CITY OF MANOR, TEXAS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Manor's (the City) annual financial report presents management's discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2025. This discussion and analysis should be read in conjunction with the City's financial statements.

Overview of the Financial Statements

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

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

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

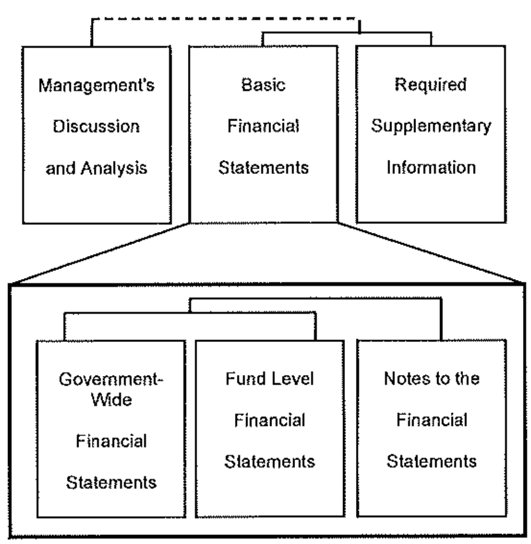


Figure A-1. shows how the parts of this annual report are arranged and related to one another. The remainder of this overview explains the structure and contents of each of the statements.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

All cities have at least one major fund:

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

- *Other Common Major Funds* -

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

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

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

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

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

City as a Whole (Government-Wide)

Financial Highlights

- The City's total combined net position was $98,345,181 at September 30, 2025 (See Figure A-3).
- Current year activity resulted in an increase in the City's net position by $18,799,946 (See Figure A-4).

Figure A-3
City's Net Position

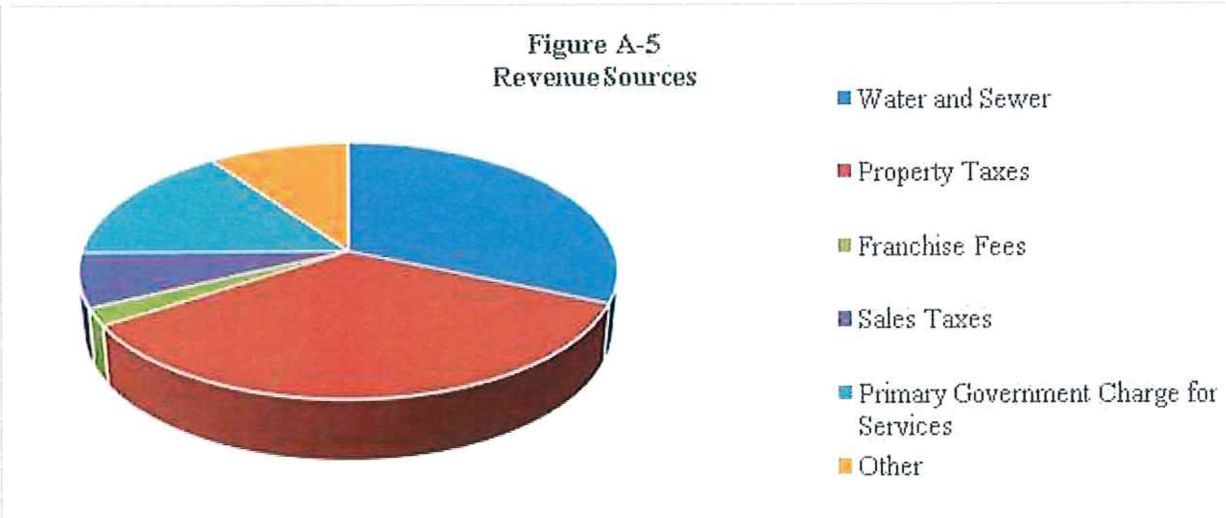
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	$ 86,363,109	$ 78,119,768	$ 29,278,134	$ 22,369,752	$ 115,641,243	$ 99,718,975
Noncurrent Assets	36,250,139	36,250,139	47,993,845	43,137,705	84,243,984	79,387,844
Total Assets	122,613,248	114,369,907	77,271,979	65,507,457	199,885,227	179,106,819
Deferred Outflows	1,122,843	1,080,435	68,197	122,722	1,191,040	1,203,157
Liabilities:						
Current Liabilities	14,820,653	16,294,360	2,199,895	3,533,605	17,020,548	19,380,372
Long-Term Liabilities	73,410,446	69,097,651	11,124,518	11,882,761	84,534,964	80,980,412
Total Liabilities	88,231,099	85,392,011	13,324,413	15,416,366	101,555,512	100,360,784
Deferred Inflows	989,957	628,425	185,617	98,484	1,175,574	726,909
Net Position:						
Investment in Capital Assets	5,264,048	(34,921,767)	36,625,155	31,268,455	41,889,203	(3,653,312)
Restricted	4,300,134	1,018,297	16,263,662	10,278,712	20,563,796	11,297,009
Unrestricted	24,950,853	63,333,376	10,941,329	8,568,162	35,892,182	71,578,586
Total Net Position	$ 34,515,035	$ 29,429,906	$ 63,830,146	$ 50,115,329	$ 98,345,181	$ 79,222,283

