



City Council
City of Manor, Texas
P.O. Box 387
Manor, Texas 78653

We are pleased to present this report related to our audit of the financial statements of City of Manor (the City) as of and for the year ended September 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the City's financial reporting process..

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibility With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated February 5, 2024. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated June 26, 2024, regarding the planned scope and timing of our audit and identified significant risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The following is a description of significant accounting policies or their application that were either initially selected or changed during the year:

- As described in Note A, the City adopted Government Accounting Standards Board (GASB), Statement No. 91, *Conduit Debt Obligations*, Statement No. 93, *Replacement of Interbank Offered Rates*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, and Statement No. 99, *Omnibus 2022* during the current year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- The allowance for uncollectible receivables is based on past experience with collections of taxes and other fees.
- Depreciation which is based on useful lives and depreciation methods approved by the City Council.
- Fair value of investments which is based on net asset value.
- Pension and OPEB obligations which are based on actuarial reports.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments and Uncorrected Misstatements

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the City are shown in the attached list of Recorded Audit Adjustments.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Shared Responsibilities: AICPA Independence

The AICPA regularly emphasizes that auditor independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) independence rules. For Atchley & Associates (the Firm) to fulfill its professional responsibility to maintain and monitor independence, management, the City Council, and the Firm each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. The Firm is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

Your Responsibilities

- Timely inform the Firm, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers, or persons in financial reporting oversight roles.
 - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the City and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with the Firm.

- Not entering into relationships resulting in close family members of the firm covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the City.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the City, including the representation letter provided to us by management, is included in an attached letter.

This report is intended solely for the information and use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to City of Manor.

Atchley & Associates LLP

Austin, Texas
October 28, 2024



October 28, 2024

Atchley & Associates, LLP
1005 La Posada Drive
Austin, TX 78752

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Manor (the City), as of and for the year ended September 30, 2023, the related notes to the financial statements and required supplementary information, for the purposes of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 5, 2024, including appendices and attachments thereto and subsequent modifications, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The measurement and fair presentation of the required supplementary information, including Management's Discussion and Analysis, and additional supplemental schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements, in conformity with U.S. GAAP.

6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
8. With respect to the preparation of the financial statements and related GASB entries necessary for fair presentation, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
9. The City followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or followed paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
10. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
11. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
14. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements
15. Provisions for uncollectible receivables have been properly identified and recorded.
16. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
17. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
18. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
19. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
20. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

21. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
22. The City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
23. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
24. In all material aspects, all funds and activities are properly classified.
25. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
26. In all material aspects, special items and extraordinary items have been properly and reported.
27. In all material aspects, deposit and investment risks have been properly and fully disclosed.
28. In all material aspects, all required supplementary information is measured and presented within the prescribed guidelines.
29. In all material aspects, nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
30. With regard to pensions and OPEB:
 - a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. We are unable to determine the possibility of a withdrawal liability from the TMRS Plan, of which we are a sponsor and are not currently contemplating withdrawing from the TMRS.
 - c. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.
31. With regard to investments and other instruments reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
32. We have reviewed the GASB Statements effective for the fiscal year ending September 30, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 91, *Conduit Debt Obligations*
 - b. GASB Statement No. 93, *Replacement of Interbank Offered Rates*

- c. GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- d. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

33. We believe the implementation of the GASB Statements listed below is appropriate:

- a. GASB Statement No. 99, *Omnibus 2022*.

Information Provided

34. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence;
 - d. Information on where to view minutes of the meetings of the City Council, or provided summaries of actions of recent meetings for which minutes have not yet been prepared;
35. To the best of our knowledge, we are not aware of any transactions that have not been recorded in the accounting records, nor are we aware of any transactions that have been recorded in the accounting records that are not reflected in the financial statements.
36. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
37. We have no knowledge of allegations of fraud or suspected fraud affecting the City's financial statements involving:
 - a. Management
 - b. Employees who have significant roles in internal controls: or
 - c. Others where the fraud could have a material effect on the financial statements
38. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
39. We have no knowledge of allegations of fraud or suspected fraud affecting the City's financial statements involving:
 - a. Management;
 - b. Employees who have significant roles in internal controls; or
 - c. Others where the fraud could have a material effect on the financial statements.
40. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others;
41. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of the financial statement amounts or other financial data significant to the audit objectives;
42. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to financial statements or other financial data significant to the audit objectives;

43. If necessary, we have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us;
44. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements in accordance with U.S. GAAP;
45. We have disclosed to you the identity of the City's related parties and all related party relationships and transactions of which we are aware;
46. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices;
47. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities;
48. We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable;
49. We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee;
50. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
51. If applicable, for nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range;
52. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year;
53. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds;
54. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

- d. Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
55. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you;
56. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
57. We are responsible for determining that significant events or transactions that have occurred since the date of the financial statements and through the date of this letter have been recognized or disclosed in the financial statements. We further represent that, as of the date of this letter, the financial statements were complete in a form and format that complied with U.S. GAAP and U.S. GASB, and all approvals necessary for issuance of the financial statements had been obtained.
58. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. If applicable, all such data has been so reflected. Accordingly, copies of such records in your possession are no longer needed by us. Original records should be returned to us for our safekeeping.
59. To the best of our knowledge, tax-exempt bonds have retained their tax-exempt status.

Supplementary Information in relation to the Financial Statements as a Whole

With respect to supplementary information presented in relation to the financial statements as a whole:

60. We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
61. We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
62. The methods of measurement or presentation have not changed from those used in the prior period.
63. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information as they become available, but no later than the date of issuance by the City of the supplementary information and the auditors' report thereon.

Required Supplementary Information

With respect to the required supplementary information accompanying the basic financial statements:

64. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP and U.S. GASB.
65. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP and U.S. GASB.
66. The methods of measurement or presentation have not changed from those used in the prior period.
67. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information as they become available, but no later than the date of issuance by the City of the supplementary information and the auditors' report thereon.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

68. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

69. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the City.
70. Has identified and disclosed to the auditor all instances, if any, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
71. Has identified and disclosed to the auditor all instances, if any, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
72. Has identified and disclosed to the auditor all instances, if any, that have occurred or are likely to have occurred of abuse, financial or otherwise, that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
73. If necessary, has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse that the auditor reports.
74. Has a process to track the status of audit findings and recommendations.
75. If any, have provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

City of Manor, Texas:



Scott Moore
City Manager

October 28, 2024

Date



Belen Pena
Finance Director

October 28, 2024

Date