



RITA G. JONSE, MAYOR  
GENE KRUPPA, MAYOR PRO-TEM, PLACE 1  
MARIA AMEZCUA, PLACE 2  
ANNE WEIR, PLACE 3  
ZINDIA PIERSON, PLACE 4  
DEJA HILL, PLACE 5  
TODD SHANER, PLACE 6

## CITY COUNCIL REGULAR MEETING AGENDA

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WEDNESDAY, DECEMBER 6, 2017

7:00 P.M.

CITY COUNCIL CHAMBERS, 105 E. EGGLESTON ST.

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### CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

### PLEDGE OF ALLEGIANCE

### PUBLIC COMMENTS

Comments will be taken from the audience on non-agenda related topics for a length of time, not to exceed three minutes per person. Comments on specific agenda items must be made when the item comes before the Council. To address the City Council, please register on the speaker sign-in sheet at least five-minutes prior to the scheduled meeting time. NO ACTION MAY BE TAKEN BY THE CITY COUNCIL DURING PUBLIC COMMENTS.

### CONSENT AGENDA

The following Items will be enacted by one motion. There will be no separate discussion of these items unless requested by the Mayor or a Council Member; in which event, the item will be removed from the consent agenda and considered separately.

1. Consideration, discussion, and possible action to approve the City Council Minutes:  
  - November 29, 2017, Called Special Session
  - November 30, 2017, Called Special Session

Lluvia Tijerina,  
City Secretary
2. Consideration, discussion, and possible action on a second and final reading of an ordinance rezoning 3 lots, totaling 22.7 acres more or less, Lot 1 Block A KST/Voelker Tract Resub of Lot 2 Block A and Abstract 315 Survey 63 Gates G, locally known as 14215 Suncrest Road, from Interim Agricultural (A) district zoning to Light Industrial (IN-1) district zoning.  

Scott Dunlop,  
Planning Coordinator

### PUBLIC HEARING

3. Conduct a public hearing regarding the creation of a Public Improvement District – EntradaGlen.  

Thomas Bolt,  
City Manager

## REGULAR AGENDA

4. Consideration, discussion, and possible action on the creation of a Public Improvement District – EntradaGlen. Thomas Bolt, City Manager
5. Consideration, discussion, and possible action on an engagement letter for accounting services; and an engagement letter for auditing services with Atchley & Associates for the year ending September 30, 2017. Thomas Bolt, City Manager

## EXECUTIVE SESSION

The City Council will now Convene into executive session pursuant to the provisions of Chapter 551 Texas Government Code, in accordance with the authority contained in:

*Section 551.074 Personnel Matters –*

- a) Discussion of Election of Mayor Pro Tem to serve a one-year term;*
- b) Discussion of appointment of three (3) Budget Committee Council Members to serve a one-year term; and*
- c) Interview Candidates for appointment to fill vacancies on the City of Manor Planning and Zoning Commission*

## OPEN SESSION

The City Council will now reconvene into Open Session pursuant to the provisions of Chapter 551 Texas Government Code and take action, if any, on item(s) discussed during Closed Executive Session.

## ADJOURNMENT

In addition to any executive session already listed above, the City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Section §551.071 (Consultation with Attorney), §551.072 (Deliberations regarding Real Property), §551.073 (Deliberations regarding Gifts and Donations), §551.074 (Personnel Matters), §551.076 (Deliberations regarding Security Devices) and §551.087 (Deliberations regarding Economic Development Negotiations).