Figure A-4
Changes in City Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 6,627,108	$ 6,584,346	$ 10,055,142	$ 13,934,722	$ 16,682,250	$ 20,519,068
General Revenues:						
Taxes	25,843,636	19,216,670	-	-	25,843,636	19,216,670
Interest Income	3,708,667	3,398,014	311,919	271,061	4,020,586	3,669,075
Other	893,924	374,641	1,680	2,030	895,604	376,671
Total Revenues	37,073,335	29,573,671	10,368,741	14,207,813	47,442,076	43,781,484
Expenses:						
General Government	10,344,334	7,038,904	-	-	10,344,334	7,038,904
Public Safety	7,091,516	6,606,605	-	-	7,091,516	6,606,605
Streets	2,655,574	2,075,704	-	-	2,655,574	2,075,704
Municipal Court	756,233	560,778	-	-	756,233	560,778
Development Services	1,871,125	1,411,506	-	-	1,871,125	1,411,506
Sanitation	1,838,385	1,727,474	-	-	1,838,385	1,727,474
Interest and Fiscal Charges	3,028,917	1,680,892	-	431,238	3,028,917	2,112,130
Water and Sewer	-	-	10,499,747	10,045,761	10,499,747	10,045,761
Total Expenses	27,586,084	21,101,863	10,499,747	10,476,999	38,085,831	31,578,862
Revenues Over (Under) Expenses	9,487,251	8,471,808	(131,006)	3,730,814	9,356,245	12,202,622
Transfers	(6,198,235)	(2,825,061)	6,198,235	2,825,061	-	-
Change in Net Position	3,289,016	5,646,747	6,067,229	6,555,875	9,356,245	12,202,622
Beginning Net Position	29,429,906	23,783,159	50,115,329	43,559,454	79,545,235	67,342,613
Ending Net Position	$ 32,718,922	$ 29,429,906	$ 56,182,558	$ 50,115,329	$ 88,901,480	$ 79,545,235

City Revenues

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



Growth Trends

Governmental Activities

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

Business-Type Activities

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

Financial Analysis of the City's Funds

General Fund Budgetary Highlights

General Fund revenues exceeded expenditures and transfers by $4,003,293 which was $4,003,293 more than budgeted. See details of budget and actual revenues on page 58.

Capital Assets

During the year ended September 30, 2025, the City invested $7,422,080 in a broad range of capital assets, including infrastructure, equipment, land, and buildings (See Figure A-6). These additions were funded from bond proceeds, capital impact fees, general budgeted expenditures, and notes payables.

Figure A-6. City's Capital Assets

Figure A-6
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 24,208,525	$ 24,208,525	$ 406,816	$ 6,116,487	$ 24,615,341	$ 30,325,012
Construction in Progress	4,137,929	4,137,929	10,590,020	7,687,563	14,727,949	11,825,492
Buildings and Equipment	12,565,807	11,176,127	2,821,633	2,475,933	15,387,440	13,652,060
Infrastructure	36,280,948	61,118,438	-	-	36,280,948	61,118,438
Sidewalks	293,264	293,264	-	-	293,264	293,264
Streets and Improvements	8,975,285	8,975,285	12,992	12,992	8,988,277	8,988,277
Water System	-	-	9,527,501	9,527,501	9,527,501	9,527,501
Sewer System	-	-	34,732,816	26,239,230	34,732,816	26,239,230
Total at Historical Cost	86,461,758	109,909,568	58,091,778	52,059,706	144,553,536	161,969,274
Accumulated Depreciation	(20,437,852)	(12,540,991)	(12,929,267)	(8,922,001)	(33,367,119)	(21,462,992)
Net Capital Assets	$ 66,023,906	$ 97,368,577	$ 45,162,511	$ 43,137,705	$ 111,186,417	$ 140,506,282

Debt Administration

The City's property tax rate for debt services increased from $0.1988 to $0.3359 in the current fiscal year generating $8,086,120 in debt service taxes, an increase of $3,965,748 over the previous fiscal year. More detailed information about the City's debt is presented in the Notes to the Financial Statements. The new debt service tax rate for the year beginning October 1, 2025, is $0.3434.

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

Figure A-7
City's Long-Term Debt

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

Economic Factors and Next Year's Budgets and Rates

Next year's proposed General Fund budget is projected to remain consistent with this year's actual revenues. General fund proposed expenditures are expected to increase by $3,782,085, resulting in a balanced budget.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Any questions about this report or need for additional financial information should be addressed to the City of Manor, Attn: City Manager, P.O. Box 387, Manor, TX 78653.

BASIC FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 77,916,123	$ 14,851,245	$ 92,767,368
Receivables, Net	1,145,467	1,509,440	2,654,907
Prepaid	-	-	-
Internal Balances	2,294,409	(2,294,409)	-
Restricted Assets:			
Cash and Cash Equivalents	865,305	14,664,780	15,530,085
Investments	790,513	547,078	1,337,591
Noncurrent Assets:			
Capital Assets:			
Nondepreciable	28,346,454	10,996,836	39,343,290
Depreciable, Net	37,677,452	76,734,357	114,411,809
Total Assets	149,035,723	117,009,327	266,045,050
DEFERRED OUTFLOWS			
Deferred Outflows Related to Refunding	63,261	-	63,261
Deferred Outflows Related to OPEB	19,452	3,710	23,162
Deferred Outflows Related to Pensions	1,040,130	64,487	1,104,617
Total Deferred Outflows of Resources	1,122,843	68,197	1,191,040
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,505,328	778,330	5,283,658
Passthrough Liabilities	0	-	-
Unearned Revenue	1,678,357	-	1,678,357
Interest Payable	206,604	33,979	240,583
Compensated Absences	563,162	46,067	609,229
Financed Purchases, Due Within One Year	468,689	159,519	628,208
Bonds Payable, Due Within One Year	4,253,000	1,182,000	5,435,000
Noncurrent Liabilities:			
Compensated Absences	622,685	50,937	673,622
Arbitrage Liability	88,061	-	88,061
Customer Deposits	-	1,028,697	1,028,697
Financed Purchases, Due More than One Year	1,066,059	492,371	1,558,430
Bonds Payable, Due More than One Year	71,534,615	9,534,800	81,069,415
Net Pension Liability	31,195	5,942	37,137
Net OPEB Liability	67,831	11,771	79,602
Total Liabilities	85,085,586	13,324,413	98,409,999
DEFERRED INFLOWS			
Deferred Inflows Related to OPEB	61,215	8,714	69,929
Deferred Inflows Related to Pensions	928,742	176,903	1,105,645
Total Deferred Inflows	989,957	185,617	1,175,574
NET POSITION			
Net Investment in Capital Assets	35,037,815	76,362,503	111,400,318
Restricted	4,339,850	16,263,662	20,603,512
Unrestricted	24,705,358	10,941,329	35,646,687
Total Net Position	$ 64,083,023	$ 103,567,494	$ 167,650,517

