowell Interconnect	Yes	Developer completed
Dogwood Avenue - Phase 1	Yes	Developer completed
Masters Line Waterline Extension Phase 3	Yes	
Dogwood Avenue - Phase 2	No	
Bissell Road Loop	No	
Del Bello interconnect	Yes	Developer completed
Del Bello and Masters Road Loop	Yes	
Manvel Parkway Waterline Extension	No	
Maverick Plant Improvements	No	Construction in progress
School Road Plant Improvements	No	
Pump Station Expansion	No	
Cemetery Road Loop Phase 2	No	
Del Bello Spur to Del Bello Blvd Loop	No	
Master Water Plan and Impact Fee Study (2025/26)	No	Impact Study in progress. Master plan not started
Master Water Plan and Impact Fee Study (2030/31)	No	

Wastewater

<u>Project*</u>	<u>Completed?*</u>	<u>Notes**</u>
1.0 MGD Expansion of the Central Regional Wastewater Treatment Plant (Phase 1)	No	Construction in progress
New 4.0 MGD Pollard Blvd Lift Station and 18-inch Force Main (Phase 1)	No	
12/15/18/30-inch Lines through Valencia Development	Yes	Developer completed
8-inch Gravity Main along McCoy Drive and Lewis Lane	Yes	
Expansion of the Central Region Wastewater Treatment Plant to 2.0 MGD Capacity (Phase 2)	No	
12-inch Del Bello SPUR Gravity Main	No	
Master Wastewater Plan and Impact Fee Study (2025/26)	No	Impact Study in progress. Master plan not started
Master Wastewater Plan and Impact Fee Study (2030/31)	No	

* Projects came from 2016 and 2021 impact fee studies.

** Completion status and notes were provided by the City.

Attachment #4 - Refunds

	<u>Fiscal Year-Ending</u>		
	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>
Requested Refunds	\$ -	\$ 150,934	\$ 1,350,000
Amount Refunded (Water)	-	(105,453)	-
Amount Refunded (Wastewater)	-	(45,481)	-
Refunds Owed, Not Yet Paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,350,000</u>

City of Manvel

Attachments

Period From October 1, 2021 to September 30, 2024

Attachment #5 - Ending Balance, by Type

	Fiscal Year-Ending		
	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>
Ending Balance:			
Water	\$ 109,870	\$ -	\$ 849,935
Wastewater	<u>37,950</u>	<u>-</u>	<u>2,713,535</u>
Total Ending Balance	<u>\$ 147,820</u>	<u>\$ -</u>	<u>\$ 3,563,470</u>