## POSTING CERTIFICATION

I, the undersigned authority do hereby certify that this Notice of Meeting was posted on the bulletin board, at the City Hall of the City of Manor, Texas, a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time: Friday, December 1, 2017, by 5:00 p.m. and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

\_\_\_\_\_  
Lluvia Tijerina  
City Secretary for the City of Manor, Texas

## NOTICE OF ASSISTANCE AT PUBLIC MEETINGS:

***The City of Manor is committed to compliance with the Americans with Disabilities Act. Manor City Hall and the Council Chambers are wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary at 512.272.5555 or e-mail [ltijerina@cityofmanor.org](mailto:ltijerina@cityofmanor.org).***



**AGENDA ITEM SUMMARY FORM**

**PROPOSED MEETING DATE:** December 6, 2017

**PREPARED BY:** Lluvia Tijerina, City Secretary

**DEPARTMENT:** Administration

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**AGENDA ITEM DESCRIPTION:**

Consideration, discussion, and possible action to approve the City Council Minutes:

**BACKGROUND/SUMMARY:**

- November 29, 2017, Called Special Session
- November 30, 2017, Called Special Session

**PRESENTATION:**  YES  NO

**ATTACHMENTS:**  YES (IF YES, LIST IN ORDER TO BE PRESENTED)  NO

November 29, 2017, Called Special Session Minutes

November 30, 2017, Called Special Session Minutes

**STAFF RECOMMENDATION:**

It is City staff's recommendation that the City Council approve the City Council Minutes for November 29, 2017; and November 30, 2017, Called Special Sessions.

**PLANNING & ZONING COMMISSION:**  RECOMMENDED APPROVAL  DISAPPROVAL  NONE

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**CITY COUNCIL  
CALLED SPECIAL SESSION MINUTES  
NOVEMBER 29, 2017**

**PRESENT:**

Rita G. Jonse, Mayor

**COUNCIL MEMBERS:**

Gene Kruppa, Mayor Pro-Tem, Place 1  
Maria Amezcua, Place 2 (Absent)  
Anne R. Weir, Place 3  
Zindia Pierson, Place 4  
Deja Hill, Place 5 (Absent)  
Todd Shaner, Place 6

**CITY STAFF:**

Thomas Bolt, City Manager  
Lluvia Tijerina, City Secretary  
Scott Dunlop, Planning Coordinator

**REGULAR SESSION – 7:00 P.M.**

With a quorum of the Council Members present, the special session of the Manor City Council was called to order by Mayor Rita G. Jonse at 7:00 p.m. on Wednesday, November 29, 2017, in the Council Chambers of the Manor City Hall, 105 E. Eggleston St., Manor, Texas.

**PLEDGE OF ALLEGIANCE**

At the request of Mayor Jonse, Council Member Weir, led the Pledge of Allegiance.

**PUBLIC COMMENTS**

No one appeared to speak at this time.

**CONSENT AGENDA**

**1. Consideration, discussion, and possible action to approve the City Council Minutes:**

- November 15, 2017, Regular Meeting
- November 20, 2017, Called Special Session

**MOTION:** Upon a motion made by Council Member Kruppa and seconded by Council Member Weir, the Council voted five (5) For and none (0) Against to approve the City Council Minutes for the November 15, 2017, Regular Meeting; and the November 20, 2017, Called Special Session. The motion carried unanimously.

## REGULAR AGENDA

**2. Consideration, discussion, and possible action on the first reading of an ordinance annexing land located in Travis County, Texas that is adjacent and contiguous territory to the City and approving a service plan for the annexed area.**

The City staff's recommendation was that the City Council approve the first reading of an ordinance annexing land located in Travis County, Texas that is adjacent and contiguous territory to the City and approving a service plan for the annexed area.

Scott Dunlop, Planning Coordinator, was available to address any questions posed by the City Council.

City Manager Bolt explained the annexation ordinance.

**MOTION:** Upon a motion made by Council Member Pierson and seconded by Council Member Shaner, the Council voted five (5) For and none (0) Against to approve the first reading of an ordinance annexing land located in Travis County, Texas that is adjacent and contiguous territory to the City and approving a service plan for the annexed area. The motion carried unanimously.

## ADJOURNMENT

**MOTION:** Upon a motion made by Council Member Pierson and seconded by Council Member Weir, the Council voted five (5) For and none (0) Against to adjourn the special session of the Manor City Council at 7:03 p.m. on Wednesday, November 29, 2017. The motion carried.