See accompanying Notes to the Basic Financial Statements.

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

		Program Revenues			Net Revenue (Expenses) and Changes in Net Assets		
					Primary Government		
Functions/Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government Activities:							
General Government	$ 12,267,474	$ -	$ 1,796,113	$ 8,358,888	$ (2,112,473)	$ -	$ (2,112,473)
Public Safety	7,091,516	154,307	-	-	(6,937,209)	-	(6,937,209)
Streets	2,655,574	-	-	-	(2,655,574)	-	(2,655,574)
Municipal Court	756,233	930,702	-	-	174,469	-	174,469
Development Services	1,871,125	3,559,668	-	-	1,688,543	-	1,688,543
Sanitation	1,838,385	1,982,431	-	-	144,046	-	144,046
Interest on Long-Term Debt	3,028,917	-	-	-	(3,028,917)	-	(3,028,917)
Total Governmental Activities	29,509,224	6,627,108	1,796,113	8,358,888	(12,727,115)	-	(12,727,115)
Business-Type Activities:							
Water	7,020,537	5,350,722	-	3,984,698	-	2,314,883	2,314,883
Sewer	4,314,763	4,704,420	-	13,035,195	-	13,424,852	13,424,852
Total Business-Type Activities	11,335,300	10,055,142	-	17,019,893	-	15,739,735	15,739,735
Total Primary Government	$ 40,844,524	$ 16,682,250	$ 1,796,113	$ 25,378,781	(12,727,115)	15,739,735	3,012,620
General Revenues:							
Taxes:							
Property					19,976,225	-	19,976,225
Sales					3,584,991	-	3,584,991
Franchise					1,158,164	-	1,158,164
Other					1,124,256	-	1,124,256
Interest Income					3,748,383	311,919	4,060,302
Miscellaneous					893,924	1,680	895,604
Transfers					(6,198,235)	6,198,235	-
Total General Revenues and Transfers					24,287,708	6,511,834	30,799,542
CHANGE IN NET POSITION					11,560,593	22,251,569	33,812,162
Net Position - Beginning of Year, As previously reported					29,477,405	49,744,875	79,222,280
Adjustments (See Note 16)					23,045,025	31,571,050	54,616,075
Net Position - Beginning of Year, As Adjusted					52,522,430	81,315,925	133,838,355
NET POSITION - END OF YEAR AFTER RESTATEMENT					$ 64,083,023	$ 103,567,494	$ 167,650,517

See accompanying Notes to the Basic Financial Statements.

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

	General Fund	Special Revenues Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Unrestricted:					
Cash and Cash Equivalents	$ 30,210,601	$ 702,725	$ -	$ 47,002,797	$ 77,916,123
Receivables, Net	1,088,804	-	56,663	-	1,145,467
Prepaid	-	-	-	-	-
Due from Other Funds	368,360	147,527	2,294,409	-	2,810,296
Restricted Assets:					
Cash and Cash Equivalents	-	865,305	-	-	865,305
Investments	10,414	447,158	332,941	-	790,513
Total Assets	$ 31,678,179	$ 2,162,715	$ 2,684,013	$ 47,002,797	$ 83,527,704
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 4,009,643	$ 35,764	$ -	$ 459,921	$ 4,505,328
Passthrough Liabilities	-	-	-	-	-
Unearned Revenue	1,659,881	-	18,476	-	1,678,357
Due to Other Fund	147,527	-	368,360	-	515,887
Total Liabilities	5,817,051	35,764	386,836	459,921	6,699,572
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	335,168	-	94,692	-	429,860
Total Deferred Inflows of Resources	335,168	-	94,692	-	429,860
FUND BALANCES					
Restricted	10,414	2,126,951	2,202,485	-	4,339,850
Committed	-	-	-	46,542,876	46,542,876
Unassigned	25,515,546	-	-	-	25,515,546
Total Fund Balances	25,525,960	2,126,951	2,202,485	46,542,876	76,398,272
Total Liabilities, Deferred Inflows, and Fund Balances	$ 31,678,179	$ 2,162,715	$ 2,684,013	$ 47,002,797	$ 83,527,704

See accompanying Notes to the Basic Financial Statements.

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

Total Fund Balance - Total Governmental Funds	$ 76,398,272
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, the underlying resources are not recognized currently in the governmental funds.	66,023,906
Certain revenues will be collected after year end but are not available to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the governmental funds:	
Property Taxes	429,860
Deferred outflows of resources and deferred inflows of resources for pension and OPEB are applicable to future periods, and, therefore, are not reported in the governmental funds.	(29,401)
Certain liabilities related to long-term debt are not reported in the funds, such as accrued interest payable and arbitrage.	(294,665)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(78,444,949)
Net Position of Governmental Activities	$ 64,083,023

See accompanying Notes to the Basic Financial Statements.

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

	General Funds	Special Revenues Fund	Debt Services Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Property Taxes	$ 11,735,635	$ -	$ 8,086,120	$ -	$ 19,821,755
Sales Taxes	3,584,991	-	-	-	3,584,991
Franchise Taxes	1,158,164	-	-	-	1,158,164
Other Taxes	34,465	1,089,791	-	-	1,124,256
Federal Revenues	1,796,113	-	-	-	1,796,113
Licenses and Permits	3,559,668	-	-	-	3,559,668
Charge for Services	1,982,431	-	-	-	1,982,431
Court and Police	930,702	-	-	-	930,702
Public Safety	154,307	-	-	-	154,307
Interest Income	2,215,757	228,575	15,534	1,288,517	3,748,383
Interest Income - Restricted	-	-	-	-	-
Other	821,080	-	62,916	9,928	893,924
Total Revenues	27,973,313	1,318,366	8,164,570	1,298,445	38,754,694
EXPENDITURES					
Current:					
General Government	10,203,259	212,528	1,506	104,202	10,521,495
Public Safety	6,664,884	-	-	-	6,664,884
Streets	1,938,499	-	-	-	1,938,499
Municipal Court	756,233	-	-	-	756,233
Development Services	1,857,228	-	-	-	1,857,228
Sanitation	1,838,385	-	-	-	1,838,385
Capital Outlay	1,318,666	-	-	71,014	1,389,680
Debt Service:					
Principal	377,194	-	2,987,550	-	3,364,744
Interest	35,839	-	3,167,603	-	3,203,442
Total Expenditures	24,990,187	212,528	6,156,659	175,216	31,534,590
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,983,126	1,105,838	2,007,911	1,123,229	7,220,104
OTHER FINANCING SOURCES (USES)					
Debt Issuance Proceeds	922,060	-	-	8,820,000	9,742,060
Transfers In	-	-	-	147,388	147,388
Transfers Out	(147,388)	-	(1,424,256)	(4,773,979)	(6,345,623)
Total Other Financing Sources (Uses)	774,672	-	(1,424,256)	4,193,409	3,543,825
NET CHANGE IN FUND BALANCES	3,757,798	1,105,838	583,655	5,316,638	10,763,929
Fund Balances - Beginning of Year, as previously reported	21,368,068	1,021,113	1,618,830	41,226,238	65,234,249
Adjustments (See Note 16)	400,094	-	-	-	400,094
Fund Balances - Beginning of Year, as adjusted	21,768,162	1,021,113	1,618,830	41,226,238	65,634,343
FUND BALANCES - END OF YEAR	$ 25,525,960	$ 2,126,951	$ 2,202,485	$ 46,542,876	$ 76,398,272

See accompanying Notes to the Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds	$ 10,763,929
Amounts reported for governmental activities in the statement of activities are different due to the following:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay expenses in the current period.	(1,677,645)
Net effect of various miscellaneous transactions involving capital assets (i.e., disposals, transfers, donations).	8,358,888
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	
Property Taxes	154,470
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the long-term liabilities in the statement of net assets. This is the amount by which debt payments exceeded proceeds and changes in accrued interest and amortization of deferred outflows from refunding.	(6,180,114)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.	
Pension Items	480,249
OPEB Expense	(7,102)
Compensated Absences	(309,405)
Arbitrage Liability	(88,061)
Accrued Interest	65,384
Change in Net Assets - Governmental Activities	$ 11,560,593

See accompanying Notes to the Basic Financial Statements.

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

	Water and Sewer System	Capital Impact Fees	Total
ASSETS			
Current Assets:			
Unrestricted Assets:			
Cash and Cash Equivalents	$ 14,851,245	$ -	$ 14,851,245
Accounts Receivable, Net	1,509,440	-	1,509,440
Due from Other Funds	-	1,188,085	1,188,085
Restricted Assets:			
Cash and Cash Equivalents	1,028,697	13,636,083	14,664,780
Investments	-	547,078	547,078
Total Current Assets	17,389,382	15,371,246	32,760,628
Noncurrent Assets:			
Nondepreciable Assets, Net	10,996,836	-	10,996,836
Depreciable Assets, Net	76,734,357	-	76,734,357
Total Noncurrent Assets	87,731,193	-	87,731,193
Total Assets	105,120,575	15,371,246	120,491,821
DEFERRED OUTFLOWS			
Deferred Outflow Related to OPEB	3,710	-	3,710
Deferred Outflow Related to Pension	64,487	-	64,487
Total Deferred Outflows	68,197	-	68,197
LIABILITIES			
Current Liabilities:			
Accounts Payable	642,049	136,281	778,330
Interest Payable	33,979	-	33,979
Due to Other Funds	3,482,494	-	3,482,494
Compensated Absences	46,067	-	46,067
Notes Payable, Due Within One Year	159,519	-	159,519
Bonds Payable Due Within One Year	1,182,000	-	1,182,000
Total Current Liabilities	5,546,108	136,281	5,682,389
Noncurrent Liabilities:			
Compensated Absences	50,937	-	50,937
Customer Deposits	1,028,697	-	1,028,697
Notes Payable, Due After One Year	492,371	-	492,371
Bonds Payable, Due After One Year	9,534,800	-	9,534,800
Net OPEB Liability	11,771	-	11,771
Net Pension Liability	5,942	-	5,942
Total Noncurrent Liabilities	11,124,518	-	11,124,518
Total Liabilities	16,670,626	136,281	16,806,907
DEFERRED INFLOWS			
Deferred Inflow Related to OPEB	8,714	-	8,714
Deferred Inflow Related to Pensions	176,903	-	176,903
Total Deferred Inflows of Resources	185,617	-	185,617
NET POSITION			
Investment in Capital Assets	76,362,503	-	76,362,503
Restricted	1,028,697	15,234,965	16,263,662
Unrestricted	10,941,329	-	10,941,329
Total Net Position	$ 88,332,529	$ 15,234,965	$ 103,567,494

See accompanying Notes to the Basic Financial Statements.