These minutes approved by the Manor City Council on the 6<sup>th</sup> day of December 2017.

## APPROVED:

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Rita G. Jonse  
Mayor

## ATTEST:

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Lluvia Tijerina  
City Secretary



**CITY COUNCIL  
CALLED SPECIAL SESSION MINUTES  
NOVEMBER 30, 2017**

**PRESENT:**

Rita G. Jonse, Mayor

**COUNCIL MEMBERS:**

Gene Kruppa, Mayor Pro-Tem, Place 1  
Maria Amezcua, Place 2  
Anne R. Weir, Place 3  
Zindia Pierson, Place 4  
Deja Hill, Place 5 (Absent)  
Todd Shaner, Place 6

**CITY STAFF:**

Thomas Bolt, City Manager  
Lluvia Tijerina, City Secretary  
Scott Dunlop, Planning Coordinator

**REGULAR SESSION – 7:00 P.M.**

With a quorum of the Council Members present, the special session of the Manor City Council was called to order by Mayor Rita G. Jonse at 7:00 p.m. on Thursday, November 30, 2017, in the Council Chambers of the Manor City Hall, 105 E. Eggleston St., Manor, Texas.

**PLEDGE OF ALLEGIANCE**

At the request of Mayor Jonse, Council Member Amezcua, led the Pledge of Allegiance.

**PUBLIC COMMENTS**

No one appeared to speak at this time.

**REGULAR AGENDA**

- 1. Consideration, discussion, and possible action on the second and final reading of an ordinance annexing land located in Travis County, Texas that is adjacent and contiguous territory to the City and approving a service plan for the annexed area.**

The City staff's recommendation was that the City Council approve the second and final reading of an ordinance annexing land located in Travis County, Texas that is adjacent and contiguous territory to the City and approving a service plan for the annexed area.

Scott Dunlop, Planning Coordinator, was available to address any questions posed by the City Council.

City Manager Bolt explained the annexation ordinance.

Mayor Jonse inquired about the subject properties exemption from the City's annexation plan.

The discussion was held regarding Code §43.052 (h)(1) of the *Tex. Loc. Gov't. Code*.

**MOTION:** Upon a motion made by Council Member Pierson and seconded by Council Member Weir, the Council voted six (6) For and none (0) Against to approve Ordinance No. 498: An Ordinance of the City of Manor, Texas Annexing Land Located in Travis County, Texas that is Adjacent and Contiguous Territory to the City; Approving a Service Plan for the Annexed Area; Making Findings of Fact; Providing a Severability Clause; and Providing an Effective Date. The motion carried unanimously.

Mayor Jonse advised that she would be recusing herself from discussion and consideration of the following item as she is a property owner on the proposed annexation of land. The appropriate Conflict of Interest Affidavit had been filled out and filed with the City Secretary.

**2. Consideration, discussion, and possible action on entering into development agreements under Texas Local Government Code sections 212.172 and 43.035.**

The City staff's recommendation was that the City Council approve entering into development agreements under Texas Local Government Code Sections 212.172 and 43.035.

Scott Dunlop, Planning Coordinator, was available to address any questions posed by the City Council.

City Manager Bolt explained the development agreements under Texas Local Government Code sections 212.172 and 43.035.

**MOTION:** Upon a motion made by Council Member Pierson and seconded by Council Member Amezcua, the Council voted five (5) For and none (0) Against to approve entering into development agreements under Texas Local Government Code Sections 212.172 and 43.035. The motion carried unanimously.

**ADJOURNMENT**

**MOTION:** Upon a motion made by Council Member Amezcua and seconded by Council Member Weir, the Council voted six (6) For and none (0) Against to adjourn the special session of the Manor City Council at 7:11 p.m. on Thursday, November 30, 2017. The motion carried.