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

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

See accompanying Notes to the Basic Financial Statements.

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

	Water and Sewer System	Capital Impact Fees	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ 10,192,090	$ -	$ 10,192,090
Payments to Suppliers	(2,031,191)	(642,318)	(2,673,509)
Payments to Employees and Contractors	(6,569,437)	(979,476)	(7,548,913)
Net Cash Used by Operating Activities	1,591,462	(1,621,794)	(30,332)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Increase in Customer Deposits	96,080	-	96,080
Increase in Restricted Assets	-	(25,525)	(25,525)
Net Cash Provided by Noncapital Financing Activities	96,080	(25,525)	70,555
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Notes Payable for Financed Purchases	345,790	-	345,790
Capital Impact Fees	-	7,468,821	7,468,821
Capital Contributions	9,372,305	-	9,372,305
Additions to Capital Assets	(15,404,377)	-	(15,404,377)
Transfers of Capital Expenditures (to)/from Other Funds	7,110,628	(912,393)	6,198,235
Principal Payments on Debt	(1,244,783)	-	(1,244,783)
Interest Payments on Debt	(271,806)	-	(271,806)
Net Cash Provided by Capital and Related Financing Activities	(92,243)	6,556,428	6,464,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	-	311,919	311,919
Net Cash Provided by Investing Activities	-	311,919	311,919
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,595,299	5,221,028	6,816,327
Cash and Cash Equivalents - Beginning of Year	14,284,643	8,415,055	22,699,698
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 15,879,942	$ 13,636,083	$ 29,516,025
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	$ 151,571	$ (979,476)	$ (827,905)
Adjustments Not Affecting Cash:			
Depreciation	2,011,485	-	2,011,485
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:			
Accounts Receivable	(66,530)	-	(66,530)
Accounts Payable	(528,095)	(642,318)	(1,170,413)
Compensated Absences	-	-	-
Deferred Outflows	54,525	-	54,525
Deferred Inflows	87,133	-	87,133
Net OPEB Liability	(1,001)	-	(1,001)
Net Pension Liability	(117,626)	-	(117,626)
Net Cash Used by Operating Activities	$ 1,591,462	$ (1,621,794)	$ (30,332)

See accompanying Notes to the Basic Financial Statements.

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

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 3,351,292
Taxes Receivable	5,052
Total Assets	3,356,344
DEFERRED INFLOWS	
Deferred Inflows related to Assessments	5,052
Total Deferred Inflows of Resources	5,052
FIDUCIARY NET POSITION	
Restricted for Other Governments	
Total Net Position	$ 3,351,292

See accompanying Notes to the Basic Financial Statements.

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

	Custodial Funds
ADDITIONS:	
Assessment Collections	$ 2,519,706
Miscellaneous	54,695
Total Additions	2,574,401
DEDUCTIONS:	
Debt Service	1,583,290
Other Costs	364,200
Distributions to Trustee	3,670,425
Total Deductions	5,617,915
CHANGE IN FIDUCIARY NET POSITION	(3,043,514)
Total Fiduciary Net Position - Beginning of Year	-
Restatement	6,394,806
Total Fiduciary Net Position - Beginning of Year, Restated	6,394,806
TOTAL FIDUCIARY NET POSITION - END OF YEAR	$ 3,351,292

See accompanying Notes to the Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Manor, Texas (City) is a Home Rule city in which citizens elect the mayor and six council members at large by place. The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting and reporting policies and practices used by the City are described below.

Reporting Entity

The City's basic financial statements include all activities, organizations, and functions for which the City is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's basic financial statements include whether:

- the organization is legally separate (can sue and be sued in its own name) the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City there is a fiscal dependency by the organization of the City

The above criteria were applied to potential organizations to determine if the entity should be reported as part of the City. It was determined that the City has no component units or related organizations that should be reported within the City's basic financial statements.

Implementation of New Standards

GASB Statement No. 101, *Compensated Absences*, objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Government-wide financial statements do not provide information by individual fund or fund types but distinguish between the City's governmental activities and business-type activities on the Statement of Net Position and Statement of Activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

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

Statement of Net Position

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

Statement of Activities

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

Fund Level Financial Statements

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

The City reports the following major governmental funds:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund

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

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

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

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

The City reports the following major enterprise funds:

Water and Sewer Fund

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

Capital Impact Fees Fund

Accounts for the Impact Fees received from developers.

Measurement Focus/Basis of Accounting

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting (Continued)

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

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

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

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

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

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

Inventories and Prepaid Items

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

Capital Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

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

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

Deferred Inflows/Outflows of Resources

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

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

Long-Term Debt

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance/Net Position

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance/Net Position (Continued)

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

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

Passthrough Liabilities

Passthrough liabilities indicate the amount of resources owed to Public Improvement Districts.

Revenues and Expenditures/Expenses

Inter-Fund Activity

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

Compensated Absences

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

Subsequent Events

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

NOTE 2 DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits

At September 30, 2025, carrying amounts of the City's cash deposits were $111,248,919 and bank balances were $111,353,593. The City's cash deposits at September 30, 2025, were not in excess of FDIC insurance and bank pledges securities.

Investments

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

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

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

Fair Value Hierarchy

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

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant and use the best information available under the circumstances.