These minutes approved by the Manor City Council on the 6<sup>th</sup> day of December 2017.

**APPROVED:**

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Rita G. Jonse  
Mayor

**ATTEST:**

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Lluvia Tijerina  
City Secretary



### AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: December 6, 2017

PREPARED BY: Scott Dunlop, Planning Coordinator

DEPARTMENT: Development Services

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**AGENDA ITEM DESCRIPTION:**

Consideration, discussion, and possible action on a second and final reading of an ordinance rezoning 3 lots, totaling 22.7 acres more or less, Lot 1 Block A KST/Voelker Tract Resub of Lot 2 Block A and Abstract 315 Survey 63 Gates G, locally known as 14215 Suncrest Road, from Interim Agricultural (A) district zoning to Light Industrial (IN-1) district zoning.

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**BACKGROUND/SUMMARY:**

This is the second and final reading of an ordinance to rezone 3 lots at the corner of Suncrest Road and FM 973. These tracts were recently annexed. 2 of them are developed as light industrial and the 3rd tract is vacant. The first reading was on November 15, 2017.

PRESENTATION:  YES  NO

ATTACHMENTS:  YES (IF YES, LIST IN ORDER TO BE PRESENTED)  NO

Ordinance  
Zoning Map  
Area image

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**STAFF RECOMMENDATION:**

It is City staff's recommendation that the City Council approve the second and final reading of an ordinance rezoning Lot 1 Block A KST/Voelker Tract Resub of Lot 2 Block A and Abstract 315 Survey 63 Gates G.

PLANNING & ZONING COMMISSION:  RECOMMENDED APPROVAL  DISAPPROVAL  NONE

## **ORDINANCE NO. 499**

### **AN ORDINANCE OF THE CITY OF MANOR, TEXAS, AMENDING THE ZONING ORDINANCE BY REZONING A PARCEL OF LAND FROM INTERIM AGRICULTURAL (A) TO LIGHT INDUSTRIAL (IN-1); MAKING FINDINGS OF FACT; AND PROVIDING FOR RELATED MATTERS.**

**Whereas**, the owner of the property described hereinafter (the "Property") has requested that the Property be rezoned;

**Whereas**, after giving ten days written notice to the owners of land within three hundred feet of the Property, the Planning & Zoning Commission held a public hearing on the proposed rezoning and forwarded its recommendation on the rezoning to the City Council;

**Whereas**, after publishing notice of the public at least fifteen days prior to the date of such hearing, the City Council at a public hearing has reviewed the request and the circumstances of the Property and finds that a substantial change in circumstances of the Property, sufficient to warrant a change in the zoning of the Property, has transpired;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANOR, TEXAS, THAT:**

**Section 1. Findings.** The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

**Section 2. Amendment of Ordinance.** City of Manor Code of Ordinances Chapter 14 Exhibit A Zoning Ordinance ("Zoning Ordinance" or "Code"), is hereby modified and amended by rezoning the Property as set forth in Section 3.

**Section 3. Rezoned Property.** The Zoning Ordinance is hereby amended by changing the zoning district for the land and parcel of property described in Exhibit "A" (the "Property"), from the current zoning district Interim Agricultural (A) to zoning district Light Industrial (IN-1). The Property is accordingly hereby rezoned to Light Industrial (IN-1).

**Section 4. Open Meetings.** That it is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapt. 551, Loc. Gov't. Code.

**PASSED AND APPROVED FIRST READING** on the 15<sup>th</sup> day of November 2017.

**PASSED AND APPROVED SECOND AND FINAL READING** on this the 6th day of December 2017.

**THE CITY OF MANOR, TEXAS**

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Rita G. Jonse,  
Mayor

**ATTEST:**

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Lluvia Tijerina,  
City Secretary

**EXHIBIT "A"**

Property Legal Description:

Lot 1:

LOT 1 BLK A KST/VOELKER TRACT RESUB OF LOT 2 BLK A

Lot 2:

ABS 315 SUR 63 GATES G ACR 5.1828

Lot 3:

ABS 315 SUR 63 GATES G ACR 15.4872 (1-D-1)

Property Address:

14215 Suncrest Road, Manor, Texas 78653

# CITY OF MANOR



0 250 500  
Feet

1:4,500

FM 973

## Proposed Zoning: Light Industrial IN-1

*Current Zoning: Interim Agricultural*

### Zone

A - Agricultural	M-1 - Manufactured Housing
C-1 - Light Commercial	M-2 - Manufactured Housing Park
C-2 - Medium Commercial	NB - Neighborhood Business
DB - Downtown Business District	PUD - Planned Unit Development
I - Institutional	R-1 - Single Family
IN-1 - Light Industrial	R-2 - Single Family
IN-2 - Heavy Industrial	R-3 - Multi Family
	R-4 - Multi Family Special
	Manor ETJ





**AGENDA ITEM SUMMARY FORM**

PROPOSED MEETING DATE: December 6, 2017

PREPARED BY: Thomas Bolt, City Manager

DEPARTMENT: Development Services

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**AGENDA ITEM DESCRIPTION:**

Conduct a public hearing regarding the creation of a Public Improvement District – EntradaGlen.

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**BACKGROUND/SUMMARY:**

PRESENTATION:  YES  NO

ATTACHMENTS:  YES (IF YES, LIST IN ORDER TO BE PRESENTED)  NO

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**STAFF RECOMMENDATION:**

PLANNING & ZONING COMMISSION:  RECOMMENDED APPROVAL  DISAPPROVAL  NONE



**AGENDA ITEM SUMMARY FORM**

PROPOSED MEETING DATE: December 6, 2017

PREPARED BY: Thomas Bolt, City Manager

DEPARTMENT: Development Services

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**AGENDA ITEM DESCRIPTION:**

Consideration, discussion, and possible action on the creation of a Public Improvement District – EntradaGlen.

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**BACKGROUND/SUMMARY:**

PRESENTATION:  YES  NO

ATTACHMENTS:  YES (IF YES, LIST IN ORDER TO BE PRESENTED)  NO

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**STAFF RECOMMENDATION:**

PLANNING & ZONING COMMISSION:  RECOMMENDED APPROVAL  DISAPPROVAL  NONE



### AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: December 6, 2017

PREPARED BY: Lydia M. Collins, Director of Finance

DEPARTMENT: Finance

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**AGENDA ITEM DESCRIPTION:**

Consideration, discussion, and possible action on an engagement letter for accounting services; and an engagement letter for auditing services with Atchley & Associates for the year ending September 30, 2017.

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**BACKGROUND/SUMMARY:**

PRESENTATION:  YES  NO

ATTACHMENTS:  YES (IF YES, LIST IN ORDER TO BE PRESENTED)  NO

Accounting Services Engagement Letter

Auditing Services Engagement Letter

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**STAFF RECOMMENDATION:**

It is City staff's recommendation that the City Council approve the engagement letter for accounting services; and engagement letter for auditing services with Atchley & Associates for the year ending September 30, 2017; and authorize the City Manager to execute the agreements.

PLANNING & ZONING COMMISSION:  RECOMMENDED APPROVAL  DISAPPROVAL  NONE



November 27, 2017

Finance Committee  
City of Manor  
P.O. Box 387  
Manor, Texas 78653

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the accounting assistance services we will provide for the City of Manor, Texas (the City) for the year ended September 30, 2017.

We will perform the following services:

1. We will instruct your accounting staff in the proper maintenance of the City's books and records.
2. We will assist your accounting staff at year end to prepare the GASB 34 entries and the related schedules.
3. We will assist your accounting staff at year end to prepare the GASB 68 entries and the related schedules.