The City's investments at September 30, 2025, are shown below. These investments are not classified in a level hierarchy as they are recorded at net asset value.

Investment or Investment Type	Maturity	Fair Value
TexPool Investment	N/A	$ 1,337,591

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

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

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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Analysis of Specific Deposit and Investment Risks

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

Credit Risk

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

Custodial Credit Risk

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

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At September 30, 2025, the City's investment deposits were entirely covered by depository insurance or collateralized with securities held by the pledging financial institution in the City's name.

Concentration of Credit Risk

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

Interest Rate Risk

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

Foreign Currency Risk

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

NOTE 3 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Governmental Fund Balance		$ 76,398,272
Difference Due to Capital Assets:		
Capital Assets	86,461,758	
Accumulated Depreciation	(20,437,852)	66,023,906
Difference Due To Deferred Outflows:		
Deferred Outflows Related to Pensions	1,040,130	
Deferred Outflows Related to OPEB	19,452	
Deferred Loss on Refunding	63,261	1,122,843
Difference Due to Current Liabilities:		
Interest Payable/Arbitrage Liabilities		(294,665)
Difference Due to Noncurrent Liabilities:		
Compensated Absences	(1,185,847)	
Net Pension Liability	(31,195)	
Net OPEB Liability	(67,831)	
Notes Payable	(1,534,748)	
Bonds Payable	(75,787,615)	(78,607,236)
Difference Due to Deferred Inflows:		
Deferred Inflows Related to Property Taxes	429,860	
Deferred Inflows Related to Pensions	(928,742)	
Deferred Inflows Related to OPEB	(61,215)	(560,097)
Government-Wide Net Position		$ 64,083,023

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

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

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

Change in Governmental Fund Balance		$ 10,763,929
Amount by Which Depreciation Exceeds Capital Outlay Expense and Other Capital Related Transactions:		
Capital Outlay	1,389,680	
Capital Contributions	8,358,888	
Depreciation Expense	(3,067,325)	6,681,243
Long-Term Debt and Related Items:		
Debt Payments	3,364,744	
Debt Issuances	(9,742,060)	
Accrued Interest Adjustment	65,384	
Arbitrage Liability	(88,061)	
Amortization of Loss on Refunding and Premium	197,202	(6,202,791)
Expenses or Revenues that Do Not Require the Use of Current Financial Resources or Have Not Matured:		
Property Taxes Recorded as Deferred Inflows	154,470	
Changes in Pension Expense and Deferred Outflows and Inflows	480,249	
Changes in OPEB Expense and Deferred Outflows and Inflows	(7,102)	
Compensated Absence Adjustment	(309,405)	318,212
Change in Government-Wide Net Position		$ 11,560,593

NOTE 4 RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

Sales Tax Receivable

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

Property Taxes Receivable and Deferred Revenue

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

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

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

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

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

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

Business-Type Activities Receivables

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

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

Business-Type Activities Receivables (Continued)

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

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

NOTE 5 RESTRICTED ASSETS

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

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents:			
Rose Hill Public Improvement District	$ 865,305	$ -	$ 865,305
Customer Deposits	-	1,028,697	1,028,697
Capital Improvements - Water System	-	4,471,941	4,471,941
Capital Improvements - Sewer System	-	9,164,142	9,164,142
Total Cash and Cash Equivalents	$ 865,305	$ 14,664,780	$ 15,530,085

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

NOTE 6 CAPITAL ASSETS

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Nondepreciable Assets:				
Land	$ 24,208,525	$ -	$ -	$ 24,208,525
Construction-in-Progress	4,137,929	-	-	4,137,929
Total Nondepreciable Assets	$ 28,346,454	$ -	$ -	$ 28,346,454
Capital Assets, Being Depreciated and Amortized:				
Buildings	$ 2,646,731	$ -	$ -	$ 2,646,731
Infrastructure - PID Contributed Assets*	27,922,060	8,358,888	-	36,280,948
Equipment	8,529,396	1,389,680	-	9,919,076
Sidewalks	293,264	-	-	293,264
Streets and Improvements	8,975,285	-	-	8,975,285
Total Depreciable Assets	48,366,736	9,748,568	-	58,115,304
Accumulated Depreciation:				
Buildings	(1,292,448)	(131,420)	-	$ (1,423,868)
Infrastructure - PID Contributed Assets*	(4,829,536)	(1,677,645)	-	(6,507,181)
Equipment	(6,174,342)	(848,978)	-	(7,023,320)
Sidewalks	(158,619)	(13,316)	-	(171,935)
Streets and Improvements	(4,915,582)	(395,966)	-	(5,311,548)
Total Accumulated Depreciation	(17,370,527)	(3,067,325)	-	(20,437,852)
Depreciable Assets, Net	30,996,209	6,681,243	-	37,677,452
Total Capital Assets	$ 59,342,663	$ 6,681,243	$ -	$ 66,023,906

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

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions as follows:

	Governmental Activities	Business-Type Activities	Total
Function:			
General Government	$ 1,909,721	$ -	$ 1,909,721
Public Safety	426,632	-	426,632
Streets	717,075	-	717,075
Development Services	13,897	-	13,897
Water	-	476,195	476,195
Sewer	-	699,737	699,737
Total Depreciation Expense	$ 3,067,325	$ 1,175,932	$ 4,243,257

NOTE 7 INTER-FUND BALANCES AND ACTIVITY

Interfund Receivables/Payables

Receivable Fund	Payable Fund	Amount
Special Revenue Fund	General Fund	$ 147,527
General Fund	Debt Service	-
Debt Service Fund	Water and Sewer System Fund	2,294,409
Capital Impact Fund	Water and Sewer System Fund	1,188,085
Total		$ 3,630,021

Transfers (To)From Other Funds

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

NOTE 8 LONG-TERM DEBT

Long-Term Debt Activity

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

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

*Beginning balance of compensated absences was restated for the implementation of GASB 101.