We may advise you about appropriate accounting principles and their application, but the final responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America remains with you. Also, as part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. Management, however, has final responsibility for reviewing the proposed entries and understanding the nature and impact of the proposed entries to the financial statements. By your signature below, you acknowledge that you are responsible for management decisions and functions. That responsibility includes designating qualified individuals with the necessary expertise to be responsible and accountable for overseeing all the services we perform as part of this engagement, as well as evaluating the adequacy and results of the services performed. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities. This includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements; as well as identifying and ensuring that the City complies with the laws and regulations applicable to its activities. We will have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Our engagement cannot be relied upon to disclose errors, fraudulent financial reporting, misappropriation of assets, or illegal acts that may have occurred. However, we will inform the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our engagement that fraud may have occurred. We will also report to the appropriate level of management any evidence or information that comes to our attention regarding illegal acts that may have occurred, unless they are clearly inconsequential. By your signature below, you understand and agree that you are responsible for preventing and detecting fraud.

Our fee for this work will be at our regular hourly rates for the individuals involved plus out-of-pocket expenses, estimated to be \$5,750. Payment for services is due when rendered and interim billings may be submitted as work progresses and expenses are incurred. The total fees and costs for your accounting services may exceed any estimates given to you. It is not possible to know in advance what the total fees and costs will be, because much of the work to be performed may be contingent on the activities of others and circumstances over which we have no control. From time to time, you may ask us to estimate what a specific portion, or the entirety, of the services will cost. To aid you in planning, we will attempt to assist you by providing estimates. You understand that all such estimates are approximations based on our experience as accountants, and they are not and should not be taken as promises or guarantees.

It is our policy to keep records related to this engagement for seven years. However, Atchley & Associates, LLP does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period Atchley & Associates, LLP shall be free to destroy our records related to this engagement.

The City and the Firm agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by the Firm or the date of this arrangement letter if no report has been issued. The City waives any claim for punitive damages. The Firm's liability for all claims, damages and costs of the City arising from this engagement is limited to the amount of fees paid by the City to the Firm for the services rendered under this arrangement letter.

Indemnification is intended to protect the Firm and its principals and employees against being named in any lawsuit arising from this engagement as a result of having completed this engagement. You shall indemnify the Firm and its principals and employees and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court of competent jurisdiction that we have acted negligently in the performance of the work covered by our engagement. In no event shall the Firm and its principals and employees be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

If a dispute arises out of or relates to this contract or engagement letter, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American Arbitration Association (AAA) before resorting to arbitration, litigation, or some other dispute resolution procedure. Thereafter, any unresolved controversy or claim arising from or relating to this contract or the obligations of the parties hereunder shall be settled by arbitration administered using the American Arbitration Association or another mutually agreeable arbitration service using the AAA Arbitration Rules for Professional Accounting and Related Services Disputes and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

We appreciate your confidence in our firm by retaining us as your certified public accountants and shall be pleased to discuss this letter with you at any time.

If this letter correctly expresses your understanding, please sign the enclosed copy, in the space provided, and return it to us.



Atchley & Associates, LLP

Confirmed on behalf of the City of Manor, Texas:

\_\_\_\_\_  
Thomas M. Bolt  
City Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Lydia Collins  
Finance Director

\_\_\_\_\_  
Date



November 27, 2017

Finance Committee  
City of Manor  
P.O. Box 387  
Manor, Texas 78653

This letter is to explain our understanding of the arrangements for the services that Atchley & Associates, LLP (the Firm) is to perform for City of Manor for the year ending September 30, 2017. We ask that you either confirm or amend this understanding.

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of the City of Manor, Texas (the City), which comprise governmental activities, business-type activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information as of and for the year-ended September 30, 2017, which collectively comprise the basic financial statements, and the required supplementary information of the statement of revenue, expenditures, and changes in fund balances – budget and actual, related notes, the schedule of changes in the City’s net pension asset/liability and related ratios – last ten years (unaudited), and the Texas municipal retirement system – schedule of funding progress (unaudited). We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Finance Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds that you have told us are maintained by the City and that are to be included as part of our audit are listed here.

- General Fund
- Capital Projects Fund
- Special Revenue Fund
- Debt Service Fund
- Utility Enterprise Fund

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our report(s) on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. 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; and

c. To provide us with:

- (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
- (2) Additional information that we may request from management for the purpose of the audit; and
- (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the City complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Finance Committee is responsible for informing us of its views about the risks of fraud within the City, and its knowledge of any fraud or suspected fraud affecting the City.

The City agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the City agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

Our association with an official statement is a matter for which separate arrangements will be necessary. The City agrees to provide us with printer's proofs or masters of such offering documents

for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the City seeks such consent, we will be under no obligation to grant such consent or approval.

We agree that our association with any proposed offering is not necessary, providing the City agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The City agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

Atchley & Associates, LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Atchley & Associates, LLP, also has not performed any procedures relating to this official statement.

Because the Firm will rely on the City and its management and Finance Committee to discharge the foregoing responsibilities, the City holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the City's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

### **The City's Records and Assistance**

If circumstances arise relating to the condition of the City's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the City's books and records. The City will determine that all such data, if necessary, will be so reflected. Accordingly, the City will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by City personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Lydia Collins, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

## **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from City personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. We will notify you immediately of any circumstances we encounter which could significantly affect our initial estimate of fees, excluding direct out-of-pocket expenses, estimated to be \$27,250 - \$30,000 for the audit services and \$5,500 for assisting in drafting the financial statements. All other provisions of this letter will survive any fee adjustment. In accordance with our firm policies, work may be suspended if your account becomes sixty or more days overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the City agrees it will compensate the Firm for any additional costs incurred as a result of the City's employment of a partner or professional employee of the Firm.

In the event we are requested or authorized by the City or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the City, the City will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

In a legal action in which the Firm or its partners are not the defendants, we shall also be entitled to fees at \$400.00 per hour and reimbursements for testimony if we are subpoenaed as a witness in a subsequent litigation by third parties and such testimony involves the work we performed pursuant to this agreement. If we are ordered by a state or federal judge to permit the subsequent inspection and/or reproduction of files, records, and other documents relating to work performed by us pursuant to this agreement, then you agree that we may comply with these orders without prior notice to you.

### **Claim Resolution**

The City and the Firm agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by the Firm or the date of this arrangement letter if no report has been issued. The City waives any claim for punitive damages. The Firm's liability for all claims, damages and costs of the City arising from this engagement is limited to the amount of fees paid by the City to the Firm for the services rendered under this arrangement letter.

Indemnification is intended to protect the Firm and its principals and employees against being named in any lawsuit arising from this engagement as a result of having completed this engagement. You shall indemnify the Firm and its principals and employees and hold us harmless from all claims, liabilities, losses, and counsel fees and expenses unless it shall have been determined by a court of competent jurisdiction that we have acted negligently in the performance of the work covered by our engagement. In no event shall the Firm and its principals and employees be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if we have been advised of their possible existence.

If a dispute arises out of or relates to this contract or engagement letter, or the obligations of the parties therein, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation using the Commercial Mediation Rules of the American Arbitration Association (AAA) before resorting to arbitration, litigation, or some other dispute resolution procedure. Thereafter, any unresolved controversy or claim arising from or relating to this contract or the obligations of the parties hereunder shall be settled by arbitration administered using the American Arbitration Association or another mutually agreeable arbitration service using the AAA Arbitration Rules for Professional Accounting and Related Services Disputes and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

### **Reporting**

We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to the Finance Committee of the City. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

This letter constitutes the complete and exclusive statement of agreement between the Firm and the City, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

*Atchley & Associates, LLP*

Atchley & Associates, LLP

Confirmed on behalf of City of Manor, Texas:

\_\_\_\_\_  
Thomas M. Bolt  
City Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Lydia Collins  
Finance Director

\_\_\_\_\_  
Date