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

Financed Purchases

On September 17, 2020, the City entered into financing agreements for vehicles totaling $50,302 at 2.77% fixed interest rate with yearly payments of $10,618 due in October. The City paid this note payable off during 2025.

On November 18, 2020, the City entered into financing agreements for vehicles totaling $435,599 at 1.942% fixed interest rate with yearly payments of $92,259 due in December. The City's balance remaining on the note payable at September 30, 2025, is $90,502

On November 11, 2020, the City entered into financing agreements for tasers totaling $87,169 at 0.00% fixed interest rate with yearly payments of $17,280 due in November. The City paid this note payable off during 2025.

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

On May 31, 2022, the City entered into financing agreements for equipment totaling $475,126 at 3.00% fixed interest rate with monthly payments of $8,547, maturing on May 30, 2027. The City's balance remaining on the note payable at September 30, 2025, is $165,966.

NOTE 8 LONG-TERM DEBT (CONTINUED)

Debt Service Requirements

Financed Purchases

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

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

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

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

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

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

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

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable

General Obligation Refunding Bonds, Series 2012

On April 1, 2012, the City issued $3,510,000 in general obligation bonds, proceeds to be used to refund Series 2001 and 2004 revenue bonds. The bond interest rate of 2.55% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2026 or prior redemption.

Certificate of Obligation Bonds, Series 2012

On September 1, 2012, the City issued $1,835,000 in certificate of obligation bonds, proceeds to be used for city construction. Bond interest rate of 2.49% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2027 or prior redemption.

General Obligation Refunding Bonds, Series 2015

On February 15, 2015, the City issued $4,750,000 in general obligation bonds, proceeds to be used to partially refund Series 2007 revenue bonds. Bond interest rate of 2.29% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2026 or prior redemption.

Combination Tax and Revenue Certificate of Obligation Bonds, Series 2016

On August 18, 2016, the City issued $18,000,000 in certificate of obligation bonds, proceeds to be used for city street and drainage improvements ($270,000) and water and waste water improvements ($17,730,000). Bond interest rate of 2.29% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2031 or prior redemption.

Combination Tax and Revenue Certificate of Obligation Bonds, Series 2021

On December 1, 2021, the City issued $6,360,000 in combined tax and revenue certificate of obligation bonds, proceeds to be used for the improvement and expansion of the City's water and sewer system. Bond interest rate of 1.76% with semi- annual payments due on February 15 and August 15 of each year until maturity in 2036 or prior redemption.

Tax Note, Series 2022

On September 22, 2022, the City issued $10,000,000 in tax notes, proceeds to be used for the improvement and expansion of the City's water and sewer system. Bond interest rate of 2.97% with semi-annual payments due on February 15 and August 15 of each year until maturity in 2039 or prior redemption.

Combination Tax and Revenue Certificate of Obligation Bonds, Series 2023

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

General Obligation Bonds, Series 2024

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

Tax Notes, Series 2025

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

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

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

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

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

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

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

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

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

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

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

Deferred Outflow on Refunding

The City has deferred outflow of $373,180 related to the Series 2015 refunding. This outflow represents the amount of the new bond principal, less issuance costs, that was greater than the current principal balance of the bonds refunded and will be amortized, straight-line, over the life of the Series 2015 Bond. The deferred outflow remaining balance at September 30, 2025 was $63,261.

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

Bond Issuance Premium

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

NOTE 9 RESTRICTED NET POSITION

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

Purpose	Governmental Activities	Business-Type Activities	Total
Rose Hill Public Improvement District	$ 865,305	$ -	$ 865,305
Tourism	447,158	-	447,158
Other Special Revenue Activities	814,488	-	814,488
Debt Service	2,202,485	-	2,202,485
Parks	10,414	-	10,414
Capital Improvements	-	15,211,858	15,211,858
Total Restricted Net Assets	$ 4,339,850	$ 15,211,858	$ 19,551,708

NOTE 10 RISK MANAGEMENT

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

NOTE 11 PENSION PLAN

Plan Description

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

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

NOTE 11 PENSION PLAN (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 are as follows:

	Plan Year 2023	Plan Year 2024
Employee Deposit Rate	7.00%	7.00%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to Retirees)	0% of CPI	0% of CPI

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

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

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one- year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The actuarially determined required employer contribution rate for calendar years 2024, 2023, and 2023 were 7.54%, 8.32%, and 8.16%, respectively. The required contribution rate payable by the employee members for calendar years 2024, 2023, and 2022 was 7%.

NOTE 11 PENSION PLAN (CONTINUED)

Net Pension Liability

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

Actuarial Assumptions

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

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

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

Discount Rate

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

NOTE 11 PENSION PLAN (CONTINUED)

Change in Net Pension Asset

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

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

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

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

Pension Plan Fiduciary Net Position

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

NOTE 11 PENSION PLAN (CONTINUED)

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

For the year ended September 30, 2025, the City recognized pension expense of $381,243. At September 30, 2025, deferred outflows and inflows of resources related to pensions were reported from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Earnings - Actuarial (Gains) or Losses	$ 590,042	$ 51,020
Changes of Assumptions	29,268	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	486,335	354,291
Contributions Made Subsequent to Measurement Date	-	699,306
Totals	$ 1,105,645	$ 1,104,617

The $699,306 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

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

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

Plan Description

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

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

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

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

Contributions

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer's yearly contributions for retirees. During the year ended September 30, 2025, the City has not made any contributions to the SDBF.

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

Actuarial Assumptions

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

Actuarial Valuation Date	December 31, 2024
Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate*	4.08%
Retirees' Share of Benefit-Related Costs	$ -
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set- forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to for future mortality improvements subject to the floor.
Other Information:	
Notes	No benefit changes during the year.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

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

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

Change in Net OPEB Liability/(Asset)

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

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

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

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

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

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

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

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

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

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

NOTE 13 HEALTH CARE COVERAGE

During the year ended September 30, 2025, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of $905,056 to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

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

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grant Contingencies

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

Litigation

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

Arbitrage Rebates

The City invests portions of bond proceeds during construction of related projects and as reserves for debt retirement after construction is complete. Any interest earned on invested bond proceeds over interest paid on bonds must be paid back to the federal government every five years. As of September 30, 2025, the City's arbitrage liability was $88,061.

NOTE 15 SPECIAL ASSESSMENT REVENUE BONDS

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

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

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

NOTE 15 SPECIAL ASSESSMENT REVENUE BONDS (CONTINUED)

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

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

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

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

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

NOTE 16 ACCOUNTING CHANGES AND ERROR CORRECTIONS

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

- The implementation of GASB Statement No. 101, *Compensated Absences*, resulted in a decrease of beginning net position of $447,593 for Governmental Activities.
- The City identified fiduciary activities that were previously included in a governmental fund that should have been reported in a custodial fund. The related assets and liabilities resulted in no restatement to the governmental fund, however the custodial fund restated fiduciary net position in the amount of $6,394,806.
- The City identified assets that had been previously conveyed to the city by public improvement districts with a remaining book value of $54,758,256 that were not previously reported.
- In Texas, the Comptroller's Office allocates sales tax revenues to cities, counties, special purpose districts and transit authorities. These allocations generally represent taxes collected on sales tax made two or more months prior to the allocation payment date. The amount of sales tax collected for September 2024 that was received in November 2024 was $315,681 and was not recorded at September 30, 2024. As a result of this error, sales tax receivable and sales tax revenue were understated by this amount.
- The water, sewer, stormwater and garbage billing for October generally includes days of service for September. The days of service related to September 2024 that were billed in October 2024 were $468,935 and was not recorded at September 30, 2024. As a result of this error, unbilled accounts receivable and water, sewer, stormwater and garbage service revenue were understated by this amount.

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

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

NOTE 17 SUBSEQUENT EVENTS

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Property Taxes	$ 11,757,073	$ 11,757,073	$ 11,735,635	$ (21,438)
Sales Taxes	2,900,000	2,900,000	3,584,991	684,991
Franchise Taxes	959,700	959,700	1,158,164	198,464
Other Taxes	22,327	22,327	34,465	12,138
Licenses and Permits	2,308,800	2,308,800	3,559,668	1,250,868
Charge for Services	1,775,000	1,775,000	1,982,431	207,431
Court and Police	565,200	565,200	930,702	365,502
Public Safety	96,810	96,810	154,307	57,497
Interest	1,484,870	1,484,870	2,215,757	730,887
Other	243,820	243,820	821,080	577,260
Total Revenues	22,113,600	22,113,600	26,177,200	4,063,600
EXPENDITURES				
General Government	7,495,128	7,495,128	9,957,764	2,462,636
Public Safety	7,560,262	7,560,262	6,664,884	(895,378)
Streets	2,402,073	2,402,073	1,938,499	(463,574)
Municipal Court	589,835	589,835	756,233	166,398
Development Services	1,642,302	1,642,302	1,857,228	214,926
Sanitation	1,680,000	1,680,000	1,838,385	158,385
Capital Outlay	744,000	744,000	1,318,666	574,666
Debt Payments	-	-	413,033	413,033
Total Expenditures	22,113,600	22,113,600	24,744,692	2,631,092
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	1,432,508	1,432,508
OTHER FINANCING SOURCES (USES)				
Debt Issuances	-	-	922,060	922,060
Transfers (to) from Other Funds	-	-	(147,388)	(147,388)
Total Other Financing Sources (Uses)	-	-	774,672	774,672
NET CHANGE IN FUND BALANCE	-	-	2,207,180	2,207,180
Fund Balance - Beginning of Year, as previously reported	17,718,984	17,718,984	21,368,068	3,649,084
Adjustments	-	-	400,094	400,094
Fund Balance - Beginning of Year, as adjusted	-	-	21,768,162	4,049,178
FUND BALANCE - END OF YEAR	$ 17,718,984	$ 17,718,984	$ 23,975,342	$ 6,256,358

See accompanying Notes to Required Supplementary Information.

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

	Budget			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other Taxes	$ 268,104	$ 268,104	$ 1,089,791	$ 821,687
Interest	114,000	114,000	188,859	74,859
Total Revenues	382,104	382,104	1,278,650	896,546
EXPENDITURES				
General Government	141,050	141,050	212,528	71,478
Total Expenditures	141,050	141,050	212,528	71,478
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	241,054	241,054	1,066,122	825,068
OTHER FINANCING SOURCES (USES)				
Debt Issuances	-	-	-	-
Transfers (to) from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	241,054	241,054	1,066,122	825,068
Fund Balance - Beginning of Year	-	-	1,021,113	(16,697,871)
FUND BALANCE - END OF YEAR	$ 241,054	$ 241,054	$ 2,087,235	$ (15,872,803)

See accompanying Notes to Required Supplementary Information.

NOTE 1 GENERAL FUND BUDGETARY ANALYSIS

Budgetary Information

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

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

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

NOTE 2 BUDGET VERSUS ACTUAL RESULTS

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

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

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

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

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

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